

*Viceroy Hotels Limited*

**47<sup>th</sup>**

*Annual Report*

**2011 - 2012**

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## CHAIRMAN'S MESSAGE

I am pleased to extend you a warm welcome to the 47th Annual General Meeting of our company. The global recession started in 2008 is still continuing. The economic uncertainty across all the countries in the world has severely affected the growth prospects in the world, particularly for developing country like India. Interest rates increased by banks as result of RBI's frequent upward revision is putting tremendous pressure on the profitability of the companies and affecting the growth prospects severely. Until the inflation is brought down under control, there is unlikelihood of interest rates coming down. In spite of all these negatives, India is perceived by global investors as a growing economy and is considered as a better choice to invest. In this background, we can expect the economic revival in our country much sooner than the other countries. In spite of global recession and the slowdown in the economic growth, the average annual growth rate in tourism in India over the past 5 years has been 9% which is really commendable. The number of foreign tourist that arrived in India last year was 5.6 million. But China had 55 million tourists last year and Hong Kong City alone had 20 million. So opportunity for growth in tourism is extremely high in India.



### Performance of the Company for FY 2011-12

The standalone performance of the company in FY 2011-12, we have gross revenue of Rs. 73.95 Cr. as against Rs. 73.61 Cr. in the previous year and consolidated gross revenue is Rs. 110.50 Cr. as against Rs. 109.66 Cr. in the previous year.

### Present Status

In the year 2010, we have opened Business Hotel, Courtyard, in Hyderabad, which is adjacent to the Marriott Hotel, Hyderabad. Both the hotels are connected by the bridge for the guests. This is a very strategic combination of Luxury and Business Hotel. Both the hotels have put together have a room strength of 500, which are of great advantage when convention business picks up. As the growth of economy is reeling under the clutches of the slow-down, we are concentrating on the domestic business.

In tough times like this, where the interest rates are going up, to reduce the debt burden, we have hived off Bangalore Renaissance Hotel Project into a separate company and in that company J.P.Morgan had invested Rs.90 Cr. for 60% stake. This has resulted in reduction of Rs.150 Cr. of debt from the books of our company. Similarly, we are hiving off Chennai Project through a slump sale process. This will not only result in reduction of debt to the tune of Rs.520 Cr. but also will give Rs.70 Cr. of inflows into the company.

### Future Expansion

With substantial reduction in debt, the company will have enough resources to embark on the future expansion. As our company is having vast experience of more than 25 years in the restaurant business, we plan to roll-out more F&B outlets in all major metros in the country. We are having 2 very popular restaurant chains namely "Blue Fox" and "Minerva Coffee Shop". We also have master franchise of Boutique Bakery called Break Talk. We already have 7 branches and in next 3 years we plan to have 50 outlets. Similarly, we will be looking at establishing Budget Hotels in Tier-2 and 3 cities in the country. With a current shortage of 1 lakh branded rooms, the Indian Markets appetite for quality hotel rooms is only expected to head north ward. The long-term outlook for Budget Hotels in India remains positive, given the country's burgeoning middle class and increasing disposable incomes. The substantial increase in investments in infrastructure, demand is expected to be robust.

### Appreciation

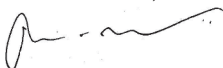
To conclude, I express our sincere thanks to the Government of India for its continued support to Hospitality Industry.

I am also thankful to our customers, suppliers, bankers, financial institutions, and all our shareholders.

My special thanks and appreciation go to the employees of the company at all levels for their hard work, dedication and continued commitment.

Thank you for sparing your valuable time.

With best wishes,



**P. Prabhakar Reddy**  
Chairman

## CORPORATE INFORMATION

### Board of Directors:

Mr. P. Prabhakar Reddy	--	Chairman & Managing Director
Mr. Rakesh Jhunjunwala	--	Non Executive Director
Mr. A. Vijayavardhan Reddy	--	Non Executive Director
Mr. Rajiv Agarwal (Alternate to Mr. Rakesh Jhunjunwala)	--	Alternate Director
Mr. Jayabharat Reddy (IAS Retd)	--	Independent Director
Mr. K. Narasimha Rao	--	Independent Director
Mr. R. Subramanian	--	Independent Director
Mr. P. Narendra	--	Independent Director
Mr. A. Poornachandra Rao	--	Independent Director
Mr. K. Gurava Raju	--	Chief Financial Officer
Mr. M. Satish Choudhury	--	Company Secretary & Compliance Officer

### Audit Committee:

Mr. A. Vijayavardhan Reddy  
Mr. K. Narasimha Rao  
Mr. A. Poornachandra Rao

### Investor Grievance Committee:

Mr. A. Vijayavardhan Reddy  
Mr. K. Narasimha Rao  
Mr. A. Poornachandra Rao

### Auditors:

M/s. P. Murali & Co.,  
Chartered Accountants, Hyderabad

### Secretarial Auditors:

M/s. P.S. Rao & Associates  
Company Secretaries, Hyderabad

### Bankers/ Institutions:

State Bank of India  
Allahabad Bank  
State Bank of Bikaner & Jaipur  
State Bank of Mysore  
Indian Overseas Bank  
Central Bank of India  
IDFC Limited

Axis Bank  
Andhra Bank  
Canara Bank  
UCO Bank  
Bank of Maharashtra  
HDFC Limited

### Registered Office:

8-2-120/115/14, 5th Floor,  
Shangrila Plaza, Road No.2, Banjara Hills  
Opp. KBR Park, Hyderabad – 500034  
Tel: 040-40349999; Fax: 040-40349828  
E-Mail: secretarial@viceroyp-hotels.com  
Website: www.viceroyp-hotels.com

### Registrars and Share Transfer Agents:

Aarthi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad – 500029  
Tel: 040-27638111; 040-66611921  
Fax: 040-27632184  
E-Mail: info@arthiconsultants.com

### Listing:

National Stock Exchange of India Ltd (NSE)  
BSE Limited (BSE)

## NOTICE

NOTICE is hereby given that the Forty Seventh Annual General Meeting of 'Viceroy Hotels Limited' will be held on Tuesday, the 25<sup>th</sup> day of September 2012 at 11.00 AM at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, Andhra Pradesh to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2012, and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. A. Vijayavardhan Raddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. Narendra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint statutory auditors of the Company and fix their remuneration.

Hyderabad  
August 14, 2012

**By Order of the Board**

**Sd/-**  
**M. Satish Choudhury**  
Company Secretary

### **Notes:**

1. **A member entitled to attend and vote at the annual general meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy to be valid shall be lodged at the registered office of the company not less than 48 hours before the commencement of the Meeting.** Proxies submitted on behalf of Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organisation.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 20, 2012 to Tuesday, September 25, 2012, both days inclusive.
3. All communications in respect of the share transfers and change in the address may be communicated to our RTA at M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500029, AP.
4. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
5. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Company has designated exclusive e-mail ids called [secretarial@viceroyhotels.com](mailto:secretarial@viceroyhotels.com) and [companysecretary@viceroyhotels.com](mailto:companysecretary@viceroyhotels.com) for redressal of shareholders' complaints/grievances.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, Aarathi Consultants Private Limited.
9. The Ministry of Corporate Affairs has taken a corporate "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies vide circular bearing No.18/2011 dated 29.04.2011. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit.

Keeping in view the underlying theme members are requested to support green initiative by registering/updating their email id address in respect of shares held in dematerialization form with respective depository participants (DP's) and in respect of shares held in physical form update with our registrars(RTA's) by sending email to [gogreen\\_phl@aarthiconsultants.com](mailto:gogreen_phl@aarthiconsultants.com) or send requests to Aarathi Consultants Private Limited along with your Folio No.

10. Company is also in receipt of complaints from various shareholders from time to time regarding non-receipt of Annual Report. In this connection, kind attention of the shareholders is drawn towards SEBI's Circular No. Cir/CFD/DCR/5/2010 dated 07.05.2010 read with amended Clause 31 of the Listing Agreement whereby filing of the soft copy of the full Annual Report to NSE and BSE by every listed company is made mandatory and in turn NSE and BSE is putting that Annual Report on its website for the reference and perusal of all the interested members. Hence, members may download the copy of full Annual Report of the Company from NSE/BSE website for their immediate reference and perusal. Further, Company is also maintaining a functional website in compliance with the Listing Agreement entered with the stock exchanges. Annual Report and other documents are available on the website of the Company for inspection.
11. It is also noticed that many members holding shares in physical mode are holding insignificant shares under multiple folios. In order to provide cost effective, faster and prompt service, all Members concerned are requested under relevant clause of Listing Agreement to get their shareholding consolidated in one folio only.
12. Members are requested to kindly bring their copies of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
13. All mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.

## **ANNEXURE TO THE NOTICE**

### **Details of Directors seeking re-appointment at the forthcoming AGM**

(In Pursuance of Clause 49 (IV) (G) (i) of the Listing Agreement)

<b>Particulars</b>	<b>Mr. A. Vijayavardhan Reddy</b>	<b>Mr. P. Narendra</b>
Date of Birth	26-10-1957	23-09-1953
Date of Appointment	02-09-2004	31-12-2005
Expertise in specific functional areas	Having over two decades of experience in Hotels Business	Expertise in Printing Technology and have more than two decades of business experience.
Qualifications	Post Graduate	Chemical Engineer
No. of Shares held in the Company as on March 31, 2012	5,00,000 shares	NIL
Directorships held in other companies (excluding private limited and foreign companies)	1. Smilax Industries Limited	1. MEDRC Edutech Limited 2. SmarTeach Technologies Limited
Positions held in mandatory committees of other companies	NIL	NIL

#### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice/ documents including Annual Report can be sent by e-mail to its members.

Members holding shares in **dematerialized form** are requested to provide/refresh/update their email address with their respective Depository Participants (DPs).

Members holding shares in **physical form** are requested to provide their email address to [gogreen\\_phl@aarthiconsultants.com](mailto:gogreen_phl@aarthiconsultants.com) or send requests to our RTA along with your folio number.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 47<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2012.

### Performance / Financial Results

The financial performance of the Company, for the year ended March 31, 2012 is summarized below:

(Rupees in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2011-2012	2010-2011	2011-2012	2010-2011
Income from Operations	<b>7395.38</b>	7360.99	<b>11049.70</b>	10965.94
Profit before interest, depreciation and tax	<b>3265.02</b>	3409.56	<b>3712.36</b>	4069.78
Interest	<b>2196.64</b>	2205.87	<b>2313.71</b>	2327.03
Depreciation	<b>1312.38</b>	1306.68	<b>1467.74</b>	1450.57
Provision for Tax & Deferred Tax	<b>85.28</b>	125.71	<b>151.54</b>	212.61
Profit after Tax	<b>(329.29)</b>	(228.70)	<b>(220.63)</b>	79.57
Balance carried to Balance Sheet	<b>1090.21</b>	1419.50	<b>2244.35</b>	2464.68

### Dividend

The Board does not recommend any dividend for the financial year.

### Directors

Mr. A. Vijayavardhan Reddy and Mr. P. Narendra retire by rotation and being eligible, offered themselves for re-appointment and brief particulars of respective persons are given in the Annexure to the Notice of this Annual General Meeting. The Board recommends their re-appointment as Directors of the Company.

### Hiving-off 'Bangalore Project Division'

Members are aware that during the year under review your Company has successfully completed the hiving-off of 'Bangalore Project Division' to 'Viceroy Bangalore Hotels Private Limited' in which 'JPMorgan India Property Mauritius Company II' has strategically invested Rs.90 Crores consequent to which 'Viceroy Bangalore Hotels Private Limited' ceased to be Subsidiary of your Company with effect from July 28, 2011 and continuing as an Associate Company with a holding of 60,00,000 equity shares of Rs.10/- each representing 40% of the total equity capital. The Board is also pleased to inform you that the construction of Bangalore 'Renaissance' a 277 Room Five Star Deluxe Hotel is in final stage and expected to be operational in the first Quarter of the FY 2013-2014.

### Hiving-off 'Chennai Project Division'

Members are aware that during the year under review the Company has passed a Resolution through postal ballot process conducted on June 03, 2011 for hiving-off 'Chennai Hotel Project'. Subsequent to the passing of the resolution M/s. Mahal Hotel Private Limited came forward to acquire the 'JW Marriott Project, Chennai' through slump sale process. 'Mahal Hotel Private Limited' had already tied-up for debt from a couple of banks and is in the process of completing the transaction. The Board of Directors are confident to close the sale transaction by the end of FY 2012-2013.



### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) the Directors have 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 as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### **Auditors**

M/s. P. Murali & Co., Chartered Accountants, Hyderabad, the present auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for re-appointment as Statutory Auditors. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act. The Audit Committee of the Board has recommended their re-appointment and the Board of Directors commends the Resolution for their re-appointment.

### **Explanation to Observations in the Auditor's Report**

With respect to the audit observations in Point No.XI of the Annexure to Auditor's Report for the standalone financial statements for the financial year, the Board has noted the observation and hereby inform the Members that as per the understanding with the proposed Purchaser of Chennai Hotel Project, the interest on the loans of the Chennai Hotel Project has to be borne by the Purchaser. Since the sale transaction is not yet completed, the interest dues of the Chennai Hotel Project is still being shown as bank interest due of Viceroy Hotels Limited.

### **Particulars of Employees**

No employee was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

### **Information required under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988**

Your Company's effort towards conservation of energy, which results in savings in consumption of electricity, a significant component of the energy cost, is an ongoing process. The Company continues to absorb and upgrade modern technologies and advanced hotel management techniques in various guest contact areas, which include wireless internet connectivity in the hotels.

As required under Section 217(1) (e) of the Companies Act, 1956, read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is in item nos 32,33 & 34 of Notes to Accounts of the Balance Sheet and Profit and Loss Account (In Item No. 34, 35 & 36 of Notes to Accounts of Consolidated Balance Sheet and Profit and Loss Account).

**Compliance with Notification No. S.O. 301(E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs under Section 211(3) of the Companies Act, 1956**

Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2011 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, your Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2012. Your Board has passed necessary resolution at its meeting held on August 14, 2012 to comply with the conditions of the notification for the same.

**Public Deposits**

During the year under review, your Company has neither invited nor accepted any deposits from the public.

**Listing**

The Equity Shares of your Company are listed on BSE Limited and the National Stock Exchange of India Limited. It may be noted that there are no payments outstanding to the Stock Exchanges by way of Listing Fees, etc.

**Corporate Governance**

The Company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in clause 49 of the listing agreement of the stock exchange are complied with. A separate statement on corporate governance together with the auditor's certificate of its compliance forms part of this annual report.

**Management Discussion & Analysis**

Management discussion and analysis of the financial condition and results of operations of the Company for the period under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given in a separate statement in the Annual Report.

**Employee Relations**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

**SUBSIDIARIES****Viceroy Chennai Hotels & Resorts Private Limited:**

During the year under review, Viceroy Chennai Hotels & Resorts Private Limited has no operations.

**Minerva Hospitalities Private Limited:**

During the year under review, Minerva Hospitalities Private Limited has no operations.

**Café D Lake Private Limited:**

M/s Café D'Lake Private Limited which operates all the restaurants businesses of Minerva Coffee-shop, Blue Fox Bar & Restaurant, Eat Street and Water Front has achieved a turnover of Rs. 30.59 Crores for the year ended 31st March 2012 as against Rs.29.90 Crores for the previous year. The Net profit for the year ended 31st March 2012 is Rs.1.07 Crores as against Rs.2.85 Crores in the previous year.

**Crustum Products Private Limited:**

M/s Crustum Products Private Limited is the Master Franchisee of Breadtalk Singapore. The Company is running out lets at In Orbit Mall, Malad, Mumbai, BG House, Hiranandani, Powai, Mumbai, Gurgoan, Ascendas Mall, Bangalore, Spencer's Mall, Bangalore, Q Mart- Hyderabad.

During the year under review, the Company achieved a turnover of Rs.5.95 Crores as against Rs.6.14 Crores for the previous year. The Net profit for the year ended 31st March 2012 is Rs. 2.07 Lakhs as against net profit of Rs. 23.26 Lakhs.

In terms of section 212 of the Companies Act, 1956, your Company is required to attach the directors report, balance sheets, profit and loss account of its subsidiary companies to its Annual Report. However, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 08-02-2011 has granted a general exemption to all the Companies for not attaching the above documents of subsidiaries with the Annual Report of the Holding Company, subject to compliance of the conditions specified therein.

As required under the said general circular, the Board of Directors of your Company at its meeting held on August 14, 2012 has given its specific consent for not attaching the balance sheets of its subsidiaries, as they would be made available to its members at the Company's website.

In terms of the said notification of the MCA, a summary of the financial information of each of the subsidiaries of your Company is provided as Annexure "A" to this report. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. These documents will also be available for inspection during the business hours at the registered office of the company and also at the registered offices of the respective subsidiary companies.

**Acknowledgements**

Your Directors acknowledge with gratitude and wish to place on record their sincere thanks and appreciation for the co-operation received by the Company from various Departments of Central/ State Government, Financial Institutions and Banks for their continued co-operation and the support extended during the year. Your Directors also wish to acknowledge the continued support and confidence reposed in the management by the Shareholders.

**By Order and on behalf of the Board**

Hyderabad  
August 14, 2012

**Sd/-**  
**P. Prabhakar Reddy**  
Chairman

## **Annexure – A to Directors’ Report**

Statement pursuant to Section 212 (8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as on March 31, 2012

(Rs. in Lakhs)

<b>Name of the Subsidiary company</b>	<b>Café D’Lake Pvt. Ltd.</b>	<b>Crustum Products Pvt. Ltd.</b>	<b>Minerva Hospitalities Pvt. Ltd.</b>	<b>Viceroy Chennai Hotels &amp; Resorts Pvt. Ltd.</b>
Issued and Subscribed Share Capital	274.45	400.00	466.92	1.00
Reserves	1618.64	17.43	(52.68)	-
Total Assets	5430.95	3373.18	786.32	1.00
Total Liabilities	3537.86	2955.75	366.08	-
Details of Investment (Except in case of investment in subsidiaries)	-	-	-	-
Turnover/Total Income	3059.09	595.23	0.29	-
Profit before taxation/(Loss)	165.91	9.01	0.29	-
Provision for taxation	59.32	6.94	-	-
Profit after taxation/loss	106.59	2.07	0.29	-
Proposed dividend	-	-	-	-
Number of shares held by Viceroy Hotels Limited along with its nominees	27,44,530	40,00,000	46,69,267	10,000
Extent of interest held by Viceroy Hotels Limited along with its nominees	100%	100%	100%	100%

### **Notes:**

1. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated 08-02-2011 has granted a general exemption to all the Companies for not attaching the Balance Sheets, Profit & Loss account etc., of Subsidiaries with the Annual Report of the Holding Company, Subject to the compliance of the conditions specified therein.
2. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information sought by the members of the company or its subsidiaries. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any member of the company or its subsidiary at the registered office of the company and that of the subsidiary company concerned.

## MANAGEMENT DISCUSSION & ANALYSIS

### Industry structure & developments

The global economy has been affected by various natural, social and economic headwinds; the earthquake in Japan during March-2011, the floods in Thailand during October-2011 or the civil unrest in the Arab countries and most importantly the ongoing economic crisis in the EU. The Indian economy also subdued in 2011-12 due to high inflation and interest rates, volatility foreign exchange rate, infrastructural impediments and slower pace of reforms.

The hotel industry in the country is going through difficult phase owing to the slow down in economy globally as well as within the country. Although there has not been a significant addition to the room inventory in the country as one expected couple of years ago, the demand for the rooms have not seen any appreciable growth. Similarly, on the rate front, it has remained more or less flat in the year under review. The case of hospitality industry in Hyderabad had been much worse than the rest of the country due to the on-going agitation for a separate Telengana State. The adverse developments in the State of Andhra Pradesh have severely affected the hospitality business. Hyderabad had witnessed negative growth in the room occupancy as well as in the tariffs. Because of the fear of agitation and violence, conferences which forms sizeable percentage of occupancy have severely affected which has resulted in the hotel occupancies going down. Due to the adverse investment climate in the country, decline in the arrivals of foreign travelers has also affected the room occupancies. With the change in the outlook for the economy of the State and Central Government, there is a ray of hope that the economy will revive, and the investors' confidence will be regained. This will propel the growth and inturn will do immense good to the hospitality industry. We need to wait for couple of months to reap the benefits of the changed scenario.

### Opportunities and threats

India being fastest developing economies in the world inspite of the glooming economic situation, particularly in USA and Europe, we can see far amount of growth and also expect that the investments to go up and faster than the economies of other countries. But for this slow down in the economy, it was widely felt that India is going to face severe shortage of rooms and it was estimated that the pace at which the economy is growing, India needs additional room inventory of more than 1,00,000 rooms. Due to the slowdown in the overall economy, many developers who are not totally focused on the hotel development have abandoned the ideal of developing the hotel projects. With the result, the expected room inventory is going to come down drastically and the demand for the rooms in future is going to grow substantially.

If the current trend of negative growth in the manufacturing and other sectors is going to continue, it may severely affect the hospitality industry. Inflation could be the headwind for the growth of the economy. In spite of importance of the hotel sector, if Government does not recognize it as infrastructure industry, it could lead to hotels not getting long-term debt at cheaper rates. High rate of interest are going to put lot of burden on the profitability.

### Outlook

In spite of the problems the hospitality industry is facing to-day, the general outlook is very encouraging. The saving grace for the hotel industry appears to be domestic, business travelers, and domestic tourists and social functions. In trouble times, this is going to save the hotel industry from the state of collapse. There is a very good chance of the Indian Economy's revival and be in a position to achieve a GDP growth of 7 percent upwards. This will certainly boost the economy and hotel industry.

### Financial Performance

The Company operates only in single segment i.e., hoteliering.

During the financial year 2011-12, the Company's total turnover was Rs.73.95 Crores. The Earning before Interest, Depreciation, Taxation and other Amortizations (EBIDTA) were Rs.32.65 Crores. The Loss before Tax and the Loss after Tax for the year under review were Rs.2.44 Crores and Rs.3.29 Crores respectively.

The Company's consolidated total income aggregated Rs.110.50 Crores. The Company's consolidated loss before taxes aggregated Rs.0.70 Crores in the financial year 2011-12.

## **Risks and Concerns**

### **Economic Risk**

The company's performance is highly reliant on the growth of business and economy in the country. The brake in economic growth in the country may have severe affect on the company's business. The GDP growth is expected to surge to 7.6 % by FY13, driven by the robust industrial growth and resilient performance of the service sector. The country's consumption boom is brushing up and new job opportunities are lining upwards. With all these factors, the Company does not expect to be significantly affected by this risk.

### **Occupancy Risk**

The profitability of the Company is dependent on occupancy rate. This might be the major risk and affect the Company's profitability. Due to the spurt in tourist inflows expected in the coming quarters due to easing of the credit crisis and recovery of the developed economies, occupancy rates are expected to improve.

### **Project Implementation Risk**

Your Company may be impacted by delays in implementation of projects which would result in increasing project cost and loss of potential revenue. To mitigate this risk, the Company has in place an experienced project team supported by the leading external technical consultants. The Company will endeavour to complete its projects on time at optimal cost so as to maximize the profitability.

### **Human Resource Risk**

One of the greatest challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals. Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages. Though there is boom in the service sector, most of the hotel management graduates are joining other sectors like retail and aviation.

### **Foreign Exchange Risk**

Your Company may be impacted by the fluctuation of the Indian Rupee against other foreign currencies. To mitigate this risk the Company has migrated to single currency billing in Indian Rupees.

## **Internal Control Systems and their Adequacies**

The Company maintains an adequate and proper system of internal controls. All the Company's assets are secured and protected against loss from illicit use or dispossession. All the transactions are authorized. It is ensured that the company's internal audit is being strengthened from time to time and that all the financial statements and accounting records of the company are reviewed and reliable.

## **Material Developments in Human Resources**

'Human Resources' is recognized as a key pillar of any successful organization and so is for Viceroy Hotels. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high amount of emphasis on professional etiquette to be exhibited by every employee.

## **Cautionary Statement**

The report contains certain statements that include forward looking statements based on current expectations, beliefs or assumptions about future events that are subject to uncertainties. They may differ materially from those described. However readers are advised not to rely upon these forward looking statements which do not guarantee future performance and are subject to a number of risks and uncertainties. This report should be read in conjunction with the financial statements included herein and the notes thereto.

## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholders' aspirations and societal expectations. Your Company believes in attainment of highest levels of transparency in all facets of its operations. The Company is committed to maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the listing agreement.

### II. BOARD OF DIRECTORS

As on March 31, 2012, Viceroy's Board consists of 8 Members of whom 5 (Five) are Independent Directors. The Composition of the Board is in conformity with the listing requirements.

#### Board Meetings:

The Board of Directors met four (4) times during the financial year on 12-05-2011, 13-08-2011, 14-11-2011 and 14-02-2012 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of Listing Agreement.

The details of Directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of the Director	Category and Designation	Board Meetings attended during the year	No. of directorships held in other Indian public limited companies	No. of Committee positions held in other companies	
				Chairman	Member
Mr. P. Prabhakar Reddy	Promoter and CMD	04	01	NIL	NIL
Mr. K. Jayabharat Reddy	NED (I)	02	06	NIL	NIL
Mr. R. Subramanian	NED (I)	02	NIL	NIL	NIL
Mr. Rakesh Jhunjunwala	NED	NIL	08	NIL	01
Mr. P. Narendra	NED (I)	04	02	NIL	NIL
Mr. A. Vijayavardhan Reddy	NED	02	01	NIL	NIL
Mr. A. Poornachandra Rao	NED (I)	04	NIL	NIL	NIL
Mr. K. Narasimha Rao	NED (I)	04	NIL	NIL	NIL
Mr. Rajiv Agarwal	NED, Alternate to Mr. Rakesh Jhunjunwala	NIL	03	NIL	01

**NED:** Non Executive Director; **NED (I):** Non Executive Independent Director; **CMD:** Chairman and Managing Director

#### Attendance for AGM 2011:

Mr. P. Prabhakar Reddy, Mr. A. Vijayavardhan Reddy, Mr. A. Poornachandra Rao, and Mr. K. Narasimha Rao attended the last Annual General Meeting held on September 27, 2011.

### III. AUDIT COMMITTEE

Composition, meetings and the attendance during the year:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2011-2012, (4) Four meetings of the Audit Committee were held on 12-05-2011, 12-08-2011, 14-11-2011 and 13-02-2012.

Details of the composition of the Committee and attendance of the members at the meetings:

Name	Designation	Category	No. of meetings attended
Mr. A. Vijayavardhan Reddy	Chairman	NED	2
Mr. K. Narasimha Rao	Member	NED (I)	4
Mr. A. Poornachandra Rao	Member	NED (I)	4

The Managing Director, Company Secretary, CFO and the Statutory Auditors were also invited to the Committee Meetings.

#### Terms of reference:

The terms of reference of the Committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as those specified in Section 292 (A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

### IV. REMUNERATION OF DIRECTORS

Details of remuneration paid to Directors are given below:

Director	Relationship with other Directors	Business relationship with Viceroy, if any	Loans and advances from Viceroy	Remuneration	Paid During 2011-2012 (Amount in Rs.)		
					Sitting Fees	Salary	Commission
P. Prabhakar Reddy	Relative to Mr. Vijayavardhan Reddy	Promoter	Nil	Nil	30,00,000	Nil	30,00,000
K. Jayabharat Reddy	None	Nil	Nil	10,000	-	-	10,000
R. Subramanian	None	Nil	Nil	10,000	-	-	10,000
A. Vijayavardhan Reddy	Relative to MD	Nil	Nil	20,000	-	-	20,000
P. Narendra	None	Nil	Nil	20,000	-	-	20,000
A. Poornachandra Rao	None	Nil	Nil	40,000	-	-	40,000
K. Narasimha Rao	None	Nil	Nil	40,000	-	-	40,000



## V. INVESTOR GRIEVANCE COMMITTEE

Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name of the Director	Designation	Category
Mr. A. Vijayavardhan Reddy	Chairman	NED
Mr. K. Narasimha Rao	Member	NED (I)
Mr. A. Poornachandra Rao	Member	NED (I)

The Board has designated Mr. M. Satish Choudhury, Company Secretary as the Compliance Officer.

The Company has designated exclusive e-mail Ids called [secretarial@viceroyp-hotels.com](mailto:secretarial@viceroyp-hotels.com) and [companyssecretary@viceroyp-hotels.com](mailto:companyssecretary@viceroyp-hotels.com) for redressal of shareholders complaints / grievances.

Complaints received and redressed by the Company during the financial year:

During the year under review, 5 (five) complaints of general nature were received from the shareholders which were attended promptly and replied/resolved to the satisfaction of the concerned shareholders. There were no pending complaints at the close of the financial year.

## VI. GENERAL BODY MEETINGS

a) Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Venue	Date and Time
2008-2009	Hotel Marriott Convention Centre, Hyderabad	29-09-2009 at 11.00 AM
2009-2010	Hotel Marriott Convention Centre, Hyderabad	20-09-2010 at 11.00 AM
2010-2011	Hotel Marriott Convention Centre, Hyderabad	27-09-2011 at 11.00 AM

b) No Special Resolutions were passed in the previous three Annual General Meetings.

c) Special Resolution passed last year through postal ballot – details of voting pattern:

During the last year the Company has conducted a postal ballot for passing a Special Resolution for confirmation/ratification of corporate guarantee in terms of Section 372A of the Companies Act, 1956 given in favour of IL & FS Trust Company Limited in respect of term loan of Rs.206 Crores sanctioned by IL & FS Financial Services Limited to Company's erstwhile wholly owned subsidiary namely 'Viceroy Bangalore Hotels Private Limited'.

Details of voting pattern:

Date of Special Resolution	Votes cast in Favour & %	Votes cast in Against & %	Result
September 27, 2011	1,37,86,948 & 99.96%	5,694 & 0.04%	Passed with requisite majority

**Person who conducted the postal ballot exercise:**

The entire process of postal ballot exercise was conducted by Mr. P. Prabhakar Reddy, Managing Director of the Company and Mrs. Shilpa Kotagiri, Practicing Company Secretary, Hyderabad was appointed as scrutinizer for the postal ballot process.

- d) No special resolution is proposed to be conducted through postal ballot.
- e) The Company has passed an Ordinary Resolutions on June 03, 2011 through postal ballot process for hiving-off the 'Chennai Project Division' in terms of Section 293 (1) (a).

**VII. OTHER DISCLOSURES**

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with all the mandatory requirements of Clause 49.
- (e) There were no material pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company, other than payment of Board fees/commission and investments (if any) in shares / securities of the Company.
- (f) Managing Director and Chief Financial Officer (CFO) of the Company has furnished the requisite Certificate to the Board of Directors under Clause 49 of the Listing Agreement.

**VIII. MEANS OF COMMUNICATION**

The un-audited quarterly results and audited results for the year are generally published in one English newspaper 'Business Standard' and at least one vernacular newspaper 'Andhra Prabha' shortly after its submission to the Stock Exchanges. The results are also displayed on the Company's web-site i.e. [www.viceroyhotels.com](http://www.viceroyhotels.com)

**IX. GENERAL SHAREHOLDERS INFORMATION**

**a) 47<sup>th</sup> Annual General Meeting:**

Date and Time	Tuesday, the 25 <sup>th</sup> September 2012 at 11.00 AM
Venue	Hotel Marriott Convention Centre, Lower Tank Bund, Hyderabad- 500080, AP

**b) Book Closure Date** : September 20, 2012 to September 25, 2012 (inclusive of both days)

**c) Financial Year and Calendar 2012-2013:**

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Agreement.

**d) Listing on Stock Exchanges:**

- 1) National Stock Exchange of India Limited (NSE)
- 2) BSE Limited (BSE)



e) Listing Fees : Listing fee for the year 2012-2013 has been paid

f) Stock Code : NSE: VICEROY ; BSE: 523796

g) ISIN : INE048C01017

h) Stock Price Data:

MONTH	NSE			BSE		
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High (Rs.)	Low (Rs.)	No. of Shares Traded
April 2011	38.45	32.20	891140	38.45	32.35	6,88,364
May 2011	33.95	28.55	510421	33.80	27.00	4,56,983
June 2011	31.00	25.55	423535	30.75	25.25	3,31,449
July 2011	37.90	29.05	2406528	37.70	29.15	17,26,096
August 2011	36.75	23.75	993351	36.50	23.70	6,73,312
September 2011	28.15	23.50	365104	28.30	23.70	2,91,661
October 2011	30.00	21.75	415964	28.75	21.60	2,03,588
November 2011	28.60	21.10	1156254	28.60	21.15	6,17,736
December 2011	26.00	16.25	931031	25.60	16.20	7,36,815
January 2012	23.00	18.00	241860	22.85	18.05	1,79,250
February 2012	25.45	20.00	209422	25.70	19.50	2,62,323
March 2012	23.75	15.35	698656	24.10	15.35	5,02,725

i) Registrar & Share Transfer Agents (for both physical and demat mode):

Aarathi Consultants Private Limited  
 1-2-285, Domalaguda, Hyderabad- 500029  
 Phones: 040-27638111, 040-66611921;  
 Fax: 040-27632184  
 Email: info@aarthiconsultants.com;  
 Website: www.aarthiconsultants.com

j) Share Transfer System:

Share transfer requests, which are received in physical form, are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

The Company appointed M/s. Aarathi Consultants Private Limited as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

**k) Shareholding Pattern as on March 31, 2012:**

Category	No. of Shares	Percentage
Promoters	1,32,34,441	31.21
Institutional Investors	10,100	0.02
Bodies Corporate	66,85,115	15.76
Foreign Institutional Investors	1,17,000	0.28
NRIs, and OCBs	11,11,132	2.62
Mutual Funds	NIL	NA
Indian Public	2,12,47,436	50.11
<b>Total</b>	<b>4,24,05,224</b>	<b>100.00</b>

**l) Distribution of Shareholding as on March 31, 2012:**

Nominal Value of Shares in Rupees	No. of Shareholders	% of Shareholders	Shares Amount	% to Total
(1)	(2)	(3)	(4)	(5)
1 5000	20945	85.10	31,20,554	7.36
5001 10000	1821	7.40	15,54,095	3.66
10001 20000	839	3.41	13,17,636	3.11
20001 30000	286	1.16	7,44,284	1.76
30001 40000	134	0.54	4,77,493	1.13
40001 50000	152	0.62	7,22,627	1.70
50001 100000	198	0.80	14,46,100	3.41
100001 and Above	238	0.97	3,30,22,435	77.87
<b>Total</b>	<b>24613</b>	<b>100.00</b>	<b>4,24,05,224</b>	<b>100.00</b>

**m) Dematerialization of Shares:**

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN INE048C01017. As on March 31, 2012, 94.18% of the totals shares of the Company have been dematerialized.

**n) Outstanding: GDR/ADR/Warrants/Options/any convertible instruments:**

As on March 31, 2012 the Company has no outstanding GDR /ADR/Warrants/ Options/any other convertible instruments.

**o) Location of Hotels, Restaurants, and Projects under execution:**
**Hotels:**

- 1) Hotel Marriott at Lower Tank Bund Road, Hyderabad
- 2) Hotel Courtyard at Lower Tank Bund Road, Hyderabad

**Restaurants:**

- 1) Eat Street & Water Front Restaurants at Necklace Road, Hyderabad
- 2) Minerva Coffee Shops at Hyderabad and Vijayawada
- 3) Bluefox Bar & Restaurants at Hyderabad and Vijayawada
- 4) BreadTalk outlets at Hyderabad, Mumbai, Bangalore and Gurgaon



**Projects under execution:**

- 1) A 277 Room First Class Five Star Hotel to be branded as “Renaissance” at Race Course Loop Lane, Bangalore (being executed by an Associate Company)
- 2) A 387 Room Five Star Super Luxury Hotel to be branded as ‘JW Marriott’ at MRC Nagar, RA Puram, Chennai (being executed by the Company)

**p) Address for Investors Correspondence:**

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company’s Registrar and Share Transfer Agents and/or to the Company at the following address:

**Registrar and Share Transfer Agents (RTA):**

M/s. Aarathi Consultants Private Limited  
1-2-285, Domalaguda, Hyderabad- 500029  
Tel: 040-27638111, 040-66611921;  
Fax: 040-27632184  
Email: info@aarthiconsultants.com  
Website: www.aarthiconsultants.com

**Company:**

M/s. Viceroy Hotels Limited  
8-2-120/115/14,5th Floor,Shangrila Plaza  
Road No.2, Banjara Hills, Opp. KBR Park, Hyderabad – 500034  
Tel: 040-40349999; Fax: 040-40349828  
Email: secretarial@viceroyhotels.com /  
companysecretary@viceroyhotels.com

**Registration of e-mail Id for servicing of documents by the Company under the Companies Act, 1956:**

Members holding shares in dematerialized form are requested to provide/refresh/update their email address with their respective Depository Participants (DPs). And Members holding shares in physical form and who are desirous of receiving the Annual Reports / communication / documents in electronic form are requested to provide their email address to gogreen\_phl@aarthiconsultants.com or send requests along with your folio no. to our RTA at above mentioned address.

**q) CEO Certification:**

As required by the clause 49 (V) of the Listing Agreement, the certificate from the Managing Director was placed before the Board of Directors.

**r) Compliance Certificate of the Auditors:**

The Statutory Auditor has certified that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

**s) Nomination facility:**

Shareholders holding shares in physical form and desirous of making changes in the nomination in respect of their shareholding in the company, as permitted under section 109A of the Companies Act 1956 are requested to submit to the Compliance Officer in the prescribed form for this purpose, which can be furnished by the Company on request.

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**DECLARATION BY MANAGING DIRECTOR / CEO**

I, P. Prabhakar Reddy, Managing Director of Viceroy Hotels Limited hereby declare that for the year ended March 31, 2012 all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them.

Hyderabad  
August 14, 2012

Sd/-  
**P. Prabhakar Reddy**  
Managing Director



## **Certificate by CEO / CFO :**

Pursuant to the provisions Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the year ended March 31, 2012:

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Hyderabad  
August 14, 2012

SD/-  
**P. PRABHAKAR REDDY**  
MANAGING DIRECTOR

SD/-  
**K. GURAVA RAJU**  
CHIEF FINANCIAL OFFICER

## **Auditor's Certificate on Compliance of Conditions of Corporate Governance :**

To the Members of Viceroy Hotels Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Viceroy Hotels Limited ("the Company") for the year ended 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the "Guidance note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned listing agreement.

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.

Hyderabad  
August 14, 2012

**P. MURALI & CO**  
Chartered Accountants  
Firm's Regn. No. : 007257S

SD/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 23412

## AUDITOR'S REPORT

To,  
The Members,  
**VICEROY HOTELS LIMITED**

We have audited the attached Balance Sheet of VICEROY HOTELS LIMITED as at 31<sup>st</sup> March, 2012 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) Order 2003, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
  - (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
  - (v) On the basis of written representations 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 is disqualified as on 31<sup>st</sup> March, 2012 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - (b) In the case of the Profit & Loss Account, of the loss for the period ended on that date;
- And
- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date.,

Hyderabad  
August 14, 2012

**For P.MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

SD/-  
**P.MURALI MOHANA RAO**  
**PARTNER**  
Membership No. 23412

## **Annexure to the Auditor's Report**

- I. (a) The Company has maintained proper records showing full particulars Including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our Opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. a) The Company has granted and taken loans, unsecured to / from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956 and registers are being maintained by the company.
- b) The Company has granted loans, the rate of interest & other term and conditions on which loans have been granted to parties listed in the register maintained under section 301 is not prejudicial to the interest of the Company.
- c) The loans are granted by company, the clause of receipt of interest & principal amount from parties, are not prejudicial to the company.
- d) The loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, and there is no overdue amount of loan
- e) The Company has taken loans, unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and registers are being maintained.
- f) The Company has taken loans, and the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is not prejudicial to the interest of the company.
- g) The repayment of interest & principal amount to parties, are not prejudicial to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods.  
There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. a) According to the information and explanations provided by Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, as no such contracts or arrangements made by the Company, applicability of the clause of the charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.



- IX. a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding such financial year.
- XI. According to information and explanations given to us, the Company has defaulted in repayment of dues amounting to Rs. 30.40 Crores to financial Institutions and banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, Securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions other than guarantees given to banks for the loan taken by M/s Crustums Products Pvt Ltd., Subsidiary Company and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the Term Loans were applied by the company for the purpose for which the loans were obtained.
- XVII. According to the information given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment and vice-versa during the year under audit.
- XVIII. According to the information and explanations given to us, the Company has not made preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is not prejudicial to the interest of the Company.
- XIX. According to the information and explanations given to us, the company has issued 500 debentures of Rs.10,00,000/- each on 21st March 2007 and the company has created the security for the debentures issued by the company.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

Hyderabad  
August 14, 2012

**For P.MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

SD/-  
**P.MURALI MOHANA RAO**  
**PARTNER**  
Membership No. 23412



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

PARTICULARS	Note No.	AS ON 31-03-2012 (₹)	AS ON 31-03-2011 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	42,40,52,240	42,40,52,240
(b) Reserves and Surplus	2	1,92,41,84,966	1,95,02,25,889
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	8,63,10,77,808	10,02,15,45,168
(b) Deferred Tax Liabilities (Net)	4	17,24,22,876	16,52,72,386
(c) Other Long Term Liabilities	5	12,59,03,913	14,79,39,894
(d) Long Term Provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	4,49,36,785	1,72,77,195
(b) Trade Payables	7	51,43,44,484	44,14,73,684
(c) Other Current Liabilities	8	1,51,34,66,493	81,47,60,125
(d) Short-Term Provisions	9	9,50,98,845	8,10,09,426
<b>Total</b>		<b>13,44,54,88,410</b>	<b>14,06,35,56,008</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	3,52,66,82,416	3,63,39,17,126
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		7,71,79,02,760	8,64,59,08,483
(b) Non-current investments	11	63,02,62,770	15,72,62,420
(c) Long Term Loans and advances	12	1,31,80,54,294	1,54,97,01,282
(d) Other Non-Current assets	13	13,09,257	13,09,257
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	14	80,61,974	83,80,809
(c) Trade receivables	15	19,44,81,754	5,72,18,061
(d) Cash and Bank Balances	16	2,22,75,727	19,21,704
(e) Short-Term Loans and Advances	17	2,64,57,458	79,36,865
(f) Other Current assets		-	-
<b>Total</b>		<b>13,44,54,88,410</b>	<b>14,06,35,56,008</b>

Significant Accounting Policies  
Notes to Financial Statements

1 to 41

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

August 14, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary



## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

PARTICULARS	Note No.	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
I. Revenue from Operations	18	73,80,45,030	73,54,31,512
II. Other Income	19	14,93,209	6,67,133
<b>III. Total Revenue (I +II)</b>		<b>73,95,38,239</b>	<b>73,60,98,645</b>
IV. Expenses:			
Cost of Materials Consumed	20	7,64,56,433	7,24,20,966
Employee Benefit Expenses	21	13,69,45,006	13,93,90,767
Other Operating Expenses	22	10,73,00,494	9,06,18,796
Administrative Expenses	23	9,23,34,551	9,27,11,447
Financial costs	24	21,96,64,357	22,05,87,387
Depreciation and amortization expense	10	13,12,38,227	13,06,67,544
<b>Total Expenses</b>		<b>76,39,39,069</b>	<b>74,63,96,907</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		(2,44,00,829)	(1,02,98,262)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(2,44,00,829)	(1,02,98,262)
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>(2,44,00,829)</b>	<b>(1,02,98,262)</b>
X. Tax expense:		-	-
(1) Current tax		13,77,599	-
(2) Deferred tax		71,50,490	1,25,71,569
XI. Profit(Loss) from the period from Continuing Operations ( VII - VIII)		(3,29,28,919)	(2,28,69,831)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(3,29,28,919)</b>	<b>(2,28,69,831)</b>
XVI. Earning per equity share:			-
(1) Basic		(0.78)	(0.54)
(2) Diluted		(0.78)	(0.54)

Significant Accounting Policies  
Notes to Financial Statements

1 to 41

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

August 14, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 1 : SHARE CAPITAL</b>			
<b>A Share Capital</b>			
(a)	Authorised		
	(No. of Equity Shares 4,50,00,000 Current Year)	45,00,00,000	-
	(No. of Preference Shares 10,00,000 Current Year)	10,00,00,000	-
	(No. of Equity Shares 4,50,00,000 Previous Year)	-	45,00,00,000
	(No. of Preference Shares 10,00,000 Previous Year)	-	10,00,00,000
	<b>Total Authorised Share Capital</b>	<b>55,00,00,000</b>	<b>55,00,00,000</b>
(b)	Issued		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(c)	Subscribed & Fully Paid Up		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(d)	Subscribed & not fully paid up	-	-
(e)	Par Value per Equity share Rs. 10/- and Preference share Rs. 100/-	-	-
	<b>Total Equity Share capital</b>	<b>42,40,52,240</b>	<b>42,40,52,240</b>

**Notes :**

Out of the paid up capital 47,83,796 equity shares of Rs.10/- each were allotted on July 14, 2007 as fully paid up shares pursuant to the scheme of arrangement with erstwhile Minerva Restaurant Pvt. Ltd., erstwhile Minerva Coffeeshop Pvt. Ltd., erstwhile Minerva Hotels Pvt. Ltd., M/s. Cafe D'Lake Pvt. Ltd., erstwhile Blue Fox Bar & Restaurant Pvt. Ltd., M/s. Minerva Hospitalities Pvt. Ltd., erstwhile Banjara Hospitalities Pvt. Ltd., M/s. Crustum Products Pvt. Ltd., and Hotels Division of M/s. Minerva Enterprises Pvt. Ltd., with the Company.

**B A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(Equity Shares of Rs. 10/- Each, Fully paid up)

At the Beginning	4,24,05,224	4,24,05,224
Issued during the year - Bonus Issue	-	-
Issued during the year - Cash Issue	-	-
Issued during the year - ESOP	-	-
Forfeited / Bought Back during the year	-	-
At the end	4,24,05,224	4,24,05,224

**C Details of Shareholder holding more than 5% shares of the company:**

(Equity Shares of Rs. 10 each Held By)

Name of Shareholder	No. of Shares		% of Share Holding	
	Current Year	Previous Year	Current Year	Previous Year
(1) Jhunjhunwala Rakesh Radheshyam	42,50,000	42,50,000	10.02	10.02
(2) P. Chakradhar Reddy	40,41,453	39,76,951	9.53	9.38
(3) Sonata Investments Limited	25,00,000	25,00,000	5.90	5.90
(4) P. Prabhakar Reddy	24,93,488	24,93,488	5.88	5.88
(5) P. Kameshwari	22,49,143	22,49,143	5.30	5.30

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>			
<b>RESERVES AND SURPLUS</b>			
a) Capital reserve			
	As at the commencement of the year	5,46,000	5,46,000
	Add: Additions during the year	68,87,995	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>74,33,995</b>	<b>5,46,000</b>
b) Securities Premium Reserve			
	As at the commencement of the year	1,71,77,85,670	1,71,77,85,670
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>1,71,77,85,670</b>	<b>1,71,77,85,670</b>
c) Debenture redemption reserve			
	As at the commencement of the year	5,00,00,000	5,00,00,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
d) Revaluation reserve			
		79,19,430	79,19,430
e) General Reserves			
	As at the commencement of the year	3,20,25,000	3,20,25,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>3,20,25,000</b>	<b>3,20,25,000</b>
f) Surplus :			
	i) Opening Balance - Profit and Loss Account	14,19,49,789	16,48,19,620
	Add: Transfer from Profit & Loss Account	(3,29,28,919)	(2,28,69,831)
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
	<b>Sub Total</b>	<b>10,90,20,870</b>	<b>14,19,49,789</b>
	<b>Total Reserves and Surplus</b>	<b>1,92,41,84,966</b>	<b>1,95,02,25,889</b>
<b>NOTE NO. 3 : LONG TERM BORROWINGS</b>			
<b>Long Term borrowings</b>			
	a) Bonds/debentures	42,50,00,000	42,50,00,000
	Secured (500 Bonds, Face Value - Rs. 10,00,000/-, 14% Interest)	<b>42,50,00,000</b>	<b>42,50,00,000</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
b) i)	Term Loans		
	From Banks	5,33,13,70,985	7,16,17,01,857
	From Financial Institutions	14,28,80,000	15,04,00,000
	From Others	4,23,98,393	2,30,77,360
	<b>Sub Total</b>	<b>5,51,66,49,378</b>	<b>7,33,51,79,217</b>
ii)	Un Secured Loans		
	From Others	2,68,94,28,430	2,26,13,65,951
	<b>Sub Total</b>	<b>2,68,94,28,430</b>	<b>2,26,13,65,951</b>
	<b>Total Long Term Borrowings</b>	<b>8,63,10,77,808</b>	<b>10,02,15,45,168</b>
<b>NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )</b>			
	Opening Deferred Tax Liability	16,52,72,386	15,27,00,817
	Add: Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	71,50,490	1,25,71,569
	Deferred Tax Liability for the year ( Due to Others )	-	-
	<b>Gross Deferred tax Liability</b>	<b>17,24,22,876</b>	<b>16,52,72,386</b>
<b>NOTE NO. 5 : OTHER LONG TERM LIABILITIES</b>			
a)	Trade Payables & Others		
	- Advance from Customers	12,59,03,913	14,79,39,894
	- Other Liabilities	-	-
	<b>Total Long Term Liabilities</b>	<b>12,59,03,913</b>	<b>14,79,39,894</b>
<b>NOTE NO. 6 : SHORT TERM BORROWINGS.</b>			
<b>Short term borrowings</b>			
a)	Cash Credits and Working Capital Demand Loan from Banks		
	- Secured	4,49,36,785	1,72,77,195
	<b>Total Short Term Borrowings</b>	<b>4,49,36,785</b>	<b>1,72,77,195</b>
<b>NOTE NO. 7 : TRADE PAYABLES</b>			
a)	Trade Payables(creditors)	51,43,44,484	44,14,73,684
	<b>Total Trade Payables</b>	<b>51,43,44,484</b>	<b>44,14,73,684</b>
<b>NOTE NO. 8 : OTHER CURRENT LIABILITIES</b>			
a)	Current maturities of long term debt	73,36,48,000	45,58,78,000
b)	Current maturities of finance lease obligation	-	-
c)	interest accrued but not due on borrowings	37,51,242	38,96,318
d)	Interest accrued and due on borrowings.	67,78,44,578	27,99,47,576

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
e)	Other Payables		
(I)	Rent payable	49,75,324	67,39,903
(ii)	Audit fee Payable	10,28,340	5,73,240
(iii)	Electricity Charges Payable	20,66,183	19,82,819
(iv)	Bonus Payable	-	1,68,000
(v)	Statutory Liabilities	8,30,58,441	5,92,92,430
(vi)	PF & ESI Payable	15,57,758	16,69,287
(vii)	Salaries Payable	55,36,627	45,33,216
(viii)	Other Payable	-	79,336
	<b>Total Other Current Liabilities</b>	<b><u>1,51,34,66,493</u></b>	<b><u>81,47,60,125</u></b>

**NOTE NO. 9 : SHORT TERM PROVISIONS**

a)	Provisions for Employee Benefits		
	Provision for Gratuity	91,02,096	83,21,168
	Provision for Bonus	63,78,756	40,76,453
	Provision for Management deferred license	4,40,57,247	3,63,02,968
	Provision for Accruals	1,10,72,516	58,08,758
b)	Others		
	Provision for Income Tax	13,77,599	-
	Provision for MAT	2,05,85,188	2,05,85,188
	Provision for FBT	74,919	74,919
	Other Provisions	24,50,524	58,39,972
	<b>Total Short Term Provisions</b>	<b><u>9,50,98,845</u></b>	<b><u>8,10,09,426</u></b>

# STAND-ALONE FINANCIALS

## NOTE NO 10 : TANGIBLE ASSETS AS AT 31-03-2012

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block As at 01-04-2011	Additions During the Year	Sale / Deletions During the year	Total Cost as at 31-03-2012	As on 31-03-2011	For the Year	Adjustments During the Year	Total as at 31-03-2012	As at 31-03-2012	As at 31-03-2011
Land	1,65,88,58,105	-	-	1,65,88,58,105	-	-	-	-	1,65,88,58,105	1,65,88,58,105
Building	1,62,77,76,035	-	-	1,62,77,76,035	35,64,80,357	5,43,67,720	-	41,08,48,077	1,21,69,27,958	1,27,12,95,678
Furniture & Fixtures	37,66,85,113	-	-	37,66,85,113	19,44,98,443	2,38,44,168	-	21,83,42,610	15,83,42,503	18,21,86,670
Air Conditioners	16,04,27,348	-	-	16,04,27,348	7,02,86,783	76,20,299	-	7,79,07,082	8,25,20,266	9,01,40,565
Electrical Fittings	19,72,61,937	-	-	19,72,61,937	6,22,57,908	93,69,942	-	7,16,27,850	12,56,34,087	13,50,04,029
Vehicles	4,97,03,043	2,58,20,339	60,27,650	6,94,95,732	2,46,42,553	52,47,154	30,38,749	2,68,50,958	4,26,44,773	2,50,60,489
Plant Machinery	7,96,33,252	-	-	7,96,33,252	2,03,76,038	37,82,579	-	2,41,58,617	5,54,74,635	5,92,57,214
Generator	13,65,000	-	-	13,65,000	3,13,355	64,838	-	3,78,192	9,86,808	10,51,646
Misc. Fixed Asset	37,97,68,520	13,37,760	1,65,681	38,09,40,599	16,87,05,789	2,69,41,528	-	19,56,47,317	18,52,93,282	21,10,62,731
<b>Total</b>	<b>4,53,14,78,353</b>	<b>2,71,58,099</b>	<b>61,93,331</b>	<b>4,55,24,43,121</b>	<b>89,75,61,226</b>	<b>13,12,38,227</b>	<b>30,38,749</b>	<b>1,02,57,60,704</b>	<b>3,52,66,82,416</b>	<b>3,63,39,17,126</b>
Previous Year	4,53,19,27,443	9,94,346	14,43,436	4,53,14,78,353	76,77,14,551	13,06,67,544	8,20,872	89,75,61,224	3,63,39,17,129	3,76,42,12,893



**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 11 : NON- CURRENT INVESTMENTS</b>			
<b>Non- Current Assets</b>			
1) Investment in Subsidiaries			
a) Equity Shares			
<b>Unquoted</b>			
	27,44,530 Equity Shares of Rs.10/- each in Café 'd' lake Pvt.Ltd	7,03,69,750	7,03,69,750
	40,00,000 Equity Shares of Rs.10/- each in Crustum Products Pvt.Ltd	4,00,00,000	4,00,00,000
	46,69,267 Equity Shares of Rs.10/- each in Minerva Hospitalities Pvt.Ltd	4,66,92,670	4,66,92,670
	60,00,000 Equity Shares of Rs.10/- each in Viceroy Banglore Hotels Pvt.Ltd	47,31,00,350	1,00,000
	10,000 Equity Shares of Rs.10/- each in Viceroy Chennai Hotels & Resorts Pvt.Ltd	1,00,000	1,00,000
	<b>Total Non Current Investments</b>	<b>63,02,62,770</b>	<b>15,72,62,420</b>
<b>NOTE NO. 12: LONG TERM LOANS AND ADVANCES</b>			
<b>Capital Advances</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	48,37,14,128	89,50,89,351
	<b>Sub Total</b>	<b>48,37,14,128</b>	<b>89,50,89,351</b>
<b>Security Deposit</b>			
	Secured, Considered Good	3,65,88,254	4,28,99,087
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>3,65,88,254</b>	<b>4,28,99,087</b>
<b>Secured, Considered Good Loans &amp; Advances</b>			
	Subsidiary Company Advances	41,51,90,222	44,80,31,492
	Other Advances	21,32,31,612	5,86,50,849
	<b>Sub Total</b>	<b>62,84,21,834</b>	<b>50,66,82,341</b>
<b>Secured, Considered Good</b>			
	Loans Receivable	11,03,03,373	3,58,22,547
	Advances Recoverable in Cash or in kind	5,90,26,704	6,92,07,955
	<b>Sub Total</b>	<b>16,93,30,077</b>	<b>10,50,30,502</b>
	<b>Total Long Term Loans and Advances</b>	<b>1,31,80,54,294</b>	<b>1,54,97,01,282</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 13 : OTHER NON CURRENT ASSETS</b>			
	Unamortised Expenses	13,09,257	13,09,257
	<b>Total Other Assets</b>	<b>13,09,257</b>	<b>13,09,257</b>
<b>NOTE NO. 14 : INVENTORIES</b>			
<b>a) Finished goods</b>			
	(I) Food Inventory	10,72,762	11,81,067
	(ii) Beverage Inventory	45,40,561	43,91,812
	(iii) Linen Inventory	15,200	-
	(iv) General Inventory	19,23,548	21,90,451
	(v) Printing & stationary	36,723	51,845
	(vi) Tobacco Invcost	49,192	32,170
	(vii) Diesel Inventory	4,23,988	5,33,464
	<b>Total Inventories</b>	<b>80,61,974</b>	<b>83,80,809</b>
<b>NOTE NO. 15 : TRADE RECEIVABLES</b>			
<b>Other Receivables:</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	19,44,81,754	5,72,18,060
	<b>Total Trade Receivables</b>	<b>19,44,81,754</b>	<b>5,72,18,060</b>
<b>NOTE NO. 16 : CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents :</b>			
<b>a) Balances with banks :</b>			
	1) On Current Accounts	2,16,13,970	7,73,459
	b) Cash on hand	6,61,756	11,48,245
	<b>Total Cash and Cash Equivalents</b>	<b>2,22,75,727</b>	<b>19,21,704</b>
<b>NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES</b>			
<b>Secured, Considered Good</b>			
	Loans and Advances to Employees	7,28,595	-
	Prepaid Expense	1,62,82,421	20,35,629
	Advances Recoverable in Cash or in kind	94,46,442	59,01,236
	<b>Total Short Term Loans and Advances</b>	<b>2,64,57,458</b>	<b>79,36,865</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
<b>NOTE NO. 18 : REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations in respect of non-finance company</b>			
	(a) Sale of Products & Services	68,31,33,921	68,77,71,874
	(b) Other Operating Revenues	5,49,11,109	4,76,59,638
	Less: Excise Duties	-	-
	<b>Total Revenue from Operations</b>	<b>73,80,45,030</b>	<b>73,54,31,512</b>
<b>NOTE NO. 19 : OTHER INCOME</b>			
	(a) Interest income	6,38,886	4,05,563
	(b) Dividend Income	-	96,120
	(c) Other non-operating income	49,914	1,65,450
	(d) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	8,04,409	-
	<b>Total Other Income</b>	<b>14,93,209</b>	<b>6,67,133</b>
<b>NOTE NO. 20 : COST OF MATERIALS</b>			
Food & Beverages			
	Opening Stock	83,80,809	82,76,487
	Add : Purchases During the year	7,61,37,598	7,25,25,288
	Less : Closing Stock	80,61,974	83,80,809
	<b>Total Cost of Material Consumed</b>	<b>7,64,56,433</b>	<b>7,24,20,966</b>
<b>NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES</b>			
	(a) Salaries & Wages	12,12,07,701	12,35,11,004
	(b) Contribution to Provident & Other Funds	1,26,82,178	1,27,50,788
	(c) Managerial Remuneration	30,00,000	30,00,000
	(d) Staff Welfare Expenses	55,127	1,28,975
	<b>Total Employee Benefit Expenses</b>	<b>13,69,45,006</b>	<b>13,93,90,767</b>
<b>NOTE NO. 22 : OTHER OPERATING EXPENSES</b>			
	(a) Power & Fuel	7,69,83,578	7,10,90,398
	(b) Repairs to Building	20,96,681	31,66,056
	(c) Insurance	20,14,590	18,33,181
	(d) Rates & Taxes (excluding Income Tax)	1,01,94,087	72,14,037
	(e) Miscellaneous Expenditure	1,08,44,524	17,57,041
	(f) Payment to Auditors:		
	(i) As Auditor	4,49,440	4,66,200
	(g) Net loss on sale of Assets	1,24,601	1,46,077
	(h) Repairs & maintenance	45,92,993	49,45,806
	<b>Total Other Expenses</b>	<b>10,73,00,494</b>	<b>9,06,18,796</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
<b>NOTE NO. 23 : ADMINISTRATIVE EXPENSES</b>			
	(a) Telephone, Postage and Others	30,89,751	25,72,436
	(b) Business Promotion Expenses	7,30,80,732	7,17,06,189
	(c) Conveyance	90,95,814	78,22,263
	(d) Office Maintenance	18,18,691	21,98,114
	(e) Printing & Stationery Expenses	29,14,388	39,65,068
	(f) Consultancy Charges	18,000	12,500
	(g) Fright expenses	11,455	3,930
	(h) Laundry expenses	6,26,448	6,78,326
	(i) Bad debts written off	16,79,272	37,52,621
	<b>Total Administrative Expenses</b>	<b>9,23,34,551</b>	<b>9,27,11,447</b>
<b>NOTE NO. 24 : FINANCE COST</b>			
	(a) Interest Expenses	-	-
	- Interest on Term loans	16,13,86,156	15,79,89,473
	- Interest on Axis Bank - NCD's	5,77,51,225	5,72,10,111
	- Interest on Unsecured Loan	90,000	48,10,493
	- Loan processing Charges & Bank Charges	4,36,976	5,77,309
	<b>Total Finance Cost</b>	<b>21,96,64,357</b>	<b>22,05,87,387</b>

## Significant Accounting Policies

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act, 1956. The significant accounting policies adopted in the presentation of the Accounts are as under:

**(a) Accounting Convention and Revenue Recognitions:**

The Financial statements have been prepared in accordance with historical cost convention except for such fixed assets which are revalued. Both the income and expenditure items are recognized on accrual basis.

**(b) Retirement Benefits:**

The Company has not obtained Actuarial valuation towards gratuity as per Accounting Standard – 15 (Employee Benefits). However Management of the Company is providing provision for gratuity on estimation basis.

**(c) Fixed Assets:**

Fixed assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight, and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of fixed assets where it is stated at revalued amount. Interest during construction period on loans to finance fixed assets is capitalized as per AS-10.

**(d) Depreciation:**

Depreciation on fixed assets other than land is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date as per AS-6.

**(e) Transactions in Foreign Exchange:**

Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain /loss arising out of the fluctuations in exchange rate is accounted for on realization.

Payment made in foreign currency are converted at the applicable rate prevailing on the date of remittance as per AS -11.

**(f) Borrowing Cost**

Borrowing cost that is attributable to the acquisition /construction of fixed assets is capitalized as part of the cost of respective assets as per AS -16.

**(g) Inventories:**

Stock of food and beverages and operating supplies are carried at cost or Market Value, whichever is lower as per AS -2.

**(h) Taxes on income:**

(i) Income tax is computed in accordance with Accounting Standard 22 - 'Accounting for Taxes on Income (AS-22), issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.

(ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.

(iii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(i) Accounting for Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized in terms of Accounting Standard 29 — 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI., when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

(j) Earnings per Share:

The earning considered in ascertaining the earning per share comprises net profit after tax. The number of shares used in computing basis earning per share is the weighted average number of shares outstanding during the year as per AS -20.

## Notes to Financial Statements

### 25. Basic Earnings Per Share (Basic EPS)

Particulars	Current Year Rs.	Previous Year Rs.
Net Profit after Tax	(3,29,28,919)	(2,28,69,831)
Weighted Average Number of Shares Considered	4,24,05,224	4,24,05,224
EPS	(0.78)	(0.54)

### 26. In relation of Fixed Assets:

Revaluation Reserve represents increase in the value of land on account of Revaluation made during the financial year 1989-90. Gross Block consists of Value of Chennai land aggregating Rs.148.55 crores pertaining to the Chennai Hotel project and Rs.12.99 crores of Hyderabad Courtyard land.

### 27. In relation of Provision for Current Tax, Deferred Tax :

Particulars	Current Year Rs.	Previous Year Rs.
Provision for Income Tax / Deferred Tax	85,28,090	1,25,71,569

### 28. In relation of Managerial Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	30.00	30.00

**29. Auditors Remuneration:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Audit Fees including Service Tax	4.49	4.41

30. According to the information available with the Company, there are no amounts as at 31<sup>st</sup> March, 2012, due to suppliers who constitute a “small scale industrial undertaking”.

**31. Contingent Liabilities not provided for in respect of:-**

i) Claims against the company pending appellate / judicial decisions:

a) E.S.I	Rs 67,70,937/- (Previous Year Rs 67,70,937/-)
b) Income Tax	AY 2004-05 Rs. 25,95,736 & AY 2005-06 Rs. 73,14,584/-
	(Previous Year AY 2004-05 Rs. 25,95,736/- & Ay 2005-06 Rs. 73,14,584/-)

ii) Guarantees:

Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad.	Rs. 16,22,500/-
Previous Year	Rs. 16,22,500/-

iii) Corporate Guarantee given to subsidiary company M/s Crustum Products Pvt Ltd for Rupee term loan of Rs.8.65 crores availed from Oriental Bank of Commerce.

**32. In relation of foreign currency inflows and out flows:**

Particulars	Current Year Rs. In Crores	Previous Year Rs.in Crores
Out go on account of Capital work in progress expense is	-	7.25

**33. Expenditure in Foreign Currency:**

Particulars	Current Year Rs. In Crores	Previous Year Rs.in Crores
Royalties & Others	4.72	4.14

**34. Earnings in Foreign exchange as reported by the Company to the Ministry of Tourism, Government of India and as certified by the Management.**

Particulars	Current Year Rs. In Crores	Previous Year Rs.in Crores
Earning in Foreign Exchange :	20.01	17.80

**35. In relation of Secured (Term) Loans:**

- (i) Term loans from IDFC Limited and Non Convertible Debentures from AXIS Bank aggregating to Rs.126.00 crores are secured by Pari Passu first charge on the immovable and movable properties of Hyderabad Marriott Hotel.
- (ii) Term loans sanctioned by State Bank of India, State Bank of Mysore, State Bank of Indore, State Bank of Bikaner & Jaipur, Allahabad Bank, Indian Overseas Bank and UCO Bank aggregating to Rs.350.00 crores for the Chennai Hotel project are secured by Pari-Passu first charge on the immovable and movable properties of Chennai hotel project.
- (iii) Term loans from State Bank of India, Andra bank and Canara Bank for the Hyderabad Courtyard hotel project aggregating to Rs.95.00 crores are secured by the first Pari-Passu charge on the fixed assets of the Courtyard hotel project and Rs. 25.00 crores sanctioned during the year are secured against present and future credit card receivables and also personal guarantee of Managing Director, Mr. P. Prabhakar Reddy worth Rs. 22.79 crores.
- (iv) The company has availed Redeemable Non convertible Debentures aggregating Rs.50 crores from Axis Bank Limited. It is secured against the immovable and movable properties of Hyderabad Marriott. The company has created a Debenture Redemption reserve of Rs.500 lakhs for the FY2008 and during the year under review. During the financial year 2011-2012 the Company has to repay a sum of Rs. 2 Crores of debentures as per agreement but the company has not made the same during the financial year 2011-2012.

**36. In relation to Related Party Disclosures in compliance with Accounting Standard :**

Name	Relation with the company
Shri. P. Prabhakar Reddy	Managing Director
M/s.Café D' Lake Pvt. Ltd.	Subsidiary
M/s.Crustum Products Pvt. Ltd.	Subsidiary
M/s.Minerva Hospitality Pvt. Ltd.	Subsidiary
M/s. Viceroy Chennai Hotels & Resorts Pvt. Ltd	Subsidiary
M/s. Viceroy Bangalore Hotels Pvt. Ltd.	Associate

Particulars	Subsidiaries	Associate
Loans & Advances	41,51,90,222	-
Investments	15,71,62,420	47,31,00,350

37. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 — 'Segmental Information' (AS-17). There is no geographical segment to be reported.

A Slump sale was made during the year of the ongoing projects (Bangalore Project) for a net consideration of Rs. 212,15,02,357/- to Viceroy Bangalore Hotels Pvt. Ltd which resulted a capital reserve of Rs. 68,87,995/-.

Particulars	Amount
Value For Leasehold Land (A)	49,19,85,900
Value For Fixed Assets (B)	2,57,80,724
Value For Buildings (C)	1,58,99,13,830
Value of Total Current Assets (D)	18,47,79,996
Less: Value of Total Current Liabilities(E)	(17,78,46,088)
Total F - (A+B+C+D-E)	2,11,46,14,362
Total Purchase Consideration Received(G)	2,12,15,02,357
<b>Capital Reserve (G-F)</b>	<b>68,87,995</b>



38. Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2011 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2012. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.
39. The Board of Directors of the Company has by resolution has given consent to avail of the General Circular Nos: 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011 respectively issued by the Ministry of Corporate Affairs, Government of India giving general exemption to the companies under Section 212(8) of the Companies Act, 1956 for not attaching the balance sheet of the subsidiaries. The Company has disclosed necessary information as required in the said Circular in the consolidated balance sheet in aggregate for each subsidiary.
40. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
41. The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
August 14, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

PARTICULARS	Current Year (₹)	Previous Year (₹)
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	(2,44,00,829)	(1,02,98,262)
<b>Adjustments for : -</b>		
Depreciation	13,12,38,227	13,06,67,544
Financial Cost	21,96,64,357	22,05,87,387
Loss on Sale of Fixed Assets	1,46,077	
<b>Operating cash flow before working capital changes</b>	<b>32,65,01,755</b>	<b>34,11,02,746</b>
(Increase) / Decrease in Inventory	3,18,835	(1,04,322)
(Increase) / Decrease in Trade Receivables	(13,72,63,692)	(39,17,569)
(Increase) / Decrease in Short Term Loans & Advances	(1,85,20,594)	(42,23,25,881)
(Increase) / Decrease in Other Non-Current Assets	-	-
Increase / (Decrease) in Short Term Borrowing	2,76,59,590	(2,47,95,183)
Increase / (Decrease) in Trade Payables	7,25,98,846	-
Increase / (Decrease) in Other Current Liabilities	69,87,06,367	(3,46,18,523)
Increase / (Decrease) in Short Term Provisions	1,27,11,820	19,23,42,499
Misc Exps	-	62,11,441
<b>CASH GENERATED FROM OPERATIONS</b>	<b>98,27,12,927</b>	<b>5,38,95,208</b>
Less : Income Tax Paid	-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>98,27,12,927</b>	<b>5,38,95,208</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(2,71,58,099)	(9,94,346)
Sale of fixed Assets	61,93,331	12,97,360
Capital Work in Progress, Pre-operative Expenses Investment	92,76,25,018	(1,72,12,09,847)
Adjustments of fixed Assets	(47,30,00,350)	11,82,97,938
(Increase) / Decrease in Long Term Loans & Advances	(30,38,749)	(8,20,872)
	19,53,51,115	-
<b>NET CASH AVAILABLE FROM INVESTING ACTIVITIES</b>	<b>62,59,72,266</b>	<b>(1,60,34,29,767)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Capital	-	-
Repayment of Loan	(1,35,35,18,829)	1,74,61,78,882
Share Premium and Capital Reserve	68,87,996	-
Interest Paid	(21,96,64,357)	(22,05,87,387)
Increase / (Decrease) in Other Long Term Liabilities	(2,20,35,981)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,58,83,31,171)</b>	<b>1,52,55,91,495</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,03,54,022</b>	<b>(2,39,43,064)</b>
Add : Opening balance of Cash & Cash equivalents	19,21,704	2,58,64,768
Closing balance of Cash & Cash equivalents	2,22,75,727	19,21,704

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
 Chartered Accountants  
 Firm's Regn. No. : 007257S

 Sd/-  
**P. MURALI MOHANA RAO**  
 Partner  
 Membership No. 023412  
 Hyderabad  
 August 14, 2012

FOR AND ON BEHALF OF THE BOARD

 Sd/-  
**P. PRABHAKAR REDDY**  
 Managing Director

 Sd/-  
**A. VIJAYAVARDHAN REDDY**  
 Director

 Sd/-  
**K. GURAVA RAJU**  
 Chief Financial Officer

 Sd/-  
**M. SATISH CHOUDHURY**  
 Company Secretary



## CERTIFICATE

To  
The Board of Directors,  
Viceroy Hotels Limited,  
1-3-1036/3/1, Lower Tank Bund Road,  
Gandhinagar,  
Hyderabad - 500 080.

We have examined the attached Cash Flow Statement of M/s. Viceroy Hotels Limited for the year ended 31st March, 2012. The Statement has been prepared by the company in accordance with requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 31st March, 2012 to the members of the Company.

**For P.MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Place : Hyderabad  
Date : 14-08-2012

**P. MURALI MOHANA RAO**  
Partner  
Membership No.23412





## AUDITORS' REPORT ON CONSOLIDATED FINANCIALS

To  
The Members  
**VICEROY HOTELS LIMITED**

We have examined the attached Consolidated Balance Sheet of M/s.VICEROY HOTELS LTD ('the Company') and its wholly owned subsidiaries as at 31st March, 2012 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard ( AS ) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the company and its subsidiaries as at 31st March, 2012.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) In the case of the consolidated cash flows Statement, of the Consolidated Cash flows of the company and its subsidiaries for the year then ended.

Hyderabad  
August 14, 2012

**For P.MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

SD/-  
**P.MURALI MOHANA RAO**  
**PARTNER**  
Membership No. 23412

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

PARTICULARS	Note No.	AS ON 31-03-2012 (₹)	AS ON 31-03-2011 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	42,40,52,240	42,40,52,240
(b) Reserves and Surplus	2	2,03,95,69,361	2,05,47,43,974
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	8,80,86,36,535	9,84,74,86,225
(b) Deferred Tax Liabilities (Net)	4	19,70,52,426	18,89,37,317
(c) Other Long Term Liabilities	5	12,96,49,538	15,15,98,520
(d) Long Term Provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	4,49,36,785	1,72,77,195
(b) Trade Payables	7	54,21,19,287	46,33,45,629
(c) Other Current Liabilities	8	1,54,48,75,239	83,85,00,964
(d) Short-Term Provisions	9	10,07,60,345	8,95,24,226
<b>Total</b>		<b>13,83,16,51,756</b>	<b>14,07,54,66,289</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	3,74,47,21,904	3,85,78,54,538
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		8,00,70,85,567	8,87,10,93,853
(b) Non-current investments	11	47,31,00,350	-
(c) Long Term Loans and advances	12	1,15,69,53,494	1,07,96,47,327
(d) Other Non-Current assets	13	13,24,757	13,51,007
<b>(2) Current assets</b>			
(a) Current investments			
		-	-
(b) Inventories	14	1,40,31,586	1,48,17,598
(c) Trade receivables	15	20,18,75,664	6,24,31,396
(d) Cash and Bank Balances	16	3,20,90,697	56,44,717
(e) Short-Term Loans and Advances	17	20,04,38,835	18,26,25,853
(f) Other Current assets	18	28,902	-
<b>Total</b>		<b>13,83,16,51,756</b>	<b>14,07,54,66,289</b>

Significant Accounting Policies  
Notes to Financial Statements

1 to 44

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

August 14, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

PARTICULARS	Note No.	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
I. Revenue from Operations	19	1,10,34,65,711	1,09,58,36,033
II. Other Income	20	15,04,170	7,57,493
<b>III. Total Revenue (I +II)</b>		<b>1,10,49,69,881</b>	<b>1,09,65,93,526</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	21	21,24,24,376	20,06,34,578
Purchase of Stock-in-Trade		-	-
Changes in inventories of Finished goods, WIP and Stock-in-Trade		-	-
Employee Benefit expenses	22	21,44,88,061	20,83,13,958
Other Operating Expenses	23	18,29,90,365	16,61,22,489
Administrative Expenses	24	12,38,31,384	11,45,43,230
Financial costs	25	23,13,71,356	23,27,03,224
Depreciation and amortization expense	10	14,67,73,479	14,50,57,449
<b>Total Expenses</b>		<b>1,11,18,79,021</b>	<b>1,06,73,74,928</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		(69,09,141)	2,92,18,599
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(69,09,141)	2,92,18,599
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>(69,09,141)</b>	<b>2,92,18,599</b>
X. Tax expense:		-	-
(1) Current tax		70,39,099	70,91,355
(2) Deferred tax		81,15,109	1,41,70,318
XI. Profit(Loss) from the period from Continuing Operations ( VII - VIII)		(2,20,63,349)	79,56,926
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(2,20,63,349)</b>	<b>79,56,926</b>
XVI. Earning per equity share:			
(1) Basic		(0.52)	0.19
(2) Diluted		(0.52)	0.19

Summary of Significant Accounting Policies 26  
The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
August 14, 2012

FOR AND ON BEHALF OF THE BOARD

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 1 : SHARE CAPITAL</b>			
<b>A Share Capital</b>			
(a)	Authorised		
	(No. of Equity Shares 4,50,00,000 Current Year)	45,00,00,000	-
	(No. of Preference Shares 10,00,000 Current Year)	10,00,00,000	-
	(No. of Equity Shares 4,50,00,000 Previous Year)	-	45,00,00,000
	(No. of Preference Shares 10,00,000 Previous Year)	-	10,00,00,000
	<b>Total Authorised Share Capital</b>	<b>55,00,00,000</b>	<b>55,00,00,000</b>
(b)	Issued		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(c)	Subscribed & Fully Paid Up -		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(d)	Subscribed & not fully paid up		
(e)	Par Value per Equity share Rs.10/- Preference Share Rs.100/- Each		
	<b>Total Equity Share capital</b>	<b>42,40,52,240</b>	<b>42,40,52,240</b>

**Notes :**

Out of the paid up capital 47,83,796 equity shares of Rs.10/- each were allotted on July 14, 2007 as fully paid up shares pursuant to the scheme of arrangement with erstwhile Minerva Restaurant Pvt. Ltd., erstwhile Minerva Coffeeshop Pvt. Ltd., erstwhile Minerva Hotels Pvt. Ltd., M/s. Cafe D'Lake Pvt. Ltd., erstwhile Blue Fox Bar & Restaurant Pvt. Ltd., M/s. Minerva Hospitalities Pvt. Ltd., erstwhile Banjara Hospitalities Pvt. Ltd., M/s. Crustum Products Pvt. Ltd., and Hotels Division of M/s. Minerva Enterprises Pvt. Ltd., with the Company.

**B A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(Equity Shares of Rs. 10/- Each, Fully paid up)

At the Beginning	4,24,05,224	4,24,05,224
Issued during the year - Bonus Issue	-	-
Issued during the year - Cash Issue	-	-
Issued during the year - ESOP	-	-
Forfeited / Bought Back during the year	-	-
At the end	4,24,05,224	4,24,05,224

**C Details of Shareholder holding more than 5% shares of the company:**

(Equity Shares of Rs. 10 each Held By)

Name of Shareholder	No. of Shares		% of Share Holding	
	Current Year	Previous Year	Current Year	Previous Year
(1) Jhunjhunwala Rakesh Radheshyam	42,50,000	42,50,000	10.02	10.02
(2) P. Chakradhar Reddy	40,41,453	39,76,951	9.53	9.38
(3) Sonata Investments Limited	25,00,000	25,00,000	5.90	5.90
(4) P. Prabhakar Reddy	24,93,488	24,93,488	5.88	5.88
(5) P. Kameshwari	22,49,143	22,49,143	5.30	5.30



**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>			
<b>RESERVES AND SURPLUS</b>			
a) Capital reserve			
	As at the commencement of the year	5,46,000	5,46,000
	Add: Additions during the year	68,87,995	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>74,33,995</b>	<b>5,46,000</b>
b) Securities Premium Reserve			
	As at the commencement of the year	1,71,77,85,670	1,71,77,85,670
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>1,71,77,85,670</b>	<b>1,71,77,85,670</b>
c) Debenture redemption reserve			
	As at the commencement of the year	5,00,00,000	5,00,00,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
d) Revaluation reserve			
		79,19,430	79,19,430
e) Share options outstanding account			
		-	-
f) General Reserves			
	As at the commencement of the year	3,20,25,000	3,20,25,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>3,20,25,000</b>	<b>3,20,25,000</b>
g) Surplus :			
i) Opening Balance - Profit and Loss Account			
		24,64,68,615	23,85,05,289
	Add: Transfer from Profit & Loss Account	(2,20,63,349)	79,63,326
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
	<b>Sub Total</b>	<b>22,44,05,266</b>	<b>24,64,68,615</b>
	<b>Total Reserves and Surplus</b>	<b>2,03,95,69,361</b>	<b>2,05,47,43,974</b>
<b>NOTE NO. 3 : LONG TERM BORROWINGS</b>			
<b>Long Term borrowings</b>			
a) Bonds/debentures			
	Secured	42,50,00,000	42,50,00,000
	( 500 Bonds, Face Value - Rs.10,00,000, 14% rate of interest)	-	-
		<b>42,50,00,000</b>	<b>42,50,00,000</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
b) i)	Term Loans		
	From Banks	5,57,26,05,631	7,38,97,84,430
	From Financial Institutions	14,28,80,000	15,04,00,000
	From Others	7,84,69,125	6,07,96,442
	<b>Sub Total</b>	<b>5,79,39,54,756</b>	<b>7,60,09,80,872</b>
ii)	Un Secured Loans		
	From Banks	40,06,137	12,91,291
	From Financial Institutions	-	-
	From Others	2,58,56,75,642	1,82,02,14,062
	<b>Sub Total</b>	<b>2,58,96,81,779</b>	<b>1,82,15,05,353</b>
	<b>Total Long Term Borrowings</b>	<b>8,80,86,36,535</b>	<b>9,84,74,86,225</b>
<b>NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )</b>			
	Opening Deferred Tax Liability	18,89,37,317	17,47,66,999
	Add: Deferred Tax Liability for the year ( Due to SLM and WDV Difference	81,15,109	1,41,70,318
	Deferred Tax Liability for the year ( Due to Others )	-	-
	<b>Deferred Tax Liability</b>	<b>19,70,52,426</b>	<b>18,89,37,317</b>
<b>NOTE NO. 5 : OTHER LONG TERM LIABILITIES</b>			
a)	Trade Payables & Others		
	- Advance from Customers	12,96,49,538	15,15,98,520
	<b>Total Long Term Liabilities</b>	<b>12,96,49,538</b>	<b>15,15,98,520</b>
<b>NOTE NO. 6 : SHORT TERM BORROWINGS.</b>			
<b>Short term borrowings</b>			
a)	Cash Credits and Working Capital Demand Loan from Banks		
	- Secured	4,49,36,785	1,72,77,195
	<b>Total Short Term Borrowings</b>	<b>4,49,36,785</b>	<b>1,72,77,195</b>
<b>NOTE NO. 7 : TRADE PAYABLES</b>			
a)	Trade Payables	54,21,19,287	46,33,45,629
	<b>Total Trade Payables</b>	<b>54,21,19,287</b>	<b>46,33,45,629</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 8 : OTHER CURRENT LIABILITIES</b>			
a)	Current maturities of long term debt	73,36,48,000	45,58,78,000
b)	interest accrued but not due on borrowings	37,51,242	38,96,318
c)	Interest accrued and due on borrowings.	67,81,96,579	28,06,30,890
d)	Other Payables		
(i)	Rent payable	75,63,355	85,59,825
(ii)	Audit fee Payable	39,64,908	30,37,963
(iii)	Electricity Charges Payable	27,23,288	25,97,110
(iv)	Bonus Payable	68,95,937	43,53,128
(v)	Statutory Liabilities	9,81,59,891	7,00,21,872
(vi)	PF & ESI Payable	22,27,155	22,83,309
(vii)	Salaries Payable	71,45,372	59,81,483
(viii)	Other Payables	5,99,512	12,61,166
	<b>Total Other Current Liabilities</b>	<b>1,54,48,75,239</b>	<b>83,85,00,964</b>
<b>NOTE NO. 9 : SHORT TERM PROVISIONS</b>			
a)	Provisions for employee benefits		
	Provision for Gratuity	91,02,096	83,21,168
	Provision for bonus	63,78,756	40,76,453
	Provision for Management deferred license	4,40,57,247	3,63,02,968
	Provision for Accruals	1,10,72,516	58,08,758
b)	Others		
	Provision for income Tax	70,39,099	64,32,981
	Provision for MAT	2,05,85,188	2,06,06,236
	Provision for FBT	74,919	1,46,210
	Other Provisions	24,50,524	78,29,452
	<b>Total Short Term Provisions</b>	<b>10,07,60,345</b>	<b>8,95,24,226</b>

# CONSOLIDATED FINANCIALS

## NOTE NO 10 : TANGIBLE ASSETS AS AT 31-03-2012

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block As at 01-04-2011	Additions During the Year	Sale / Deletions During the year	Total Cost as at 31-03-2012	As on 31-03-2011	For the Year	Adjustments During the Year	Total as at 31-03-2012	As at 31-03-2012	As at 31-03-2011
Land	1,65,88,58,105	-	-	1,65,88,58,105	-	-	-	-	1,65,88,58,105	1,65,88,58,105
Building	1,73,77,86,976	-	-	1,73,77,86,976	37,90,70,935	5,80,42,085	-	43,71,13,020	1,30,06,73,956	1,35,87,16,041
Furniture & Fixtures	43,43,87,868	36,06,097	-	43,79,93,965	21,27,30,412	2,75,50,299	-	24,02,80,712	19,77,13,253	22,16,57,456
Air Conditioners	17,04,83,853	-	-	17,04,83,853	7,36,38,399	80,97,983	-	8,17,36,382	8,87,47,471	9,68,45,454
Electrical Fittings	20,38,41,044	59,770	-	20,39,00,814	6,52,37,506	98,36,302	-	7,50,73,807	12,88,27,007	13,86,03,536
Vehicles	5,73,82,674	3,05,87,662	60,27,650	8,19,42,686	2,75,91,964	62,29,811	30,38,749	3,07,83,026	5,11,59,659	2,97,90,711
Plant Machinery	15,85,34,666	7,15,994	-	15,92,50,660	3,79,89,749	75,53,060	-	4,55,42,809	11,37,07,851	12,05,44,917
Generator	73,71,549	-	-	73,71,549	22,20,169	3,50,149	-	25,70,318	48,01,231	51,51,380
Misc. Fixed Asset	40,09,94,049	13,67,515	1,65,681	40,21,95,883	17,56,74,530	2,79,49,880	-	20,36,24,410	19,85,71,473	22,53,19,519
Computers	75,85,279	4,57,650	-	80,42,929	52,17,860	11,63,910	-	63,81,770	16,61,159	23,67,419
<b>Total</b>	<b>4,83,72,26,063</b>	<b>3,67,94,688</b>	<b>61,93,331</b>	<b>4,86,78,27,420</b>	<b>97,93,71,524</b>	<b>14,67,73,479</b>	<b>30,38,749</b>	<b>1,12,31,06,254</b>	<b>3,74,47,21,904</b>	<b>3,85,78,54,538</b>
Previous Year	4,82,48,71,307	1,47,62,601	24,07,845	4,83,72,26,063	83,60,99,355	14,50,57,449	17,85,281	97,93,71,524	3,85,78,54,539	3,98,87,71,953

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	AS ON 31-03-2012 (₹)	AS ON 31-03-2011 (₹)
<b>NOTE NO. 11 : NON- CURRENT INVESTMENTS</b>			
1)	Trade Investments		
	a) Investment in Equity Instrument		
	<b>Unquoted</b>		
	60,00,000 Equity Shares of Rs.10/- each in Viceroy Bangalore Hotels Pvt.Ltd	47,31,00,350	-
	<b>Total Non Current Investments</b>	<b>47,31,00,350</b>	<b>-</b>
<b>NOTE NO. 12: LONG TERM LOANS AND ADVANCES</b>			
	<b>Capital Advances</b>		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	48,32,57,207	89,50,89,351
	<b>Sub Total</b>	<b>48,32,57,207</b>	<b>89,50,89,351</b>
	<b>Security Deposit</b>		
	Secured, Considered Good	3,65,88,254	4,28,99,087
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>3,65,88,254</b>	<b>4,28,99,087</b>
	<b>Secured, Considered Good</b>		
	Other Advances	21,32,31,612	3,74,67,054
	<b>Sub Total</b>	<b>21,32,31,612</b>	<b>3,74,67,054</b>
	<b>Secured, Considered Good</b>		
	Security Deposit	85,59,078	88,05,031
	Loans and Advances to others	26,45,29,725	5,23,26,300
	Advances Recoverable in Cash or in kind	15,07,87,617	4,30,60,503
	<b>Sub Total</b>	<b>42,38,76,421</b>	<b>10,41,91,835</b>
	<b>Total Long Term Loans and Advances</b>	<b>1,15,69,53,494</b>	<b>1,07,96,47,327</b>
<b>NOTE NO. 13 : OTHER NON CURRENT ASSETS</b>			
	Unamortised Expenses	13,24,757	13,51,007
	<b>Total Other Non Current Assets</b>	<b>13,24,757</b>	<b>13,51,007</b>
<b>NOTE NO. 14 : INVENTORIES</b>			
	<b>a) Finished goods</b>	41,79,296	42,31,464
	(i) Food Inventory	28,63,078	33,86,392
	(ii) Beverage Inventory	45,40,561	43,91,812
	(iii) Linen Inventory	15,200	-
	(iv) General Inventory	19,23,548	21,90,451
	(v) Printing & stationary	36,723	51,845

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
vi)	Tobacco Invcost	49,192	32,170
vii)	Diesel Inventory	4,23,988	5,33,464
	<b>Total Inventories</b>	<b>1,40,31,586</b>	<b>1,48,17,598</b>
<b>NOTE NO. 15 : TRADE RECEIVABLES</b>			
<b>Other Receivables:</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	20,18,75,664	6,24,31,396
	<b>Total Trade Receivables</b>	<b>20,18,75,664</b>	<b>6,24,31,396</b>
<b>NOTE NO. 16 : CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents :</b>			
a)	Balances with banks :		
1)	On Current Accounts	2,98,95,584	29,43,300
b)	Cash on hand	21,95,113	27,01,418
	<b>Sub Total</b>	<b>3,20,90,697</b>	<b>56,44,718</b>
	<b>Total Cash and Cash Equivalents</b>	<b>3,20,90,697</b>	<b>56,44,718</b>
<b>NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES</b>			
<b>Security Deposit</b>			
	Secured, Considered Good	78,73,250	70,34,867
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>78,73,250</b>	<b>70,34,867</b>
<b>Loans &amp; Advances</b>			
	Other Advances	13,82,25,404	13,95,59,020
	<b>Sub Total</b>	<b>13,82,25,404</b>	<b>13,95,59,020</b>
<b>Secured, Considered Good</b>			
	Loans and Advances to Employees	9,15,101	4,49,184
	Statutory payments	94,46,442	59,01,236
	Prepaid Expense	1,62,94,205	20,47,413
	Advances Recoverable in Cash or in kind	2,76,84,133	2,76,34,133
	<b>Sub Total</b>	<b>5,43,40,181</b>	<b>3,60,31,966</b>
	<b>Total Short Term Loans and Advances</b>	<b>20,04,38,835</b>	<b>18,26,25,853</b>
<b>NOTE NO. 18 : OTHER CURRENT ASSETS</b>			
	Interest Accrued on Deposits	28,902	-
	<b>Total Other Assets</b>	<b>28,902</b>	<b>-</b>

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

S.NO	PARTICULARS	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
<b>NOTE NO. 19 : REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations in respect of non-finance company</b>			
	(a) Sale of Products & Services	1,03,03,32,057	1,02,98,31,027
	(b) Other Operating Revenues	7,31,33,653	6,60,05,006
	Less: Excise Duties	-	-
	<b>Total Revenue from Operations</b>	<b>1,10,34,65,711</b>	<b>1,09,58,36,033</b>
<b>NOTE NO. 20 : OTHER INCOME</b>			
	(a) Interest income	6,38,886	4,05,563
	(b) (i) Dividend from subsidiary companies	-	-
	(ii) Dividend Income	-	96,120
	(c) Other non-operating income	60,875	2,55,810
	(d) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	8,04,409	-
	<b>Total Other Income</b>	<b>15,04,170</b>	<b>7,57,493</b>
<b>NOTE NO. 21 : COST OF MATERIALS</b>			
<b>Food &amp; Beverages</b>			
	Opening Stock	14,11,26,950	13,44,86,883
	Add : Purchases During the year	7,80,42,851	7,37,39,755
	Less : Closing Stock	89,63,013	91,69,557
	<b>Total Cost of Material Consumed</b>	<b>21,24,24,376</b>	<b>20,06,34,578</b>
<b>NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES</b>			
	(a) Salaries & Wages	18,73,75,448	18,40,60,321
	(b) Contribution to Provident & Other Funds	2,05,01,071	1,84,84,880
	(c) Managerial Remuneration	42,00,000	42,00,000
	(d) Staff Welfare Expenses	24,11,542	15,68,757
	<b>Total Employee Benefit Expenses</b>	<b>21,44,88,061</b>	<b>20,83,13,958</b>
<b>NOTE NO. 23 : OTHER OPERATING EXPENSES</b>			
	(a) Consumption of Stores & Spares	-	-
	(b) Power & Fuel	9,53,15,482	8,51,74,163
	(c) Rent	3,39,15,688	1,36,06,237
	(d) Repairs to Building	20,96,681	32,04,599
	(e) Insurance	26,45,251	18,33,181
	(f) Rates & Taxes (excluding Income Tax)	2,40,92,993	3,94,80,385
	(g) Miscellaneous Expenditure	1,16,71,539	25,45,743
	(h) Net loss on foreign currency transaction and translation	22,98,775	69,68,922

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012**

<b>S.NO</b>	<b>PARTICULARS</b>	<b>Year Ended 31-03-2012 (₹)</b>	<b>Year Ended 31-03-2011 (₹)</b>
(i)	Payment to Auditors:	-	-
	(i) As Auditor	9,39,824	8,90,975
(j)	Selling Expenses	33,54,032	48,50,327
(k)	Adjustment to the carrying amount investments	1,30,480	-
(l)	Net loss on sale of Assets	19,36,627	26,22,151
(m)	Repairs & maintenance	45,92,993	49,45,806
	<b>Total Other Expenses</b>	<b>18,29,90,365</b>	<b>16,61,22,489</b>

**NOTE NO. 24 : ADMINISTRATIVE EXPENSES**

(a)	Telephone, Postage and Others	39,84,567	34,02,290
(b)	Business Promotion Expenses	7,34,08,925	7,33,79,934
(c)	Conveyance	99,72,864	86,43,025
(d)	Office Maintenance	18,18,691	21,98,114
(e)	Printing & Stationery Expenses	41,41,870	55,39,710
(f)	Security Charges	70,419	-
(g)	Rates & Taxes (excluding Income Tax)	21,615	-
(h)	Managerial Remuneration	-	12,00,000
(l)	Consultancy Charges	25,51,727	17,75,961
(j)	Freight expenses	11,455	3,930
(k)	Laundry expenses	22,05,146	22,71,060
(l)	Bad debts written off	2,55,90,614	1,61,29,206
(m)	Interest on taxes Payable	53,491	-
	<b>Total Administrative Expenses</b>	<b>12,38,31,384</b>	<b>11,45,43,230</b>

**NOTE NO. 25 : FINANCE COST**

(a)	Interest Expenses		
	- Interest on Term loans	16,56,20,282	16,48,03,416
	- Interest on Axis Bank - NCD's	6,12,69,620	6,01,70,928
	- Interest on Unsecured Loan	2,16,000	49,36,493
	- Loan processing Charges & Bank Charges	29,43,386	23,31,903
(b)	Other Borrowing costs	13,22,068	4,60,484
	<b>Total Finance Cost</b>	<b>23,13,71,356</b>	<b>23,27,03,224</b>



## Significant Accounting Policies

**a) Significant Accounting Policies to the consolidated Balance sheet and Profit and loss account:**

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act, 1956. The significant accounting policies adopted in the presentation of the Accounts are as under:

**b) Accounting Convention and Revenue Recognitions:**

The Financial statements have been prepared in accordance with historical cost convention except for such fixed which are revalued. Both the income and expenditure items are recognized on accrual basis.

**c) Retirement Benefits:**

The Company has not obtained Actuarial valuation towards gratuity as per Accounting Standard – 15 (Employee Benefits). However Management of the Company is providing provision for gratuity on estimation basis.

**d) Fixed Assets:**

Fixed assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight, and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of fixed assets where it is stated at revalued amount. Interest during construction period on loans to finance fixed assets is capitalized as per AS-10.

**e) Depreciation:**

Depreciation on fixed assets other than land is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date as per AS-6.

**f) Transactions in Foreign Exchange:**

Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain /loss arising out of the fluctuations in exchange rate is accounted for on realization.

Payment made in foreign currency are converted at the applicable rate prevailing on the date of remittance.

Foreign currency loans covered by forward contracts are realigned at the forward contracts while those not covered by forward contracts are realigned at the rate ruling at the year end. The differences in realignment are accounted for in the Profit and Loss Account as per-AS-11.

**g) Borrowing Cost**

Borrowing cost that is attributable to the acquisition /construction of fixed assets is capitalized as part of the cost of respective assets as per AS-16.

**h) Inventories:**

Stock of food and beverages and operating supplies are carried at cost or Net Realisable Value, whichever is lower as per AS-2.

**i) Taxes on income:**

Income tax is computed in accordance with Accounting Standard 22 - 'Accounting for Taxes on Income (AS-22)', issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.

- (i) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.

(ii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

j) Accounting for Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized in terms of Accounting Standard 29 — 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI., when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

k) **Earnings per Share:**

The earning considered in ascertaining the earning per share comprises net profit after tax. The number of shares used in computing basis earning per share is the weighted average number of shares outstanding during the year as per AS-20.

## Notes to Consolidated Financial Statements

26. The subsidiary companies considered in the consolidated financial statements are:

NAME OF SUBSIDIARIES:	PROPORTION OF INTEREST:
Café de lake Pvt. Ltd	100%
Crustum Products Pvt. Ltd	100%
Minerva Hospitalities Pvt. Ltd	100%
Viceroy Chennai Hotels & Resorts Pvt. Ltd.	100%

27. **In relation of Fixed Assets:**

Revaluation Reserve represents increase in the value of land on account of Revaluation made during the financial year 1989-90. Gross Block consists of Value of Chennai land aggregating Rs.148.55 crores pertaining to the Chennai Hotel project and Rs.12.99 crores pertaining to the Hyderabad Courtyard hotel project.

28. **Basic Earnings Per Share (Basic EPS)**

Particulars	Current Year Rs.	Previous Year Rs.
Net Profit after Tax	(2,20,63,349)	79,56,926
Weighted Average Number of Shares Considered	4,24,05,224	4,24,05,224
EPS	(0.52)	0.19

29. **Contingent Liabilities not provided for in respect of :**

l) Claims against the company pending appellate / Judicial decisions:

a) E.S.I	Rs 67,70,937/- (Previous Year Rs 67,70,937/-)
b) Income Tax	AY 2004-05 Rs. 25,95,736 & AY 2005-06 Rs. 73,14,584/- (Previous Year AY 2004-05 Rs. 25,95,736/- & Ay 2005-06 Rs. 73,14,584/-)

ii) Guarantees:

Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad.	Rs. 16,22,500/-
Previous Year	Rs. 16,22,500/-

**30. In relation of Provision for Current Tax, Deferred Tax & Fringe Benefit Tax:**

Particulars	Current Year Rs. in Lakhs	Previous Year Rs. in Lakhs
Current Tax	70.39	70.91
Deferred Tax Liability	81.15	141.69

**31. In relation of Managerial Remuneration:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	42.00	42.00

**32. In relation of Auditors Remuneration:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Audit Fees	9.39	8.66

**33.** According to the information available with the Company, there are no amounts as at 31<sup>st</sup> March, 2012, due to suppliers who constitute a "small scale industrial undertaking".

**34. In relation of Foreign currency inflows and outflows :**

Particulars	Current Year Rs. In Crores	Previous Year Rs. in Crores
Out go on account of Capital work in progress expense is	-	7.25

**35. Expenditure in Foreign Currency:**

Particulars	Current Year Rs. In Crores	Previous Year Rs. in Crores
Royalties & Others	6.85	4.20

**36. Earnings in Foreign exchange as reported by the Company to the Ministry of Tourism, Government of India and as certified by the Management.**

Particulars	Current Year Rs. In Crores	Previous Year Rs. in Crores
Earning in Foreign Exchange	20.29	17.80

### 37. In relation of Secured (Term) Loans:

#### Viceroy Hotels Limited:

- I. Term loans from IDFC Limited and Non Convertible Debentures from AXIS Bank aggregating to Rs.126.00 crores are secured by Pari Passu first charge on the immovable and movable properties of Hyderabad Marriott Hotel and also secured against the personal guarantee of Managing Director.
  - II. Term loans sanctioned by State Bank of India, State Bank of Mysore, State Bank of Indore, State Bank of Bikaner & Jaipur, Allahabad Bank, Indian Overseas Bank and UCO Bank aggregating to Rs.350.00 crores for the Chennai Hotel project are secured by Pari Passu first charge on the immovable and movable properties of Chennai hotel project and also secured against the personal guarantee of Managing Director, Mr.P.Chakradhar Reddy and Ms. P.Kameswari.
  - III. Term loans from State Bank of India, Andra bank and Canara Bank for the Hyderabad Courtyard hotel project aggregating to Rs.95.00 crores are secured by the first Pari-Passu charge on the fixed assets of the Courtyard hotel project and Rs. 25.00 crores sanctioned during the year are secured against present and future credit card receivables and also personal guaranty of Managing Director, Mr. P. Prabhakar Reddy worth Rs. 22.79 crores.
  - IV. **M/s Café D Lake Private Limited:** Term Loan from TFCI Limited aggregating to Rs.3.87 crores are secured against the fixed and movable assets of the Eat Street and Water Front at Necklace Road, Hyderabad. The PPA/ working capital loans from Andhra Bank are secured against the current assets and credit card receivables of Minerva Coffeeshop and Blue Fox Bar & Restaurants at Himayatnagar and Ameerpet, Hyderabad. The term loan from Andhra Bank of Rs.0.78 crores are secured against the fixed assets of the Minerva Coffeeshop and Blue Fox Bar & Restaurants at Himayatnagar and Ameerpet, Hyderabad and also secured against the personal guarantee of Managing Director, Mr. P.Chakradhar Reddy and Mr. A.Vijayavardhana Reddy. The Term Loan of Rs.8.00 Crores from UCO Bank is secured by 2nd Charge on Current and Fixed Assets of the Company and also secured by collateral security of vacant land admeasuring 2926.50 sq.yards in Survey No.129/73/2&3 situated at Road No.3 Banjara Hills, Hyderabad - 500 034, owned by M/s.Deva Infrastructures Pvt. Ltd.,
  - V. **M/s Crustum Products Pvt Ltd.,** Term Loan from Oriental Bank of Commerce, Ameerpet, Hyderabad aggregating to Rs.8.65 crores is secured against the fixed and movable assets of the of BReadtalk outlets at Hyderabad, Mubmai, Bangalore and Gurgoan and also secured against the personal guarantee of Managing Director Mr. P.Chakradhar Reddy and Ms. P.Lakshmi Sruthi. The Term Loan of Rs.7.00 Crores from UCO Bank is secured by 2nd Charge on Current and Fixed Assets of the Company and also secured by extension of collateral security of vacant land admeasuring 2926.50 sq.yards in Survey No.129/73/2&3 situated at Road No.3 Banjara Hills, Hyderabad - 500 034, owned by M/s.Deva Infrastructures Pvt. Ltd.,
  - VI. The company has availed Redeemable Non convertible Debentures aggregating Rs.50 crores from Axis Bank Limited. It is secured against the immovable and movable properties of Hyderabad Marriott. The company has created a Debenture Redemption reserve of Rs.500 lakhs for the FY2008 and during the year under review. During the financial year 2011-2012 the Company has to repay a sum of Rs. 2 Crores of debentures as per agreement but the company has not made the same during the financial year 2011-2012.
38. A Slump sale was made during the financial year 2011-2012 in respect of specified ongoing project (Bangalore division) for a net consideration of Rs. 212,15,02,357/- to Viceroy Bangalore Hotels Pvt. Ltd which resulted a capital reserve of Rs. 68,87,995/-

Particulars	Amount
Value For Leasehold Land (A)	491,985,900
Value For fixed Assets (B)	25,780,724
Value For Buildings (C)	1,589,913,830
Value of Total Current Assets (D)	184,779,996
Less: Value of Total Current Liabilities(E)	(177,846,088)
Total (F) - (A+B+C+D-E)	2,114,614,362
Total Purchase Consideration Received(G)	2,121,502,357
<b>Capital Reserve (G-F)</b>	<b>6,887,995</b>

**39. In relation of Related Party Disclosures in compliance with Accounting Standard --:**

Name	Relation with the company
Shri. P. Prabhakar Reddy	Managing Director
M/s. Cafe D' Lake Pvt. Ltd.	Subsidiary
M/s. Crustum Products Pvt. Ltd.	Subsidiary
M/s. Minerva Hospitalities Pvt. Ltd.,	Subsidiary
M/s. Viceroy Chennai Hotels & Resorts Pvt. Ltd	Subsidiary
M/s. Viceroy Bangalore Hotels Pvt. Ltd.	Associate

Particulars	Subsidiaries	Associate
Loans & Advances	41,51,90,222	-
Investments	15,72,62,420	47,30,00,350

40. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 — 'Segmental Information' (AS-17). There is no geographical segment to be reported.
41. Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2011 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2012. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.
42. The Board of Directors of the Company has by resolution has given consent to avail of the General Circular Nos: 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011 respectively issued by the Ministry of Corporate Affairs, Government of India giving general exemption to the companies under Section 212(8) of the Companies Act, 1956 for not attaching the balance sheet of the subsidiaries. The Company has disclosed necessary information as required in the said Circular in the consolidated balance sheet in aggregate for each subsidiary.
43. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
44. The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
August 14, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**M. SATISH CHOUDHURY**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

PARTICULARS	Current Year ( ₹ )	Previous Year ( ₹ )
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	(69,09,141)	2,92,18,599
<b>Adjustments for : -</b>		
Depreciation	14,67,73,479	14,50,57,449
Financial Cost	23,13,71,356	23,27,03,224
Loss on Sale of Fixed Assets	-	1,46,077
<b>Operating cash flow before working capital changes</b>	<b>37,12,35,695</b>	<b>40,71,25,348</b>
(Increase) / Decrease in Inventory	7,86,012	3,21,027
(Increase) / Decrease in Trade Receivables	(13,94,44,268)	(44,40,741)
(Increase) / Decrease in Short Term Loans & Advances	(1,78,12,983)	10,44,13,721
(Increase) / Decrease in Other Non-Current Assets	26,250	-
Increase / (Decrease) in Short Term Borrowing	2,76,59,590	-
Increase / (Decrease) in Trade Payables	7,85,01,705	13,00,85,611
Increase / (Decrease) in Other Current Liabilities	70,63,74,275	18,90,15,757
Increase / (Decrease) in Short Term Provisions	41,97,020	2,38,83,602
Misc Exps	(48,891)	-
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,03,15,23,294</b>	<b>85,03,55,435</b>
Less : Income Tax Paid	-	(70,91,355)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,03,15,23,294</b>	<b>84,32,64,080</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(3,67,93,943)	(1,47,62,601)
Sale of fixed Assets	61,93,331	22,61,768
Capital Work in Progress, Pre-operative Expenses	86,35,97,936	(1,77,18,43,150)
Investment	(47,31,00,350)	-
Adjustments of fixed Assets	(30,38,749)	(17,85,281)
(Increase) / Decrease in Long Term Loans & Advances	(7,68,47,028)	-
<b>NET CASH AVAILABLE FROM INVESTING ACTIVITIES</b>	<b>28,00,11,197</b>	<b>(1,78,61,29,264)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Capital	-	-
Repayment of Loan	(1,03,86,56,170)	1,34,62,64,311
Share Premium and Capital Reserve	68,87,995	-
Interest Paid	(23,13,71,356)	(23,27,03,224)
Increase / (Decrease) in Other Long Term Liabilities	(2,19,48,981)	(19,80,18,949)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,28,50,88,513)</b>	<b>91,55,42,138</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,64,45,979</b>	<b>(2,73,23,046)</b>
Add : Opening balance of Cash & Cash equivalents	56,44,717	3,29,67,763
Closing balance of Cash & Cash equivalents	3,20,90,696	56,44,717

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

August 14, 2012

FOR AND ON BEHALF OF THE BOARD

Sd/-

**P. PRABHAKAR REDDY**

Managing Director

Sd/-

**K. GURAVA RAJU**

Chief Financial Officer

Sd/-

**A. VIJAYAVARDHAN REDDY**

Director

Sd/-

**M. SATISH CHOUDHURY**

Company Secretary



## CERTIFICATE

To  
The Board of Directors,  
Viceroy Hotels Limited,  
1-3-1036/3/1, Lower Tank Bund Road,  
Gandhinagar,  
Hyderabad - 500 080.

We have examined the attached Consolidated Cash Flow Statement of M/s. Viceroy Hotels Limited for the year ended 31st March, 2012. The Statement has been prepared by the company in accordance with requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 31st March, 2012 to the members of the Company.

**For P.MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Place : Hyderabad  
Date : 14-08-2012

**P. MURALI MOHANA RAO**  
Partner  
Membership No.23412

**Statement pursuant to Section 212 (8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as on March 31, 2012**

Rs. in Lakhs

<b>Name of the Subsidiary company</b>	<b>Café D'Lake Pvt. Ltd.</b>	<b>Crustum Products Pvt. Ltd.</b>	<b>Minerva Hospitalities Pvt. Ltd.</b>	<b>Viceroy Chennai Hotels &amp; Resorts Pvt. Ltd.</b>
Issued and Subscribed Share Capital	274.45	400.00	466.92	1.00
Reserves	1618.64	17.43	(52.68)	-
Total Assets	5430.95	3373.18	786.32	1.00
Total Liabilities	3537.86	2955.75	366.08	-
Details of Investment (Except in case of investment in subsidiaries)	-	-	-	-
Turnover/Total Income	3059.09	595.23	0.29	-
Profit before taxation/(Loss)	165.91	9.01	0.29	-
Provision for taxation	59.32	6.94	-	-
Profit after taxation/loss	106.59	2.07	0.29	-
Proposed dividend	-	-	-	-
Number of shares held by Viceroy Hotels Limited along with its nominees	27,44,530	40,00,000	46,69,267	10,000
Extent of interest held by Viceroy Hotels Limited along with its nominees	100%	100%	100%	100%

**Notes:**

1. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated 08-02-2011 has granted a general exemption to all the Companies for not attaching the Balance Sheets, Profit & Loss account etc., of Subsidiaries with the Annual Report of the Holding Company, Subject to the compliance of the conditions specified therein.
2. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information sought by the members of the company or its subsidiaries. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any member of the company or its subsidiary at the registered office of the company and that of the subsidiary company concerned.





## VICEROY HOTELS LIMITED

Registered Office : 8-2-120/115/14, 5th Floor, Shangrila Plaza, Road No.2, Banjara Hills, Hyderabad-500034, AP

### ATTENDANCE SLIP

Name of the Shareholder/Proxy Present: \_\_\_\_\_

DP ID No.: \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_

Client ID No.: \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

I/We hereby record my presence at the 47th Annual General Meeting of the members of the Company to be held on Tuesday, the 25th day of September, 2012 at 11.00 A.M at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, AP.

Shareholders/Proxy's Signature \_\_\_\_\_

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall and no gifts / gift coupons will be distributed at the Annual General Meeting.



## VICEROY HOTELS LIMITED

Registered Office : 8-2-120/115/14, 5th Floor, Shangrila Plaza, Road No.2, Banjara Hills, Hyderabad-500034, AP

### PROXY FORM

DP ID No. : \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member(s) of above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us, on my/our behalf of the 47th Annual General Meeting of the Company to be held on Tuesday, the 25th day of September 2012 at 11.00 AM at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, AP and at any adjourned meeting thereof.

Signed \_\_\_\_\_ this September of 2012

Signature of the Shareholder \_\_\_\_\_

Note:

The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

Affix  
Re. 1/-  
Revenue  
Stamp.

INTENTIONALLY LEFT BLANK



## BOOK - POST

To

If Undelivered Please Return to :



*Viceroy Hotels Limited*

**Registered Office :**

# 8-2-120/115/14, 5th Floor, Shangrila Plaza, Opp. KBR Park,  
Road No. 2, Banjara Hills, Hyderabad - 500 034, AP, India  
Tel. : 040 - 4034 9999 Fax : 040 - 4034 9828

E-mail : [secretarial@viceroyhotels.com](mailto:secretarial@viceroyhotels.com) Website : [www.viceroyhotels.com](http://www.viceroyhotels.com)