



Asian Hotels (East) Limited

3rd Annual Report 2009-10

BOARD OF DIRECTORS

Radhe Shyam Saraf **Chairman**
Padam Kumar Khaitan
R. S. Jhawar
S. S. Bhandari
Arun K Saraf **Joint Managing Director**
Umesh Saraf **Joint Managing Director**

BANKERS

Standard Chartered Bank
IDBI Bank Limited
Axis Bank Limited

CHIEF LEGAL OFFICER & COMPANY SECRETARY

Saumen Chattopadhyay

REGISTERED OFFICE

Hyatt Regency Kolkata
JA-1, Sector-III, Salt Lake City
Kolkata – 700 098
Tel.No.033-2335 1234
Fax No. 033-2335 4044
www.asianhotelseast.com

AUDITORS

S. S. Kothari Mehta & Co
Chartered Accountants
21, Lansdowne Place
4th Floor, Kolkata – 700 029

REGISTRAR & TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081
Andhra Pradesh, India

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Asian Hotels (East) Limited

Registered Office: Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata – 700 098, W.B.

NOTICE

Notice is hereby given that the 3rd Annual General Meeting of the Company will be held at Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata – 700 098, W.B., on Wednesday, the 29th September, 2010 at 11:30 A.M. to transact the following business :-

ORDINARY BUSINESS:

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, the Profit & Loss Account for period of nine-month ended on that date and the Reports of the Directors and Auditors thereon.
02. To confirm the payment of Interim Dividend @ 1% to the holders of 1% Cumulative Redeemable Non-convertible Preference Shares.
03. To declare dividend @ 1% to the holders of 1% fully Convertible Preference Shares for five month period ended 31st March, 2010.
04. To declare dividend on equity shares for nine month period ended 31st March, 2010.
05. To appoint a director in place of Mr. R. S. Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
06. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

07. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED that Mr. Surendra Singh Bhandari, who was appointed as an Additional Director of the Company, holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
08. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED that Mr. Padam Kumar Khaitan, who was appointed as an Additional Director of the Company, holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."
09. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED that Mr. Rama Shankar Jhawar, who was appointed as an Additional Director of the Company, holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."
10. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to Article 112 of the Articles of Association of the Company and the provisions of Sections 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, the consent of the Company be and is hereby accorded to the appointment of Mr. Umesh Saraf, Director as Joint Managing Director (being redesignated w.e.f. 4th August, 2010) of the Company not liable to retire by rotation for a period of five years with effect from 22nd February, 2010 at a remuneration and on the terms and conditions set out below:

1. SALARY (BASIC) PER MONTH : Rs.4,50,000/- -Rs.50,000/- - Rs. 7,00,000/-
(Annual increment of Rs. 50,000/- shall be payable on 1st April of each year)

2. COMMISSION:

At a rate not exceeding 2% (two) per cent of the net profits of the Company, as may be decided by the Board of Directors, for each financial year.

3. PERQUISITES:

Perquisites shall be allowed in addition to the salary, as under:

A. Housing:

The expenditure by the Company on hiring (furnished or otherwise) accommodation will not exceed 60% of Salary. In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance@ 60% of salary.

B. Medical Reimbursement:

Expenses incurred for the appointee and his family subject to a ceiling of three months' salary in a year or nine months' salary over a period of three years.

C. Leave Travel Concession:

First Class Air Fare for self and family once in a year to any destination. Family is defined as spouse and two dependent children.

Asian Hotels (East) Limited

D. Club Fees:

Fees and expenses at clubs subject to a maximum of two clubs. This will not include life membership fees.

E. Personal Accident Insurance:

As per rules of the Company.

F. Employers' Contribution to Provident Fund/ Superannuation Fund:

As per rules of the Company.

G. Gratuity:

Gratuity payable shall be at the rate of 15 days' salary for each completed year of service in accordance with the rules.

H. Car / Telephone:

Car with driver for use on Company's business and telephone/ telefax facility at residence will be provided to the appointee. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee."

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to the Joint Managing Director such remuneration as minimum remuneration as may be prescribed in Section II of the Part II of the Schedule XIII to the Companies Act, 1956 from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter, vary, increase, enhance or widen from time to time the terms and conditions of the appointment and remuneration of Mr. Umesh Saraf as approved vide this resolution as it deem fit so as not to exceed the limits specified under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto on and from such date as may be determined by it."

"RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolutions."

11. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Article 112 of the Articles of Association of the Company and the provisions of Sections 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, the consent of the Company be and is hereby accorded to the appointment of Mr. Arun K Saraf, Director as Joint Managing Director of the Company not liable to retire by rotation for a period of five years with effect from 4th August, 2010 at a remuneration and on the terms and conditions set out below:

1. SALARY (BASIC) PER MONTH : Rs.5,00,000/- -Rs.50,000/- - Rs. 7,50,000/-
(Annual increment of Rs. 50,000/- shall be payable on 1st April of each year)

2. COMMISSION:

At a rate not exceeding 2% (two) per cent of the net profits of the Company, as may be decided by the Board of Directors, for each financial year.

3. PERQUISITES:

Perquisites shall be allowed in addition to the salary, as under:

A. Housing:

The expenditure by the Company on hiring (furnished or otherwise) accommodation will not exceed 60% of Salary. In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance@ 60% of salary.

B. Medical Reimbursement:

Expenses incurred for the appointee and his family subject to a ceiling of three months' salary in a year or nine months' salary over a period of three years.

C. Leave Travel Concession:

First Class Air Fare for self and family once in a year to any destination. Family is defined as spouse and two dependent children.

D. Club Fees:

Fees and expenses at clubs subject to a maximum of two clubs. This will not include life membership fees.

E. Personal Accident Insurance:

As per rules of the Company.

F. Employers' Contribution to Provident Fund/ Superannuation Fund:

As per rules of the Company.

Asian Hotels (East) Limited

G. Gratuity:

Gratuity payable shall be at the rate of 15 days' salary for each completed year of service in accordance with the rules.

H. Car / Telephone:

Car with driver for use on Company's business and telephone/ telefax facility at residence will be provided to the appointee. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee."

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to the Joint Managing Director such remuneration as minimum remuneration as may be prescribed in Section II of the Part II of the Schedule XIII to the Companies Act, 1956 from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter, vary, increase, enhance or widen from time to time the terms and conditions of the appointment and remuneration of Mr. Arun K Saraf as approved vide this resolution as it deem fit so as not to exceed the limits specified under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto on and from such date as may be determined by it."

"RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolutions."

12. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 293(1)(e) and all other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to contribute to any institute, body, trust, society, association or person, funds for any charitable or other, not directly relating to the business of the Company or the welfare of the employees, up to an amount not exceeding Rs.2 (two) crores per annum, notwithstanding that the said amount may exceed the limits laid down in Section 293(1)(e) of the Companies Act, 1956."

Registered Office:

Hyatt Regency Kolkata
JA-1, Sector-III
Salt Lake City
Kolkata – 700 098, W B

By Order of the Board

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Dated, the 4th August, 2010

NOTES :

- (01) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (02) Members/Proxies should bring the enclosed Attendance Slip duly filled in and signed in terms of specimen signature lodged with the Company along with their copies of Annual Report for attending the Meeting. Members attending the Annual General Meeting are requested to bring with them DP & Client ID Numbers, Folio Numbers for dematerialized holdings and physical holdings respectively. The Company would accept only the Attendance Slip from a member actually attending the Meeting or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours before the commencement of the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting or relating to Proxies which are invalid, will not be accepted from any other member/person.
- (03) Corporate Members intending to send their authorized representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
- (04) In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.
- (05) A copy of each of the documents referred to in the accompanying Notice/Explanatory Statement is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day excluding Saturday, Sunday and National Holidays for a period 21 days before the date of the Meeting.
- (06) The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 2010 to 29th September, 2010 (both days inclusive).
- (07) Final Dividend on ordinary shares, when approved at the Meeting, will be paid to those members.
 - (a) whose names appear as Beneficial owners as at the end of business hours on 21st September, 2010, in the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 21st September, 2010.

Asian Hotels (East) Limited

- (08) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item Nos. 07, 08, 09, 10, 11 and 12 as set out above is annexed hereto.
- (09) Shareholders holding shares in physical form are requested to notify to the Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad-500 081 quoting their folio, any change in their registered address with PIN CODE/mandate/bank details and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
- (10) NRI Shareholders are requested to inform the Company particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not already intimated and change, if any, in their residential status.
- (11) As per directive from Securities and Exchange Board of India (SEBI), Companies use Electronic Clearing Service (ECS) facility, introduced by Reserve Bank of India (RBI), for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.
- As per RBI Notification, with effect from 1st October, 2009, the remittance of the money through ECS is replaced by National-Electronic Clearing Services (NECS).
- (12) Shareholders holding shares in physical form can avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Registrar & Share Transfer Agents/the Company. Shareholders desiring to avail this facility may send their Nomination Form duly filled in, to the Company or its Registrar & Share Transfer Agents by quoting their respective Folio Numbers.
- (13) The Securities and Exchange Board of India (SEBI) vide Circular dated April 27, 2007, had made PAN mandatory for all securities market transaction. Thereafter, vide Circular dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ Registrar & Share Transfer Agents for registration of such transfer of shares. The shareholders are requested to furnish a copy of the PAN Card in cases involving transfer of shares in physical form.
- (14) Shareholders are requested not to carry any briefcase, carry bag, shopping bag and the like to the venue since these will not be allowed inside for security reasons. The Meeting is for members or their proxies only. Please avoid being accompanied by non-member/children.
- (15) As required under the Listing Agreement with the Stock Exchanges, given below are the details of the Directors who are proposed to be appointed/re-appointed :

Mr. Radhe Shyam Saraf

Mr. R. S. Saraf is an industrialist having rich business experience in hotel and hospitality sector. He is the founding promoter of Asian Hotels (East) Limited. He is a name to be reckoned within the hotel industry. He was the founder Chairman of former Asian Hotels Limited and is also the Chairman of Saraf Group of Hotels.

Mr.R. S .Saraf is on the Board of the following Companies :

- 1) Unison Hotels Limited
- 2) Junipar Hotels Private Limited
- 3) Unison Hotels South Private Limited
- 4) Forex Finance Private Limited

Mr. R. S. Saraf, aged about 80 years does not have any equity share of the Company.

Except Mr. R. S. Saraf, Mr. Umesh Saraf and Mr. Arun K Saraf, none of the other Directors may be deemed to be concerned or interested in this item.

Mr. Surendra Singh Bhandari

Mr. S.S. Bhandari is a Chartered Accountant with over 36 years experience and is the Senior Partner of M/s. S.S. Bhandari and Company, Chartered Accountants, Jaipur.

Mr. S. S. Bhandari is on the Board of the following Companies: Vaibhav Gems Limited and Asian Hotels (West) Limited. He is the Chairman of the Audit Committee of Vaibhav Gems Limited and Member of the Audit Committee of Asian Hotels (West) Limited. He is also Member of Shareholders' Grievance Committee of Vaibhav Gems Limited.

Mr. S. S. Bhandari, aged about 62 years, does not have any equity share of the Company.

Except Mr. S. S. Bhandari, none of the other Directors may be deemed to be concerned or interested in this item.

Mr. Padam Kumar Khaitan

Mr. Padam Kumar Khaitan is an Attorney-at-Law & Advocate with over 33 years experience in the legal field and is a Partner of M/s. Khaitan & Co., Advocates, Kolkata.

Asian Hotels (East) Limited

Mr. Padam Kumar Khaitan is on the Board of the following Companies:

- 1) Ramkrishna Forgings Limited
- 2) Rungamattee Tea & Industries Limited
- 3) Cheviot Agro Industries Limited
- 4) Williamson Magor & Co. Limited
- 5) Woodside Parks Limited
- 6) Cheviot Company Limited
- 7) Manjushree Plantations Limited
- 8) R.V. Investment & Dealers Limited,
- 9) SIL Investment Limited
- 10) SCM Investment & Trading Company Limited
- 11) Khaitan Consultants Limited
- 12) Time Leverage Instruments (P) Limited

He is the Chairman of the Shareholders Grievance Committee of Manjushree Plantations Limited and he is Member of the Audit Committee, Remuneration Committee and Shareholders' Grievance Committee of Williamson Magor & Co. Limited

Mr. Padam Kumar Khaitan, aged about 57 years, does not have any equity share of the Company.

Except Mr. Padam Kumar Khaitan, none of the other Directors may be deemed to be concerned or interested in this item.

Mr. Rama Shankar Jhawar

Mr. R S Jhawar is a Chartered Accountant and has over 48 years of experience in financial and other aspects of corporate management in diverse fields holding senior positioning finance and general management. Mr. Jhawar has considerable experience in tea industry and was the Chairman of Indian Tea Association for 2 consecutive terms and was also the Vice Chairman of the Tea Board.

Mr. R S Jhawar is on the Board of the following Companies:

- 1) Williamson Magor & Co. Limited
- 2) Williamson Financial Services Limited
- 3) The Standard Batteries Limited
- 4) Metals Centre Limited
- 5) Dufflaghur Investments Limited
- 6) Queens Park Property Co. Limited
- 7) Cosepa Fiscal Industries Limited

Mr. R S Jhawar, aged about 72 years, does not have any equity share of the Company.

Except Mr. R S Jhawar, none of the other Directors may be deemed to be concerned or interested in this item.

Mr. Umesh Saraf

Mr. Umesh Saraf is an industrialist having rich business experience of over 22 years on all aspects of business of the Company. He is one of the founding promoters of Asian Hotels (East) Limited and is engaged in supervision and conduct of business of the Company. He has in-depth knowledge of the core business of the Company. He was also involved in the development of The Grand New Delhi.

Mr. Umesh Saraf is on the Board of the following Companies:

- 1) Vedic Hotels Limited
- 2) Unison Power Limited
- 3) Unison Hotels Limited
- 4) GJS Hotels Limited
- 5) Regency Convention Centre and Hotels Limited
- 6) Unison Hotels South Private Limited
- 7) Forex Finance Private Limited
- 8) Juniper Hotels Private Limited

Mr. Umesh Saraf aged about 47 years, holds 200 equity share of the Company.

Except Mr. Umesh Saraf, Mr. R. S. Saraf and Mr. Arun. K. Saraf, none of the other Directors may be deemed to be concerned or interested in this item.

Mr. Arun K Saraf

Mr. Arun K Saraf is an industrialist having enriched business experience of over 26 years. He has in-depth knowledge of the core business of the Company. He was part of the development management team of Hyatt Regency Kolkata & Mumbai. Thereafter, he successfully led the team for construction and development activities of Grand Hyatt Mumbai which is the largest hotel in the country today. Mr. Arun K Saraf is also considered as one of the founding promoters of Asian Hotels (East) Limited.

Asian Hotels (East) Limited

Mr. Arun K Saraf is on the Board of the following Companies:

- 1) Juniper Hotels Private Limited
- 2) Chartered Hotels Private Limited
- 3) Unison Hotels Limited
- 4) Robust Hotels Private Limited
- 5) Blue Energy Private Limited
- 6) Juniper Investments Limited

Mr. Arun K Saraf, aged about 51 years, is also the Managing Director of Juniper Hotels Private Limited and does not have any equity share of the Company.

Except Mr. Arun K Saraf, Mr. R. S. Saraf, and Mr. Umesh Saraf, none of the other Directors may be deemed to be concerned or interested in this item.

Explanatory Statement [Pursuant to Section 173(2) of the Companies Act, 1956]

Items of Special Business:

Item No. 07

Mr. Surendra Singh Bhandari was appointed as an Additional Director of the Company on 22nd February, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Surendra Singh Bhandari holds the office of a Director up to the date of the ensuing Annual General Meeting. Notices in writing along with a deposit of Rs.500/- (Rupees five hundred only) have been received from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Surendra Singh Bhandari to the office of Director.

Considering the background, competence and wide experience of Mr. Surendra Singh Bhandari in diverse fields particularly pertaining to the accounts, finance and taxation, your Directors considered it to be in the interest of the Company to appoint him as a Director, retiring by rotation as per the provisions of the Companies Act, 1956.

Mr. Surendra Singh Bhandari is interested in the Resolution.

None of the remaining Directors of the Company is concerned or interested in the Resolution.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 08

Mr. Padam Kumar Khaitan was appointed as an Additional Director of the Company on 22nd February, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Padam Kumar Khaitan holds the office of a Director up to the date of the ensuing Annual General Meeting. Notices in writing along with a deposit of Rs.500/- (Rupees five hundred only) have been received from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Padam Kumar Khaitan to the office of Director.

Considering the background, competence and wide experience of Mr. Padam Kumar Khaitan in diverse corporate legal fields, your Directors considered it to be in the interest of the Company to appoint him as a Director, retiring by rotation as per the provisions of the Companies Act, 1956.

Mr. Padam Kumar Khaitan is interested in the Resolution.

None of the remaining Directors of the Company is concerned or interested in the Resolution.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 09

Mr. R S Jhavar was appointed as an Additional Director of the Company on 22nd February, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. R S Jhavar holds the office of a Director up to the date of the ensuing Annual General Meeting. Notices in writing along with a deposit of Rs.500/- (Rupees five hundred only) have been received from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. R S Jhavar to the office of Director.

Considering the background, competence and wide experience of Mr. R S Jhavar in diverse fields of financé and general corporate management, your Directors considered it to be in the interest of the Company to appoint him as a Director, retiring by rotation as per the provisions of the Companies Act, 1956.

Mr. R S Jhavar is interested in the Resolution.

None of the remaining Directors of the Company is concerned or interested in the Resolution.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 10

The Board of Directors of your Company, at its meeting held on 22nd February, 2010 had appointed Mr. Umesh Saraf as the Managing Director of the Company for a period of 5 (five) years w.e.f. 22nd February, 2010, subject to the approval of the shareholders at the forthcoming Annual General Meeting, on such terms and conditions as laid out in the Resolution mentioned in item No. 10 above.

Asian Hotels (East) Limited

The Board subsequently at its Meeting held on 4th August, 2010, in order to facilitate smooth operations of the Company after the appointment of Arun K Saraf as the Joint Managing Director, has redesignated Mr. Umesh Saraf as Joint Managing Director of the Company w.e.f. 4th August, 2010 with the same terms & conditions approved by the Board at its Meeting held on 22nd February, 2010.

Mr. R S Saraf and Mr. Arun K Saraf being related to Mr. Umesh Saraf and Mr. Umesh Saraf himself are deemed to be interested or concerned in the Resolution as enumerated above.

None of the remaining Directors of the Company is concerned or interested in the Resolution.

The relevant abstract, as required under Section 302 of the Companies Act, 1956 had already been sent to the shareholders of the Company at the time of approval of the Board.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 11

The Board of Directors of your Company, at its meeting held on 4th August, 2010 has appointed Mr. Arun K Saraf as the Joint Managing Director of the Company for a period of 5 (five) years w.e.f. 4th August, 2010, subject to the approval of the shareholders at the forthcoming Annual General Meeting, on such terms and conditions as laid out in the Resolution mentioned in item No. 11 above.

Mr. R S Saraf and Mr. Arun K Saraf being related to Mr. Umesh Saraf and Mr. Umesh Saraf himself are deemed to be interested or concerned in the Resolution as enumerated above.

None of the remaining Directors of the Company is concerned or interested in the Resolution.

This explanation together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 12

As per the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of a public company shall not except with the consent of such public company contribute to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees in excess of Rs. 50,000 or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years, immediately preceding, whichever is greater.

To enable your Company to discharge its responsibility towards charitable, social, philanthropic and other causes of public utility, your Directors recommend for approval by the members that the limit of contribution to charitable and other funds be fixed not exceeding Rs.2 (two) Crores per annum.

None of the Directors of the Company is concerned or interested in the Resolution.

Registered Office:
Hyatt Regency Kolkata
JA-1, Sector-III
Salt Lake City
Kolkata – 700 098, W B

By Order of the Board

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Dated, the 4th August, 2010

Asian Hotels (East) Limited

DIRECTORS' REPORT

To the Members,

Your Director have pleasure in presenting their 3rd Annual Report on the business and operation of the Company together with the audited accounts of the Company for the period of nine-month ended 31st March, 2010.

EFFECTIVENESS OF THE SCHEME OF ARRANGEMENT AND DE-MERGER

Your Directors are pleased to inform you that during the period under review, the Scheme of Arrangement and De-merger (the Scheme) amongst Asian Hotels Limited (as Transferor Company) and its shareholders and creditors; Chillwinds Hotels Limited (as Transferee Company-I) and its shareholders; and Vardhman Hotels Limited, now known as Asian Hotels (East) Limited (as Transferee Company-II) and its shareholders (the Scheme) in pursuance of Sections 391-394 of the Companies Act, 1956 was approved by the Hon'ble High Court of Delhi at New Delhi vide its order dated 13th January, 2010 and became effective on 11th February, 2010 subsequent to filing of the Court Order with the Registrar of Companies, NCT of Delhi and Haryana w.e.f. 1st November, 2009.

Accordingly, in terms of the Scheme, Hyatt Regency Kolkata, a part of the Kolkata Undertaking as defined in the Scheme, has been transferred, de-merged and vested in your Company upon the Scheme becoming effective with effect from 1st November, 2009. Further in terms of the Scheme, on allotment of the equity shares of the Company to the members of erstwhile Asian Hotels Limited, the existing shareholding of Asian Hotels Limited in the Company stood cancelled and the Company ceased to be a subsidiary of Asian Hotels Limited and became an independent entity and also in view of effectiveness of the Scheme and as parts of the Kolkata Undertaking as defined in the Scheme, companies namely GJS Hotels Limited and Regency Convention Centre & Hotels Limited have become subsidiaries of your Company.

Subsequent to the effectiveness of the Scheme, the name of the Company was changed from Vardhman Hotels Limited to Asian Hotels (East) Limited with effect from 16th February, 2010.

FINANCIAL YEAR

The current financial year of the Company was changed to a period of nine months beginning from 1st July, 2009 and ending on 31st March, 2010. Previous financial year of the Company was for a period of fifteen months beginning from 1st April, 2008 and ending on 30th June, 2009.

FINANCIAL RESULTS

Particulars	2009-10 (Nine-month period) (Rs.)
Sales Turnover (Net)	45,29,24,338
Profit Before Interest & Depreciation etc.	21,79,98,180
Interest	-
Depreciation	2,81,97,646
Profit Before Tax	18,98,00,534
Provision for Taxation (Net)	4,69,60,256
Net Profit	14,28,40,278
Surplus Brought Forward	92,69,31,084
Profit Available for Appropriation	106,97,71,362
Transfer to general Reserve	1,42,84,028
Dividend on preference Shares	6,158
Dividend, proposed/Paid-up-Equity	3,42,05,346
Dividend Distribution Tax	58,14,245
Surplus Carried Forward	1,01,54,61,585
Earning per share (Rupees)	22.65

In the period under review, the Company's standalone gross sales were Rs.45.29 crores. The profit before interest, depreciation and taxes was Rs.21.80 crores for the period under review. During nine-month period under review, the Company posted profit after tax of Rs.14.28 crores. The consolidated profit before providing for interest, depreciation and taxes was Rs.22.48 crores for the period under review. The Company has made a consolidated profit after tax of Rs. 14.74 crores during the period under review.

DIVIDEND

Preference Shares

The Company has paid dividend @ 1% on 1,00,000 Non-Convertible Redeemable Preference Shares of the face value of Rs.10/- each (NCPS) for the period from 1st September, 2009 to 31st March, 2010 to the NCPS holders at the time of fully redemption of the said NCPS.

Further, your Board of Directors has recommended a dividend @ 1% on the 27,780 Fully Convertible Preference Shares of the face value of Rs.10/- each (FCPS) to be paid as final dividend for the five-month period ended from 1st November, 2001 to 31st March, 2010 after approval of the members at the ensuing annual general meeting.

Equity Shares

Your Board of Directors is pleased to recommend a dividend of 30% or Rs. 3.00 per equity share for the period ended 31st March, 2010.

Asian Hotels (East) Limited

BUSINESS OVERVIEW

In the financial year ended 2009-10, the Indian hotels industry has had to cope with significant contraction because of the aftermath of events like the 26/11, global slowdown, terrorist activities, H1N1 pandemic and travel advisories which only added to the impact of the downturn. As is well known, the Tourism industry also bore the brunt of the global economic crisis resulting in depressed occupancies, Average Room Rates and therefore turnover and profitability. To combat the drop in revenue due to the global events, stringent cost control measures with no compromise in quality were implemented.

Despite the above, the performance of the Company has been satisfactory. The guest satisfaction scores at our hotel reflect that despite the measures, the quality of our hospitality services continues to be at world class levels. Your Directors have a positive view on achieving sustainable and a balance profitable growth in future and have taken a cautious approach on the new properties launched, product up-dation and expansion in domestic market. Hyatt Regency Kolkata was transferred, demerged and vested with the Company after the Scheme of Arrangement and Demerger became effective on 11th February, 2010 with effect from 1st November, 2009 and this 9 month-period under review was the first accounting period of the Company after effectiveness of the Scheme of Arrangement and Demerger and hence there are no corresponding figures of the previous year.

SHARE CAPITAL

Your Company has made the following issues, allotments and redemption in pursuance of the Scheme of Arrangement and Demerger during the period under review.

- i) Issuance and allotment of 1,14,01,782 equity shares of Rs. 10/- each fully paid up.
- ii) Issuance and allotment of 1,00,000 1% Non-convertible Redeemable Preference Shares (NCPS) of Rs. 10/- each fully paid up.
- iii) Issuance and allotment of 27,780 1% Fully Convertible Preference Shares (FCPS) of Rs. 10/- each fully paid up.
- iv) Redemption in full of 1,00,000 1% Non-convertible Redeemable Preference Shares (NCPS) of Rs. 10/- each fully paid up on 30th June, 2010.

As a result of the above issuance, allotments and redemption, the number of outstanding shares of the Company as on the date of this Report consists of 1,14,01,782 equity shares of Rs. 10/- each fully paid up and 27,780 1% Fully Convertible Preference Shares (NCPS) of Rs. 10/- each fully paid up respectively.

Equity shares of the Company so issued shall be listed and admitted for trading on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's earnings and outgo in foreign exchange for the nine-month period under review were Rs. 15.35 crores/Rs. 3.14 crores respectively.

PASSING OF RESOLUTIONS THROUGH POSTAL BALLOT FOR SHIFTING OF REGISTERED OFFICE OF THE COMPANY

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, approval of the Members were sought for passing of the Special Resolution through Postal Ballot under Sections 17 and 146(2) of the Companies Act, 1956 for shifting of its Registered Office from the National Capital Territory of Delhi to the State Bengal. The Scrutiniser Ms Pooja Bhatia, Practising Company Secretary submitted her Report on 14th June, 2010 to the Chairman of the Company. The Special Resolution was approved by the Members of the Company with requisite majority and accordingly the same was passed on 15th June, 2010. The result of the approval of the Members of the above resolution was announced on 15th June, 2010. The Petition for confirming alteration in Memorandum of Association of the Company as to change of place of the Company's Registered Office has been filed before the Company Law Board, Northern Region Bench at New Delhi on 22nd July, 2010 and your Board is confident that the necessary Order of the Company Law Board under Section 17 of the Companies Act, 1956 would be obtained in time so as to allow the Company to hold its forthcoming Annual General Meeting at its Registered Office in the State of West Bengal.

ACQUISITION OF PREFERENCE SHARES

Pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Company had invested funds of Rs. 61.54 crores to acquire 43,00,000 12% Cumulative Redeemable Preference Shares of Rs.100/- each held by J P Morgan Advisors India Private Limited in Robust Hotels Private Limited, a company promoted by Saraf Group. Your Board considered it to be prudent to make the investment in view of its potential return and the business opportunity of Hyatt Regency Chennai, a 5 Star Deluxe Hotel being owned & opened by Robust Hotels Private Limited.

APPLICATION TO THE CENTRAL GOVERNMENT

In terms of Section 211(4) of the Companies Act, 1956 necessary application has been made to the Central Government to seek exemption from 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 a period of 3 years for the Financial Years ending 31st March, 2010, 31st March, 2011 and 31st March, 2012 at a stretch. Approval of the Central Government is pending and is likely to be received soon.

SUBSIDIARY COMPANIES

Presently, the Company has two subsidiaries namely GJS Hotels Limited and Regency Convention Centre and Hotels Limited.

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of subsidiaries of the Company forms part of Annual Report and also in terms of the provision of the above section, the audited Annual accounts, for the relevant financial year/period, of the Company's subsidiaries namely GJS Hotels Limited and Regency Convention Centre and Hotels Limited along with their respective Auditors' Report and Directors' Report thereon, are annexed and form part of this Annual Report.

During the period under review, GJS Hotels Limited had issued 27,91,000 equity shares of Rs.10/- each at a premium of Rs.205/- per share i.e., at a issue price of Rs.215/- per share aggregating to about Rs. 60.00 crores to the Company, the holding company to facilitate the trifurcation of Asian Hotels Limited, erstwhile holding company.

AUDITORS & AUDITORS' REPORT

M/s S.S. Kothari Mehta & Co., Chartered Accountants, Kolkata, the present auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment as auditors. Members are requested to re-appoint them and fix their remuneration.

Asian Hotels (East) Limited

During the period under review, Internal Audit of the Company has been carried out by a firm of Chartered Accountants.

The notes on accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

BOARD OF DIRECTORS

Mr. Umesh Saraf assumed the charge of the post of Managing Director, Asian Hotels (East) Limited with effect from 22nd February, 2010. Subsequently, the Board at its Meeting held on 4th August, 2010 has re-designated him as the Joint Managing Director of the Company. The Board extends a warm welcome to Mr. Umesh Saraf on assumption of post of Joint Managing Director.

Mr. Arun K Saraf assumed the charge of the post of Joint Managing Director, Asian Hotels (East) Limited with effect from 4th August, 2010. The Board extends a warm welcome to Mr. Arun K Saraf on assumption of post of Joint Managing Director.

Mr. R. S. Saraf is retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. S S Bhandari, Mr. Padam Kumar Khaitan and Mr. R S Jhavar were appointed as Additional Directors with effect from 22nd February, 2010 and their candidature for appointment as a director in the ensuing Annual General Meeting of the Company, has been proposed by some members of the Company.

Mr. Sushil Gupta and Mr. Shiv Jatia resigned from the directorship with effect from 11th February, 2010. The Board wishes to place on record its appreciation for the contributions made by Mr. Gupta and Mr. Jatia during their tenure as Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217(2AA) of the Act, your Directors confirm as under:

- that in the preparation of annual accounts for the period ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to materials departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and pursuant so as to give a true and fair view of the state of affairs of the Company at the end of the financial period under review and of the profit of the Company for the period;
- that the Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.
- the significant accounting policies followed by the Company, and the disclosures and detailed in the Schedules to the Accounts.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

The information required pursuant to Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, pertaining to conservation of energy, technology absorption, and foreign exchange earnings and outgo, to the extent possible in the opinion of your Directors, is annexed hereto and forming part of this Report.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, particulars of the employees concerned are annexed hereto and forms part of the Directors' Report.

LISTING OF EQUITY SHARES

Your Company has already obtained listing approval from BSE and NSE for listing of its equity shares. Your Board is confident that the equity shares of the Company would be admitted to dealing on both the Stock Exchanges by the time this Annual Report reaches you.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Report on Corporate Governance and Compliance Certificate on Corporate Governance are annexed to this Report.

GROUP FOR INTER-SE TRANSFER OF SHARES

As required under Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the Regulations), persons constituting Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid Regulations comprises: Saraf Industries Limited, Forex Finance Private Limited, Mr. Radhe Shyam Saraf, Mr. Arun K Saraf and Mr. Umesh Saraf.

CORPORATE SOCIAL RESPONSIBILITY

The Company is associated with various charitable, social, religious and philanthropic activities and thereby playing a pro-active role in the socio-economic growth.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation towards all associates including customers, the Government of India, Government of West Bengal, Government Agencies, Hyatt Group, Bankers, Suppliers, Shareholders, Employees and others who have reposed their confidence in the Company.

Place: Kolkata

Date : 4th August, 2010

For and on behalf of the Board

(Radhe Shyam Saraf)
Chairman

Asian Hotels (East) Limited

ANNEXURE :

PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR NINE MONTH PERIOD ENDED 31ST MARCH, 2010

CONSERVATION OF ENERGY

Sr.No.	Energy conservation measures taken during the year 2009-10	Impact (savings in Rupees per annum)
1	Timer provided for FST lights & optimized day light usage.	50000
2	Auto taps provided for Staff rest rooms & Cafeteria.	25000
3	Lobby Cove florescent lights replaced with LED lights.	150000
4	Back office fluorescent lamps replaced with energy efficient PL lamps.	50000
5	Timer for Out let HVAC systems.	50000
6	Laundry Sump water to heat up the LPG bank during winter.	100000

ANNEXURE FORMING PART OF DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT,1956.

S.NO.	Name	Age(YRS)	Designation/ (Nature of duties)	Remuneration in (Rs.)	Qualification	Experience in (YRS)	Date of commencement of employment	Last employment held/Designation/Period
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EMPLOYED THROUGH THE YEAR

NOT APPLICABLE

EMPLOYED PART OF THE YEAR

1	UMESH SARAF	47	Managing Director	967500/-	B.SC	25	22.02.2010	Asian Hotels Ltd/Managing Directors(East)/4Yrs
2	Sven Hoffmeyer	46	General Manager	3999641/-	Graduate Hotel Management	17	20.10.2008	Grand Hyatt Dubai / Director of Marketing / 4 years
3	Chetan Burman	47	Vice President (Finance & Operation)	1137500/-	B.Com(Hons),FCA	22	06.08.2009	Taj Pamodzi Plc Zambia, Financial Controller/1 Year

Notes :

1.Total remuneration comprises Basic Salary,HRA, Special Allowance,Company's contribution to provident fund,LTA,monetary value of other perquisites, if any, on the basis of Income Tax Rules,performance incentive, Exgratia payments and commission to Managing Director. performance incentives and exgratia payments to the executives and commission to the Managing Director are included on payment basis.

2.All the appointments are on wholetime basis.

3.Non of the employee except Mr. Umesh Saraf is a relative of any Director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK:

The widespread impact of the global recession has established the existence of a strong economic linkage within economic regions and countries across the world today. Indian economy was also affected severely. The economic growth rate, which was over 9% for the fiscal years 2006 to 2008, tumbled down to almost 6% for the fiscal year 2009 and slightly improved to 7.2% for the fiscal year 2010.

The aftermath of the terrorist attack in Mumbai in November 2008, the swine-flu pandemic and the general squeeze on corporate travel combined to adversely affect the performance of the Indian Hotel Industry during the fiscal year 2009-10. The business of hotel and hospitality industry in India depends largely on foreign clientele. The global slowdown affected it significantly and the hospitality industry went through a very difficult time during the calendar year 2009. With the revival of the global economy, hotel industry has also started recovering in India from November 2009 onwards.

Even though the room occupancies have increased from the fourth quarter of 2009-10, the average room rates (ARRs) have still not recovered to a level of 2006-2008. The recent strong revival of the Indian corporate sector and the growth on the economy has led to substantial increase in business travel, when compared to lull period witnessed in the year 2009. It is expected that the industry will record strong growth over the next several years, resulting from increasing international tourist arrival, increasing spend per international tourist and increasing demand from domestic Indian tourist on and life style expenditure.

Tourism plays an important role within the Indian economy. The World Travel and Tourism Council has identified India as one of its growth centres in the world in the coming decade. Government of India also seems keen on growth of tourism sector which is apparent from its policy decision such as recent delinking of hotels from the high risk category of real estate business so that the sector can get sufficient loans at lower interest; and permitting the hotel industry to raise external commercial borrowings. The outlook for the industry looks very positive.

RISKS AND CONCERNS:

General economic conditions-

Hotel business in general is sensitive to fluctuation in the economy. The hotel sector may be unfavourably affected by changes in global and domestic economics, changes in local market conditions, excess hotel room supply, reduced international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors. Since demand for hotels is affected by world economic growth, a global recession could lead to downturn in the hotel industry.

Socio-political risks-

In addition to economic risks, your Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities etc., which may affect the level of travel and business activity.

Competition from International Hotel Chains-

Enjoying a high growth rate, the Indian subcontinent has become the preferred focus area of major international hotel chains. Several global players have announced their plan to have tie-ups with developers and investors to benefit from the demand-supply imbalance. These entrants are expected to intensify the competitive environment. However, some of them have either deferred or even sold the same considering the prevailing liquidity crisis and overall market conditions.

Increased outbound travel-

Due to overall competitiveness of international airfares and higher disposable income available with travellers, destinations such as, Europe, Southeast Asia and Australia have become more affordable to domestic travellers. This has increased the number of outbound travellers and it is bound to present a mild risk to the hotel industry in India.

Risk Management-

Risk management is an integral part of the Company's business process. With the help of insurance officials, risks are carefully mapped and a risk management framework is involved. Pertinent policies and methods are set forth to migrate such risks.

OPERATING PERFORMANCE AND FINANCIAL RESULTS :

At present, your Company operates one hotel in Kolkata totaling to 233 rooms. The period under review was a year of significant since the Company was divested with the Hyatt Regency Kolkata. The Company started its independent operation from 1st November, 2009 after the Scheme of Arrangement and De-merger became effective. Your Company is looking for 'suitable land at a suitable price' in other cities of India in order to expand its operations.

During the period under review, the Company has registered a total income of Rs. 45.29 crores. The profit, before providing for interest, depreciation and taxes was Rs. 21.80 crores for the period under review. The Company has made a profit after tax of Rs. 14.28 crores for the period under review.

Previous year financial statements are of 15 months whereas current year financial statements are for nine months. Hence, current year figures are not comparable with previous year figures. Current year's financial statements include only 5 months operations of Hyatt Regency Kolkata whereas there was no such hotel operation during the previous year.

During the period under review, the performance of your Company can be termed as satisfactory against the backdrop of external climate.

ALLIANCES:

The Company has entered into agreements with Hyatt Group, one of the leading Hotel Groups in the world for operation of Hyatt Regency Kolkata.

Asian Hotels (East) Limited

INTERNAL CONTROL SYSTEM

The Company has instituted adequate internal control procedure(s) commensurate with the nature of its business and the size of its operations for the smooth conduct of its business.

Internal audit is conducted continually at the Company and it covers the key areas of operations. It is an independent, objective and assurance function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes. The Internal Auditors do not have any adverse comments on the internal control systems of the Company.

HUMAN RESOURCE INITIATIVE

Compensation and Benefits: Due to the major downfall in all the sectors after the stressful economic situation globally in 2009, there hasn't been any significant change in the pay scale and salary structures of our employees in the hotel in last year.

Performance Development Plan: Our hotel operations approach to Performance Development (formerly Performance Appraisal and renamed to reflect the positive, forward-looking aspect of this process) is part of the company's continued commitment to the implementation of Human Resources Programs that put into action *The People Philosophy*, which builds on our Values, Culture and Competencies, all of which help to build consistent Human Resources programs and practices.

Celebrating Our People: We had come together as a team to devote three consecutive days (June 16, 2009 to June 18, 2009) to recognize and acknowledge our employees as being the most important asset to our company. These three days we had reinforce our people philosophy through various activities that are team based and had impact both our day and night shift employees.

Employee Engagement Survey: A confidential employee engagement survey has been conducted (between October 20, 2009 to November 10, 2009) on an annual basis. The survey has been administered online and the responses were collected entirely by Gallup. The purpose of this survey is to gauge the level of engagement of the employees at the company. Research shows a direct connection between business outcomes (e.g., higher customer service scores and better financial results) and employee engagement (as measured and managed by the survey and Action Planning process).

School of Hospitality: Emphasis on the School of Hospitality at Hyatt Regency Kolkata as it was a step towards achieving consistent delivery of brand standards and thus achieving quality, while contributing to the career and personal development of its employees.

The Company had 329 employees on its rolls as at the close of the business hours on 31st March, 2010.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis, describing the Company's objectives, projections, estimates, predictions and expectations may be forward-looking statements', within the meaning of applicable securities laws and regulations. Actual results might differ materially from those either expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or events or for any loss any investor may incur by investing in the shares of the Company based on the 'forward-looking statement'.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. It sets forth guidelines for managing and sustaining a transparent, information-oriented culture wherein authority and responsibilities are co-existent and co-extensive. At Asian Hotels (East) Limited, several initiatives towards maintaining the highest standards have been undertaken. We are committed to meeting the aspiration of all our stakeholders and thereby enhancing shareholders' value. Asian Hotels (East) Limited endeavours to make its management team fully empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board of Directors has also institutionalized best management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and total compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

The Company has complied with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, which deals with the compliance of Corporate Governance requirements as detailed below:

Board of Directors

The strength of the Board of Directors during the period under review and as on the date of this Report is six (6) out of which three (3) are independents. The compositions of the Board of Directors is in conformity with the Corporate Governance Code.

None of the Directors is a Member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49, across all the companies in which he is a Director.

During the period under review and as on the date of this Report, 12 Meetings of the Board of Directors of the Company were held on 13th August, 2009, 1st September, 2009, 31st October, 2009, 13th November, 2009, 26th November, 2009, 16th January, 2010, 11th February, 2010, 22nd February, 2010, 28th February, 2010, 26th April, 2010, 15th June, 2010 and 4th August, 2010.

Except Mr Umesh Saraf, no other Directors hold any equity shares of the Company.

There are no other shares or convertible instruments held by any Director of the Company. Fully Convertible Preference Shares (FCPS), as allocated in terms of the Scheme of Arrangement and De-merger, shall be convertible, in one or more tranches, into equity shares of face value of Rs. 10/- each of the Company in terms of the Chapter VII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.

Full details of Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the meeting of the shareholders.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the composition of the Board, details of Directorships held, Committee Memberships/Chairmanships held, and attendance of the Director at the Board Meetings and previous Annual General Meeting (AGM) are given below:

Sl no.	Name of Director	Category	No. of Board Meetings attended	Last AGM attended	No. of other Directorships held in private companies	No. of other Directorships held in Public Companies	No. of Committee Memberships in Public Companies	No. of Chairmanship in such Committees
1.	Mr. Radhe Shyam Saraf (Chairman)@	Non-Independent, Non-Executive Chairman	6	No	3	1	0	0
2.	Mr. Arun K Saraf @+	Joint Managing Director	6	No	4	2	0	0
3.	Mr. R S Jhavar *	Independent, Non-Executive	5	No	0	7	2	1
4.	Mr. S S Bhandari *	Independent, Non-Executive	5	No	0	2	2	1
5.	Mr. Padam Kumar Khaitan *	Independent, Non-Executive	5	No	1	11	3	1
6.	Mr. Umesh Saraf @+	Joint Managing Director	12	Yes	3	5	2	0

@ Mr. Radhe Shyam Saraf was appointed as the Chairman of the Board of Directors of the Company w.e.f. 11th February, 2010. Mr. Radhe Shyam Saraf, Mr. Arun K Saraf and Mr. Umesh Saraf are related to each other.

+ Mr. Umesh Saraf was appointed as Managing Director w.e.f. 22nd February, 2010 and re designated as Joint Managing Director w.e.f. 4th August, 2010. Mr. Arun K Saraf was appointed as Joint Managing Director w.e.f. 4th August, 2010

* Mr. S.S Bhandari, Mr. Rama Shankar Jhavar and Mr. Padam Kumar Khaitan were appointed as Additional Directors effective from 22nd February, 2010.

Asian Hotels (East) Limited

COMMITTEE OF BOARD OF DIRECTORS

The Committees constituted by the Board of Directors of the Company are as under:

1) Audit Committee

The Company has an Audit Committee since 22nd February, 2010. The role and terms of reference of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listings Agreements with the Stock Exchanges. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements. The Committee acts as a link between the statutory and internal auditors and the Board of Directors of the Company.

Audit Committee of the Board of Directors of the Company comprises three (3) Directors amongst which two (2) are Independent Non-Executive Directors, namely Mr. S.S Bhandari and Mr. R. S Jhawar and one (1) is Joint Managing Director namely Mr. Umesh Saraf.

All the members of the Audit Committee have expertise in finance as well as in general management. Mr. S. S. Bhandari has been senior partner in leading firms of Chartered Accountants. Mr. R. S. Jhawar, a Chartered Accountant, is a renowned financial professional in the industry. Mr. Umesh Saraf had been one of the Managing Directors of erstwhile Asian Hotels Limited.

At its first meeting held on 4th August, 2010, the Members of the Committee elected Mr. S S Bhandari as Chairman of the Audit Committee in terms of Section 292A(3) of the Companies Act, 1956. The Meeting was attended by all the Members of the Committee.

Mr. R S Saraf, Chairman, Mr. Arun K Saraf, Joint Managing Director, Mr. Bimal K Jhunjhunwala, Vice President-Corporate Finance along with the Statutory and Internal Auditors of the Company were invited to attend the Meeting of the Audit Committee. The Chief Legal Officer & Company Secretary acts as Secretary to the Audit Committee.

2) Share Transfer and Shareholders'/Investors' Grievance Committee

The Company has a Share Transfer and Shareholders'/Investors' Grievance Committee since 22nd February, 2010. The Committee has the required powers to carry out the handling of shareholders'/investors' grievances. The brief terms of reference of the Committee include redressing of shareholders and investors' complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc. and to expedite the process of share transfer.

The Committee met 5 (five) times during period under review and till the date of this Report and comprises three (3) Directors namely Mr. Padam Kumar Khaitan, Mr. R. S Jhawar and Mr. Umesh Saraf, amongst which two (2) are Independent Non-Executive Directors, namely Mr. Padam Kumar Khaitan and Mr. R. S Jhawar. The Meetings were attended by all the Members of the Committee. There were no pending investor complaints which remain unresolved.

Compliance Officer

Mr. Saumen Chattopadhyay, Chief Legal Officer & Company Secretary is the Compliance Officer and acts as Secretary to the Committee.

3) Remuneration Committee

The Company has a Remuneration Committee since 22nd February, 2010. The Committee acts in terms of the prescribed provisions of Part II of Schedule XIII of the Companies Act, 1956 as well as requirement of Clause 49 of the Listing Agreement with Stock Exchanges and shall review and/or determine the remuneration packages of the executive directors of the Company.

The Remuneration Committee comprised of three (3) Independent Non-Executive Directors, namely Mr. R S Jhawar, Mr. S S Bhandari and Mr. Padam Kumar Khaitan. Mr. R S Jhawar is the Chairman of the Committee. The Committee did not meet during the period under review.

The Chief Legal Officer & Company Secretary acts as Secretary to the Remuneration Committee.

For the period under review Mr. Umesh Saraf, Managing Director was paid salary of Rs.9,67,500/- and commission of Rs. 5,40,038/- is payable to him. Mr. Umesh Saraf holds 200 shares of the Company.

No sitting fee was paid to the Directors for Board and Committee Meetings attended by them during the period under review.

There are no pecuniary relationship or transaction between any of the Non- Executive Directors and the Company.

Asian Hotels (East) Limited

GENERAL BODY MEETINGS :

Financial Year	Nature of meeting/Postal Ballots	Venue	Date	Time
2007-2008	Extra Ordinary General Meeting (EGM)	Hyatt Regency Delhi, Bhikaji Cama Place, Mahatma Gandhi Marg, New Delhi – 110607	14.05.2007	4.00 p.m
2008-2009	1 st Annual General Meeting (AGM)	Hyatt Regency Delhi, Bhikaji Cama Place, Mahatma Gandhi Marg, New Delhi – 110607	04.07.2008	12.30 p.m
2008-2009	Extra Ordinary General Meeting (EGM)	Hyatt Regency Delhi, Bhikaji Cama Place, Mahatma Gandhi Marg, New Delhi - 110607	23.12.2008	3.00 p.m
2008-2009	2 nd Annual General Meeting	Hyatt Regency Delhi, Bhikaji Cama Place, Mahatma Gandhi Marg, New Delhi - 110607	29.09.2009	3.30 p.m
2009-2010	A Postal Ballot was conducted to obtain Shareholders' approval for changing Situation Clause of the Memorandum of Association of the Company for shifting of the Company's Registered from NCT of Delhi to the State of West Bengal. The Special Resolution was passed on 15 th June, 2010 with requisite majority.	The results of the Postal Ballots was declared on 15 th June, 2010 at the Registered Office of the Company.	15.06.2010	5.00 p. m.

DISCLOSURES:

There were no materially significant related party transaction that may have potential conflict with the interest of the Company at large. Transactions with related parties as per Accounting Standards Nos. AS 18 are disclosed in Note No.12 of the Notes forming of Accounts.

COMPLIANCE

Although, the equity shares of the Company were not listed and traded on the Stock Exchanges during the period under review and as on the date of this Report, however as a practice of good corporate governance, the Company has complied with all the applicable requirements of the Listing Agreements with the Stock Exchanges where the equity shares of the Company will be listed. The Company has adopted a suitable reporting system on compliances of all major laws applicable to the Company, which is placed before the Board of Directors of the Company.

CEO/CFO CERTIFICATION

The Managing Director and Vice President-Corporate Finance of the Company have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges and the same is attached and forms part of the Annual Report.

MEANS OF COMMUNICATION:

Although the equity shares of the Company were not listed and traded during the period under review, the Company as a measure of good corporate governance practice has communicated relevant information to the shareholders of the Company. The same information has also been posted on the website of the Company www.asianhotelseast.com. Requirements of the Listing Agreements with the Stock Exchanges will be complied with in connection with ways to intimating the shareholders when the shares of the Company will be listed & trading starts thereon.

GENERAL SHAREHOLDERS' INFORMATION:

Annual General Meeting

Day, Date & Time:

29th September, 2010
at 11.30 a.m.

Venue:

Regency Ball Room, Hyatt Regency Kolkata, JA-1,
Sector III, Salt Lake City, Kolkata – 700 098, W.B.

Financial Calendar (tentative and subject to change):

Quarterly results/Half Yearly Results of the Company are proposed to be reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company within 45 days of the end of the quarter.

Asian Hotels (East) Limited

Audited yearly Results for the year ending 31st March, 2011 will be reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company within 60 days of the end of the financial year.

Date of the Book Closures: 22nd September, 2010 to 29th September, 2010
(both days inclusive)

Dividend Payment Date: Within 30 days from the date of declaration.

Listing of Shares

The Company has already obtained listing approval from the Stock Exchanges for listing of its equity shares. The equity shares of the Company will be listed and traded on-

- i) Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001
- ii) National Stock Exchange Limited
Exchange Plaza
C-1, Block-G
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

ISIN Code for the Company
Equity Shares: INE926K01017

Stock Code/Symbol is to be allotted to the Company.

Annual Listing fees as prescribed, has been paid by the Company to the above Stock Exchanges for the financial year 2010-11.

Corporate Identity Number (CIN): U15122DL2007PLC157520

The Company has not paid any dividend since its incorporation.

Market Price Data during the period under review and stock performance in comparison to broad-based indices are not available in view of non-listing & non-trading of the equity shares of the Company during the period under review.

Share Transfer System

Share transfers in physical form are generally registered within a fortnight from the date of receipt provided the documents are found to be in order. Share Transfer & Shareholders'/ Investors' Grievance Committee considers and approves the transfer proposals.

Requests for dematerialization of shares being in order, will generally be processed within 21 days and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

Distribution of shareholders as on 30th June, 2010

ASIAN HOTELS (EAST)LIMITED					
DISTRIBUTION SCHEDULE AS ON 30.06.2010					
Sl. No	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	17923	97.21	10342120.00	9.07
2	5001 - 10000	286	1.55	2032510.00	1.78
3	10001 - 20000	109	0.59	1497590.00	1.31
4	20001 - 30000	33	0.18	788590.00	0.69
5	30001 - 40000	22	0.12	766120.00	0.67
6	40001 - 50000	10	0.05	433870.00	0.38
7	50001 - 100000	16	0.09	1145800.00	1.00
8	100001 & ABOVE	39	0.21	97011220.00	85.08
	Total:	18438	100.00	114017820.00	100.00

Asian Hotels (East) Limited

Category wise shareholding as on 30th June, 2010

Category	No of Shares held	%age of shareholding
A. Promoters shareholding		
- Indian	1421122	12.46
- Foreign	5336880	46.81
Total promoters Shareholding	6758002	59.27
B.Public Shareholding		
- Mutual Fund	158593	1.39
-Indian Financial Institutions	187028	1.64
-Banks	93278	0.82
-FII's	91391	0.80
-NRI's	273608	2.40
-Bodies Corporate (Domestic)	2310121	20.27
-Individuals (Indian Public)	1528652	13.40
-Clearing members	1109	0.01
- Insurance Co;s	0	0
Total public Shareholding	4643780	40.73
TOTAL	11401782	100

Share Transfer Agent

Karvy Computershare Pvt. Ltd

"Karvy House"
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad- 500 081
Tel No. 040-23114058/ 23420818,
Fax No. 040-23420814
e-mail: mailmanager@karvy.com

Karvy Computershare Pvt. Ltd

49, Jatin Das Road, Kolkata 700 029
Tel No. 033033- 2464 4891/ 7231/
2463-4787-89
Website: www.karvy.com

Dematerialisation of Shares

10912304 shares (equivalent to 95.70%) of the total outstanding shares of the Company are held in dematerialized form as on 30th June, 2010. The Company's shares are not yet traded at BSE & NSE.

Hotel Locations: During the period under review and as on the date of this Report, the Company has one five star deluxe hotels as per the details given below:

Hyatt Regency Kolkata
Plot JA-1, Sector III,
Salt Lake City
Kolkata 700 098

Address for correspondence:

The investor may address their correspondence directly to the Legal & Secretarial Department located at the registered office of the Company (as detailed below) or to the Share Transfer Agent at the addresses mentioned herein above:

Registered Office:

Legal & Secretarial Department
Hyatt Regency Kolkata
JA-1, Sector III, Salt Lake City
Kolkata 700 098
E mail id: investorrelations@asianhotelseast.com.

Adoption of non mandatory requirements: Besides constituting Remuneration Committee, the Company has so far not implemented other non-mandatory requirements of the Code of Corporate Governance.

Asian Hotels (East) Limited

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of Asian Hotels (East) Limited

We have reviewed the implementation of Corporate Governance procedures by the company during the nine-month period ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges in India with the relevant records/ documents maintained by the company furnished to us for our review and the Report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

Place : Kolkata
Dated: 4th August, 2010

For **S.S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No.: 00756N

ARUN K. TULSIAN
Partner
Membership No.: 89907

Asian Hotels (East) Limited

AUDITORS' REPORT

TO THE MEMBERS OF **ASIAN HOTELS (EAST) LIMITED** (formerly Vardhman Hotels Limited)

We have audited the attached Balance Sheet of **ASIAN HOTELS (EAST) LIMITED** (formerly Vardhman Hotels Limited) as at March 31, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the nine month period ended on that date and annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and based on the information and explanations given to us, 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 it appears from our examination of those books;
- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
- v) Without qualifying our opinion, we draw attention to Note 2 in Schedule 16 of the Notes annexed to the Accounts regarding the investment in Regency Convention Centre and Hotels Limited (a subsidiary company) amounting to Rs. 2579.01 lacs and other receivables amounting to Rs. 403.36 lacs relating thereto. As elucidated in the said note, considering that the value of the investments cannot be reasonably ascertained at present, resultantly, no provision for impairment has been made in the said financial statements.
- vi) Without qualifying our opinion, attention is invited to Note 15 of Schedule 16, wherein the Company has applied to the Ministry of Corporate Affairs, Government of India under section 211(4) of the Companies Act, 1956 for getting exemption with regard to disclosures in respect of quantitative details of turnover, opening and closing stock, purchases, production and consumption of raw material. The final approval is awaited pending which the said disclosures are not being furnished.
- vii) Without qualifying our opinion, we invite reference to Note 3 of Schedule 16 regarding treatment of excess of assets over liabilities, and consideration payable in the form of equity shares, as general reserves, which has been carried out pursuant to the Scheme of Arrangement and Demerger sanctioned by the Hon'ble High Court of Delhi, New Delhi, implementation whereof is binding on the Company though not in line with generally accepted accounting practices and the Accounting Standards issued by the Institute of Chartered Accountants of India.
- viii) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- ix) Read with the foregoing, 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 31st March, 2010;
 - (b) In the case of the Profit and Loss Account, of the Profit for the nine months period ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

For S.S.Kothari Mehta & Company
Firm Registration Number 00756N
Chartered Accountants

Arun K Tulsian
Partner
Membership No. 89907

Place : Kolkata
Date : 4th August, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of Asian Hotels (East) Limited (formerly Vardhman Hotels Limited) as at and for the nine months period ended March 31, 2010)

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the period and as informed, no material discrepancies were noticed on such verification.
c) There was no substantial disposal of fixed assets during the period.
- 2) a) The stocks of stores, provisions, beverages, crockery and others have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- 3) a) The Company has not given any loan, secured or unsecured, to companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (a) to (d) of the Order are not applicable.
b) The company has not taken any loan, secured or unsecured, from companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (a) to (d) of Order are not applicable.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- 5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are, prima facie, reasonable having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Rules framed there under during the period.
- 7) In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- 8) To the best of our knowledge, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for any of the company's activity.
- 9) a) According to the records of the Company examined by us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues.
According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid dues that were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.
b) According to the records of the Company examined by us, and according to the information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty, Sales Tax and Cess which have not been deposited on account of any dispute except service tax demand amounting to Rs. 145.91 lacs. (Refer note no. 7 of Schedule 16).
- 10) Since the Company has been registered for less than five years, reporting on accumulated losses at the end of the year and cash losses is not required.
- 11) As the Company does not have any dues payable to any Financial Institutions, Banks and Debenture Holders, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances against security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a Chit fund/ Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- 14) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts of dealing or trading in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments.

Asian Hotels (East) Limited

- 15) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.
- 16) There were no term loans raised during the period by the Company for any purpose, the provisions of clause 4(xvi) of the Order are, therefore, not applicable to the Company.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- 19) The company has not issued any debentures during the period; the provisions of clause 4(xix) of the Order are not applicable to the Company.
- 20) As the company has not raised any money through public issue during the period, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- 21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no instances of fraud on or by the Company have been noticed or reported during the course of our audit.

For S.S.Kothari Mehta & Company

Firm Registration Number 00756N
Chartered Accountants

Arun K Tulsian

Partner
Membership No. 89907

Place : Kolkata

Date : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

BALANCE SHEET AS AT 31st MARCH 2010

Amount in Rupees

Particulars	Schedule	As at 31st March 2010	As at 30th June 2009
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
a Share Capital	1	115,295,620	500,000
b Reserves and Surplus	2	7,355,534,460	-
		<u>7,470,830,080</u>	<u>500,000</u>
DEFERRED TAX LIABILITY (Refer note 15)		213,067,299	-
		<u>7,683,897,379</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
a Gross Block	3	2,127,506,994	-
b Less: Depreciation		497,673,494	-
c Net Block		<u>1,629,833,499</u>	-
Add: Capital Work In Progress		15,774,447	-
		<u>1,645,607,946</u>	-
INVESTMENTS	4	5,873,215,686	-
CURRENT ASSETS, LOANS AND ADVANCES			
a Inventories	5	20,938,482	-
b Sundry Debtors	6	24,579,639	-
c Cash & Bank Balances	7	155,425,835	97,567
d Loans and Advances	8	146,082,716	-
		<u>347,026,673</u>	<u>97,567</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
a Current Liabilities	9	133,565,134	6,606,430
b Provisions	10	48,387,792	-
		<u>181,952,926</u>	<u>6,606,430</u>
Net Current Assets		<u>165,073,747</u>	<u>(6,508,863)</u>
Profit and Loss Account		-	7,008,863
		<u>7,683,897,379</u>	<u>500,000</u>
Significant Accounting Policies & Notes on Accounts	16		

ON BEHALF OF THE BOARD OF DIRECTORS

As per our report of even date attached

For **S. S. KOTHARI MEHTA & Co.**

Chartered Accountants
Firm registration no.: 00756N

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN

Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

PROFIT AND LOSS ACCOUNT FOR NINE MONTHS PERIOD ENDED 31 MARCH 2010

Amount in Rupees

Particulars	Schedule	For 9 months period ended 31st March 2010 *	For 15 months period ended 30th June 2009 **
INCOME			
a Rooms, Food, Beverages and Other Services (Gross)	11	412,279,106	-
Less: Excise Duty Paid		124,211	-
b Net Sales		412,154,895	-
c Other Income	12	40,769,442	-
		452,924,338	-
EXPENDITURE			
a Consumption of Provisions, Beverages, Smokes & Others	13	48,420,623	-
b Payment to and Provision for Employees	14	58,204,762	-
c Operating and General Expenses	15	128,300,772	6,870,598
		234,926,157	6,870,598
PROFIT BEFORE DEPRECIATION		217,998,180	(6,870,598)
Depreciation		28,197,646	-
PROFIT BEFORE TAX		189,800,534	(6,870,598)
Less : Provision for Taxation			
a Current Tax		49,031,957	-
b Deferred Tax		(2,071,701)	-
PROFIT AFTER TAX		142,840,278	(6,870,598)
Add: Amount brought forward from previous year		(7,008,863)	(138,265)
Transferred pursuant to the Scheme of Arrangement & Demerger		933,939,947	-
Profit available for appropriation		1,069,771,362	(7,008,863)
LESS : APPROPRIATIONS			
a. Transfer to General Reserve		14,284,028	-
b. Proposed Dividend on Equity Shares		34,205,346	-
c. Proposed Dividend on Non Convertible Preference Shares		5,000	-
d. Proposed Dividend on Fully Convertible Preference Shares		1,158	-
e. Corporate Dividend tax		5,814,245	-
		54,309,777	-
SURPLUS CARRIED FORWARD TO BALANCE SHEET		1,015,461,585	(7,008,863)
Earning per share - Basic & Diluted (Rupees) (See note 18)		22.65	(137.41)
Significant Accounting Policies and Notes on Accounts	16		

* Contains operations of Hotel Hyatt Regency, Kokata for five months period (refer note 3 and 22 of Schedule 16).

** Previous period figures are not comparable (refer note 3 and 22 of Schedule 16)

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For **S. S. KOTHARI MEHTA & Co.**

Chartered Accountants

Firm registration no.: 00756N

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN

Partner

Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata

Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHAMAN HOTELS LIMITED)

CASH FLOW STATEMENT FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2010

Amount in Rupees

	9 months period ended March 31, 2010	15 months period ended June 30, 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
[a] Net Profit before Tax	189,800,534	(6,870,598.40)
Adjustment for:		
Depredation	28,197,646	-
Diminution in the value of investment	-	-
Provision for Doubtful Debts	170,000	-
Dividend Income on Investment	(11,370,238)	-
Interest Earned	(28,392,941)	-
Excess Provision Written Back	(622,242)	-
Short Term Capital Gain on Mutual Fund	(59,022)	-
Loss on sale of investments	7,052	-
Sundry Balances written off	6,732	-
	177,737,522	(6,870,598.40)
[b] Operating profit before working capital charges		
Adjustments for:		
(Increase)/Decrease in inventories	(2,595,936)	-
(Increase)/Decrease in Sundry Debtors	2,000,040	-
(Increase)/Decrease in Loans and Advances	4,266,263	-
Increase/(Decrease) in Trade Payables	(2,821,387)	6,571,454.00
Increase/(Decrease) in provisions	(1,962,593)	-
	(1,113,614)	-
[c] Cash generated from operations	176,623,908	(299,144.40)
Direct taxes paid (Net)	(49,031,957)	-
	(49,031,957)	-
Net cash from Operating Activities (A)	127,591,951	(299,144.40)
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for Fixed Assets	(111,040,998)	-
Sale of fixed assets	-	-
Purchase of Investments	(3,176,854,660)	-
Dividend Income on Investment	11,370,238	-
Interest Received	28,392,941	-
Short Term Capital Gain on Mutual Fund	59,022	-
Loss on sale of investments	(7,052)	-
Net Cash from Investing Activities (B)	(3,248,080,509)	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing activities [C]	-	-
Net Increase/ (Decrease) in Cash Equivalent [A+B+C]	(3,120,488,559)	(299,144.40)
Cash and Cash equivalent (Beginning of the year) (Refer Schedule.7)*	3,275,914,394	396,711.35
Cash and Cash equivalent (End of the year) (Refer Schedule 7)	155,425,835	97,566.95

* Include Rs. 327.58 crores acquired pursuant to the Scheme of Arrangement and Demerger.

Notes:

- Figures in bracket represent Cash Outflow.
- Previous Year's figures have been regrouped/rearranged wherever necessary.
- Figures in the statement have been worked out considering the opening balances in the beginning of the financial year, those transferred to & vested in the Company pursuant to the Scheme of Arrangement & Demerger and closing balances at the end of the financial year. The statement contains business operations of Hotel Hyatt Regency, Kolkata for five months.

As per our report of even date attached

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm registration no.: 00756N

ARUN K. TULSIAN
Partner
Membership No. 89907

Place : Kolkata
Dated : 4th August, 2010

ON BEHALF OF THE BOARD OF DIRECTORS

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

Amount in Rupees

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 1		
SHARE CAPITAL		
a AUTHORISED		
14,000,000 (Previous Year 14,000,000) Equity Shares of Rs.10/- each	140,000,000	140,000,000
1,000,000 (Previous Year 1,000,000) Preference Shares of Rs.10/- each	<u>10,000,000</u>	<u>10,000,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
b ISSUED, SUBSCRIBED AND PAID UP		
11,401,782 (Previous Period 50,000) Equity Shares of Rs.10/- each fully paid up*	114,017,820	500,000
1,00,000 (previous period - nil) 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) of Rs.10 each*	1,000,000	-
27,780 (previous period - nil) 1% Cumulative Fully Convertible Preference Shares of Rs. 10 each*	277,800	-
	<u>115,295,620</u>	<u>500,000</u>

* Shares have been issued pursuant to the Scheme of Arrangement and Demerger approved by the Hon'ble High Court of Delhi vide Order dated 13 January, 2010.

SCHEDULE 2

RESERVES & SURPLUS

a Capital Reserve *	141,043	-
b Capital Redemption Reserve *		
For redeemed NCPS	1,000,000	-
For redeemable NCPS	1,332,000	-
c Securities Premium Account*		
On 1% Cumulative Redeemable Non-Convertible Preference Share (NCPS)	8,000,000	-
On Fully Convertible Preference Share Capital (FCPS)	14,723,400	-
d Tourism Development Utilised Reserves*	533,202,000	-
e General Reserves*	255,660,727	-
Add: Transfer of excess of assets over liabilities *	5,511,729,677	-
Add: Transferred during the current year	<u>14,284,028</u>	-
	<u>5,781,674,432</u>	-
f Profit and Loss Account Balance	1,015,461,585	-
	<u>7,355,534,460</u>	<u>-</u>

* Transferred to the Company pursuant to the Scheme of Arrangement & Demerger approved by the Hon'ble High Court of Delhi vide Order dated 13 January, 2010.

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SCHEDULE 3

FIXED ASSETS

Amount in Rupees

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	As at 01.07.09	Addition pursuant to Scheme of Arrangement and Demerger	Additions	Deductions	As at 31.03.10	As at 01.07.09	Addition pursuant to Scheme of Arrangement and Demerger	For the period ended 31.03.10	Deductions	Total	As at 31.03.10	As at 1.07.09
LAND - LEASEHOLD	-	146,770,728	108,984,900	-	255,755,628	-	-	-	-	-	255,755,628	-
BUILDINGS	-	984,836,462	-	-	984,836,462	-	109,071,551	6,688,677	-	115,760,228	869,076,234	-
FURNITURE FIXTURE & FURNISHINGS	-	171,696,672	34,308	-	171,730,980	-	107,296,621	6,754,928	-	114,051,549	57,679,431	-
PLANT & MACHINERY	-	699,181,219	2,604,252	-	701,785,471	-	247,697,040	14,223,684	-	261,920,724	439,864,747	-
VEHICLES	-	13,398,453	-	-	13,398,453	-	5,410,636	530,358	-	5,940,994	7,457,459	-
TOTAL	-	2,015,883,534	111,623,460	-	2,127,506,994	-	469,475,848	28,197,646	-	497,673,494	1,629,833,499	-
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-
CAPITAL WORK IN PROGRESS	-	16,356,909	-	582,462	15,774,447	-	-	-	-	-	15,774,447	-
	-	2,032,240,443	111,623,460	582,462	2,143,281,441	-	469,475,848	28,197,646	-	497,673,494	1,645,607,946	-

SCHEDULE 4

INVESTMENTS

Long - Term

Trade, Unquoted In Subsidiary Companies

91,652 equity shares of Rs.10 each of Regency Convention Centre and Hotels Ltd.
1,09,61,000 equity shares of Rs. 10 each of GJS Hotels Ltd.

257,901,724 -
2,346,365,000 -

2,604,266,724 -

Short Term

Non-Trade, Quoted

In Mutual Funds (Face Value of Rs. 10 each, unless otherwise stated)

Canara Robeco Interval Series 2- Quarterly plan (15,000,000 units)
IDFC Fixed Maturity Plan Quarterly Series 55 (50,000,000 units)
Kotak Flexi Debt Fund (23,034,179.054 units)
Kotak Quarterly Interval Plan Series 1 Div (100,000,000 units)
LIC MF Income Plus Fund (50,259,361.362 units)
Reliance Quarterly Interval Fund Series III- Insti (14,995,201.536 units)
Reliance Monthly Interval Plan Series II (33,412,433.459 units)
Tata Fixed Income Portfolio Fund-B3 (15,000,000 units)
UTI Fixed Income Interval Fund (20,000,000 units)
UTI Treasury Advantage Fund (50,660.627 units) (Face Value - Rs. 1000)

150,000,000 -
500,000,000 -
231,435,914 -
1,000,000,000 -
502,593,614 -
150,000,000 -
334,247,961 -
150,000,000 -
200,000,000 -
50,671,473 -

(Market Value as on 31st Mar 10 is Rs 32738.40 lakhs)

3,268,948,962 -

5,873,215,686 -

SCHEDULE 5

INVENTORIES

(as taken, valued and certified by the management)

Food, Liquor & Tobacco
Crockery, Cutlery, Silverware, Linen
General Stores and Spares

12,520,784 -

6,639,409 -

1,778,290 -

20,938,482 -

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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

Amount in Rupees

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 6		
SUNDRY DEBTORS		
Outstanding for over six months		
Considered Good	3,55,760	-
Considered Doubtful	2,434,931	-
Others	24,223,879	-
	27,014,570	-
Less: Provision for Doubtful Debts	2,434,931	-
	24,579,639	-
Unsecured considered good	24,579,639	-
Unsecured considered doubtful	2,434,931	-
Note 1		
Provision for Doubtful Debts		
Balance as on 01.11.09	2,887,173	-
Add: Provision for the period	170,000	-
Less: Provision written back	622,242	-
	2,434,931	-
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash in hand (Including Stamps in Hand Rs. 200,000)	1,350,117	-
Balances with scheduled banks in:-		
Current Accounts	54,075,708	97,567
Fixed Deposits	100,000,010	-
(Suvidha Fixed Deposit with IDBI Bank)		
	155,425,835	97,567
SCHEDULE 8		
LOANS & ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances to Subsidiary Companies *	60,615,342	-
Advance Tax & TDS (Net of Provision for tax of Rs. 49,031,957)	6,781,914	-
Advances recoverable in cash or in kind or for value to be received **	77,326,715	-
Security Deposits	1,358,745	-
	146,082,716	-
* Maximum Balance due from Subsidiary Companies during the year is Rs. 60,615,342		
** Includes Rs. 33,448,276 as advance for purchase of shares of the Subsidiary Company - Regency Convention Centre and Hotels Ltd.		
SCHEDULE 9		
CURRENT LIABILITIES		
Sundry Creditors	110,236,803	6,606,430
Advance from customers	18,573,626	-
Other Liabilities	4,754,704	-
	133,565,134	6,606,430
SCHEDULE 10		
PROVISIONS		
Provision for Gratuity (refer note 12)	6,665,903	-
Provision for Leave Encashment (refer note 12)	1,696,140	-
Proposed Dividend (including Corporate Dividend Tax)	40,025,749	-
	48,387,792	-
SCHEDULE 11		
ROOMS, FOOD, BEVERAGES & OTHER SERVICES		
Rooms	190,710,273	-
Wines and Liquor	21,337,362	-
Food, Other Beverages, Smokes and Banquets	151,039,823	-
Communication	4,280,307	-
Others	44,787,130	-
	412,154,895	-

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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

Amount in Rupees

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 12		
OTHER INCOME		
Interest Earned*	28,392,941	-
Dividend on Investment - Non Trade	11,370,238	-
Miscellaneous Income	384,022	-
Excess Provision Written back	622,242	-
	40,769,442	-
*Tax deducted at source- Rs. 3,513,317		
SCHEDULE 13		
CONSUMPTION OF PROVISIONS, BEVERAGES, SMOKES AND OTHERS		
Wine & Liquor		
Opening Stock*	9,095,761	-
Add : Purchases	7,860,093	-
	16,955,854	-
Less : Closing Stock	8,379,033	-
	8,576,821	-
Food, Provisions, Other Beverages and Smokes		
Opening Stock*	2,921,504	-
Add : Purchases	36,636,643	-
	39,558,147	-
Less : Closing Stock	4,141,750	-
	35,416,397	-
Cost of Local Calls		
Lease Line Rentals	110,013	-
Total Cost of Telephones	1,474,198	-
	1,584,211	-
Vehicle Fuel (Guest Transportation)		
Vehicle upkeep	2,636,010	-
Total Cost of Guest Transportation	207,184	-
	2,843,194	-
	48,420,623	-
* Transferred pursuant to the Scheme of Arrangement & Demerger		
SCHEDULE 14		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages & Bonus	40,101,552	-
Contribution to Provident & other funds	2,903,193	-
Workmen and Staff Welfare*	5,326,411	-
Contract Labour and Service	8,652,950	-
Recruitment & Training	1,220,655	-
	58,204,762	-
*Workmen & Staff Welfare includes :		
Cost of provisions consumed in Staff Cafeteria	3,427,576	
Realisation on sale of food coupons to Staff	323,134	

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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

PARTICULARS	Amount in Rupees	
	31st March 2010	30th June 2009
SCHEDULE 15		
OPERATING AND GENERAL EXPENSES		
Linen, Room, Catering & other supplies	10,710,964	-
Operating equipments Consumption	3,351,390	-
Fuel, Power & Light	29,766,452	-
Repairs, Maintenance & Refurbishing*	23,843,755	-
Lease Rent	77,064	-
Rent	98,876	-
Rates & Taxes	1,985,809	1,073,433
Insurance	1,659,017	-
Directors' Sitting Fees	212,000	-
Legal & Professional Expenses	10,972,298	5,762,519
Audit Fees	496,350	27,575
Printing & Stationery	1,458,147	-
Travelling & Conveyance	4,359,953	-
Communication Expenses	1,419,139	-
Technical Services	16,991,321	-
Advertisement & Publicity	7,429,103	-
Commission & Brokerage	11,601,922	-
Charity & Donation	27,000	-
Bank charges and Commission	148,394	7,071
Provision for Bad & Doubtful Debts	170,000	-
Loss on Sale of Investments	7,052	-
Miscellaneous	1,514,768	-
	128,300,772	6,870,598

*Repairs, Maintenance & Refurbishing includes:

Repairs & Maintenance - Buildings	8,023,857	-
Repairs & Maintenance - Plant & Machinery	3,881,349	-
Repairs & Maintenance- Others	11,936,549	-

*Travelling and Conveyance includes:

Travel of Directors	291,631	-
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SCHEDULE: 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

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c. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
- ii. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income from investments is recognized when the Company's right to receive payment is established.
- iv. Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.

d. Income in Foreign Exchange

The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.

e. Expenses remittable in foreign exchange

These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.

f. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction, while those remaining unsettled at the year-end are translated at the year-end rates resulting in exchange differences being recognized as income /expenses (net).

Foreign Currency balances at the year-end are converted at the year-end rate of exchange except those covered by forward cover contracts in respect of foreign currency loans, which are converted at the contracted forward rates.

g. Employee Benefits

- i. Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet.
- ii. All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

h. Taxation

- i. Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- ii. Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).
- iii. Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.
- iv. Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

i. Fixed Assets and Depreciation

i. Fixed Assets

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

ii. Depreciation

- a. Depreciation as per straight line method has been charged in the accounts.
- b. The charge is on the basis of rates as prescribed under Schedule XIV to the Companies Act, 1956 pro rata from the month of purchase. If the asset is purchased on or before the 15th of month depreciation is charged from the month of purchase, otherwise depreciation is charged from the month following the month of purchase.
- c. No depreciation is charged on the assets sold/ discarded during the year.

j. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short-term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

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k. Inventory

- i. Inventory is valued at cost or net realizable value, whichever is lower.
- ii. Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.
- iii. Shares held as Stock-in-trade are valued at cost or market value whichever is lower.

l. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

n. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

o. Dividend

Dividend proposed on equity shares, if any, is accounted for pending approval at the Annual General Meeting.

p. Provisions and Contingent liabilities

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for in respect of:

- a. Export obligation in respect of EPCG Licenses: Rs. 243.01 lacs (Previous year Rs Nil).
- b. Claims against the Company not acknowledged as debts: Rs. 169.26 lacs. (Previous year – Rs. Nil)

2. As on date, the Company holds 91,652 Equity shares of Rs. 10/- each of its subsidiary, Regency Convention Centre and Hotels Limited (RCC), representing 58.99% of the paid up capital of RCC. Apart from the above, the Company had also made an advance of Rs. 334 lacs for acquiring further shares of RCC from their existing shareholders and incurred expenditure on behalf of Regency Convention Centre amounting to Rs.68.87 Lacs up to the Balance Sheet date which has been disclosed as a recoverable advance.

The principal assets of RCC comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court. However, RCC has been legally advised by its lawyers that it has a good chance of success. An independent broker has also made an indicative offer to the Company for its interest in RCC at a value which is higher than the book value being reflected in the books of the Company. Such assets form part of the Company's undertaking at book values.

The value of the above assets is primarily dependent on the legal dispute and is, therefore, subject matter of uncertainty at this juncture. As such, the ultimate outcome of the matter and, therefore, whether there is impairment, if any, in the value of the aforesaid assets cannot be reasonably determined at present.

3. Pursuant to the Scheme of Arrangement and Demerger ('the Scheme') of trifurcation of Asian Hotels Limited ('AHL') approved by the Hon'ble High Court of Delhi at New Delhi on 13 January, 2010, Kolkata Undertaking of AHL comprising of Hotel Hyatt Regency, Kolkata along with shares held in G.J.S. Hotels Limited, Regency Convention Centre and Hotels Limited and others stands transferred to and vested in the Company.

Features of the Scheme as applicable to the Company are as under:

- a. Appointed date for the Scheme is 31 October, 2009.
- b. Effective date for the Scheme is 11 February, 2010, being the date when the Order of Hon'ble High Court has been filed with the Office of the Registrar of Companies, NCT of Delhi and Haryana.

Asian Hotels (East) Limited

- c. In terms of the scheme, on the effectiveness of the Scheme, the paid-up equity share capital of the Transferor Company – Asian Hotels Limited (AHL) before Demerger, amounting to Rs.22,80,35,640/- was deemed to have increased to Rs. 34,20,53,460/- as a result of appropriation of the general reserves to the extent of Rs. 11,40,17,820/- and the deemed increased paid up equity capital of the Transferor Company was equally allocated to the three undertakings at demerger so that each of AHL Residual undertaking, **Transferee Company-I** and **Transferee Company -II** would have a paid up equity share Capital of Rs. 11,40,17,820/- as at 31st October, 2009, being the Appointed Date. As a result thereof, for every 3 equity shares of Rs. 10/- held in AHL after appropriation of reserves as on the Record Date, every equity shareholder of AHL is entitled to receive 1 equity share of face value of Rs. 10/- each of the Company credited as fully paid up.
- d. As per terms of the Scheme, the Company re-issued 1,00,000 1% redeemable Non Convertible Preference Shares as per the following:
- 50,000 1% non convertible redeemable preference shares of face value of Rs 10/- each of the Company to Magus Estate and Hotels Private Limited credited as fully paid up.
 - 50,000 1% non convertible redeemable preference shares of face value of Rs 10/- each of the Company to Infrastructure Development Finance Company Limited credited as fully paid up.
- e. As per terms of the Scheme, the Company re-issued 27,780 1% Fully Convertible Preference Share (FCPS) as per the following:
- 18,520 FCPS of face value of Rs. 10/- each of the Company to Finline Holdings Limited credited as fully paid.
 - 9,260 FCPS of face value of Rs. 10/- each of the Company to Global Operations Pte. Ltd. (through its nominee UDT Enterprises Pty. Ltd.) credited as fully paid.

4. Detail of various assets and liabilities transferred to the Company pursuant to the Scheme are as under:

(Rs. in Lacs)

PARTICULARS	AMOUNT
FIXED ASSETS	
Gross Block	20,158.84
Less: Depreciation	4,694.76
Net Block	15,464.08
Capital Work- in- Progress	163.57
	15,627.65
INVESTMENTS (Including Subsidiaries)	26,963.61
CURRENT ASSETS, LOANS & ADVANCES	
- Inventories	183.43
- Sundry Debtors	265.80
- Cash and Bank Balances	32,758.17
- Loans and Advances	1503.48
	34710.88
TOTAL ASSETS	77,302.14
Less:	
Net deferred tax liability	2,151.39
Current liabilities and provisions	
- Current Liabilities	1,297.80
- Provisions	102.70
Total	3,551.89
NET ASSETS	73,750.25
REPRESENTED BY: SHAREHOLDERS' FUND	

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Equity Share Capital		1,140.18
1% Cumulative Redeemable Non Convertible Preference Shares (NCPS) Capital		10.00
Fully Convertible Preference Share Capital		
Representing Capital		2.78
Representing Share Premium		147.23
Sub Total		1,300.19
RESERVES AND SURPLUS		
Capital Reserve		1.41
Share Premium on NCPS		80.00
General Reserve Allocated		2,556.61
Transfer of excess of assets over liabilities		55,117.30
Tourism Development Utilised Reserve		5,332.02
Capital Redemption Reserve for Redeemed NCPS		10.00
Capital Redemption Reserve for Redeemable NCPS		13.32
Surplus in Profit & Loss Account		9,339.40
Sub Total		72,450.06
Total		73,750.25

The procedural formalities consequential to the demerger are still in progress.

5. The Company had filed necessary application for listing of equity shares of the Company alongwith necessary documents and annexure with Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 6th April, 2010. Subsequent to Company's application BSE being the designated Stock Exchange has given its approval of Listing; and SEBI has also given relaxation under Rule 19(2)(b) of the Securities Contracts Regulation Act, 1957 vide its letter dtd. 28th July 2010.
6. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, there is no reduction in value of any asset. In respect of subsidiaries, such decision is based on the management accounts/audited accounts of the subsidiaries, as available and on the basis of the information and explanations given.
7. The following Investments in Mutual Funds were purchased and sold during the period :

(Amount in Rupees)

Investments Bought & Sold / Redeemed During the Period	Units	Amount
Birla Sunlife Cash Plus	2,49,53,354.532	25,00,20,136
Birla Sun Life Saving Fund- Instl.-FN Dividend	2,50,60,776.173	25,07,78,175
HDFC Cash Management Fund	4,70,11,921.958	50,00,37,607
HDFC CMF -Treasury Adv.-Ws. Daily Dividend	4,99,95,523.651	50,15,30,096
ICICI Prudential Flexible Income Plan Premium- DD	47,43,185.987	50,15,20,770
Kotak MF Liquid Fund	3,10,78,261.763	38,00,28,093
LIC MF Liquid Fund	2,97,94,004.26	50,00,47,670
Tata Floater Fund	2,49,89,242.216	25,07,82,039
Tata Liquid Super High I. Fund	2,24,330.710	25,00,21,063
Reliance Money Manager Fund	1,49,829.733	15,00,00,000
Reliance Money Manager Fund	2,01,456.122	20,16,95,532
Reliance Money Manager Fund	1,49,829.719	15,00,00,000
Reliance Liquid Fund-Treasury Plan- Instt. Option	3,27,09,768.970	50,00,40,780
Reliance Liquid Fund-Treasury Plan- Instt. Option	86,70,754.688	13,25,52,428
Reliance Liquid Fund-Treasury Plan- Instt. Option	98,13,936.051	15,00,27,603
UTI Treasure Advantage Fund	1,99,957.189	20,00,00,000
Kotak Flexi Debt Fund	1,49,29,086.838	15,00,00,000
LIC MF Income Plus Fund	91,89,578.188	9,19,28,864

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8. The Company has received notices with regard to Service tax demand on certain services aggregating to Rs. 14.58 lacs and also penalty amounting to Rs. 29.16 lacs. Further, the company has also received notice from Service tax department demanding Rs. 102.17 lacs regarding alleged wrong availment of CENVAT credit. Both are considered to be not tenable in the opinion of the company. These are thus included under "Contingent liabilities" as "Claims against Company not acknowledged as debts" and no provision has been made against the same.

9. As the Company is engaged in only one segment of Hotel business, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.

10. Auditor's Remuneration

(Amount in Rupees)

Particulars	Period ended 31.03.2010 (9 Months)	Period ended 30.06.2009 (15 Months)
a. Statutory audit fee	4,13,625	27,575
b. Tax audit fee	82,725	-
TOTAL	4,96,350	27,575

11. Managerial Remuneration

a. Computation of net profits as per section 349 read with section 309 and Section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	Current period	Previous Period
Profit before Tax	18,98,00,534	Nil
Add: Loss on sale of investments	7,052	Nil
Less: Short term Capital Gain on Mutual Funds	59,022	Nil
Add: Provision for Doubtful Debts / Advances	1,70,000	Nil
Less: Provision no longer required written back	6,22,242	Nil
Net Profit as per Section 349	18,92,96,322	Nil
Add: Basic Pay to Managing Director	5,62,500	Nil
Add: HRA of Managing Director	3,37,500	Nil
Add: Co's Contribution to PF	67,500	Nil
Total	19,02,63,822	Nil
Managing Director's Commission @2%	5,40,038	Nil
Profit as per Section 198 (A)	19,08,03,860	Nil
Overall Maximum Limit of Remuneration (5% of the net profit)	95,40,193	Nil

Note: The Managing Director's Commission has been calculated for the proportionate number of days from the date (22nd February 2010) he was appointed to the office of Managing Director.

b. Remuneration paid / payable to directors:

(Amount in Rupees)

Particulars	Current period	Previous Period
Basic Pay to Managing Director	5,62,500	Nil
HRA to Managing Director	3,37,500	Nil
Company's Contribution to Provident Fund	67,500	Nil
Managing Directors' commission	5,40,038	Nil
TOTAL	15,07,538	Nil

Note: Contribution to group gratuity scheme has not been considered.

Asian Hotels (East) Limited

12. The Company has classified the various benefits provided to employees as under:-

- a) Defined contribution plans
 - i. Provident fund
- b) Defined benefits plans
 - i. Contribution to Gratuity funds
 - ii. Compensated absences – Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions: -

Economic Assumptions

The discount rate and salary increases assumed are key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long-term risk free investments. For the current valuation a discount rate of 8 % p.a. compound, has been used in consultation with the employer.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

a. The following tables set out the unfunded status of the gratuity plan and earned leaves and amounts recognised in the Company's financial statements as at 31 March, 2010:

i. **Change in benefit obligations:**

(Amount in Rupees)

Particulars	Gratuity (Unfunded)		Compensated absences Earned leave (unfunded)	
	2009-10	2008-09	2009-10	2008-09
Present value of obligations as at the beginning of the year	NIL	NA	NIL	NA
Transferred pursuant to the Scheme of Arrangement and Demerger	82,45,839	NA	20,24,266	NA
Current service cost	6,48,433	NA	2,58,599	NA
Interest cost	2,61,247	NA	62,134	NA
Benefit Paid	13,32,051	NA	2,99,483	NA
Actuarial (gain)/ loss on obligation	(11,57,565)	NA	(3,49,376)	NA
Present value of obligations as at the year end	66,65,903	NA	16,96,140	NA

ii) **Expenses recognised in the profit and loss account:**

Current Service cost	6,48,433	NA	2,58,599	NA
Interest cost	2,61,247	NA	62,134	NA
Actuarial (gain)/loss recognised during the year	(11,57,565)	NA	(3,49,376)	NA
Net charge/(credit)	(2,47,885)	NA	(28,643)	NA

Asian Hotels (East) Limited

iii) Principal actuarial assumptions:

Particulars	Refer Note below	Year ended 31.03.2010	Year ended 30.06.2009
Discount rate (p.a.)	1.	8%	NA
Salary escalation rate (p.a.)	2.	7%	NA

Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.
- The gratuity plan and earned leave is unfunded.

Demographic assumptions:

a.	Retirement age	58 years
b.	Mortality rate	Published rates under LIC (1994-96) mortality table.

13. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -

Related Party Disclosures

a. List of related parties

(i) Subsidiary Company

- GJS Hotels Ltd., Regency Convention Centre and Hotels Ltd.

(ii) Key Management Personnel

- Mr. Umesh Saraf (Managing Director)

(iii) Entities over which directors and their relatives can exercise significant influence

- Nepal Travel Agency Pvt. Ltd.

Balances outstanding/transactions with related parties

(Amount in Rupees.)

Nature of Transactions	Subsidiary Company	Key Management Personnel	Entities Controlled by Directors or their Relatives	Total
	2009-10	2009-10	2009-10	2009-10
Services Availed during the Year				
Nepal Travel Agency Pvt. Ltd.	-	-	1,30,456	1,30,456
Expenses Incurred				-
GJS Hotels Ltd.	1,200	-	-	1,200
Regency Convention Centre and Hotels Ltd.	13,05,263	-	-	13,05,263
Advance Given				-

Asian Hotels (East) Limited

Nature of Transactions	Subsidiary Company	Key Management Personnel	Entities Controlled by Directors or their Relatives	Total
Regency Convention Centre and Hotels Ltd.	13,05,263	-	-	13,05,263
Advance Given				-
GJS Hotels Ltd.	2,00,000	-	-	2,00,000
Managerial Remuneration				
Umesh Saraf	-	15,07,538	-	15,07,538
Closing Balance as on Balance Sheet Date				-
Account Payables				
Umesh Saraf	-	3,74,65,055	-	3,74,65,055
Account Receivables				
GJS Hotels Ltd.	5,37,27,880	-	-	5,37,27,880
Regency Convention Centre and Hotels Ltd.	68,87,462	-	-	68,87,462
Investments as at year end				-
GJS Hotels Ltd.	2,34,63,65,000	-	-	2,34,63,65,000
Regency Convention Centre and Hotels Ltd.	25,79,01,724	-	-	25,79,01,724

Note: There were no related party transactions during the previous year.

- 14. a.** 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) issued by Asian Hotels Limited were redeemable in three installments of 25%, 25% and 50% (including redemption premium) on 30th June 2008, 30th June 2009 and 30th June 2010 respectively.

Amount of Redemption Pending

Amount (Rupees in lacs)

Date of Redemption	IDFC	MAGUS
30 June, 2010	48.32	45.00

(The amounts are in accordance with the ratios of allocation mentioned in the Scheme of Arrangement & Demerger).

b. Terms of Redemption of Fully Convertible Preference Shares (FCPS)

The FCPS are convertible into equity shares of face value of Rs. 10/- each any time during the period commencing seven months after the commencement of the trading of the equity shares of the Company by Bombay Stock Exchange, being the designated stock exchange, and ending on the expiry of eighteen months from the date of issuance thereof, as may be decided by the respective subscriber to the FCPS from time to time.

Asian Hotels (East) Limited

15. Deferred Tax

Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax credit:

(Rupees in lacs)

Particulars	Balance as on 1.07.2009	Transferred pursuant to the Scheme of Arrangement and Demerger	Credit/ (Charge) during the year	Balance as on 31.03.2010
A. Deferred tax liability				
Tax impact of difference between Written Down Value (WDV) of fixed assets in the financial statements and income tax return	-	2,196.12	(18.48)	2,177.64
Sub Total (A)	-	2,196.12	(18.48)	2,177.64
B. Deferred tax assets				
i. Tax impact of expenses for retirement benefits charged in financial statements but allowable as deductions in future years.	-	34.91	(7.13)	27.78
ii. Tax impact of provision for doubtful advances/debtors	-	9.81	(1.73)	8.08
iii. Tax impact of expenditure allowable u/s 35DD of the Income Tax Act, 1961	-	-	11.10	11.10
Sub Total (B)	-	44.72	2.24	46.96
Net Deferred Tax Liability (A-B)	-	2,151.39	(20.72)	2,130.67

16. The Company has applied to the Ministry of Corporate Affairs, Government of India under section 211(4) of the Companies Act, 1956 for getting exemption with regard to disclosures in respect of quantitative details of turnover, opening and closing stock, purchases, production and consumption of raw material. The final approval is awaited pending which the said disclosures are not being furnished.

17. The Company had sent letters to its suppliers for confirmation of their registration under "Micro, small and medium Enterprises Development Act, 2006" and the company has not received any intimation from any of its suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the year-end along with interest paid / payable as required under the said Act have not been given.

18. Earning Per Share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

(Amount in Rupees)

Sl. No.	Particulars	Current Period	Previous Period
a.	Net profit/ (loss) after tax	14,28,40,278	(68,70,598)
b.	Less: Dividend on preference shares(including Corporate dividend tax)	7,205	Nil
c.	Profit available for equity shareholders	14,28,33,073	(68,70,598)
d.	Weighted average of number of equity shares used in computing basic earnings per share (in Nos.)	63,05,909	50,000
e.	Basic / diluted earnings per share*	22.65	(137.41)

* Fully convertible preference shares are convertible into equity shares at a value to be determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at the time when preference shareholders opt for conversion of the same into equity shares. Number of equity shares arising out of such conversion being not determinable at this stage; diluted earning per share cannot be computed.

Asian Hotels (East) Limited

19. a) C.I.F. Value of Imports

(Amount in rupees)

Sl. No	Particulars	Period ended 31.03.2010	Period ended 30.06.2009
a.	Stores & Spares	12,59,583	-
b.	Capital Goods	21,70,853	-
c.	Beverages- through canalizing agencies	39,42,344	-

b) Expenditure in Foreign Currency - On payment basis

(Amount in rupees)

Sl. No.	Particulars	Period ended 31.03.2010	Period ended 30.06.2009
a.	Technical services	2,46,72,962	-
b.	Commission & Brokerage	42,97,363	-
c.	Training & Recruitment	9,40,094	-
d.	Others	15,75,428	-

c) Earnings in Foreign Exchange - on Receipt basis Rs. 15,35,78,693 (P.Y. – Nil)

- 20.** The name of the Company has been changed from Vardhman Hotels Limited to Asian Hotels (East) Limited effective 16th February 2010.
- 21.** Schedules 1 to 16 form an integral part of the Balance Sheet as at 31 March, 2010 and the Profit and Loss Account for the nine months period ended 31 March, 2010.
- 22.** Previous year financial statements are for fifteen months whereas current year financial statements are for nine months. Hence, current year figures are not comparable with previous year figures. Current year's financial statements also include only five months operations of Hotel Hyatt Regency Kolkata which was not there in the previous year.
- 23.** Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

For S.S.KOTHARI MEHTA & CO.

Chartered Accountants

Firm Registration No.: 00756N

Arun K Tulsian

Partner

Membership No. 89907

UMESH SARAF

DIRECTOR

S. S. BHANDARI

DIRECTOR

SAUMEN CHATTOPADHYAY

COMPANY SECRETARY

Place : Kolkata

Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

CIN:U15122DL2007PLC157520	Balance Sheet Date 31st March, 2010	State Code 055
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II. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	Nil

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

Total Liabilities	Total Assets
7,683,897	7,683,897

Sources of Funds

Paid up Capital	Reserves & Surplus	Unsecured Loans	Net Deferred Tax Liability	Deposits
115,296	7,355,534	-	213,067	-

Application of Funds

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure	Accumulated Losses
1,645,608	5,873,216	165,074	-	-

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

Turnover	Total Expenditure	Earnings Per Share in Rs.
452,924	263,124	22.65
+/- Profit/ Loss Before Tax	+/- Profit/ Loss After Tax	Dividend Rate %
189,801	142,840	30.00

V. Genetic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Products Description
N.A.	Hotel Business

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm registration no.: 00756N

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN
Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sl. No.	Name of the Subsidiary	GJS Hotels Limited	Regency Convention Centre And Hotels Limited
1	Financial Year of the Subsidiary ended on	31-Mar-10	31-Mar-10
2	Date from which it became subsidiary	9-Dec-02	28-Jul-09
3	(a) Number of shares in the subsidiary held by the Holding Company in its own name / name of the nominee(s) at the end of the previous financial year of the subsidiary	10,961,000	91,652
	(b) Extent of interest of the Holding Company at the end of the previous financial year of the subsidiary	100%	58.994%
4	The net aggregate amount of the subsidiary company's profit / (loss) so far it concerns the members of the Holding Company and is not dealt with in the Holding Company's Accounts :		
	(a) for the subsidiary's financial year ended on 31-Mar-2010	Rs. 4,791,942	Nil
	(b) for prior years since becoming subsidiary	Rs. 5,720,486	Nil
5	The net aggregate amount of the subsidiary company's profit / (loss) so far it concerns the members of the Holding Company and has been dealt with in the Holding Company's Accounts :		
	(a) for the subsidiary's financial year ended on 31-Mar-2010	Nil	Nil
	(b) for prior years since becoming subsidiary	Nil	Nil
6	Changes, if any, in the Holding Company's interest in the subsidiary between the end of the previous financial year of the subsidiary and the end of the previous financial year of the Holding Company	Nil	Nil
7	Details of material changes, if any, which occurred between the end of the previous financial year of the subsidiary and the end of previous financial year of Holding Company, in respect of :		
	(a) The subsidiary's Fixed Assets	Nil	Nil
	(b) The subsidiary's Investments	Nil	Nil
	© The moneys lent by it	Nil	Nil
	(d) The moneys borrowed by it for any purpose other than that of meeting Current Liabilities	Nil	Nil

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For **S. S. KOTHARI MEHTA & Co.**

Chartered Accountants
Firm registration no.: 00756N

UMESH SARAF
DIRECTOR

S.S. BHANDARI
DIRECTOR

ARUN K. TULSIAN

Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
Dated : 4th August, 2010

EIGHTH ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

UMESH SARAF
S.K.CHIBBER
AMIT MODI

COMPANY SECRETARY

ARPITA ROY

AUDITORS

KSMN & CO
CHARTERED ACCOUNTANTS
145, TRIBHUVAN COMPLEX,
ISHWAR NAGAR,
MATHURA ROAD, NEW DELHI – 110 065

BANKERS

BANK OF BARODA
CITI BANK N.A.

REGISTERED OFFICE

BHIKAJI CAMA PLACE,
M.G.MARG, NEW DELHI-110607

DIRECTORS' REPORT

TO THE MEMBERS

Your Director have pleasure in presenting their Eighth Annual Report on the business and operation of the Company together with the audited accounts of the Company for the period of nine-month ended 31st March, 2010.

EFFECTIVENESS OF THE SCHEME OF ARRANGEMENT AND DE-MERGER

Your Directors are pleased to inform you that during the period under review, the Scheme of Arrangement and De-merger (the Scheme) amongst Asian Hotels Limited, the former holding company, (as Transferor Company) and its shareholders and creditors; Chillwinds Hotels Limited (as Transferee Company-I) and its shareholders; and Vardhman Hotels Limited, now known as Asian Hotels (East) Limited (as Transferee Company-II) and its shareholders (the Scheme) in pursuance of Sections 391-394 of the Companies Act, 1956 was approved by the Hon'ble High Court of Delhi at New Delhi vide its order dated 13th January, 2010 and became effective on 11th February, 2010 subsequent to filing of the Court Order with the Registrar of Companies, NCT of Delhi and Haryana w.e.f. 1st November, 2009. Your Company which was a subsidiary to Asian Hotels Limited, as a part of Kolkata Undertaking as defined in Clause 1.2.1(b) of the Scheme, has become a wholly owned subsidiary of Asian Hotels (East) Limited.

FINANCIAL YEAR

The current financial year of the Company was changed to a period of nine months beginning from 1st July, 2009 and ending on 31st March, 2010. Previous financial year of the Company was for a period of fifteen months beginning from 1st April, 2008 and ending on 30th June, 2009.

OBJECTS, OPERATIONS AND FINANCIAL RESULTS

During the period under review, your Company allotted 27,91,000 equity shares of Rs.10/- each at a premium of Rs.205/- per share i.e., at an issue price of Rs.215/- per share, aggregating to Rs. 60,00,65,000/- (Rupees Sixty Crores Sixty Five Thousands Only), to Asian Hotels Limited, the former Holding Company against the subscription money received from them, these shares ranked pari- passu with the existing issue and paid-up equity shares of the Company and necessary share certificates were also issued to the investor.

During the period under review, your Company had subscribed to 13,96,000 1% cumulative redeemable Optionally Convertible Preference Shares of Rs.10/- each at a premium of Rs. 205/- per share i.e. at an issue price of Rs. 215/- each, aggregating to Rs.30,01,40,000/- in Robust Hotels Private Limited, consequent to which the allotment of the subscription has been made to your Company.

The period under review witnessed your Company earning an aggregate income of Rs. 7,515,603 . Profit before tax for the year was Rs. 7,132,686 and after a provision for tax of Rs. 2,340,745, Profit after tax was Rs. 4,791,941. Your directors do not recommend payment of any dividend.

	For 9 months period ended 31st March, 2010	For 15 months period ended 30th June, 2009
Profit / (loss) before tax	7,132,686	848,375
Provision for taxation, includes Provision for previous year (including Fringe Benefit Tax)	2,340,745	346,650
Profit / (loss) after tax	4,791,941	501,725
Balance Carried to Balance Sheet	5,720,486	5,218,761

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. S K Chhibber, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Your Directors recommend their appointment to the Board in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- that in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

- that 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 at the end of the Financial Year under review and of the profit of the Company for that year;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS & AUDITOR'S REPORT

M/s. KSMN & Company., Chartered Accountants, Statutory Auditors of the Company will hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no particulars to furnish under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

PERSONNEL

The Company has no employee falling under the categories mentioned in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 3rd August, 2010

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

AUDITORS' REPORT

TO THE MEMBERS OF GJS HOTELS LIMITED

We have audited the attached Balance Sheet of **GJS HOTELS LIMITED** as at March 31, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the nine months period ended on that date and annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of 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 purpose of our audit;
- ii) In our opinion, proper Books of Account as required by law have been kept by the company so far as it appears from our examination of those books;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as 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 31st March, 2010,
 - (b) In the case of the Profit and Loss Account, of the Profit for the nine months period ended on that date and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

For **KSMN & CO**
Chartered Accountants
Firm Regn. No.: 001075N

Arindam Chandra
Partner
Membership No. : 062511

Place : Kolkata
Date : 3rd August, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of GJS Hotels Limited as at and for the nine months period ended March 31, 2010)

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the period and as informed, no material discrepancies were identified on such verification.
c) There was no substantial disposal of fixed assets during the period.
- 2) As the Company does not have any inventory, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3) a) The Company has not given any loan, secured or unsecured, to companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
b) The company has not taken any loan, secured or unsecured, from companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- 5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301.
b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Act and aggregating during the year to Rupees Five lakhs or more in respect of each party.
- 6) The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under during the period.
- 7) In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- 8) To the best of our knowledge, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 as prescribed by the Central Government is not applicable to the company.
- 9) a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Income-tax, Sales-Tax, Provident fund, Employees State Insurance, Service tax, Cess and other statutory dues applicable to it with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2010.
b) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty, Sales Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- 10) The Company has no accumulated losses at the end of the financial period and it has not incurred any cash losses in the current and immediately preceding financial period.
- 11) As the Company does not have any dues payable to any Financial Institutions, Banks and Debenture Holder, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances against security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a Chit fund/ Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4(xiii) of the order are not applicable.
- 14) 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.
- 15) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from bank or financial institutions.
- 16) There were no term loans raised during the period by the Company for any purpose, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 17) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. However, the company has issued shares to its Holding Company – Asian Hotels (East) Limited.
- 19) The company has not issued any debentures during the period, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 20) As the company has not raised any money through public issue during the period, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no instances of fraud on or by the Company has been noticed or reported during the course of our audit.

For **KSMN & CO**
Chartered Accountants
Firm Regn. No.: 001075N

Arindam Chandra
Partner
Membership No. : 062511

Place : Kolkata
Date : 3rd August, 2010

BALANCE SHEET AS AT 31 MARCH 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	As at 31st Mar2010	As at 30th June 2009
SOURCES OF FUNDS			
1 SHAREHOLDER'S FUND			
Share Capital	1	109,610,000	81,700,000
2 RESERVES AND SURPLUS			
Securities Premium Account		2,236,755,000	1,664,600,000
Profit and Loss Account Balance		10,512,428	5,720,486
		<u>2,247,267,428</u>	<u>1,670,320,486</u>
		<u>2,356,877,428</u>	<u>1,752,020,486</u>
APPLICATION OF FUNDS			
3 FIXED ASSETS			
Land - at Cost		54,539,349	54,539,349
4 INVESTMENTS	2	2,045,848,625	1,745,708,625
5 CURRENT ASSETS, LOANS AND ADVANCES			
a Cash & Bank Balances	3	305,339,463	5,483,273
b Loans and Advances	4	6,799,042	2,150
		<u>312,138,506</u>	<u>5,485,423</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
a Current Liabilities	5	54,048,607	53,664,328
b Provisions	6	1,600,445	48,583
		<u>55,649,052</u>	<u>53,712,911</u>
Net Current Assets		<u>256,489,453</u>	<u>(48,227,488)</u>
		<u>2,356,877,428</u>	<u>1,752,020,486</u>

Significant Accounting Policies and Notes to Accounts 7

As per our report of even date attached

For KSMN & Company
Chartered Accountants
Firm Regn. No. 001075N

Arindam Chandra
Partner
Membership No. 062511

Place : Kolkata
Dated : 03-08- 2010

FOR AND ON BEHALF OF THE BOARD

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

ARPITA ROY
COMPANY SECRETARY

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	For 9 months period ended 31st March 2010	For 15 months period ended 30th June 2009
1 INCOME			
Interest Income (Includes TDS of Rs 7,40,883, Previous Year Rs.2,98,063)		7,515,603	1,350,181
		7,515,603	1,350,181
2 EXPENDITURE			
Bank Charges		165	1,007
Legal & Professional Expenses		316,602	100,319
Printing & Stationery		-	355
Audit Fee		55,150	110,300
Filing Fees		10,500	9,070
Rates and Taxes		500	260,000
Travelling Expenses		-	20,755
		382,917	501,806
3 PROFIT BEFORE TAX		7,132,686	848,375
4 Provision for Income Tax		2,340,745	346,650
5 PROFIT AFTER TAX		4,791,941	501,725
6 Amount brought forward from previous year		5,720,486	5,218,761
SURPLUS CARRIED FORWARD TO BALANCE SHEET		10,512,428	5,720,486
Earning per share- Basic and Diluted (Rupees) (See note 12)		0.49	0.09
Significant Accounting Policies and Notes to Accounts	7		

As per our report of even date attached

For KSMN & Company

Chartered Accountants
Firm Regn. No. 001075N

Arindam Chandra

Partner

Membership No. 062511

Place : Kolkata

Dated : 03-08- 2010

FOR AND ON BEHALF OF THE BOARD

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

ARPITA ROY
COMPANY SECRETARY

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2010

(Amount in Rs.)

Particulars	For 9 months period ended 31st March 2010	For 15 months period ended 30th June 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
[a] Net Profit before Tax	7,132,686	848,375
Adjustment for:		
Interest Earned	7,515,603	1,350,181
	<u>(382,917)</u>	<u>(501,806)</u>
[b] Operating profit before working capital charges		
Adjustments for:		
(Increase)/Decrease in Loans and Advances	(6,796,892)	1,708,096,683
Increase/(Decrease) in Trade Payables	384,279	(75,272)
Increase/(Decrease) in Other Payables	-	53,503,307
	<u>(6,412,613)</u>	<u>1,761,524,718</u>
[c] Cash generated from operations	(6,795,531)	1,761,022,912
Direct taxes paid (Net)	788,883	384,185
Net cash from Operating Activities (A)	(7,584,414)	1,760,638,727
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for Fixed Assets	-	(15,789,410)
Purchase of Investments	(300,140,000)	(1,745,708,625)
Interest Received	7,515,603	1,350,181
Net Cash from Investing Activities (B)	(292,624,397)	(1,760,147,854)
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	27,910,000	-
Security Premium Received	572,155,000	-
Net Cash from Financing activities [C]	600,065,000	-
Net Increase/ (Decrease) in Cash Equivalent [A+B+C]	299,856,190	490,873
Cash and Cash equivalent (Beginning of the year) (Refer Schedule.3)*	5,483,273	4,992,400
Cash and Cash equivalent (End of the year) (Refer Schedule 3)	305,339,463	5,483,273

Notes:

- Figures in bracket represent Cash Outflow.
- Previous Year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached

For KSMN & Company

Chartered Accountants
Firm Regn. No. 001075N

Arindam Chandra

Partner

Membership No. 062511

Place : Kolkata

Dated : 03-08-2010

FOR AND ON BEHALF OF THE BOARD

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

ARPITA ROY
COMPANY SECRETARY

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

(Amount in Rs.)

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
14,000,000 (Previous Year 14,000,000) Equity Shares of Rs.10/- each	140,000,000	140,000,000
	<u>140,000,000</u>	<u>140,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
1,09,61,000 (Previous Year 81,70,000) Equity Shares of Rs 10 each fully paid up (all of the above equity shares are held by Asian Hotels (East) Ltd., including 60 equity shares held jointly with nominees)	109,610,000	81,700,000
	<u>109,610,000</u>	<u>81,700,000</u>
SCHEDULE 2		
INVESTMENTS		
Long -Term at Cost		
Non-Trade, Unquoted		
Bodies Corporate		
Robust Hotels Pvt. Ltd.		
0.001% 8119575 (previous year 8119575) Cumulative Redeemable Optional Convertible Preference Shares of Rs 10 each fully paid up	1,745,708,625	1,745,708,625
1% 1396000 (previous year Nil) Cumulative Redeemable Optional Convertible Preference Shares of Rs 10 each fully paid up	300,140,000	-
	<u>2,045,848,625</u>	<u>1,745,708,625</u>
SCHEDULE 3		
CASH AND BANK BALANCES		
Balances with scheduled banks in		
-Current Accounts	201,071	322,709
-Fixed Deposits* (Fixed Deposit with HDFC Bank)	305,138,392	5,160,564
	<u>305,339,463</u>	<u>5,483,273</u>
SCHEDULE 4		
LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance Fringe Benefit Tax	2,150	2,150
Interest accrued but not due on fixed deposits	6,796,892	-
	<u>6,799,042</u>	<u>2,150</u>
SCHEDULE 5		
CURRENT LIABILITIES		
Sundry Creditors	205,455	39,421
Other Liabilities	115,272	98,727
Amount Payable to Holding Company *	53,727,880	53,526,180
	<u>54,048,607</u>	<u>53,664,328</u>
* Maximum Balance due during the year	53,727,880	102,384,485
SCHEDULE 6		
PROVISIONS		
Provision for Taxation (net of advance tax of Rs. 3,695,650 (previous Yr.- Rs. 2,906,767)	1,600,445	48,583
	<u>1,600,445</u>	<u>48,583</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010 AND PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

**SCHEDULE: 7
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

A. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

b. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

c. Revenue Recognition

i) recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

ii) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Income and Expenses are accounted for on accrual basis.

d. Taxation

i. Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

ii. Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).

iii. Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.

iv. Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

e. Fixed Assets

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

f. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short-term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account.

g. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

Previously recognized impairment losses are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been (net of depreciation or amortization) had no impairment loss been recognized in prior years.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

i. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

j. Dividend

Dividend proposed on equity shares, if any, is accounted for pending approval at the Annual General Meeting.

k. Provisions and Contingent liabilities

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

B. NOTES TO ACCOUNTS

1. As per information available with the management and as certified by them, there is no contingent liability as at 31st March, 2010.
2. Pursuant to the Scheme of Arrangement and Demerger ('The Scheme') of trifurcation of Asian Hotels Limited ('AHL') approved by the Hon'ble High Court of Delhi at New Delhi on 13 January, 2010, Kolkata Undertaking of AHL comprising of Hotel Hyatt Regency, Kolkata along with shares held in G.J.S. Hotels Limited, Regency Convention Centre and Hotels Limited and others stands transferred to and vested in Asian Hotels (East) Limited. Consequent to the above scheme becoming Effective from 11 February, 2010, being the date when the Order of Hon'ble High Court has been filed with the Office of the Registrar of Companies, NCT of Delhi and Haryana, (and the appointed date for the scheme being 31st October 2009) without any further deed or act, together with all properties, assets, rights, benefits and interest therein, subject to existing charges or lis pendens and the Company, has become a wholly owned subsidiary of Asian Hotels (East) Limited from the said appointed date.
3. As per the information available with the management and as certified by them, there is no outstanding Capital Commitment as on 31st March, 2010.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010 AND PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

4. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS 29) as it is not probable that an outflow of resources embodying economic benefit will be required.
5. During the period, Company issued shares to its Holding Company, 27,91,000 equity shares of Rs.10 each at a premium of Rs 205 per share, aggregating to Rs. 60,00,65,000.
6. Since there are no employees in the Company, no provision for retirement benefit have been made.
7. The Payment of Gratuity Act, 1972, The Payment of Bonus Act, 1965, The Employees State Insurance Act, 1948 and Employees Provident Fund & Miscellaneous Provisions Act, 1952 are not applicable during the period ended 31st March, 2010.
8. There are no adjustments on account of deferred tax liability or deferred tax asset in respect of current period as well as earlier period since there are no timing difference between the book income and taxable income.
9. As per the information available and explanation provided to us and as certified by management there are no amounts due to Micro, Small & Medium Enterprises which are outstanding for more than 45 days together with interest at the Balance Sheet Date as defined under the Micro, Small & Medium Enterprises Development Act, 2006.

10. SEGMENT INFORMATION

The Company does not have more than one reportable segment in accordance with the principle outlined Accounting Standard (AS 17), "Segment Reporting", Segment Information is not applicable.

11. Auditor's Remuneration

(Amount in Rupees)

Particulars	Period ended 31.03.2010 (9 Months)	Period ended 30.06.2009 (15 Months)
a. Statutory audit fee	38,605	77,210
b. Tax audit fee	16,545	33,090
TOTAL	55,150	1,10,300

12. Related Party Transactions

In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), disclosures in respect of related parties and transactions with them, as identified and certified by the management, are as follows :-

Related Party Disclosures

a. List of related parties

- (i) Holding Company – Asian Hotels (East) Limited
- (ii) Entities over which directors and their relatives can exercise significant influence.
 - Robust Hotels Private Limited
- (iii) Fellow subsidiary – Regency Convention Centre and Hotels Limited.

(Amount in Rupees)

Nature of Transactions	Holding Company		Entities Controlled by Directors or their Relatives		Total (Amount in Rs.)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reimbursement of Expense	1,700	1,58,15,665	-	-	1,700	1,58,15,665
Investment made by holding co.	60,00,65,000	-	-	-	60,00,65,000	-
Investment made						
Robust Hotels Private Limited	-	-	30,01,40,000	1,74,57,08,625	30,01,40,000	1,74,57,08,625
Advance Given	-	9,00,00,000	-	-	-	9,00,00,000
Advance Received	2,00,000	23,00,95,000	-	-	2,00,000	23,00,95,000
Closing Balance as on Balance Sheet Date						
Account Payables	5,37,27,880	5,35,26,180	-	-	5,37,27,880	5,35,26,180
Investment as at year end	-	-	20,45,848,625	17,45,708,625	20,45,848,625	17,45,708,625
Investment held by holding Company at year end	23,46,365,000	17,46,300,000	-	-	23,46,36,5000	17,46,300,000

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010 AND PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE

13. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

(Amount in Rupees)

Sl. No.	Particulars	Units	Period ended 31.03.2010	Period ended 30.06.2009
a.	Net profit/ (loss) after tax	Rs.	47,91,941	5,01,725
b.	Weighted average of number of equity shares used in computing basic earnings per share (in nos.)	No.	97,48,850	47,98,667
c.	Basic / diluted earnings per share	Rs.	0.49	0.09

14. The Company has not recognized any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the management there is no reduction in the value of any assets.
15. There are no foreign currency exposures with Company.
16. Disclosures of other items as required by Part II of Schedule VI to the Company's Act, 1956 is not applicable.
17. Figures have been rounded off to the nearest Rupee.
18. Previous period figures have been re-grouped and re-cast wherever considered necessary, however, the same are not strictly comparable as the previous period figure are for the period 1st April, 2008 to 30th June, 2009 (15 months), whereas current period figures represents for 9 months from 1st July, 2009 to 31st March, 2010.
19. Schedules 1-7 form an integral part of Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the nine month period ended 31st March, 2010.

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

For **KSMN & Company**
Chartered Accountants
Firm Registration No.: 001075N

Arindam Chandra
Partner
Membership No. : 062511

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

ARPITA ROY
COMPANY SECRETARY

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

Registration No. U55101DL2002PLC117945	Balance Sheet Date 31st March, 2010	State Code 055
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II. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	27,910,000

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

Total Liabilities	Total Assets
2,356,877	2,356,877

Sources of Funds

Paid up Capital	Reserves & Surplus	Unsecured Loans	Net Deferred Tax Liability
109,610	2,247,267	Nil	Nil

Application of Funds

Net Fixed Assets	Investments	Net Current Assets	Accumulated Losses
54,539	2,045,849	256,489	Nil

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

Turnover	Total Expenditure	Earnings Per Share in Rs.
7,516	383	0.49
+/- Profit/ Loss Before Tax	+/- Profit/ Loss After Tax	Dividend Rate %
7,133	4,792	Nil

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Products Description
N.A.	Finance & Investments

As per our report of even date attached

For KSMN & Company
Chartered Accountants
Firm Regn. No. 001075N

Arindam Chandra
Partner
Membership No. 062511

Place : Kolkata
Dated :03-08-10

FOR AND ON BEHALF OF THE BOARD

UMESH SARAF
DIRECTOR

AMIT MODI
DIRECTOR

ARPITA ROY
COMPANY SECRETARY

BOARD OF DIRECTORS

UMESH SARAF
SURENDRA JAI NARAYAN KAPUR
FARHATH SURENDRA KAPUR
JOY SURENDRA KAPUR
AMIT SARAF
BIMAL KUMAR JHUNJHUNWALA
AMIT MODI

AUDITORS

V. VAIDYANATHAN & CO
CHARTERED ACCOUNTANTS
F-36, SITARAM BUILDING,
PALTON ROAD
MUMBAI - 400001

REGISTERED OFFICE

1 A-D, VANDHNA BUILDING,
TOLSTOY MARG,
NEW DELHI - 110001

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Sixteenth Annual Report of the Company together with the Audited Statements of Accounts for the Financial year ended 31st March, 2010.

EFFECTIVENESS OF THE SCHEME OF ARRANGEMENT AND DE-MERGER

Your Directors are pleased to inform you that during the year under review, the Scheme of Arrangement and De-merger (the Scheme) amongst Asian Hotels Limited, the former Holding Company, (as Transferor Company) and its shareholders and creditors; Chillwinds Hotels Limited (as Transferee Company-I) and its shareholders; and Vardhman Hotels Limited, now known as Asian Hotels (East) Limited (as Transferee Company-II) and its shareholders (the Scheme) in pursuance of Sections 391-394 of the Companies Act, 1956 was approved by the Hon'ble High Court of Delhi at New Delhi vide its order dated 13th January, 2010 and became effective on 11th February, 2010 subsequent to filing of the Court Order with the Registrar of Companies, NCT of Delhi and Haryana w.e.f. 1st November, 2009. Your Company which was a subsidiary of Asian Hotels Limited, as a part of Kolkata Undertaking as defined in Clause 1.2.1(b) of the Scheme, has become a subsidiary of Asian Hotels (East) Limited.

OBJECTS, OPERATIONS AND FINANCIAL RESULTS

The Company has not yet started commercial operation till date. The Company has handed over the vacant and peaceful possession of the entire land admeasuring more or less 73,103 sq. mtrs. situated at village - Sahar, Andheri (East), Mumbai to the Airport Authority of India (AAI), an entity of The Government of India with a contract that the AAI, out of the said land, would demise a piece of land admeasuring more or less 31,000 sq. mtrs. for 30 years to the Company. However, the AAI had not acted in terms of the concluded contract and had withdrawn unilaterally its earlier proposal. Such withdrawal amounted to a breach of terms and conditions of the concluded contract against which the Company had filed a suit before the Hon'ble High Court of Bombay in the year 1999 seeking specific performance of the concluded contract, *inter alia* compensation for the loss against the AAI and other defendants. Hearing of the suit is pending before the Court. In the meantime, in order to protect the right, the Company had moved two Notices of Motions in the year 2001 and 2006 before the Court, against which the Court had directed the AAI to specifically demarcate the said land of 31,000 sq. mtrs. more or less and not to create any third party right/interest in respect of the Suit Land of 31,000, sq. mtrs. more or less. The administrative expenses to the extent of Rupees 17,54,177/- have been capitalized with property at Sahar, Mumbai.

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Umesh Saraf and Mr. Joy Surendra Kapur, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their appointment to the Board in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- that in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- that 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 at the end of the Financial Year under review and of the profit of the Company for that year;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

AUDITORS

M/s. V Vaidyanathan & Co., Chartered Accountants, Mumbai the present auditors of the Company, retires at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, will be in accordance with the limits specified in the said section.

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no particulars to furnish under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

PERSONNEL

The Company has no employee falling under the categories mentioned in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

FOR AND ON BEHALF OF THE BOARD

Place: Kolkata

Date: 3rd August, 2010

**UMESH SARAF
DIRECTOR**

**BIMAL K JHUNJHUNWALA
DIRECTOR**

D. RAUT & ASSOCIATES

Company Secretaries

Commerce House, 8th Floor, Room No. 8C,
2A, Ganesh Chandra, Kolkata - 700013
Phone: (033) 22259585

COMPLIANCE CERTIFICATE

Regd. No. 55-093547, CIN-U74899DL1994PLC093547
Authorized Capital- 25.00 lakh
Paid up Capital-Rs.15,53,570/-

To,
The Members
Regency Convention Centre and Hotels Limited

We have examined the registers, records, books and papers of **Regency Convention Centre and Hotels Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, clause 3 is not applicable.
4. The Board of Directors duly met Five(5) times respectively on 05/05/2009, 28/07/2009, 01/09/2009, 13/11/2009, and 12/03/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the period under scrutiny.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 29.09.2009 after giving notice to the members of the Company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra ordinary General Meeting was held during the Financial year
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has not entered into any contract requiring making of entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members, or Central Government.
12. The Company has not issued any duplicate Share certificates during the period under scrutiny.
13. The Company :
 - a. has made transfer of Shares, on lodgment thereof during the Financial Year
 - b. has not deposited any amount in a separate Bank Account as no dividend was declared during the period.
 - c. was not required to post warrants to member of the Company as no dividend was declared during the period.
 - d. has no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education Protection Fund.
 - e. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director/ Manager during the period under scrutiny, as there was no need to do so.
16. The Company has not appointed any sole -selling agents during the period under scrutiny.
17. The company was not required to obtain any approvals of the Central Government; Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the act during the period under scrutiny.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Share during the Financial Year.
20. The company has not bought back any Shares during the period under scrutiny.
21. There was no redemption of preference Shares or debentures during the period under scrutiny, as the Company has not issued any preference Shares or debentures.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights Shares and bonus Shares pending registration of transfer of Shares.
23. The Company has not invited/ accepted any deposits ~~under~~ Section 58A of the Act during the period under scrutiny.

24. The Company has not made any borrowings falling with the provisions of section 293(1) (d) of the Act.
25. The Company has not made any loans or advances to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the period under scrutiny.
29. The company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the period under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the period under scrutiny, for offences under the Act.
32. The Company has not received any money as security from its employees during the period under scrutiny.
33. The Company has not deducted or contributed to the provident fund during the period under scrutiny.

It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities/ statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

For D. RAUT & ASSOCIATES
(Company Secretaries)

Name of the Company Secretary: **DEBENDRA RAUT**
(Proprietor)
C.P.No. : 5232

ANNEXURE - A

Registers/Records as maintained by the Company:

	Registers	Section
1	Register of Transfer	108/111
2	Register of Members	150
3	Minutes Book of Board Meetings	193
4	Minutes Book of General Meetings	193
5	Register of Notice of Interest given by the Directors	299
6	Register of Contracts, Companies and firms in which Directors are interested	301(3)
7	Registers of Directors , Managing Director, Manager and Secretary	303
8	Register of Directors Shareholding	307
9	Application for and allotment of Shares	
10	Copies of Annual Return	163

ANNEXURE -B

Forms as filed by the Company with Register of Companies (ROC), Regional Director, Central Government or other authorities during the financial year ending on **31st March 2010**.

SI No.	Form No/ Return	Filed u/s	For the period	Date of filing	Whether filed within the prescribed time (Y/N)	If not, whether additional fees have been paid
1.	Form 23AC & 23ACA relate to Balance sheet & Profit & Loss Account	220(1)	For the financial year ending 31.03.2009	05.02.2010	No	Yes
2.	Form 20B relate to Annual Return	159(1)	For the financial year ending 31.03.2009	01.02.2010	No	Yes
3.	Form 66	383A	For the financial year ending 31.03.2009	01.02.2010	No	Yes
4	Form 32	303	Change in designation of Director w.e.f. 29/09/2009	01.02.2010	No	Yes
5	Form 18	146	Change of situation of registered office	12.05.2009	Yes	NA

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

AUDITORS REPORT

To,
The Shareholders,
REGENCY CONVENTION CENTRE & HOTELS LIMITED
New Delhi

- I. We have audited the attached Balance Sheet of M/s. REGENCY CONVENTION CENTRE & HOTELS LIMITED as at 31st March, 2010. 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.
- II. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes-
- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
 - assessing the accounting principles used in the preparation of financial statements;
 - assessing the significant estimates made by the Management in the preparation of financial statements; and
 - evaluating the overall financial statement presentation.
- We believe that our audit provides a reasonable basis for our opinion.
- III. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph (3) above:
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of the Company.
 - The Balance Sheet dealt with by this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956.
 - Based on the written representations made by the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - 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:
 - in the case of Balance Sheet, of the state affairs of the Company as at 31st March, 2010.

For V. Vaidyanathan & Co.
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
(Partner)

Membership. No. 017905

Place: Mumbai
Dated: 4th August, 2010

ANNEXURE TO THE AUDITORS REPORT:

(Referred to in paragraph (3) of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

- Fixed assets**
 - The amount shown under investments in property represents the earnest money paid for the property and the expenditure incurred by the promoters on the property. The company had handed over the property to the Government on December 2001. As per the understanding with the Government the land will be leased back to the company for its operations. The expenditure incurred on this property till date is to be capitalized with the fixed assets. The administrative expenses to the extent of Rs. 17,54,177/- have been capitalized with the property during the year.
 - None of the fixed assets have been revalued during the year.
 - Since the company does not have any other assets other than rights in the property referred to above, the question of maintenance of property records of its fixed assets showing full particulars, including quantitative details and their location or physical verification etc does not arise.
- Loans & advances**
 - The project has been funded by M/s. Asian Hotels (East) Ltd the holding company and an erstwhile director by incurring expenses on company's behalf. The amount due to them as on 31st March, 2010 was Rs. 11,503,246/- The Company has not taken any other loans, secured or unsecured loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 are/or from the Companies under the same management, as defined in section 370 1(B), the rate of interest or other terms and conditions on which are, prima facie prejudicial to the interest of the company.
 - There is an overdue amount of Rs. 84,770/- The amount appears to be doubtful of recovery. But no provision had been made in the accounts.
- Internal controls**
 - In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- Transaction with parties u/s 301**
 - According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained u/s. 301 of the Companies Act, 1956 (1 of 1956), and exceeding the value of Rs. five lakhs or more in respect of any party, during the year in respect of each party.

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

- (v) **Deposits**
The Company has not accepted deposits from public within the meaning of Sec. 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- (vi) **Internal Audit**
In our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (vii) **Cost Records**
The company has not started commercial operations till date and hence the provision regarding maintenance of cost records u/s. 209(1) (d) of the company Act, 1956 does not arise.
- (viii) **Statutory dues**
a) The Company has deposited with the appropriate authorities undisputed statutory dues applicable.
b) According to the information and explanations given to us, there is no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which are outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year, in repayment of dues to any financial institution, banks or debenture-holders.
- (x) The Company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
- (xi) The Company has not given guarantees for loans taken by others.
- (xii) The Company has not raised any additional term loans during the year.
- (xiii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xiv) According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xv) The Company has not raised funds during the year by way of public issue or debenture issue.
- (xvi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For V. Vaidyanathan & Co.
Chartered Accountants
Firm Regn. No. 111225W

Place : Mumbai
Dated: 4th August, 2010

V. Vaidyanathan
(Partner)
Membership No. 017905

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Sch	As at 31-Mar-10	As at 31-Mar-09
SOURCES OF FUNDS			
<u>SHAREHOLDERS FUNDS :</u>			
Share Capital	1	1,553,570	1,553,570
Reserves & Surplus		-	-
TOTAL		1,553,570	1,553,570
APPLICATION OF FUNDS			
<u>FIXED ASSETS :</u>			
Gross Block	2	13,333,148	11,578,971
Less : Depreciation		-	-
Net Block		13,333,148	11,578,971
<u>CURRENT ASSETS, LOANS & ADVANCES :</u>			
Cash and Bank Balances	3	42,761	42,761
Loans & Advances	4	84,770	84,770
		127,531	127,531
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities	5	11,907,109	10,198,432
		11,907,109	10,198,432
NET CURRENT ASSETS		(11,779,578)	(10,070,901)
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	6	-	45,500
TOTAL		1,553,570	1,553,570

As per our report of even date

For V.Vaidyanathan & Co.

Chartered Accountants

V.Vaidyanathan
(Partner)

Place : Mumbai
Dated : 4th August 2010.

For REGENCY CONVENTION CENTRE AND HOTELS LIMITED

UMESH SARAF
DIRECTOR

BIMAL KUMAR JHUNJHUNWALA
DIRECTOR

Place : Kolkata
Dated : 3rd August 2010.

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

SCHEDULE TO BALANCE SHEET	SCH	As at 31-Mar-10	As at 31-Mar-09
SHARE CAPITAL			
1			
<u>Authorised</u> 25 0000 (P.Y. 25 0000) Equity Shares of Rs.10 each		2,500,000	2,500,000
Issued, subscribed & paid up 15 5357 (P.Y. 15 5357) Equity shares of Rs. 10 each		1,553,570	1,553,570
FIXED ASSETS			
2			
Property at Sahar		11,578,971	11,299,030
Add: Expenses capitalised during the year			
Professional and legal fees		1,676,247	227,423
Travelling Expenses & Conveyance		7,325	15,570
Payment to Auditors as Audit fees		16,545	22,448
Filing Fees		8,560	14,500
Preliminary Expenses written off		45,500	-
		13,333,148	11,578,971
CASH AND BANK BALANCES			
3			
A. Balance with Co-op Bank in Current a/c New India Co-op Bank Ltd.		1	1
B. Cash Balance		42,760	42,760
Cash in hand		42,760	42,760
		42,761	42,761
LOANS & ADVANCES			
4			
(Unsecured, Considered good)			
Other Advances			
Advances recoverable in cash or in kind or for value to be received.		84,770	84,770
		84,770	84,770
Notes			
Advance / Loans Outstanding for a period exceeding six months:			
Other Advances / Loans:		84,770	84,770
Of the above -			
Advances/Loans due by firms in which any Director is a Partner:			
CURRENT LIABILITIES			
5			
A. Other Current Liabilities		11,907,109	10,198,432
Creditors for expenses		15,423	26,438
Creditors for others		9,856	9,856
Asian Hotels (East) Ltd the Holding Company		6,887,462	5,546,354
M. H. Merchant		4,615,784	4,615,784
Malvi Ranchhoddas & Co.		378,584	-
(Maximum balance due to Holding Company during the year Rs. 68,87,462, Previous year Rs. 55,46,354)		11,907,109	10,198,432
MISCELLANEOUS EXPENDITURE			
6			
(to the extent not written-off)			
Preliminary Expenses			
Balance b/f		45,500	45,500
Less: Amount written-off		45,500	-
		-	45,500

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

SCHEDULE 7

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

1.0 SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on historical cost convention on the accrual basis based on Going Concern concept. Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

1.1 Fixed Assets:

The cost of property represents the earnest money paid for the property, the incidental expenditure, and the pre-operative expenditures capitalized. The company has handed over the property to the Government. As per the understanding with the Government the land will be leased back to the Company for its operations. The expenditure incurred on this property till date is to be capitalized with fixed assets as preoperative expenditure to be written off on commencement of commercial operation.

1.2 Revenue Recognition:

Revenue is recognized when no significant uncertainty as to measurability or collectability exists.

1.3 Expenses:

Material known liabilities are provided for on the basis of available information/ estimates.

1.4 Income:

The Company has not started commercial operation till date.

1.5 Provision Of Retirement Benefits:

There is no employee in the company and hence the company is not liable for Provident Fund or any other retirement benefit.

1.6 Depreciation:

Since there are no assets other than the expenditures related to land referred to above, no depreciation has been provided.

1.7 Foreign Currency Transactions:

The company does not have any transactions involving foreign exchange during the year.

1.8 Amortization Of Expenses:

The deferred revenue expenditure under the head Preliminary

Expenses has been written off during the year.

Provision For Taxation:

Income tax is computed on the basis that taxes accrue in the same period, the related revenue and expenses arise. Since the company has not commenced operations no provision has been made.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized. Since the company has not commenced commercial operations and there is no loss or deferred expenditure during the current year the company has not made any provisions for deferred taxation.

2.0 OTHER NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT:

3.0 Profit & Loss account:-

Profit and loss account has not been prepared as the operation has not started and all incidental expenses incurred so far has been capitalized with the property.

3.1 Payment to Auditors

(Amount in Rupees)

Particulars	Current year	Previous year
Amount paid or payable		
(a) as Auditors under Companies Act	16,545	22,448
(b) For Tax audit	0.00	0.00
(c) For Other services		
Total	16,545	22,448

3.2 The previous year's figures have been regrouped/recast wherever necessary to make them comparable.

3.3 Schedules I to 7 form an integral part of Balance Sheet as at 31-03-2010.

As per our Audit Report of even date

For V. Vaidyanathan & Co.

Chartered Accountants

Firm Regn. No. : 111225W

V. Vaidyanathan

(Partner)

Place: Mumbai

Dated: 4th August 2010

For REGENCY CONVENTION CENTRE AND HOTELS LIMITED

UMESH SARAF
DIRECTOR

BIMAL KUMAR JHUNJHUNWALA
DIRECTOR

Place: Kolkata

Dated: 3rd August 2010

REGENCY CONVENTION CENTRE AND HOTELS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. U74899DL1994PLC093547

State Code 1 1

Balance Sheet Date 3 1 0 3 1 0
 (Date) (Month) (Year)

II. Capital raised during the year

Public Issue N I L (Amount in Rs. thousands)

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

III. Position of Mobilisation and deployment of funds

Total Liabilities 1 5 5 4 (Amount in Rs. thousands)

Total Assets 1 5 5 4

Sources of Funds

Paid-up Capital 1 5 5 4

Reserves & Surplus N I L

Secured Loans N I L

Unsecured Loans N I L

Application of Funds

Net Fixed Assets 1 3 3 3 3

Investments N I L

Net Current Assets (1 1 7 7 9)

Miscellaneous Expenditure N I L

Accumulated Losses N I L

IV. Performance of Company

Turnover N A (Amount in Rs. thousands)

Total Expenses N A

Profit/ Loss Before Tax + - N A

Profit/ Loss After Tax + - N A

Earnings per share in Rs. N A

Dividend @ % N A

V. Generic Names of Three Principal Products/ Services of Company

Item Code No. (ITC Code) N A (as per monetary terms)

Product Description N A

For REGENCY CONVENTION CENTRE AND HOTELS LIMITED

Place: Kolkata
 Dated: 4th August 2010.

UMESH SARAF
DIRECTOR

BIMAL KUMAR JHUNJHUNWALA
DIRECTOR

AUDITORS' REPORT

TO THE MEMBERS OF **ASIAN HOTELS (EAST) LIMITED** (formerly Vardhman Hotels Ltd.)

We have audited the attached Consolidated Balance Sheet of **ASIAN HOTELS (EAST) LIMITED** (formerly Vardhman Hotels Limited), and its subsidiary companies as at March 31, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the period ended on that date and annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary companies whose financial statements reflect total assets of Rs. 23584.31 Lakhs as at 31st March 2010, total revenues of Rs. 72.06 Lakhs and net cash inflow of Rs. 2998.56 Lakhs for the period ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion; insofar as it relates to the amounts included in respect of the subsidiary companies are based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' notified pursuant to Accounting Standards (Rules), 2006 and on the basis of the separate audited financial statements of Asian Hotels (East) Limited and its subsidiary companies included in the consolidated financial statements.

We draw attention to Schedule 3 of the Consolidated Financial Statements regarding the goodwill arising on consolidation of Regency Convention Centre and Hotels Limited (a Subsidiary) amounting to the Rs. 2569.85 Lakhs and other receivables amounting to Rs. 403.36 Lakhs relating thereto. As elucidated in the said note, considering that the value of the aforesaid assets, including goodwill, cannot be reasonably ascertained at present, resultantly, no provision for impairment has been made in the said financial statements.

Based on our audit and on consideration of the report of other auditors on separate financial statements and on the other information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India :

- a) In the case of Consolidated Balance Sheet, read with observation given in para 5 above, of the Consolidated state of affairs of Asian Hotels (East) Limited and its subsidiary companies as at 31st March, 2010;
- b) In the case of Consolidated Profit and Loss Account, read with observation given in para 5 above, of the Consolidated results of operations of Asian Hotels (East) Limited and its subsidiary companies for the nine months period ended on that date; and
- c) In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Asian Hotels (East) Limited and its subsidiary companies for the nine months period ended on that date.

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Regn. No.: 00756N

Arun K. Tulsian
Partner
Membership No. : 89907

Place : Kolkata
Date : 04-08-10

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

Amount in Rs.

Particulars	Schedule	As at 31st March 2010	As at 30th June 2009
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
a Share Capital	1	115,295,620	500,000
b Reserves and Surplus	2	7,366,046,887	-
		7,481,342,507	500,000
MINORITY INTEREST			
		637,050	-
DEFERRED TAX LIABILITY (Refer note 15)			
		213,067,299	-
		7,695,046,856	500,000
APPLICATION OF FUNDS			
FIXED ASSETS			
a Gross Block	3	2,452,364,695	-
b Less: Depreciation		497,673,494	-
c Net Block		1,954,691,201	-
Add: Capital Work In Progress		15,774,447	-
		1,970,465,648	-
INVESTMENTS			
	4	5,314,797,587	-
CURRENT ASSETS, LOANS AND ADVANCES			
a Inventories	5	20,938,482	-
b Sundry Debtors	6	24,579,639	-
c Cash & Bank Balances	7	460,808,059	97,567
d Loans and Advances	8	90,750,741	-
		597,076,922	97,567
LESS: CURRENT LIABILITIES AND PROVISIONS			
a Current Liabilities	9	138,905,508	6,606,430
b Provisions	10	48,387,792	-
		187,293,300	6,606,430
Net Current Assets		409,783,622	(6,508,863)
PROFIT & LOSS ACCOUNT		-	7,008,863
		7,695,046,856	500,000
Significant Accounting Policies & Notes to Accounts	16		

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For **S. S. KOTHARI MEHTA & Co.**

Chartered Accountants
Firm Registration No.: 00756N

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN

Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR NINE MONTHS PERIOD ENDED 31st MARCH 2010

Amount in Rs.

Particulars	Schedule	For 9 months period ended 31st March 2010 *	For 15 months period ended 30th June 2009
INCOME			
a Rooms, Food, Beverages and Other Services (Gross)	11	412,279,106	-
Less: Excise Duty Paid		124,211	-
b Net Sales		<u>412,154,895</u>	-
c Other Income	12	<u>47,976,151</u>	-
		<u>460,131,046</u>	-
EXPENDITURE			
a Consumption of Provisions, Beverages, Smokes & Others	13	48,420,623	-
b Payment to and Provision for Employees	14	58,204,762	-
c Operating and General Expenses	15	<u>128,656,114</u>	<u>6,870,598</u>
		<u>235,281,499</u>	<u>6,870,598</u>
PROFIT BEFORE DEPRECIATION		224,849,547	(6,870,598)
Depreciation		28,197,646	-
PROFIT BEFORE TAX		196,651,900	(6,870,598)
Provision for Taxation			
a Current Tax		51,285,772	-
b Deferred Tax		(2,071,701)	-
PROFIT AFTER TAX		147,437,829	(6,870,598)
Add: Amount brought forward from previous year		(1,093,987)	(138,265)
Transferred pursuant to the Scheme of Arrangement & Demerger		933,939,947	-
Profit available for appropriation		1,080,283,789	(7,008,863)
LESS : APPROPRIATIONS			
a. Transfer to General Reserve		14,284,028	-
b. Proposed Dividend on Equity Shares		34,205,346	-
c. Proposed Dividend on Non Convertible Preference Shares		5,000	-
d. Proposed Dividend on Fully Convertible Preference Shares		1,158	-
e. Corporate Dividend tax		5,814,245	-
		<u>54,309,777</u>	-
SURPLUS CARRIED FORWARD TO BALANCE SHEET		1,025,974,012	(7,008,863)
Earning per share- Basic and Diluted (Rupees) (See note 18)		23.38	(137.41)
Significant Accounting Policies and Notes on Accounts	16		

* Contains operations of Hotel Hyatt Regency, Kdkata for five months period (refer note 3 of Schedule 16).

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No.: 00756N

UMESH SARAF
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN
Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHAMAN HOTELS LIMITED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2010

Amount in Rs.

Particulars	For 9 months period ended 31st March 2010 *	For 15 months period ended 30th June 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
[a] Net Profit before Tax	196,651,900	(6,870,598)
Adjustment for:		
Depreciation	28,197,646	-
Provision for Doubtful Debts	170,000	-
Dividend Income on Investment	(11,370,238)	-
Interest Earned	(35,599,649)	-
Excess Provision Written Back	(622,242)	-
Short Term Capital Gain on Mutual Fund	(59,022)	-
Loss on sale of investments	7,052	-
Sundry Balances written off	6,732	-
	177,382,179	(6,870,598)
[b] Operating profit before working capital charges		
Adjustments for:		
(Increase)/Decrease in inventories	(2,595,936)	-
(Increase)/Decrease in Sundry Debtors	2,000,040	-
(Increase)/Decrease in Loans and Advances	3,531,045	-
Increase/(Decrease) in Trade Payables	(2,231,390)	6,571,454
Increase/(Decrease) in provisions	(1,962,593)	-
	(1,258,834)	6,571,454
[c] Cash generated from operations	176,123,345	(299,144)
Direct taxes paid (Net)	(54,328,052)	-
Net cash from Operating Activities (A)	121,795,293	(299,144)
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for Fixed Assets	(112,740,935)	-
Purchase of Investments	(3,176,854,660)	-
Dividend Income on Investment	11,370,238	-
Interest Received	35,599,649	-
Short Term Capital Gain on Mutual Fund	59,022	-
Loss on sale of investments	(7,052)	-
Net Cash from Investing Activities (B)	(3,242,573,738)	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing activities [C]	-	-
Net Increase / (Decrease) in Cash & Cash Equivalent [A+B+C]	(3,120,778,444)	(299,144)
Cash and Cash equivalent (Beginning of the year) (Refer Schedule.7)*	3,581,586,503	396,711
Cash and Cash equivalent (End of the year) (Refer Schedule 7)	460,808,059	97,567

* Include Rs. 327.58 crores acquired pursuant to the Scheme of Arrangement and Demerger.

Notes:

- Figures in bracket represent Cash Outflow.
- Figures in the statement have been worked out considering the opening balances in the beginning of the financial year, those transferred to & vested in the Company pursuant to the Scheme of Arrangement & Demerger and closing balances at the end of the financial year. The statement contains business operations of Hotel Hyatt Regency, Kolkata for five months.
- Previous year figures have been regrouped / rearranged wherever necessary

As per our report of even date attached

ON BEHALF OF THE BOARD OF DIRECTORS

For S. S. KOTHARI MEHTA & Co.

Chartered Accountants
Firm registration no. : 00756N

UMESH SARA F
DIRECTOR

S. S. BHANDARI
DIRECTOR

ARUN K. TULSIAN

Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
Dated : 4th August, 2010

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Amount in Rs.

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 1		
SHARE CAPITAL		
a AUTHORIZED		
14,000,000 (Previous period 14,000,000) Equity Shares of Rs.10/- each	140,000,000	140,000,000
1,000,000 (Previous period 1,000,000) Preference Shares of Rs.10/- each	10,000,000	10,000,000
	150,000,000	150,000,000
b ISSUED, SUBSCRIBED AND PAID UP		
11,401,782 (Previous Period 50,000) Equity Shares of Rs.10/- each fully paid up*	114,017,820	500,000
100,000 (Previous Period- Nil) 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) of Rs.10 each*	1,000,000	-
27,780 (Previous Period- Nil) fully Convertible Preference Shares of Rs. 10 each*	277,800	-
	115,295,620	500,000
* Shares have been issued pursuant to the Scheme of Arrangement and Demerger approved by the Hon'ble High Court of Delhi vide Order dated 13 January, 2010.		
SCHEDULE 2		
RESERVES & SURPLUS		
a Capital Reserve *	141,043	-
b Capital Redemption Reserve *		
For redeemed NCPS	1,000,000	-
For redeemable NCPS	1,332,000	-
c Securities Premium Account*		
On 1% Cumulative Redeemable Non-Convertible Preference Share (NCPS)	8,000,000	-
On Fully Convertible Preference Share Capital (FCPS)	14,723,400	-
d Tourism Development Utilised Reserves*	533,202,000	-
e General Reserves*	255,660,727	-
Add: Transfer of excess of assets over liabilities *	5,511,729,677	-
Add: Transferred during the current year	14,284,028	-
	5,781,674,432	-
f Profit and Loss Account Balance	1,025,974,012	-
	7,366,046,887	-
* Transferred to the Company pursuant to the Scheme of Arrangement & Demerger approved by the Hon'ble High Court of Delhi vide Order dated 13 January, 2010.		

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 3

FIXED ASSETS

Amount in Rs.

Particulars	As at 01.07.09	GROSS BLOCK				DEPRECIATION			Net Block			
		Addition pursuant to Scheme of Arrangement and Demerger	Additions	Deductions	As at 31.03.2010	As at 01.07.09	Addition pursuant to Scheme of Arrangement and Demerger	For the period ended 31.03.10	Deductions	Total	As at 31.03.10	As at 01.07.09
GOODWILL	-	256,985,204	-	-	256,985,204	-	-	-	-	-	256,985,204	-
LAND - LEASEHOLD	-	214,643,225	108,984,900	-	323,628,125	-	-	-	-	-	323,628,125	-
BUILDINGS	-	984,836,462	-	-	984,836,462	-	109,071,551	6,688,677	-	115,760,228	869,076,234	-
FURNITURE FIXTURE & FURNISHINGS	-	171,696,672	34,308	-	171,730,980	-	107,296,621	6,754,928	-	114,051,549	57,679,431	-
PLANT & MACHINERY	-	699,181,219	2,604,252	-	701,785,471	-	247,697,040	14,223,684	-	261,920,724	439,864,747	-
VEHICLES	-	13,398,453	-	-	13,398,453	-	5,410,636	530,358	-	5,940,994	7,457,459	-
TOTAL	-	2,340,741,235	111,623,460	-	2,452,364,695	-	469,475,848	28,197,646	-	497,673,494	1,954,691,201	-
Capital Work In Progress	-	16,356,909	-	582,462	15,774,447	-	-	-	-	-	15,774,447	-
	-	2,357,098,144	111,623,460	582,462	2,468,139,142	-	469,475,848	28,197,646	-	497,673,494	1,970,465,648	-

SCHEDULE 4

INVESTMENTS

Long -Term Non-Trade, Unquoted Bodies Corporate

Robust Hotels Pvt. Ltd.

0.001% 8,119,575 Cumulative Redeemable Optional Convertible Preference Shares of Rs 10 each fully paid up

1,745,708,625

-

1% 1,396,000 Cumulative Redeemable Optional Convertible Preference Shares of Rs 10 each fully paid up

300,140,000

-

2,045,848,625

-

Short Term

Non-Trade, Quoted

In Mutual Funds (Face Value of Rs. 10 each, unless otherwise stated)

Canara Robeco Interval Series 2- Quarterly plan (15,000,000 units)

150,000,000

-

IDFC Fixed Maturity Plan Quarterly Series 55 (50,000,000 units)

500,000,000

-

Kotak Flexi Debt Fund (23,034,179.054 units)

231,435,914

-

Kotak Quarterly Interval Plan Series 1 Div (100,000,000 units)

1,000,000,000

-

LIC MF Income Plus Fund (50,259,361.362 units)

502,593,614

-

Reliance Quarterly Interval Fund Series III- Insti. (14,995,201.536 units)

150,000,000

-

Reliance Monthly Interval Plan Series II (33,412,433.459 units)

334,247,961

-

Tata Fixed Income Portfolio Fund-B3 (15,000,000 units)

150,000,000

-

UTI Fixed Income Interval Fund (20,000,000 units)

200,000,000

-

UTI Treasury Advantage Fund (50,660.627 units) (Face Value - Rs. 1000)

50,671,473

-

(Market Value as on 31st March '10 is Rs 32738.40 lakhs)

3,268,948,962

-

5,314,797,587

-

SCHEDULE 5

INVENTORIES

(as taken, valued and certified by the management)

Food, Liquor & Tobacco

12,520,784

-

Crockery, Cutlery, Silverware, Linen

6,639,409

-

General Stores and Spares

1,778,290

-

20,938,482

-

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Amount in Rs.

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 6		
SUNDRY DEBTORS		
Outstanding for over six months		
Considered Good	355,760	-
Considered Doubtful	2,434,931	-
Others	24,223,879	-
	27,014,570	-
Less: Provision for Doubtful Debts	2,434,931	-
	24,579,639	-
Unsecured considered good	24,579,639	-
Unsecured considered doubtful	2,434,931	-
Note 1		
Provision for Doubtful Debts		
Balance as on 01.1.1.09	2,887,173	-
Add: Provision for the period	170,000	-
Less: Provision written back	622,242	-
	2,434,931	-
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash in hand (Including Stamps in hand Rs. 200,000)	1,392,877	-
Balances with scheduled banks in :-		
Current Accounts	54,276,780	97,567
Fixed Deposits	405,138,402	-
	460,808,059	97,567
SCHEDULE 8		
LOANS & ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received *	77,411,485	-
Advance Tax (Net of Provision for Tax of Rs. 54,328,052)	5,181,469	-
Security Deposits	1,358,745	-
Interest accrued but not due on fixed deposits	6,796,892	-
Advance Fringe Benefit Tax	2,150	-
	90,750,741	-
* Includes Rs. 33,448,276 as advance for purchase of shares of the subsidiary company - Regency Convention Centre & Hotels Ltd.		
SCHEDULE 9		
CURRENT LIABILITIES		
Sundry Creditors	115,560,632	6,606,430
Advance from customers	18,573,626	-
Other Liabilities	4,771,249	-
	138,905,508	6,606,430
SCHEDULE 10		
PROVISIONS		
Provision for Gratuity (refer note 12)	6,665,903	-
Provision for Leave Encashment (refer note 12)	1,696,140	-
Proposed Dividend (including Corporate Dividend Tax)	40,025,749	-
	48,387,792	-

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Amount in Rs.

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 11		
ROOMS, FOOD, BEVERAGES & OTHER SERVICES		
Rooms	190,710,273	-
Wines and Liquor	21,337,362	-
Food, Other Beverages, Smokes and Banquets	151,039,823	-
Communication	4,280,307	-
Others	44,787,130	-
	412,154,895	-
SCHEDULE 12		
OTHER INCOME		
Interest Earned*	35,599,649	-
Dividend on Investment	11,370,238	-
Miscellaneous Income	384,022	-
Excess Provision Written back	622,242	-
	47,976,151	-
*Tax deducted at source- Rs. 4,254,200		
SCHEDULE 13		
CONSUMPTION OF PROVISIONS, BEVERAGES, SMOKES AND OTHERS		
Wine & Liquor		
Opening Stock*	9,095,761	-
Add : Purchases	7,860,093	-
	16,955,854	-
Less : Closing Stock	8,379,033	-
	8,576,821	-
Food, Provisions, Other Beverages and Smokes		
Opening Stock*	2,921,504	-
Add : Purchases	36,636,643	-
	39,558,147	-
Less : Closing Stock	4,141,750	-
	35,416,397	-
Cost of Local Calls	110,013	-
Lease Line Rentals	1,474,198	-
Total Cost of Telephones	1,584,211	-
Vehide Fuel (Guest Transportation)	2,636,010	-
Vehide upkeep	207,184	-
Total Cost of Guest Transportation	2,843,194	-
Total Cost of Consumption	48,420,623	-
* Transferred pursuant to the Scheme of Arrangement & Demerger		
SCHEDULE 14		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages & Bonus	40,101,552	-
Contribution to Provident & other funds	2,903,193	-
Workmen and Staff Welfare*	5,326,411	-
Contract Labour & Service	8,652,950	-
Recruitment & Training	1,220,655	-
	58,204,762	-
*Workmen & Staff Welfare includes :		
Cost of provisions consumed in Staff Cafeteria	3,427,576	-
Realisation on sale of food coupons to Staff	323,134	-

Asian Hotels (East) Limited

(FORMERLY VARDHMAN HOTELS LIMITED)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Amount in Rs.

PARTICULARS	31st March 2010	30th June 2009
SCHEDULE 15		
OPERATING AND GENERAL EXPENSES		
Linen, Room ,Catering & other supplies	10,710,964	-
Operating equipments Consumptions	3,351,390	-
Fuel, Power & Light	29,766,452	-
Repairs, Maintenance & Refurbishing*	23,843,755	-
Lease Rent	77,064	-
Rent	98,876	-
Rates & Taxes	1,986,309	1,073,433
Insurance	1,659,017	-
Directors' Sitting Fees	212,000	-
Legal & Professional Expenses	11,271,825	5,762,519
Audit Fees	551,500	27,575
Printing & Stationery	1,458,147	-
Traveling & Conveyance	4,359,953	-
Communication Expenses	1,419,139	-
Technical Services	16,991,321	-
Advertisement & Publicity	7,429,103	-
Commission & Brokerage	11,601,922	-
Charity & Donation	27,000	-
Bank charges and Commission	148,559	7,071
Provision for Bad & Doubtful Debts	170,000	-
Loss on Sale of Investments	7,052	-
Miscellaneous	1,514,768	-
	128,656,114	6,870,598
*Repairs, Maintenance & Refurbishing includes:		
Repairs & Maintenance-Buildings	8,023,857	-
Repairs & Maintenance-Plant & Machinery	3,881,349	-
Repairs & Maintenance-Others	11,936,549	-
*Traveling and Conveyance includes:		
Travel of Directors	291,631	-

SCHEDULE: 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

c. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
- ii. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income from investments is recognized when the Company's right to receive payment is established.
- iv. Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.

d. Income in Foreign Exchange

The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.

e. Expenses remittable in foreign exchange

These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.

f. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction, while those remaining unsettled at the year-end are translated at the year-end rates resulting in exchange differences being recognized as income /expenses (net).

Foreign Currency balances at the year-end are converted at the year-end rate of exchange except those covered by forward cover contracts in respect of foreign currency loans, which are converted at the contracted forward rates.

g. Employee Benefits

- i. Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet.
- ii. All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

h. Taxation

- i. Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- ii. Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).
- iii. Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.
- iv. Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

i. Fixed Assets and Depreciation

i. Fixed Assets

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

ii. Depreciation

- a. Depreciation as per straight line method has been charged in the accounts.
- b. The charge is on the basis of rates as prescribed under Schedule XIV to the Companies Act, 1956 pro rata from the month of purchase. If the asset is purchased on or before the 15th of month depreciation is charged from the month of purchase, otherwise depreciation is charged from the month following the month of purchase.
- c. No depreciation is charged on the assets sold/ discarded during the year.

j. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short-term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

Asian Hotels (East) Limited

k. Inventory

- i. Inventory is valued at cost or net realizable value, whichever is lower.
- ii. Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.
- iii. Shares held as Stock-in-trade are valued at cost or market value whichever is lower.

l. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

n. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash / cheques in hand and short-term deposits with Banks less short-term advances from Banks.

o. Dividend

Dividend proposed on equity shares, if any, is accounted for pending approval at the Annual General Meeting.

p. Provisions and Contingent liabilities

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

q. Preliminary Expenses

Preliminary expenses representing expenses incurred for the incorporation of subsidiaries has been fully written off during the prior year in accordance with the Accounting standard 26 on "Intangible Assets".

r. Principles of Consolidation

The Consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS – 21) – "Consolidated Financial Statements".

The Consolidated Financial Statements comprise the financial statements of Asian Hotels (East) Limited and the following subsidiaries:-

Name of the Company	Country of Incorporation	% of Holding as on 31-March 2010
GJS Hotels Ltd. (Subsidiary)	India	100.00
Regency Convention centre and Hotels Ltd. (Subsidiary)	India	58.99

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Company and its subsidiaries companies have been combined on a line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions, if any.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- Goodwill arising in Consolidated Financial Statements on consolidation of Financial Statements of the Company and its subsidiary companies has been capitalised and shown as part of fixed assets to the extent not impaired in the books of the Company.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for in respect of:

- a. Export obligation in respect of EPCG Licenses: Rs. 243.01 lacs (Previous period Rs. Nil)
- b. Claims against the Company not acknowledged as debts: Rs. 169.26 lacs (Previous period Rs. Nil)

2. As on date, the Company holds 91,652 Equity shares of Rs. 10/- each of its subsidiary, Regency Convention Centre and Hotels Limited (RCC), representing 58.99% of the paid up capital of RCC. Apart from the above, the Company had also made an advance of Rs. 334 lacs for acquiring further shares of RCC from their existing shareholders and incurred expenditure on behalf of Regency Convention Centre amounting to Rs.68.87 Lacs up to the Balance Sheet date which has been disclosed as a recoverable advance.

Goodwill represents the difference between the net assets of RCC as at the date of its becoming subsidiary of the Company and Company's investment therein as at that date. The principal assets of RCC comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court. However, RCC has been legally advised by its lawyers that it has a good chance of success. An independent broker has also made an indicative offer to the Company for its interest in RCC at a value which is higher than the book value being reflected in the books of the Company. Such assets form part of the Company's undertaking at book values.

The value of the assets included in these Consolidated Financial Statements in respect of RCC is primarily dependent on the settlement of the legal dispute and is, therefore, subject matter of uncertainty at this juncture. As such, the ultimate outcome of the matter and, therefore, whether there is impairment, if any, in the value of the Goodwill and other assets relating to RCC (including an advance of Rs. 334 lacs made for

Asian Hotels (East) Limited

acquiring of further shares of RCC from their existing shareholders and expenses incurred by the Company on behalf of the RCC amounting to Rs. 68.87 lacs) cannot be reasonably determined at present. In view of the above, no provision for impairment, if any, in value of aforementioned assets including Goodwill has been made in these Financial Statements.

3. Pursuant to the Scheme of Arrangement and Demerger ('the Scheme') of trifurcation of Asian Hotels Limited ('AHL') approved by the Hon'ble High Court of Delhi at New Delhi on 13 January, 2010, Kolkata Undertaking of AHL comprising of Hotel Hyatt Regency, Kolkata along with shares held in GJS Hotels Limited, Regency Convention Centre and Hotels Limited and others stands transferred to and vested in the Company. Features of the Scheme as applicable to the Company are as under:
- a. Appointed date for the Scheme is 31 October, 2009.
 - b. Effective date for the Scheme is 11 February, 2010, being the date when the Order of Hon'ble High Court has been filed with the Office of the Registrar of Companies, NCT of Delhi and Haryana.
 - c. In terms of the scheme, on the effectiveness of the Scheme, the paid-up equity share capital of the Transferor Company (AHL) before Demerger, amounting to Rs.22,80,35,640/- was deemed to have increased to Rs. 34,20,53,460/- as a result of appropriation of the general reserves to the extent of Rs. 11,40,17,820/- and the deemed increased paid up equity capital of the Transferor Company was equally allocated to the three undertakings at demerger so that each of AHL Residual undertaking, Transferee Company-1 and **Transferee Company -II** would have a paid up equity share Capital of Rs. 11,40,17,820/- as at 31st October, 2009, being the Appointed Date. As a result thereof, for every 3 equity shares of Rs. 10/- held in AHL after appropriation of reserves as on the Record Date, every equity shareholder of AHL is entitled to receive 1 equity share of face value of Rs. 10/- each of the Company credited as fully paid up.
 - d. As per terms of the Scheme, the Company is required to re-issue 1,00,000 1% redeemable Non Convertible Preference Shares as per the following:
 - i. 50,000 1% non convertible redeemable preference shares of face value of Rs 10/- each of the Company to Magus Estate and Hotels Private Limited credited as fully paid up.
 - ii. 50,000 1% non convertible redeemable preference shares of face value of Rs 10/- each of the Company to Infrastructure Development Finance Company Limited credited as fully paid up.
 - e. As per terms of the Scheme, the Company is required to re-issue 27,780 1% Fully Convertible Preference Share (FCPS) as per the following:
 - i. 18,520 FCPS of face value of Rs 10/- each of the Company to Finline Holdings Limited credited as fully paid.
 - ii. 9,260 FCPS of face value of Rs 10/- each of the Company to Global Operations Pte. Ltd. (through its nominee UDT Enterprises Pty. Ltd.) credited as fully paid.
4. Detail of various assets and liabilities transferred to the Company pursuant to the Scheme are as under:

(Rupees in Lacs)

PARTICULARS	AMOUNT
FIXED ASSETS	
Gross Block	20,158.84
Less: Depreciation	4,694.76
Net Block	15,464.08
Capital Work- in- Progress	163.57
	15,627.65
INVESTMENTS (Including Subsidiaries)	26,963.61
CURRENT ASSETS, LOANS & ADVANCES	
- Inventories	183.43
- Sundry Debtors	265.80
- Cash and Bank Balances	32,758.17
- Loans and Advances	1503.48
	34710.88
TOTAL ASSETS	77,302.14
Less:	
Net deferred tax liability	2,151.39
Current liabilities and provisions	
- Current Liabilities	1,297.80
- Provisions	102.70

Asian Hotels (East) Limited

PARTICULARS	AMOUNT
Total	3,551.89
NET ASSETS	73,750.25
REPRESENTED BY: SHAREHOLDERS' FUND	
Equity Share Capital	1,140.18
1% Cumulative Redeemable Non Convertible Preference Shares (NCPS) Capital	10.00
Fully Convertible Preference Share Capital	
Representing Capital	2.78
Representing Share Premium	147.23
Sub Total	1,300.19
RESERVES AND SURPLUS	
Capital Reserve	1.41
Share Premium on NCPS	80.00
General Reserve Allocated	2,556.61
Transfer of excess of assets over liabilities	55,117.30
Tourism Development Utilised Reserve	5,332.02
Capital Redemption Reserve for Redeemed NCPS	10.00
Capital Redemption Reserve for Redeemable NCPS	13.32
Surplus in Profit & Loss Account	9,339.40
Sub Total	72,450.06
Total	73,750.25

The procedural formalities consequential to the demerger are still in progress.

5. The Company had filed necessary application for listing of equity shares of the Company alongwith necessary documents and annexure with Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 6th April, 2010. Subsequent to Company's application, BSE being the designated Stock Exchange has given its approval of Listing and SEBI has also given relaxation under Rule 19(2)(b) of the Securities Contracts Regulation Act, 1957, vide letter dated 28th July, 2010.
6. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, there is no reduction in value of any asset. In respect of subsidiaries, such decision is based on the management accounts / audited accounts of the subsidiaries, as available and on the basis of information and explanations given to us.
7. The following Investments in Mutual funds were purchased and sold during the period :

(Amount in Rupees)

Investments Bought & Sold / Redeemed During the Period	Units	Amount
Birla Sunlife Cash Plus	24,953,354.532	250,020,136
Birla Sun Life Saving Fund- Instl.-FN Dividend	25,060,776.173	250,778,175
HDFC Cash Management Fund	47,011,921.958	500,037,607
HDFC CMF -Treasury Adv-Ws Daily Div	49,995,523.651	501,530,096
ICICI Prudential Flexible Income Plan Premium- DD	4,743,185.987	501,520,770
Kotak MF Liquid Fund	31,078,261.763	380,028,093
LIC MF Liquid Fund	29794004.26	500,047,670
Tata Floater Fund	24,989,242.216	250,782,039
Tata Liquid Super High I. Fund	224,330.710	250,021,063
Reliance Money Manager Fund	149,829.733	150,000,000
Reliance Money Manager Fund	201,456.122	201,695,532
Reliance Money Manager Fund	149,829.719	150,000,000
Reliance Liquid Fund-Treasury Plan- Instt. Option	32,709,768.970	500,040,780

Asian Hotels (East) Limited

Reliance Liquid Fund-Treasury Plan- Instt. Option	8,670,754.688	132,552,428
Reliance Liquid Fund-Treasury Plan- Instt. Option	9,813,936.051	150,027,603
UTI Treasure Adv. Fund	199,957.189	200,000,000
Kotak Flexi Debt Fund	14,929,086.838	150,000,000
LIC MF Income Plus Fund	9,189,578.188	91,928,864

8. The company has received notices with regard to Service tax demand on certain services aggregating to Rs. 14.58 lacs and also penalty amounting to Rs. 29.16 lacs. Further, the company has also received notice from Service tax department demanding Rs. 102.17 lacs regarding alleged wrong availment of CENVAT credit. Both are considered to be not tenable in the opinion of the company. These are thus included under "Contingent liabilities" as "Claims against Company not acknowledged as debts" and no provision has been made against the same.
9. As the company is engaged in only one segment of Hotel business, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.

10. Auditors Remuneration

(Amount in Rupees)

Particulars	Period ended 31.03.2010 (9 Months)	Period ended 30.06.2009 (15 Months)
a. Statutory audit fee	4,52,230	27,575
b. Tax audit fee	99,270	Nil
TOTAL	5,51,500	27,575

11. Managerial Remuneration

- a. Computation of net profits as per section 349 read with section 309 and Section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	Period ended 31.03.2010 (9 Months)
Net Profit	18,98,00,534
Add: Loss on sale of investments	7,052
Less: Short term Capital Gain on Mutual Funds	59,022
Add: Provision for Doubtful Debts / Advances	1,70,000
Less: Provision no longer required written back	6,22,242
Net Profit as per Section 349	18,92,96,322
Add: Basic Pay to Managing Director	5,62,500
Add: HRA of Managing Director	3,37,500
Add: Co's Contribution to PF	67,500
Total	19,02,63,822
Managing Director's Commission @ 2%	5,40,038
Profit as per Section 198 (A)	19,08,03,860
Overall Maximum Limit of Remuneration (5% of the net profit)	95,40,193

Note: The Managing Director's Commission has been calculated for the proportionate number of days from the date (22nd February 2010) he was appointed to the office of Managing Director.

Asian Hotels (East) Limited

b. Remuneration paid / payable to directors:

(Amount in Rupees)

Particulars	Period ended 31.03.2010 (9 Months)
Basic Pay to Managing Director	5,62,500
HRA to Managing Director	3,37,500
Company's Contribution to Provident Fund	67,500
Managing Director's Commission	5,40,038
TOTAL	15,07,538

Note:

- The previous period figures are Nil as there was no Managing Director.
- Contribution to group gratuity scheme has not been considered.

12. The Company has classified the various benefits provided to employees as under:-

- Defined contribution plans
 - Provident fund
- Defined benefits plans
 - Contribution to Gratuity funds
 - Compensated absences – Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions:

Economic Assumptions

The discount rate and salary increases assumed are key financial assumptions and should be considered together, it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long-term risk free investments. For the current valuation a discount rate of 8 % p.a. compound, has been used in consultation with the employer.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

- The following tables set out the unfunded status of the gratuity plan and earned leaves and amounts recognised in the Company's financial statements as at 31 March, 2010:

i. Change in benefit obligations:

(Amount in Rupees)

Particulars	Gratuity (Unfunded)	Compensated absences Earned leave (unfunded)
	2009-10	2009-10
Present value of obligations as at the beginning of the year	NIL	NIL
Transferred pursuant to the Scheme of Arrangement and Demerger	82,45,839	20,24,266
Current service cost	6,48,433	2,58,599
Interest cost	2,61,247	62,134
Benefit Paid	13,32,051	2,99,483
Actuarial (gain)/ loss on obligation	(11,57,565)	(3,49,376)
Present value of obligations as at the year end	66,65,903	16,96,140

ii. Expenses recognised in the profit and loss account:

Current Service cost	6,48,433	2,58,599
Interest cost	2,61,247	62,134
Actuarial (gain)/loss recognised during the period	(11,57,565)	(3,49,376)
Net charge/(credit)	(2,47,885)	(28,643)

iii. Principal actuarial assumptions:

Particulars	Refer Note below	Period ended 31.03.2010 (9 Months)
Discount rate (p.a.)	1.	8%
Salary escalation rate (p.a.)	2.	7%

Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.
- The gratuity plan and earned leave is unfunded.
- The previous period figures are Nil.

Demographic assumptions:

a.	Retirement age	58 years
b.	Mortality rate	Published rates under LIC (1994-96) mortality table.

13. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -

Related Party Disclosures

a. List of related parties

- Key Management Personnel**
 - Mr. Umesh Saraf (Managing Director)
- Entities over which directors and their relatives can exercise significant influence**
 - Nepal Travel Agency Pvt. Ltd.
 - Robust Hotels Pvt. Ltd.

Balances outstanding/transactions with related parties:

(Amount in Rupees)

Nature of Transactions	Key Management Personnel	Entities Controlled by Directors or their Relatives	Total
	2009-10	2009-10	2009-10
Services Availed during the Period			
Nepal Travel Agency Pvt. Ltd.	-	1,30,456	1,30,456
Managerial Remuneration			
Umesh Saraf	15,07,538	-	15,07,538
Investments made			
Robust Hotels Pvt. Ltd.	-	30,01,40,000	30,01,40,000
Closing Balance as on Balance Sheet Date			
Account Payables			
Umesh Saraf	3,74,65,055	-	3,74,65,055
Investments as at year end			
Robust Hotels Pvt. Ltd.	-	2,04,58,48,625	2,04,58,48,625

Note: There were no related party transactions during the previous period.

14. a. 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) issued by Asian Hotels Limited were redeemable in three installments of 25%, 25% and 50% (including redemption premium) on 30th June 2008, 30th June 2009 and 30th June 2010 respectively.

Asian Hotels (East) Limited

Amount of Redemption Pending

(Amount in Rs. lacs)

Date of Redemption	IDFC	MAGUS
30 June, 2010	48.32	45.00

(The amounts are in accordance with the ratios of allocation mentioned in the Scheme of Arrangement & Demerger).

b. Terms of Redemption of Fully Convertible Preference Shares (FCPS)

The FCPS are convertible into equity shares of face value of Rs. 10/- each any time during the period commencing seven months after the commencement of the trading of the equity shares of the Company by Bombay Stock Exchange, being the designated stock exchange, and ending on the expiry of eighteen months from the date of issuance thereof, as may be decided by the respective subscriber to the FCPS from time to time.

15. Deferred Tax

Break up of deferred tax assets/liabilities and reconciliation of current period deferred tax credit:

(Amount in Rs. lacs)

Particulars	Balance as on 1.07.2009	Transferred pursuant to the Scheme of Arrangement and Demerger	Credit/ (Charge) during the period	Balance as on 31.03.2010
A. Deferred tax liability				
Tax impact of difference between Written Down Value (WDV) of fixed assets in the financial statements and income tax return (A)	-	2196.12	(18.48)	2177.64
		2196.12	(18.48)	2177.64
B. Deferred tax assets				
i. Tax impact of expenses for retirement benefits charged in financial statements but allowable as deductions in future years.	-	34.91	(7.13)	27.78
ii. Tax impact of provision for doubtful advances/debtors	-	9.81	(1.73)	8.08
iii. Tax impact of expenditure allowable u/s 35DD of the Income Tax Act, 1961	-	-	11.10	11.10
Sub Total (B)	-	44.72	2.24	46.96
Net Deferred Tax Liability (A-B)	-	2151.39	(20.72)	2130.67

16. The Company has applied to the Ministry of Corporate Affairs, Government of India under section 211(4) of the Companies Act, 1956 for getting exemption with regard to disclosures in respect of quantitative details of turnover, opening and closing stock, purchases, production and consumption of raw material. The final approval is awaited pending which the said disclosures are not being furnished.

17. The Company had sent letters to its suppliers for confirmation of their registration under "Micro, small and medium Enterprises Development Act, 2006" and the company has not received any intimation from any of its suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the year-end along with interest paid / payable as required under the said Act have not been given.

18. Earning Per Share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

(Amount in Rupees)

SI No	Particulars	Period ended 31.03.2010	Period ended 30.06.2009
a.	Net profit/ (loss) after tax	14,74,37,829	(68,70,598)
b.	Less: Dividend on preference shares (including Corporate dividend tax)	7,205	Nil
c.	Profit available for equity shareholders	14,74,30,624	(68,70,598)
d.	Weighted average of number of equity shares used in computing basic earnings per share (In numbers)	63,05,909	50,000

Asian Hotels (East) Limited

e.	Basic / diluted earnings per share*	23.38	(137.41)
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* Fully convertible preference shares are convertible into equity shares at a value to be determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at the time when preference shareholders opt for conversion of the same into equity shares. Number of equity shares arising out of such conversion being not determinable at this stage; diluted earning per share cannot be computed.

19. a. C.I.F. Value of Imports

(Amount in Rupees)

Sl. No.	Particulars	Period ended 31.03.2010	Period ended 30.06.2009
a.	Stores & Spares	12,59,583	Nil
b.	Capital Goods	21,70,853	Nil
c.	Beverages- through canalizing agencies	39,42,344	Nil

b. Expenditure in Foreign Currency - On payment basis

(Amount in Rupees)

Sl. No.	Particulars	Period ended 31.03.2010	Period ended 30.06.2009
a.	Technical services	2,46,72,962	Nil
b.	Commission & Brokerage	42,97,363	Nil
c.	Training & Recruitment	9,40,094	Nil
d.	Others	15,75,428	Nil

c. Earnings in Foreign Exchange - on Receipt basis Rs. 15,35,78,693.

- 20.** The name of the Company has been changed from Vardhman Hotels Limited to Asian Hotels (East) Limited effective 16th February 2010.
21. Schedules 1 to 16 form an integral part of the Balance Sheet as at 31 March, 2010 and the Profit and Loss Account for the nine months period ended 31 March, 2010.
22. The Company does not have any subsidiary in the previous years. Hence, comparative figures for the previous period represents figures of standalone financial statements of Asian Hotels (East) Limited only.
 Previous period figures have been re-grouped / re-classified wherever necessary to confirm to current period classification.

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No.: 00756N

UMESH SARAF
DIRECTOR

S.S.BHANDARI
DIRECTOR

Arun K. Tulsian
Partner
Membership No. 89907

SAUMEN CHATTOPADHYAY
COMPANY SECRETARY

Place : Kolkata
 Dated: 04-08-10



Asian Hotels (East) Limited

Registered Office: Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata - 700098

ATTENDANCE SLIP

(To be handed over, duly filled in, at the entrance of the Meeting hall)

Name of the attending Member/ Proxy* (in block letters).....

Member's name

Member's Folio/Client ID No.No. of Shares held.....

I hereby record my presence at the 3rd Annual General Meeting of the Company on Wednesday, 29th September, 2010 at 11:30 A.M. at Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata - 700098.

* Please strike off whichever is not applicable.

** To be signed at the time of handing over this slip.

.....
Signature of Member's/Proxy**

IMPORTANT :

Members are requested not to carry any briefcase, carry bag, shopping bag and the like to the venue since these will not be allowed inside for security reasons.

TEAR HERE



Asian Hotels (East) Limited

Registered Office: Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata - 700098

PROXY FORM

I/We.....of

..... in the district of

.....Being a Member / Members of the above named Company, hereby appoint

.....of in the district of

.....or failing him/her.....of in

in the district of.....as my / our Proxy to vote for me / us on my / our behalf at the 3rd Annual General Meeting of the said Company to be held on Wednesday, 29th September, 2010 at 11:30 A.M. at Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata - 700098 and at any adjournment thereof.



Signed this..... day of September, 2010.

Member's Signature

Folio / Client ID No.....

No. of Shares held.....

Notes : a) The Proxy need not be a member of the Company.

b) The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

Asian Hotels (East) Limited

Registered Office: Hyatt Regency Kolkata,
JA-1, Sector-III, Salt Lake City,
Kolkata 700 098, W.B.