

FINANCIAL HIGHLIGHTS

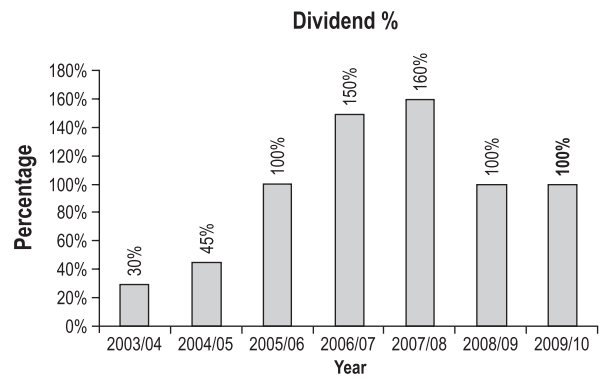
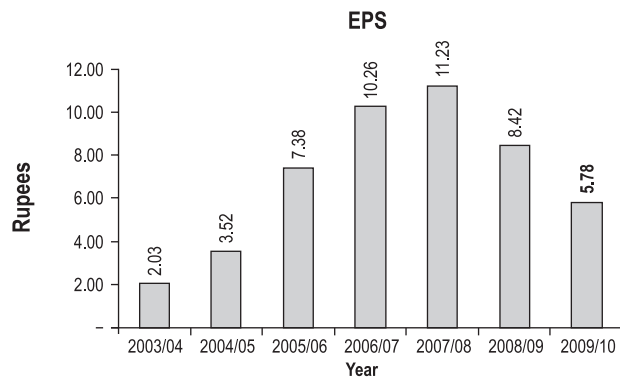
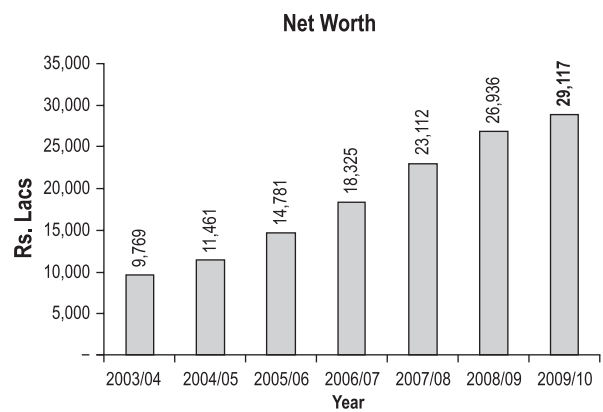
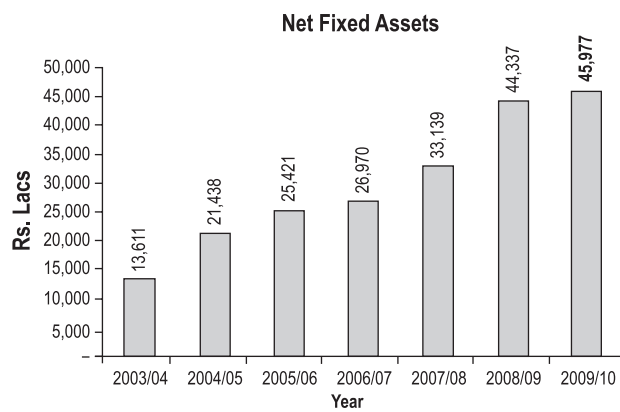
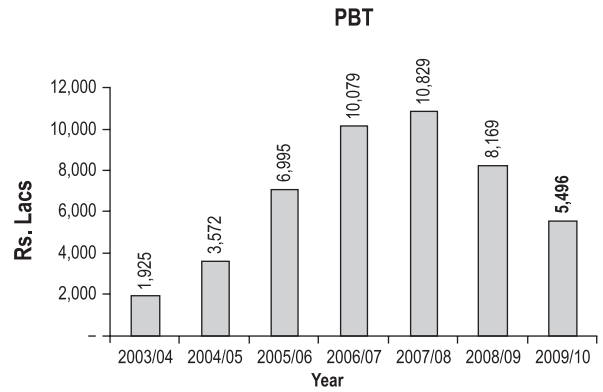
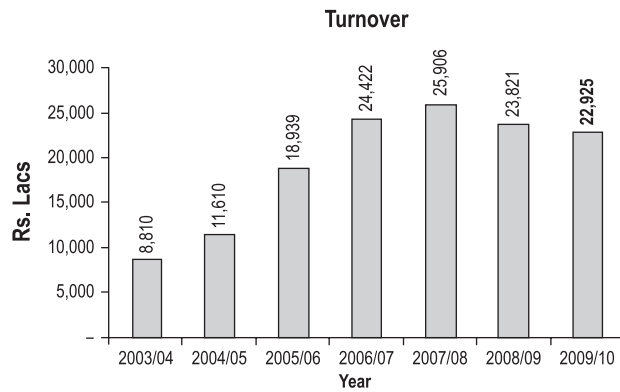
(Rs. crores)

| | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 | 2004/05 |
|---|---------------|---------|---------|---------|----------|----------|
| Gross revenue | 229.25 | 238.21 | 258.36 | 244.22 | 189.35 | 116.10 |
| Profit before tax | 54.96 | 81.69 | 108.29 | 100.79 | 69.95 | 35.72 |
| Profit after tax (after extraordinary / prior period items) | 36.27 | 52.76 | 70.42 | 64.32 | 46.25 | 22.09 |
| Dividend (incl. Dividend tax and surcharge, if any) | 14.62 | 14.67 | 23.47 | 22.01 | 14.30 | 6.43 |
| Net Worth | 291.17 | 269.36 | 231.12 | 183.25 | 147.81 | 114.61 |
| Borrowings | 125.33 | 138.99 | 74.46 | 73.39 | 85.82 | 77.01 |
| Debt Equity ratio | 0.43:1 | 0.52:1 | 0.32:1 | 0.40:1 | 0.58 : 1 | 0.67 : 1 |
| Book value per share (Rs.) | 46.68 | 43.22 | 37.15 | 29.66 | 24.18 | 18.28 |
| Earnings per share (Rs.) | 5.78 | 8.42 | 11.23 | 10.26 | 7.38 | 3.52 |
| Dividend % | 100% | 100% | 160% | 150% | 100% | 45% |

CONTENTS

| | Page No. |
|--|----------|
| Financial Highlights | 1 |
| Select Historical Data | 2 |
| Notice | 3-9 |
| Directors' Report | 10-12 |
| Management Discussion & Analysis | 12-18 |
| Corporate Governance & Shareholder Information | 18-25 |
| Auditors' Report | 26-28 |
| Balance Sheet | 29 |
| Profit & Loss Account | 30 |
| Schedules to Accounts | 31-45 |
| Cash Flow Statement | 46 |
| Balance Sheet Abstract and Company's General Profile | 47 |
| Attendance Slip & Proxy Form | 49 |

SELECT HISTORICAL DATA



NOTICE

Notice is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the Members of **TAJGVK HOTELS & RESORTS LIMITED** will be held on Monday, the 26th July 2010, at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad 500073, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010, and the Balance Sheet as at that date, together with the Directors' Report and the Auditors' Report thereon.
- 2) To declare a dividend
- 3) To appoint a Director in place of Mr. G V Sanjay Reddy, who retires by rotation and is eligible for reappointment.
- 4) To appoint a Director in place of Dr. Abid Hussain, who retires by rotation and is eligible for reappointment.
- 5) To appoint a Director in place of Dr. A Ramakrishna, who retires by rotation and is eligible for reappointment.
- 6) To appoint a Director in place of Mr. P Abraham, who retires by rotation and is eligible for reappointment.
- 7) To appoint a Director in place of Mr. K Jayabharath Reddy, who retires by rotation and is eligible for reappointment
- 8) To appoint M/s Brahmayya & Company, Chartered Accountants, to hold the office as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

- 9) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Krishnaram Bhupal who was appointed as an Additional Director of the Company by the Board of Directors with effect from 24th October, 2009 pursuant to Article 99 of the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, being eligible for reappointment and in respect of whom the Company has received a notice together with the required deposit under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."
- 10) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. M B N Rao who was appointed as an Additional Director of the Company by the Board of Directors with effect from 24th October, 2009 pursuant to Article 99 of the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, being eligible for reappointment and in respect of whom the Company has received a notice together with the required deposit under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

- 11) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII the Company hereby approves the re-appointment and terms of remuneration of Dr G V Krishna Reddy, as an Executive Chairman of the Company, for a period of 5 years with effect from 25th April, 2010, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Dr G V Krishna Reddy, subject to such statutory approvals as may be required".

- 12) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII the Company hereby approves the re-appointment and terms of remuneration of Mrs G Indira Krishna Reddy, as the Managing Director of the Company, for a period of 5 years with effect from 25th April, 2010, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mrs G Indira Krishna Reddy, subject to such statutory approvals as may be required".

NOTES:

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY..**
- b. The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No.9, 10, 11, 12 is annexed hereto.
- c. The Proxy form duly completed must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- d. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 23rd July 2010 to Monday 26th July 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company and for payment of dividend.
- e. During the year 2009-10 the Company has transferred unclaimed amount out of dividend declared for the financial year 2001-02 for an amount of Rs.4,45,763.00 to the General Revenue Account / Investor Education and Protection Fund (IEPF) of the Central Government as required under Sections 205A (5) and sub section (1) of section 205C of the Companies Act, 1956. Members may please note that if unpaid dividend is not claimed from the Company for seven years from the date when it became due, it shall be transferred to the IEPF as stated above and it cannot be claimed from that fund.
Members who have not encashed their dividend warrants within the validity period may write to the Company Secretary, TAJGVK Hotels & Resorts Limited, Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034, for obtaining payment in lieu of such dividend warrants.
- f. The dividend on Ordinary Shares, as recommended by the Directors, if declared at the Annual General Meeting, will be paid on or before 25th August 2010, to the Members whose names appear on the Company's Register of Members on 22nd July 2010. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of shares as per details furnished by National Securities Depository Limited and Central Depository Services India Limited for the purpose.
- g. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / reappointment at the meeting are annexed.
- h. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- i. Members are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communications to their changed addresses.
- j. Members desiring any information as regards the accounts are requested to write to the Financial Controller & Company Secretary at an early date so as to enable the Management to reply at the Meeting.
- k. Members are requested to kindly bring their copies of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.

**By Order of the Board of Directors
For TAJGVK Hotels & Resorts Limited**

Place : Hyderabad
Date : 27th April 2010

S B KAMATH
Financial Controller & Company Secretary

Registered Office:
Taj Krishna, Road No.1,
Banjara Hills, Hyderabad 500 034.

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

The following Explanatory Statement of the Company sets out the material facts relating to the business under Item Nos.9, 10, 11, 12 mentioned in the accompanying Notice dated 27th April 2010.

ITEM NO: 9

The Board of Directors of the Company had co-opted Mr. Krishnaram Bhupal as an Additional Director of the Company during the Board Meeting held on 24th October 2009. In terms of the provisions of section 260 of the Companies Act, 1956, he will hold the office as an Additional Director till the date of the ensuing Annual General Meeting.

Mr. Krishna Bhupal is a graduate in finance and accounting from Villanova University, Philadelphia, USA.

During his graduation he did an internship in the Investment Brokering Department of a stock broking firm assisting in the conversion of shares from physical form to dematerialization form. Aided one of the broker's assistant in documenting and complementing the sale and purchase of equities, and worked in the Corporate Finance Department (lending activities) of Standard chartered Bank working as a part of the team appraising Corporate Finance requirements of various client companies and while assisting the team in examining the financial analysis of the financials and business plans of the proposed borrowers.

Mr. Krishna Bhupal has been instrumental in the upgradation of Terminal 2 at Mumbai International Airport. During his tenure he completed a Civil Aviation Management Program at Changi International Airport in June 2007 from the Civil Aviation Authority of Singapore and is presently coordinating the implementation schedule of the new domestic terminal at Mumbai.

He is presently the Managing Director of GVK City Private Limited which has developed a state-of-the-art mall under the brand name GVK One which has been constructed in an area of 7.5 lac sq.ft with 3.9 lac leasable area. Mr. Bhupal was actively involved with the international architects right from the construction stage and has played a major role in leasing of the mall. Prior to involving in MIAL he worked under Mr. Ajay Lal the Managing Partner of AIF Capital Limited, Hong Kong as a Private Equity Analyst and extensively analyzed growth sectors in the Indian and Chinese markets and compiled reports on them, apart from involving in the ongoing deals as part of AIF Capitals Fund # 1.

Your Company has received a notice, in writing, from a Member, under section 257 of the Companies Act, 1956 signifying his intention to appoint him as Director of the Company together with the prescribed deposit. The Board considers it desirable that the Company should continue to avail the services of Mr. Krishnaram Bhupal and accordingly commends the resolution for acceptance by the Members.

Dr G V K Reddy, Mrs G Indira Krishna Reddy, Mrs Shalini Bhupal, Mr G V Sanjay Reddy Directors being related to Mr. Krishnaram Bhupal, are interested and concerned in the resolution under Item No.9, along with the incumbent.

ITEM NO.10

The Board of Directors of the Company had co-opted Mr. M B N Rao as an Additional Director of the Company during the Board Meeting held on 24th October 2009. In terms of the provisions of section 260 of the Companies Act, 1956, he will hold the office as an Additional Director till the date of the ensuing Annual General Meeting.

Mr. M B N Rao, former CMD, Canara Bank is a Graduate in Agriculture B.Sc., and has joined as Probationary Officer in the year 1970 in Indian Bank. During his career path till 2008 he has worked in different capacities in different banks and the positions held by him during his career are as under.

Chairman & Managing Director, Canara Bank, Bangalore (2005 - 2008)

Chairman of Canara Bank Subsidiaries in Insurance, Mutual Fund, Venture Capital, Factoring, Computer Services, and Online Trading & Broking. (2005 - 2008)

Vice Chairman, Commercial Bank of India, Moscow (2005 - 2008)

Chairman, Indian Banks' Association (2007 - 2008)

Chairman & Managing Director, Indian Bank (2003 - 2005)

Chairman of Indian Bank Subsidiaries in Merchant Banking, Housing and Mutual Fund (03-05)

Executive Director, Indian Bank (2000 - 2003)

General Manager, Indian Bank, Chennai (1995 - 2000)

General Manager & CVO, Central Bank of India, Mumbai (1992 - 1994)

Chief Executive, Indian Bank, Singapore (1987 - 1992)

Executive Secretary to CMD and Board of Directors, Indian Bank, Chennai (1985 - 1987)

Headed Indian Bank, Mumbai Main (1983 - 1985)

Technical Advisor, PT Bank Rama, Indonesia (1979 - 1983)

Branch Head of Branches in Mumbai and Hyderabad (1973 - 1979)

Probationary Officer, Indian Bank (1970)

None of the directors except the incumbent is concerned or interested in the resolution of his appointment.

ITEM NO.11

Dr. G V Krishna Reddy has been re-appointed by the Board on 29.01.2010 for a further period of 5 years with effect from 25.04.2010 as an Executive Chairman of the Company. The re-appointment is in accordance with the provisions of section 269 of the Companies Act, 1956, read with the Articles of Association of Company.

The terms and conditions of Dr. G V Krishna Reddy's re-appointment as an Executive Chairman, as discussed and recommended by the Remuneration Committee and approved by the Board, are as under:

i. Period of Appointment:

The appointment is for a period of 5 years with effect from 25th April 2010.

ii. Remuneration

a. Salary: Basic pay shall be Rs.15,00,000/- per month in the Salary Scale of Rs.15,00,000 - Rs.1,00,000 - Rs.20,00,000 per month with the authority to the Board of Directors to determine his salary within the scale from time to time. The annual increments will be merit based and shall take into account the Company's performance.

b. Perquisites & Allowances :

- i. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- ii. Perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.
- iii. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

c. Commission:

In addition to the salary, perquisites and allowances payable, the Executive Chairman is also entitled to a Commission, payable @ 1% on the net profits after tax of the company, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

d. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above subject to statutory approval as may be required.

iii. The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Chairman in accordance with Schedule XIII to the Act or any amendments thereto made hereinafter in this regard.

iv. If at any time the Executive Chairman ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be the Executive Chairman of the Company.

v. The Executive Chairman shall not be entitled to supplement his income with any buying or selling commissions. He shall not become interested or otherwise concerned directly or through his spouse and/or minor children, if any, in any selling agency of the Company, without the prior approval of the Central Government.

vi. The terms and conditions as specified above shall also be treated as an abstract of his terms and conditions of his appointment and memorandum of disclosure of nature of interest or concern therein as required to be given under Section 302 of the Companies Act, 1956.

Mrs G Indira Krishna Reddy, Mrs Shalini Bhupal, Mr G V Sanjay Reddy and Mr Krishnaram Bhupal Directors being related to Dr G V K Reddy, are interested and concerned in the resolution under Item No.11, along with the incumbent.

ITEM NO.12

Mrs. G Indira Krishna Reddy has been re-appointed by the Board on 29.01.2010 for a further period of 5 years with effect from 25.04.2010 as the Managing Director of the Company. The re-appointment is in accordance with the provisions of section 269 of the Companies Act, 1956, read with the Articles of Association of Company.

The terms and conditions of Mrs. G Indira Krishna Reddy's re-appointment as the Managing Director, as discussed and recommended by the Remuneration Committee and approved by the Board, are as under:

i. Period of Appointment:

The appointment is for a period of 5 years with effect from 25th April 2010.

ii. Remuneration

a. Salary: Basic pay shall be Rs.5,55,000/- per month in the Salary Scale of Rs.5,55,000 - Rs.50,000 - Rs.6,55,000 - Rs.55,000 - Rs.8,20,000 with the authority to the Board of Directors to determine her salary within the scale from time to time. The annual increments will be merit based and shall take into account the Company's performance.

b. Perquisites & Allowances :

- i. In addition to the salary payable, the Managing Director shall also be entitled to perquisites and allowances like house rent allowance, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, air-conditioning and repairs, all of which may be hired or owned; medical reimbursement; club fees and leave travel concession for herself and her family; medical insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be subject to a maximum of 125% of her annual salary.
- ii. For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.
- iii. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

c. Commission:

In addition to the salary, perquisites and allowances payable, the Managing Director is also entitled to a Commission, payable @ 1% on the net profits after tax of the company, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

d. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the

currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above subject to statutory approval as may be required.

- iii. The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Act or any amendments thereto made hereinafter in this regard.
- iv. If at any time the Managing Director ceases to be a Director of the Company for any reason whatsoever, she shall also cease to be a Managing Director of the Company.
- v. The Managing Director shall not be entitled to supplement her income with any buying or selling commissions. She shall not become interested or otherwise concerned directly or through her spouse and/or minor children, if any, in any selling agency of the Company, without the prior approval of the Central Government.
- vi. The terms and conditions as specified above shall also be treated as an abstract of her terms and conditions of her appointment and memorandum of disclosure of nature of interest or concern therein as required to be given under Section 302 of the Companies Act, 1956.

Dr G V Krishna Reddy, Mrs Shalini Bhupal, Mr G V Sanjay Reddy and Mr Krishnam Bhupal Directors being related to Mrs G Indira Krishna Reddy, are interested and concerned in the resolution under Item No.12 along with the incumbent.

**By Order of the Board of Directors
For TAJGVK Hotels & Resorts Limited**

Place : Hyderabad
Date : 27th April 2010

S B KAMATH
Financial Controller &
Company Secretary

Registered Office:
Taj Krishna, Road No.1,
Banjara Hills,
Hyderabad 500 034.

ANNEXURE
Details of Additional Directors / Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

| Name of the Director | Mr. G V Sanjay Reddy | Dr. Abid Hussain | Dr. A Ramakrishna | Mr. P Abraham | Mr. K Jayabharath Reddy |
|--|---|--|--|--|--|
| Date of Birth | 18.11.1964 | 26.12.1926 | 20.12.1939 | 01.07.1939 | 12.04.1937 |
| Date of Appointment | 29.09.1998 | 27.04.2001 | 26.12.2005 | 30.04.2009 | 30.04.2009 |
| Qualifications | B.E., MBA, (USA) | IAS (Retd.) | Masters in Structural Engineering | IAS (Retd.) | M.A. (Economics) IAS (Retd.) |
| Expertise in specific functional areas | Hotel Operations, Power Plant Operations & Biotechnology | Retired Officer From Indian Administrative Service. Has held various senior positions in the State & Central Government as also in various Overseas Development Bodies. | Structural Engineering | Administration & Power Sector | General & Public Administration, Financial and Industrial Management |
| List of Companies in which outside Directorship held as on 31.03.2010 | GVK Power & Infrastructure Ltd. GVK Industries Limited Novopan Industries Limited Pinnakini Share & Stock Brokers Ltd. Alaknanda Hydro Power Co. Ltd. GVK Power (Coindwal Sahib) Ltd. GVK Energy Ltd. Bangalore International Airport Ltd. GVK Oil & Gas Ltd. GVK Cements Ltd. Vertex Projects Ltd. | Hyderabad Flextech Ltd. Nagarjuna Oil Corp. Ltd. GVK Industries Ltd. Zodiac Clothing Co. Ltd. Wockhardt Ltd. GVK Power & Infrastructure Ltd. Havel's India Ltd. Shree Cements Limited | KCP Ltd. The Andhra Sugars Ltd. GVK Power & Infrastructure Ltd. Madras Cements Ltd. GVK Industries Ltd. Gautami Power Ltd. SPEL Semi Conductor Ltd. Teesta Urja Ltd. Ramco Industries Ltd. Brigade Enterprises Ltd. Andhra Petrochemicals Ltd. | JSW Energy Ltd. Lanco Infratech Ltd. Nagarjuna Construction Co.Ltd. PTC India Ltd. Uflex Industries Ltd. Vijay Electricals Ltd. Maharashtra State Power Generation Co.Ltd. PTC India Financial Services Ltd. Lanco Amarkantak Power Ltd. Visaka Industries Ltd. GVK Power & Infrastructure Ltd. NCC Infra Holdings Ltd. | BPL Ltd. BPL Power Projects Ltd. Lanco Kondapalli Power Ltd. JCT Electronics Ltd. SQL Star International Ltd. Facor Alloys Ltd. Viceroy Hotels Ltd. NCL Altech Seccolor Ltd. Indus Medicare Ltd. |
| Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2010 | NIL | Audit Committee Member GVK Industries Ltd. Wockhardt Ltd. Havel's India Ltd. Shree Cements Ltd. | Audit Committee Member KCP Ltd. Madras Cements Ltd. GVK Power & Infrastructure Ltd. Gautami Power Ltd. Ramco Industries Ltd. SPEL Semi Conductor Ltd. Teesta Urja Ltd. Brigade Enterprises Ltd. | Audit Committee Member JSW Power Ltd. Vijay Electricals Ltd. Nagarjuna Construction Co.Ltd. GVK Power & Infrastructure Ltd. Remuneration Committee JSW Power Ltd. Nagarjuna Construction Co.Ltd. GVK Power & Infrastructure Ltd. | NIL |

| Name of the Director | Mr. Krishnam Bhupal | Mr. M B N Rao | Dr. G V Krishna Reddy | Mrs. G Indira Krishna Reddy |
|--|---|---|--|---|
| Date of Birth | 16.03.1983 | 19.06.1948 | 22.03.1937 | 17.10.1944 |
| Date of Appointment | 24.10.2009 | 24.10.2009 | 26.04.2005 | 08.05.2000 |
| Qualifications | Graduate from USA | B.Sc./Ag | B.A. | B.Sc., |
| Expertise in specific functional areas | Finance & Accounts | Banking | General Administration | General Administration |
| List of Companies in which outside Directorship held as on 31.03.2010 | GVK Power & Infrastructure Ltd. Novopan Industries Limited Alaknanda Hydro Power Co. Limited GVK Power (Coindwal Sahib) Limited Goriganga Hydro Power Co. Limited Vertex Projects Limited GVK Cements Limited GVK Projects & Technical Services Ltd. | E I D Parry India Ltd. Madras Cements Ltd. Bharath Earth Movers Ltd. Mahindra & Mahindra Financial Services Ltd. | GVK Power & Infrastructure Ltd. GVK Industries Limited Novopan Industries Limited Gautami Power Limited Pinakini Share & Stock Brokers Limited Alaknanda Hydro Power Co. Limited GVK Power (Coindwal Sahib) Limited GVK Energy Limited Bangalore International Airport Limited GVK Oil & Gas Limited Vertex Projects Limited | GVK Power & Infrastructure Ltd GVK Industries Limited Novopan Industries Limited Gautami Power Limited Pinakini Share & Stock Brokers Limited Alaknanda Hydro Power Co. Limited GVK Projects & Technical Services Limited GVK Energy Limited Bangalore International Airport Limited GVK Cements Limited Vertex Projects Limited GVK Oil & Gas Limited |
| Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2010 | NIL | NIL | NIL | <u>Audit Committee:</u> Novopan Industries Limited <u>Remuneration Committee:</u> Novopan Industries Limited <u>Shareholders Investors Grievances Committee:</u> Novopan Industries Limited |

* The Committees include the Audit Committee, the Remuneration Committee and the Shareholders' / Investor Grievance Committee.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2010 is summarised below:

| Particulars | (Rs. in Crores) | |
|--|-----------------|---------|
| | 2009/10 | 2008/09 |
| Turnover | 229.25 | 238.21 |
| Profit before Depreciation, Interest & Tax (PBDIT) | 86.74 | 101.46 |
| Less: Depreciation | 19.61 | 13.61 |
| Profit Before Interest & Tax | 67.13 | 87.85 |
| Less: Interest | 12.17 | 6.16 |
| Profit Before Tax | 54.96 | 81.69 |
| Less: Provision for | | |
| - Current Tax & Wealth Tax | 15.02 | 25.21 |
| - Deferred Tax | 3.84 | 3.32 |
| - Fringe Benefit Tax | - | 0.31 |
| - Short provision for earlier years | (0.17) | 0.09 |
| Profit After Tax | 36.27 | 52.76 |
| Balance brought forward from previous year | 147.47 | 116.68 |
| Withdrawal of Foreign Exchange earnings reserve no longer utilised | - | 2.70 |
| Profit available for appropriation | 183.74 | 172.14 |
| Less: Proposed Dividend | 12.54 | 12.54 |
| Dividend Tax on the above | 2.08 | 2.13 |
| Transfer to General Reserve | 10.00 | 10.00 |
| Balance carried over to balance sheet | 159.12 | 147.47 |
| Earnings per Share (Rs.) | 5.78 | 8.42 |

OPERATIONS / PERFORMANCE

The year 2009-10 saw a slight dip in the GDP growth in the country. The Indian economy grew at 6.1% during the year 2009-10. The last two quarters of the fiscal saw the revival in growth rates across all sectors.

During the year 2009-10 your Company's turnover fell by 4% from Rs.238.21 crores to Rs.229.25 crores. The gross operating profit (PBDIT) was lower by 14% at Rs.86.74 crores from the previous year's Rs.101.46 crores and the net profit was lower by 33% in the current year at Rs.54.96 crores compared to Rs.81.69 crores of the previous year.

Though the Company's financials were hit badly in the first half of the year, the recovery in second half moderated impact on annual results.

DIVIDEND

Your Directors are pleased to recommend a dividend of 100% (Rs.2.00 per equity share) on the Equity Shares of the

Company for the financial year 2009/10. The outflow on account of the dividend would be Rs.14.62 crores including tax on Dividend.

CHENNAI HOTEL

Taj Mount Road, Chennai recorded a cash profit for the year 2009-10. By breaking even at cash profit level in the first financial year of full operations, the Chennai property is bound to play a leading role in ramping up both total revenues and profitability of the Company for the 2010-11 fiscal.

EXPANSIONS AT HYDERABAD

The civil works and interiors for the new five star hotel project site at Begumpet, Hyderabad is progressing as per schedule. As per asset light strategy of the company, the owner of land has put up the structure and the company is doing the interiors. The project would consist of around 189 rooms with cost of interiors estimated at around Rs.80 crores, and is expected to be operational by 2011.

The Company is proposing the construction of service apartments (43 nos.), 7000 sq ft spa and the additional Car parking facility at the existing premises of Taj Krishna, at an estimated cost of Rs. 75 Crores. The excavation works for the car park facility has been completed and plans approved for multi level car parking to be build in first phase.

HUMAN RESOURCES

Your Company, growing in a competitive and dynamic environment, places great importance in the overall training and development of its employees, who make the decisive difference in the hotel industry.

The total strength of employees of your Company for the year under review was about 1769, which included executives, bargainable staff, probationers, trainees, apprentices and contract employees.

Industrial Relations throughout the year continued to remain cordial.

QUALITY

The three properties at Hyderabad and the properties at Chandigarh and Chennai are HACCP (Hazard Analysis Critical Control Points) certified by the international certification agency BVQI. The properties at Hyderabad and Chennai are also ISO 22000:2005 compliant by maintaining the desired norms for Food Safety Management Systems in Food & Beverage operations.

LISTING

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

AWARDS

During the year 2009, your Company's Executive Chairman Dr. G V Krishna Reddy was conferred the **"Entrepreneur of**

the Year, 2009" award and the award was given at the 12th Economic Times Awards for Corporate Excellence, held at Mumbai on 10th January, 2010. Mr. D R Kaarthikeyan, Director was conferred the prestigious '**Padma Shri**' award by the Government of India for the excellent services rendered by him during his tenure in various fields.

DIRECTORS

During the year 2009, Sri Somanadri Bhupal promoter director expired on 1st September 2009. Sri Bhupal was associated with GVK Group of Companies for a long period of time and was member of Board of our Company right from its inception in 2000. The Board acknowledged the immense contribution of Sri Bhupal to development of the Company and deeply regretted his sudden demise.

The Board at its meeting held on January 29th, 2010 re-appointed Dr. G V Krishna Reddy as an Executive Chairman with effect from April 25th 2010 for a period of 5 years subject to the approval of the members of the Company. The resolution on re-appointment and remuneration of Dr. G V Krishna Reddy has been put up for consideration and approval of the members.

The Board at its meeting held on January 29th, 2010 re-appointed Mrs. G Indira Krishna Reddy as the Managing Director with effect from April 25th 2010 for a period of 5 years subject to the approval of the members of the Company. The resolution on re-appointment and remuneration of Mrs. G Indira Krishna Reddy has been put up for consideration and approval of the members.

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr.G V Sanjay Reddy, Dr. Abid Hussain, Dr. A Ramakrishna, Mr. P Abraham and Mr. K Jayabharath Reddy Directors, retire by rotation and being eligible have offered themselves for re-appointment.

Mr.Krishnam Bhupal, Mr. M B N Rao have been co-opted as an Additional Directors on 24th October 2009 and shall hold the office upto this Annual General Meeting. Your company is in receipt of individual notice under section 257 of the Companies Act, 1956 for their appointment as Director of the company.

Your Board recommends the above appointments/reappointment of Directors in the best interest of the company.

INTERNAL AUDIT

M/s. A F Fergusson & Company, Chartered Accountants, Hyderabad acting as the internal auditors, have been conducting periodic audit of the operations of the Company, and the Audit Committee has reviewed their findings.

AUDITORS

The Statutory Auditors, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. Your Directors propose the reappointment of M/s Brahmayya & Co., as

Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

Information as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 will be made available on request by the Members.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Operations Management, hereby confirms that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. It has in the selection of the accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for that period.
- iii. It has 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, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognised while relying on any system of internal control and records.
- iv. It has prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' certificate on the compliance of Corporate Governance are annexed and form part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

IMPACT ON HOSPITALITY BUSINESS

The hospitality sector as a whole was affected drastically due to global meltdown and the Mumbai terror attack, which

adversely impacted the occupancy levels and Average Room Revenues during the financial year 2009-10.

OTHER INFORMATION

The Department of Corporate Affairs under section 211(4) of the Companies Act, 1956 exempted your Company from disclosing quantitative particulars in the Annual Report for a period of three years with effect from the financial year 2007-08.

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 27th April 2010 and recommended the same for the approval of the Board of Directors.

Your Company's effort towards conservation of energy, which results in savings in consumption of electricity, a significant component of the energy cost, is an ongoing process.

The Company continues to absorb and upgrade modern technologies and advanced hotel management techniques in various guest contact areas, which includes wireless internet connectivity in all the hotels.

FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and

outgo is in Note Nos.10 (iv) and (v) of the Notes to Balance Sheet and Profit and Loss Account.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from customers, banks, suppliers, shareholders, Central and State Governments and other statutory authorities and others associated with the Company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by employees at all levels, which enabled the Company to achieve sustained growth in the operational performance during the year under review.

By Order and on behalf of the Board

Place : Hyderabad
Date : 27th April 2010

G V Krishna Reddy
Executive Chairman

Registered Office:
Taj Krishna, Road No.1
Banjara Hills
Hyderabad - 500 034.

Management Discussion and Analysis

1. ECONOMIC OVERVIEW::

India is developing into an open-market economy, yet traces of its past archaic policies remain. Economic liberalization, including reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7% since 1997.

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly more than half of the work force is in agriculture, but services are the major source of economic growth, accounting for more than half of India's output, with less than one-third of its labor force. India has capitalized on its large numbers of well-educated people, skilled in the English language, to become a major exporter of software services and software workers. An industrial slowdown early in 2008, followed by the global financial crisis, contributed to the deceleration in annual GDP growth to 6.1% in 2009.

However, India escaped the brunt of the global financial crisis because of cautious banking policies and a relatively low dependence on exports for growth. Domestic demand, driven by purchases of consumer

durables and automobiles, has re-emerged as a key driver of the economy, as exports have fallen since the global crisis started. India's fiscal deficit increased substantially in 2008 due to fuel and fertilizer subsidies, a debt waiver program for farmers, a job guarantee program for rural workers, and stimulus expenditures. The government abandoned its deficit target and allowed the deficit to reach 6.8% of GDP in FY09.

The government has expressed a commitment to fiscal stimulus in 2010, and to deficit reduction the following two years. It has proposed limited privatization of government-owned industries, in part to offset the deficit. The economy is predicted to grow at 8.5% in 2010-11 as against the 7% growth witnessed in the previous financial year. It is estimated that, in four years, economic growth could hit ten percent, making India the fastest growing economy in the world.

Even the Paris-based OECD said that with the expected rebound of agricultural output in India and the continued strong performance of the industrial sector, growth should be strong in the near term.

However the economic assessment also put the spotlight on the greatest challenge confronting the government - high inflation. Inflation is particularly worrisome because it is largely triggered by high food prices.

2. HOSPITALITY & TOURISM INDUSTRY OVERVIEW::

As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources, with many World Heritage sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

India appears among the top 5 in the best country brand for authenticity and art & culture, and the fourth best new country for business. India made it to the list of "rising stars" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam. According to the Travel & Tourism Competitiveness Report 2009 brought out by the World Economic Forum, the contribution of travel and tourism to gross domestic product (GDP) is expected to be at US\$ 187.3 billion by 2019.

The report also states that real GDP growth for travel and tourism economy is expected to achieve an average of 7.7 per cent per annum over the next 10 years. Moreover, to give a further boost to the tourist arrivals, the Indian Association of Tour Operators (IATO) has drawn up plans to hold road shows in the US, UK, European Union nations and Australia in 2010 to hard sell India as a tourist hub.

Government of India increased spend on advertising campaigns (including for the campaigns 'Incredible India' and 'Athithi Devo Bhava' - Visitors are like God) to reinforce the rich variety of tourism in India. The ministry promoted India as a safe tourist destination and undertook various measures, such as stepping up vigilance in key cities and at historically important tourist sites. It also deployed increased manpower and resources for improving security checks at key airports and railway stations.

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC), the demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will place India at the third position in the world. India's travel and tourism sector is expected to be the second largest employer in the world. Capital investment in India's travel and tourism sector is expected to grow at 8.8 per cent between 2010 and 2019. The report forecasts India to get more capital investment in the travel and tourism sector and is projected to become the fifth fastest growing business travel destination from 2010 through 2020.

3. Market Overview

Hyderabad

Hyderabad is the capital and the most populous city of the South Indian state of Andhra Pradesh. It is known as the "City of Pearls" and the "City of Nizams".

Hyderabad has a population of over 4 million. The twin cities Hyderabad and Secunderabad are collectively known just as Hyderabad outside the state and together they form the sixth largest metropolis in India. The city has been classified as an A-1 city in terms of development priorities, due to its size, population and impact.

Hyderabad has developed into a major hub for the information technology industry in India. It is the capital of biotechnology and pharmaceuticals of the country. The city is home to the world's largest film studio, the Ramoji Film City, as well as the Telugu Film Industry, the second-largest in India, known locally as Tollywood. It is also a sporting destination with numerous sporting venues and stadia. Various national and international games are conducted here, and the city is the home of the Deccan Chargers, an Indian Premier League team.

Hyderabad, one of the fastest growing cities in the country, is poised to add 1,500 star-rated hotel rooms during the year, expanding by 50 per cent the existing capacity of 3,000-plus rooms.

However, many hospitality project developers have adopted a cautious approach to new projects due to the prevailing political uncertainty. Most of them would prefer the business environment, affected by the separate statehood issue, becomes a lot more positive. This gives the existing players a strong playground to consolidate their position in the national hospitality arena. Your Company with a 533 room inventory with another 189 expected to be added by end of the financial year 2010-11, seamless connectivity between its prime properties of Taj Krishna & Taj Deccan, new car parking and banqueting space as well as a world class shopping arcade at the former, is well poised to reap the benefits of the increasing demand for hospitality services in the city. It is indeed gratifying to note that "SYN" Asian Grill and Bar in Taj Deccan, Hyderabad won the Time Food Award under the "Best Pan Asian and Best Bar for ambience" category.

Chandigarh

Chandigarh is emerging as a hub for the film shootings in and around Punjab state and the film producers prefer to shoot their movies around Chandigarh. Changing customer lifestyle is fuelling growth in food industry. Developing IT industry in and around Chandigarh has enhanced the inflow of business traveller segment. International travellers especially utilising Dubai - Chandigarh flights are landing in Chandigarh helping the Hotel to increase the occupancy levels.

Chandigarh is also fast emerging as a favourite destination for conferences for Companies based in NCR Region, Haryana, Punjab and Himachal Pradesh due to its central location. Sporting activities, mainly related to cricket has been a booster for Hospitality sector in Chandigarh.

Chennai

Chennai is India's 4th largest metropolitan city and 3rd largest commercial and industrial centre. Chennai is 3rd most visited city in India by Foreigners. It is the base for 30% of India's automobile industry and 35% of auto component industry. The city is home to 3 large national level commercial banks and many co-operative banks. Many Indian banks, multinational banks and World Bank have located their back office operations in the city.

Over the past decade, the Chennai Central Business District (CBD) has been witnessing strong growth due to the development of sectors such as banking and finance, consulting services, and IT and ITeS. The Chennai Trade Centre just outside the city airport serves as an excellent venue for hosting large events and exhibitions; this facility is still to be utilised to its optimum potential and we believe there will be growth in both size and number of events that will be held in the city in the next few years. IT and ITeS sectors are rapidly developing on OMR. The Auto industries are also growing in Chennai, especially in Sriperumbudur.

Chennai has all major IT and ITes Companies such as TCS, Wipro, Accenture and mainly more are in process of setting up facilities in the city. Several new SEZ's such as DLF IT SEZ, Estancia IT SEZ, Wipro Technologies CDC-5 SEZ, Shriram The Gateway-IT / ITES SEZ, TIDEL Park are fuelling growth in the city. Chennai is also the health city of India and attracts 30-40% of domestic tourists and 45% of foreign health tourists.

The overall development of the city riding on multi sectors such as Auto, IT, ITES, SEZ, medical tourism and manufacture will boost demand for hospitality sector going forward.

4. Future Expansion plans

In Hyderabad region

Begumpet

The civil works and interiors for the new five star hotel project site at Begumpet, Hyderabad is progressing as per schedule. As per asset light strategy of the company, the owner of land has put up the structure and the company is doing the interiors. The project would consist of around 189 rooms with cost of interiors and equipments estimated at around Rs.80 crores, and is expected to be operational by 2011.

Taj Krishna

The Company is proposing the construction of service apartments (43 nos.), 7000 sq ft spa and the additional Car parking facility at the existing premises of Taj Krishna, at an estimated cost of Rs. 75 Crores. The excavation works for the car park facility has been completed and plans firmed up for multi level car parking facility in first phase.

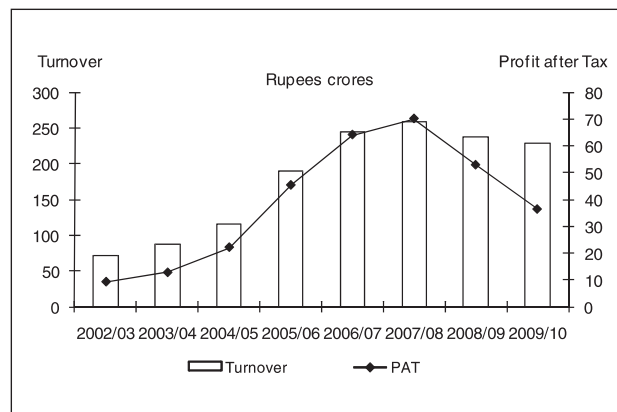
Other plans

The company has been allotted around 6 acres of land at Yelahanka near Bangaluru for hotel projects. The Company is also planning to enter the value for money segment through the "Ginger" brand in Andhra Pradesh.

The first "Ginger" hotel in Hyderabad planned near the Hardware Park close to the Shamshabad Airport is expected to be completed over the next two years.

5. Financials

The turnover and profit after tax of your Company for the past Eight years are graphically represented below:



Revenues:

Income has fallen by about 4% to Rs.229.25 crores from Rs.238.21 crores in the previous year.

The room revenues declined by 6% to Rs.126.46 crores from Rs.134.54 crores. The Food & Beverage income was stable during the year.

Expenditure:

The total expenditure increased by 12% to Rs.173.96 from Rs.155.39 crores in the previous year due to increase in operations on account of Chennai hotel operating for the full year in 2009-10 as against the last quarter of 2008-09.

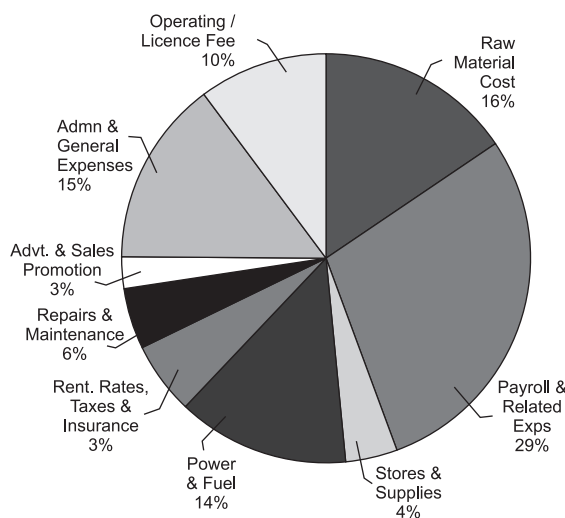
Payroll cost was higher by 2% over previous year mainly on account of the new property at Chennai becoming operational as well as a higher provision for gratuity.

Other operating expenses were higher by only 5% as compared to previous year mainly on account of strict control in raw material cost; spend on stores & supplies as well as the repairs & maintenance expenditure.

Other expenses were higher than previous year by 9% mainly on account of new hotel at Chennai.

Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA):

EBIDTA registered a decline of 14% (Rs.14.72 crores) to Rs.86.74 crores in 2009-10 from Rs.101.46 crores in the previous year.



Profit before Tax:

The PBT de-grew by 33% to Rs.54.96 crores from Rs.81.69 crores in the previous year.

Profit after Tax:

The PAT fell by 31% to Rs.36.27 crores from Rs.52.76 crores in the previous year.

6. RISK MANAGEMENT::

Risks and Concerns

Economic Risks: Hotel business in general is sensitive to fluctuations in the economy. The hotel sector may be unfavourably affected by changes in global and domestic economies, changes in local market conditions, excess room supply, reduced international or local demand for hotel rooms and associates 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 a downturn in the hotel industry.

Socio-Political Risks: The Hotel industry faces risk from volatile socio-political environment, internationally as

well as within the country. India, being one of the fastest growing economies of the world in the recent past, continues to attract investments. However, any adverse events such as political instability, conflict between nations, terrorist attacks or spread of any epidemic or security threats to any countries may affect the level of travel and business activity.

Security Risks: The Hotel industry demands peace at all times to flourish. The biggest villain in South East Asia has been terrorism supplemented by political instability. Sri Lanka, Pakistan and Nepal have been suffering for quite some time, while India was fortunate to not have been in the line of fire, until in the recent past. The hospitality industry has responded well to the security challenges which have arisen out of the Mumbai terror attacks, by enhancing security measures and by imparting specialised security training to its personnel. This has provided on an enhanced assurance of security to its customers.

Company-specific Risks

Heavy Dependence on India:

Risk of wage inflation: The hotel industry needs quality employees and with demand for the same improving across the industry, the Company feels that wage inflation would be a critical factor in determining costs for the Company. Thus, your Company will continue to focus on improving manpower efficiencies and creating a lean organisation, while maximising effectiveness in terms of customer service and satisfaction, which is an area of great importance for your Company.

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

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

7. Internal Controls

Your Company's Internal Auditors carryout audit of the transactions of the Company at all the hotels and the corporate office periodically, in order to ensure that recording and reporting are adequate and proper. The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in the system that may be disclosed by the Audits are taken. The Internal audit is based on an exhaustive list of parameters called the Taj Positive Assurance Model

(TPAM) which identifies the critical issues needing immediate management attention. The meticulous implementation of the improvements resulting from the TPAM exercise has overhauled the existing system and resulted in higher efficiencies.

The Audit Committee of the Board reviews the important observations of the Internal Audit and suggests corrective actions for the management to implement. The Internal Audit team also assesses the risks facing the company, steps taken to mitigate the risks and holds discussions with the management on the subject in order to create awareness of the risks and to take appropriate actions for reducing the impact and frequency of occurrence of the risks.

The Audit Committee of the Company meets periodically to review and recommend quarterly, half-yearly and annual financial statements of the Company. The Committee also holds discussions with the internal auditors, statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

8. HUMAN RESOURCES:

Employee motivation & job satisfaction

Maslow (1954) outlined the most influential of content theories. He suggested a hierarchy of needs upon which belies progress. Once individuals have satisfied one need in the hierarchy, it ceases to motivate their behaviour and they are motivated by the need at the next level up the hierarchy. Your Company lists 'people' as one of its stated core values. The Company believes in empowering its employees and constantly takes various measures to achieve this.

1. Physiological needs such as hunger and thirst are the first level on the hierarchy.
2. Security needs such as shelter and protection are the next level.
3. Social needs such as need for satisfactory and supportive relationships are the next level.
4. From these needs, the individual can move up the hierarchy to higher order needs. Self - esteem needs for recognition and a belief in oneself is the next level.
5. Finally, the progression leads to the need to realize one's full potential, which is termed self - actualization. Only a small proportion of the population achieves this level.

This theory was not intended as an explanation of motivation in the workplace; however, many managerial theorists have enthusiastically adopted it. The theory suggests that employees will always tend to want more from their employers. When they have satisfied their subsistence needs, they strive to fulfil security needs. When jobs are secure they will seek ways of satisfying social needs and if successful will seek the means to the

ultimate end of self - actualization.

In today's scenario, when the industry has weathered the recession impasse and is back on the growth path, it becomes even more important that the employees be adequately motivated, remunerated and driven towards exhibiting their fullest potential so as to help the companies achieve their goals.

Recognition & Communication

Your Company has imbibed the best practices of Human resources of Taj Group to leverage its Human resources capital. In line with the corporate guidelines, the 'STARS' -Special Thanks and Recognition System is being followed to motivate the associates who excel in their service standards and reward them accordingly. The TATA core values are also imparted to employees including new inductees, through the Tata Code of Conduct - TCOC as a group policy along with the Sexual Harassment Redressal Policy - SHRP. An Employee Satisfaction Survey is conducted at the end of every financial year by an external organization, the Gallup Organization to provide feedback to the company on the satisfaction levels so as to enable the Company to frame necessary measures to improve the work environment. Acts of excellence are recognized by displaying the names of the employees on the notice board.

A continuous dialogue between the management and the associates is promoted through the monthly Town Hall meetings. A quarterly Newsletter is published every year to share all the knowledge and happenings at our hotel across TAJGVK group of hotels. Regular meetings are organized with the associates at department and hotel level.

It is indeed gratifying to note that Taj was awarded the Gallup "Great work place" award recognising its extraordinary ability to create an engaged work place culture. It was among 25 distinguished organisations worldwide and only two organisations in India to receive this prestigious award.

Social Activities

The Company Annual Day is celebrated every financial year at all properties. It is the culmination of various activities conducted for the associates. Various cultural activities mark this occasion and the much awaited service awards are presented. These awards were conceptualized as an appreciation for employees who have worked with the hotel and hold an exceptional professional record, and to encourage fellow employees to strive for similar merits.

The Joy at Work or "JAW" initiative as the name suggests has been undertaken to further the goals of making the work place employee friendly. Some of the activities which have taken place under this initiative are,

1. Movie Screening
2. Employee Recognition

3. Medical facilities including a dental, yoga & an eye camp provided to associates
4. Food Festival
5. Team outings for the Associate
6. A wide range of sports both indoor and outdoor, which were conducted for the associates as an avenue to unwind from their busy work schedules.

The year 2009-10 was also denoted as the Year of the Associate and various initiatives were rolled out under this theme. The following YOA initiatives have been rolled out for the associates:

1. Birthday Celebrations including cake and meal for the family.
2. Total employee involvement initiatives.
3. Taj Idol Singing Competition.
4. FTC medical insurance cover.
5. Free stay for newlyweds and Retiring employees.
6. Health Camp.
7. Up gradation of Heart of the House facility.

The various initiatives and endeavours which have been talked about here are part of a greater strategy set in place by the Company. The aim is to bring the employees together in a cohesive structure that works efficiently towards the larger ideals and goals of the Company, without losing sight of the dynamics that exist at a more personal level. The professional satisfaction quotient of an employee dictates his/her productive output, which in turn enhances and contributes towards the larger goal of providing the best customer service possible.

9. Corporate Social Responsibility

Your Company believes it should reach out to the society through its Environmental and Social Responsibility. It continues to be a member of the Tata Council for Community Initiative (TCCI) which carries out social development programs. Rose Day is observed worldwide for cancer patients. And the same is observed at Hyderabad by the hotels along with all the Tata Companies who are members of TCCI - Hyderabad. Volunteers distribute flowers and fruits to the Cancer patients at MNJ Cancer Hospital.

A special lunch is organised by each of the 3 hotels in Hyderabad on the 1st of January every year at the Little Sisters of Poor home for the aged, Hyderabad Council for Human Welfare for street children and Don Bosco Navajeevan a shelter and home for the street children. All our hotels distribute discard linen and uniforms, lost and found articles from the hotels according to corporate directive to the registered underprivileged organizations. Surplus food generated at the hotel is also given on a daily basis to the Vivekananda School for the kindergarten classes and a special nutritious lunch was provided for six months to 40 kindergarten children. A

special lunch on World Food Day to children of the street children home was welcoming. A painting competition for associates children where in the children from NGO's were invited was loaded with fun.

In line with the theme for the year 'Building livelihoods we have trained many adolescents / adults in Hospitality Training which includes Housekeeping, Laundry and F & B Service. Students from Boys Town, Dr. Reddy's Foundation, Prajwala, Don Bosco Navajeevan which caters to giving training to help adolescent boys / girls from below poverty line families to get a foothold and have a career . Training of a hearing impaired boy in banquets in Taj Banjara has been inspiring.

By purchasing products from different NGO's to provide them sustainable income was a good step taken in the right direction. Printing of associates leave cards from PAWMENCAP, school for the mentally challenged, sale of snacks prepared by the students with support of their instructors and purchase of handmade photo frames from women self-help group has been a milestone.

NGO's were given a platform to showcase their products and sell them for associates were motivating for the organizations. Products included handmade jute products by women self-help group, products by weavers of Srikakulam. The sale had given them incredible support and help. A blood donation camp was organized on 1st October, World Voluntary Blood Donation Day which was used for Thalesimic patients in particular. Children's Day was celebrated with students of the slum school by distributing sweets and snacks. On 1st December, World AIDS Day associates and guests wore Red Ribbons showing solidarity for the cause and to spread awareness.

EARTH (Environment Awareness and Renewal at Taj Hotels):

At a time when the world is battling the worst economic crisis, it is probably a fair question to ask whether climate change would take a back seat until there is an upswing in the global economy. However, we must realise that the economic downswing can be tided over whereas a climate change and a deterioration of the environment has irreversible consequences. As you are aware, your Company believes and propagates the message of environment protection, which initiative is now called the Environment Awareness and Renewal at Taj Hotels (EARTH).

Every year, 5th June is observed as the World Environment Day around the world and is of immense importance for the Taj Hotels. Activities included an Eco-walk in which associates of 3 hotels participated in solidarity for Our Planet Earth, sapling plantation, putting up graffiti boards to pen down slogans, pollution check for guests and associates vehicles, painting competition for the children of associates and from NGO's to spread the message of conserving the environment was conducted and to add the sumptuous 'Green Menu' at

the staff cafeteria. Guests were given their photos in a handmade photo frame which was taken while they were planting the saplings; this brought a wonderful expression on the guests face. Disposal of dry garbage for recycling was one of the major initiatives started by Taj Deccan.

Your Company has attained a Green Globe Certification at the Bronze level. Green Globe is a global brand that includes programs for sustainability, carbon neutrality and Benchmarking, Certification and Performance Improvement. The overall objective is to target specific areas in environment awareness like waste minimization, reuse, recycling; energy efficiency, conservation, management; management of freshwater resources; waste water management; hazardous substances management; transport; land-use planning and management; involvement of staff, customers, communities in environmental issues; design for sustainability and partnerships for sustainable development. Over the next few years your Company aims to upgrade the level of certification by improved performance in all the above mentioned areas.

10. Outlook:

It would be an understatement to note that the past 12-18 months have been quite turbulent for the Indian economy. Even 18 months ago, the economic outlook for the global economy in general and India in particular seemed extremely bleak.

But how things have changed since then!! The stimulus program put in place by the government involved reducing interest rates, offering tax breaks, and increased spending, and has been very successful in guiding the Indian economy through a global downturn. The Sensex has rebounded from a low of 8,867 to its current level of about 17,500 within the last one year. Companies are hiring again and salaries are on the rise once again. Consumer confidence is strong and discretionary spending is exhibiting healthy increases. India's GDP grew by 7.2% in 2009/10 and is expected to increase by 8.2% and 9.0% in the next two years.

With expectations of healthy salary increases within the corporate world, discretionary spending is expected to increase further, especially on leisure travel. The amount of new supply proposed within many markets remains an area of concern, especially as numerous projects that were proposed during the heady days see completion and open in the next one year. Though there will be pressure on occupancy in some markets in the near future, in the long term, however, the demand-supply gap in India is very real and there is need for more hotels in most cities. By 2018, it is expected that the market for hospitality sector would double in size. Given the recent increase in arrivals, analysts estimate FTAs will increase from 5.1 million in calendar year 2009 to 5.8 million and 6.6 million in the year 2011 and 2012 respectively. Further, domestic tourism, which is growing 12% annually will touch 760 million by 2011. Tourism will also be boosted by sports events such as the Commonwealth Games, The ICC World Cup Cricket and Formula One over the next one year. Barring unforeseen circumstances, the Company's immediate prospects appear to be promising and the long term prospects, bright.

11. Cautionary Statement:

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the company exercises no control, the company cannot guarantee their accuracy nor can it warrant that the same will be realised by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the hospitality industry, changes in government regulations, tax regimes and other statutes.

CORPORATE GOVERNANCE

The Board of Directors of the Company believes in and fully supports the principles of Corporate Governance. While striving to achieve the financial targets, the Company seeks to follow the business principles and ethics and in all its dealings. The Company has been regularly implementing the best practices of Corporate Governance in order to attain total transparency, accountability and integrity.

The Company's policy to implement the Corporate Governance is just not merely to meet the statutory requirements, but also to go beyond that by putting into place the procedures and systems, which are in

accordance with the best practices of Corporate Governance. The Company also believes that by doing so, it would be responsive to aspiration of shareholders, employees, general trade and public. Further, the Board of Directors strives to represent the shareholders interests to ensure optimum returns.

With a view to achieve the above objectives, the Company through formalised Meetings, Committees consisting of key Managerial Personnel, reviews periodically various activities and operations of the Company.

TAJGVK HOTELS & RESORTS LIMITED

In accordance with the requirement of Stock Exchange Regulations and the provisions of the Listing Agreement, the compliance report on the Corporate Governance is reproduced here under:

1. Board of Directors

During the year 2009/10, Mr. Krishnaram Bhupal, Mr. M B N Rao was co-opted as an Additional Directors. The Board presently consists of 16 Directors (one Executive Chairman, one Managing Director, one Executive Director, eight non-executive independent directors, five non-executive directors). 50% of the Board

would comprise of non-executive independent directors, with the Chairman being an Executive Chairman.

During the year 2009/10, the Board met 4 times - on 30.04.2009, 25.07.2009, 24.10.2009 and 29.01.2010. The maximum time gap between any two meetings was not more than four calendar months.

The names and categories of directors, their attendance at the board meetings, number of Directorships and Committee memberships held by them in other companies are given hereunder:

| Name | Category | Board Meeting Attendance | Sitting Fees paid (Rs.) | AGM Attendance | No. of other Directorships+ | No. of other Committee* positions held | |
|----------------------------|------------------------------|--------------------------|-------------------------|----------------|-----------------------------|--|----------|
| | | | | | | Member | Chairman |
| Dr G V Krishna Reddy | Promoter; Executive Chairman | 4 | Nil | Yes | 12 | Nil | Nil |
| Mr G V Sanjay Reddy | Promoter; Non executive | 1 | 20,000 | No | 11 | Nil | Nil |
| Mrs G Indira Krishna Reddy | Promoter; Managing Director | 4 | Nil | Yes | 12 | 3 | Nil |
| Dr Abid Hussain | Independent; Non executive | 4 | 80,000 | Yes | 8 | 4 | Nil |
| Mr D R Kaarthikeyan | Independent; Non executive | 3 | 60,000 | Yes | 4 | 2 | 1 |
| Dr. Raymond N Bickson | Promoter; Non executive | 1 | 20,000 | No | 10 | 6 | Nil |
| Mrs. Shalini Bhupal | Promoter; Executive Director | 2 | Nil | No | 6 | Nil | Nil |
| Mr Anil P Goel | Promoter; Non executive | 3 | 60,000 | Yes | 7 | 3 | Nil |
| Dr A Ramakrishna | Independent; Non executive | 2 | 40,000 | Yes | 11 | 8 | Nil |
| Mr.Ajoy Kumar Misra | Promoter; Non Executive | 3 | 60,000 | Yes | 5 | Nil | Nil |
| Mr.C D Arha | Independent; Non executive | 3 | Nil | Yes | 2 | Nil | Nil |
| Mr.Ajit Singh | Independent; Non executive | 2 | 40,000 | No | 1 | Nil | Nil |
| Mr.P Abraham | Independent; Non executive | 3 | 60,000 | Yes | 12 | 7 | Nil |
| Mr. K Jayabharath Reddy | Independent; Non executive | 3 | 60,000 | Yes | 9 | Nil | Nil |
| Mr. Krishnaram Bhupal* | Promoter; Non executive | 2 | 40,000 | No | 8 | Nil | Nil |
| Mr. M B N Rao** | Independent; Non executive | 1 | 20,000 | No | 6 | Nil | Nil |

+ Directorships in other public limited companies

* Committee memberships considered are of other companies only and those as required under the Code of Corporate Governance.
*appointed as an Additional Director w.e.f. 24.10.2009

** appointed as an Additional Director w.e.f. 24.10.2009

None of the directors is a member in more than ten committees and acts as a chairman in more than five committees across all companies in which he is a director.

2. Audit Committee

During the year Dr. Abid Hussain, Mr. K Jayabharath Reddy and Mr. M B N Rao, Independent Directors, have been appointed with effect from 24.10.2009 and 29.01.2010 as a Committee Members. The Audit Committee consists of nine non-executive directors, of whom seven are independent directors.

The Audit Committee has met 4 times during the financial year 2009-10 on 30.04.2009, 25.07.2009, 24.10.2009 and 29.01.2010. During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory and internal auditors including fixation of audit fee, discussed the internal auditors' findings and reviewed the company's financial and risk management policies.

The attendance details for the Committee meetings are as follows:

| | | |
|--|---|-----|
| Dr. A Ramakrishna, Independent, Non-Executive | - | 2 |
| Mr. D R Kaarthikeyan, Independent, Non-Executive | - | 3 |
| Dr. Raymond N Bickson, Promoter, Non-Executive | - | 1 |
| Mr. Anil P Goel, Promoter Non-Executive | - | 3 |
| Mr. C D Arha, Independent Non-Executive | - | 3 |
| Mr. Ajit Singh, Independent Non-Executive | - | 2 |
| Dr. Abid Hussain, Independent Non-Executive | - | 2 |
| Mr. K Jayabharath Reddy, Independent Non-Executive | - | 1 |
| Mr. M B N Rao, Independent Non-Executive | - | NIL |

3. Remuneration Committee

During the year, the Committee met once on 29.01.2010 and approved the terms of re-appointment of Dr. G V Krishna Reddy as the Executive Chairman and re-appointment of Mrs. G Indira Krishna Reddy as the Managing Director.

4. Shareholders' / Investors' Grievance Committee

The Committee comprises of Mr. Ajit Singh, Mrs G Indira K Reddy and Mr Anil P Goel. The responsibilities of the Committee include redressal of all shareholders complaints and grievances. The Committee met once during the year and reviewed the shareholders complaints and grievances.

The Company also has a Share Transfer Committee in place, which addresses the issues of transfer and transmission of shares, issue of duplicate share certificates, etc. The Committee has been meeting at regular intervals, generally not exceeding a fortnight.

The Company has received the following communications from the shareholders during the period April 2009 to March 2010, and all these were replied / resolved to the satisfaction of the shareholders.

| Nature of Request / Complaint | Received | Resolved |
|---|------------|------------|
| Non-receipt of share certificate sent for Transfer | 3 | 3 |
| Non-receipt of dividend warrant | 47 | 47 |
| Non-receipt of Demat credit / Remat certificate | - | - |
| Non-receipt of rejected Demat Request Form | 14 | 14 |
| Non-receipt of Annual Report | 2 | 2 |
| Change of Address | 193 | 193 |
| Bank Details / Mandate | 35 | 35 |
| Issuing new share certificate(s) in lieu of erstwhile Hotel Sere Krishna Limited share certificate(s) received for exchange | 225 | 225 |
| Stop Transfer / Procedure for duplicate share certificate | 32 | 32 |
| Indemnity / Affidavit - duplicate | 9 | 9 |
| Remat Request | 5 | 5 |
| Power of Attorney Registration | 1 | 1 |
| Indemnity with DRF | - | - |
| Revalidation / Replacement of Dividend Warrant | 335 | 335 |
| Procedure for Transfer / Transmission / Name Deletion | 13 | 13 |
| Confirmation of details | - | - |
| Registration of Signature | - | - |
| Data Mismatch | - | - |
| Others | - | - |
| TOTAL | 914 | 914 |
| <u>Complaints received from:</u> | | |
| SEBI | 2 | 2 |
| Stock Exchanges | 1 | 1 |
| Department of Company Affairs | - | - |
| Consumer Forum | - | - |

Mr S B Kamath, Financial Controller & Company Secretary, being the Compliance Officer of the Company act as the Secretary to all the above Committees.

5. Annual General Body Meetings (AGM)

| Year | Date | Time | Meeting | Venue |
|---------|------------|------------|---------|---|
| 2006-07 | 26.07.2007 | 11.30 A.M. | AGM | Sri Satya Sai Nigamagamam, Srinagar Colony, Hyderabad |
| 2007-08 | 30.07.2008 | 11.30 A.M. | AGM | Sri Satya Sai Nigamagamam, Srinagar Colony, Hyderabad |
| 2008-09 | 25.07.2009 | 12.00 Noon | AGM | Sri Satya Sai Nigamagamam, Srinagar Colony, Hyderabad |

6. Disclosures

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key management personnel of the Company as and when they and / or their relatives have personal interest in any of the pecuniary transactions with the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.

1. Means of Communication

The Company has published its quarterly results in Business Standard, The Economic Times, Times of India and Andhra Prabha, Hyderabad (vernacular).

2. Non-Mandatory Requirements

The Company has voluntarily adopted the following non-mandatory requirements:

a. Ethics & Compliance Committee

The Ethics & Compliance Committee comprises of Mr D R Kaarhikeyan, Mr.C D Arha being non executive independent directors.

The Company has a Code of Conduct for Prevention of Insider Trading in place, as prescribed by the Securities and Exchange Board of India. The Committee monitors the implementation of the Code and takes on record the status reports detailing the dealings in securities by the Specified Persons. The Committee has not met during the financial year 2009-10.

b. Whistle Blower Policy

The Company has adopted Whistle Blower Policy and Code of Conduct for Non-executive Directors, to comply with the provisions of the amendment to the Clause 49 of the Listing Agreement.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and Time : 26th July 2010, 11.30 a.m.
 Venue : Sri Satya Sai Nigamagamam
 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

2. Book Closure Dates : 23rd July 2010 to 26th July 2010 (Both the days inclusive)

3. Dividend Payment Date : The dividend at 100% (Rs.2.00 per equity share), if approved in the ensuing AGM will be paid to the eligible shareholders within thirty days from the date of declaration.

4. Financial Calendar 2007/08:

Financial Reporting

| | | |
|---|-------------------|-----------|
| For the quarter ended June 30, 2010 | 26th July 2010 | |
| For the quarter ending September 30, 2010 | 29th October 2010 | |
| For the quarter ending December 31, 2010 | 28th January 2011 | Tentative |
| For the quarter ending March 31, 2011 | 28th April 2011 | |

5. Listing of Equity shares on : : The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.
 : Bombay Stock Exchange Ltd., Mumbai 1st Floor, New Trading Ring Rotunda Bldg, P J Towers, Dalal Street, Fort, Mumbai 400 013.

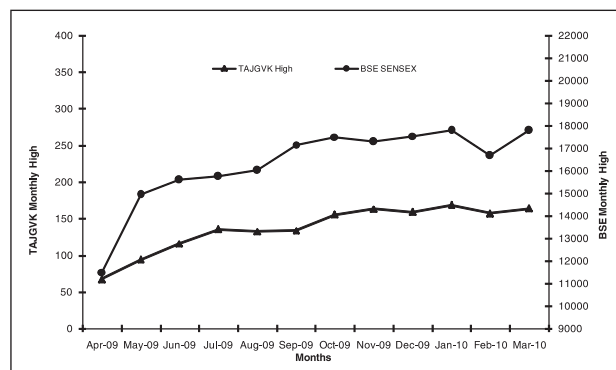
6. Stock Code

- i) Trading Symbol at
 The Stock Exchange, Mumbai (physical segment) : TAJGVK 32390
 The Stock Exchange, Mumbai (Demat segment) : TAJGVDM 532390
 National Stock Exchange, Mumbai (Physical segment) : TAJGVK EQ
 National Stock Exchange, Mumbai (Demat segment) T+1 : TAJGVK BE
- ii) Demat ISIN Numbers in NSDL & CDSL
 Equity Shares : INE 586B01026
 (Listing fees for and upto the year 2009/10 have been paid to all the above Stock Exchanges)

7. Stock Market Data

| Month & Year | Bombay StockExchange (BSE) | | National StockExchange (NSE) | |
|----------------|----------------------------|------------------------|------------------------------|------------------------|
| | Month □ s High Price | Month □ s Low Price | Month □ s High Price | Month □ s Low Price |
| April 2009 | 67.00 | 46.35 | 67.40 | 45.50 |
| May 2009 | 93.70 | 54.50 | 93.30 | 53.20 |
| June 2009 | 115.65 | 71.50 | 115.80 | 73.55 |
| July 2009 | 135.00 | 71.20 | 135.00 | 71.20 |
| August 2009 | 132.40 | 104.00 | 132.00 | 100.10 |
| September 2009 | 133.65 | 113.95 | 133.90 | 114.15 |
| October 2009 | 155.50 | 110.15 | 155.40 | 110.20 |
| November 2009 | 163.00 | 114.00 | 162.70 | 112.15 |
| December 2009 | 158.90 | 145.10 | 159.80 | 145.50 |
| January 2010 | 168.60 | 138.25 | 168.80 | 139.00 |
| February 2010 | 156.90 | 140.00 | 162.50 | 141.15 |
| March 2010 | 163.90 | 148.00 | 163.90 | 148.00 |

COMPARISON WITH BROAD BASED INDICES - BSE



8. Share Transfer System:

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

9. Unclaimed Dividends

Under the provisions of the Companies Act, 1956, dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government. The details of the unclaimed dividend along with the due date for transfer to Investor Education and Protection Fund is given hereunder:

TAJGVK HOTELS & RESORTS LIMITED

| Financial year | Dividend declared % | Date of declaration of dividend | Last date for claiming unpaid dividend | Unclaimed amount (Rs.) | Proposed date of transfer to Investor Education and Protection Fund* |
|-------------------|---------------------|---------------------------------|--|------------------------|--|
| 2002-03 | 20% | 28.04.2003 | 27.04.2010 | 6,40,306.16 | 30.06.2010 |
| 2003-04 (Interim) | 15% | 23.01.2004 | 27.02.2011 | 5,09,505.50 | 26.03.2011 |
| 2003-04 (Final) | 15% | 26.04.2004 | 30.05.2011 | 4,63,641.00 | 29.06.2011 |
| 2004-05 | 45% | 28.07.2005 | 01.09.2012 | 10,82,286.00 | 30.09.2012 |
| 2005-06 | 100% | 28.07.2006 | 01.09.2013 | 19,90,438.00 | 30.09.2013 |
| 2006-07 | 150% | 26.07.2007 | 30.08.2014 | 31,92,963.00 | 29.09.2014 |
| 2007-08 | 160% | 30.07.2008 | 03.09.2015 | 34,93,635.20 | 02.10.2015 |
| 2008-09 | 100% | 25.07.2009 | 29.08.2016 | 25,47,708.00 | 28.09.2016 |

* Indicative dates, actual dates may vary.

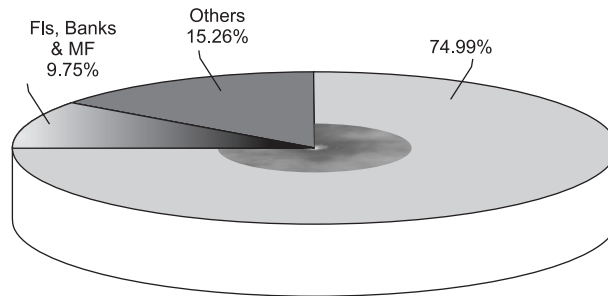
Shareholders who have not yet claimed the dividends as mentioned above are requested to contact the Secretarial Department (e-mail ID: tajgvkshares.hyd@tajhotels.com) at the Registered Office of the Company.

During the year, the unclaimed dividend amount Rs.4,45,763/- for the financial year 2001-02 has been transferred to the Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956.

10. Secretarial Audit:

Secretarial Audit is being carried out every quarter by a practising Company Secretary and the audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.

11. Distribution of Shareholding as on 31st March 2010



Distribution of shareholding as on 31st March 2010

| No. of shares held | No. of Shares | % of share capital | No. of shareholders | % of total no. of shareholders |
|--------------------|-----------------|--------------------|---------------------|--------------------------------|
| Upto 500 | 5455856 | 8.70 | 44759 | 96.74 |
| 501 to 1000 | 689578 | 1.10 | 835 | 1.80 |
| 1001 to 2000 | 461191 | 0.74 | 306 | 0.66 |
| 2001 to 3000 | 358680 | 0.57 | 134 | 0.29 |
| 3001 to 4000 | 202271 | 0.32 | 53 | 0.11 |
| 4001 to 5000 | 189408 | 0.30 | 40 | 0.09 |
| 5001 to 10000 | 440457 | 0.70 | 56 | 0.12 |
| 10001 and above | 54904054 | 87.57 | 81 | 0.19 |
| Total | 62701495 | 100.00 | 46264 | 100.00 |

12. Dematerialisation of Shares & Facility of simultaneous transfer

Approximately 95.68% of the shares issued by the Company have been dematerialised up to 31st March 2010. Trading in equity shares of your Company on any Stock Exchange is permitted only in the dematerialised mode with effect from 2nd July 2001.

Shareholders interested in dematerialising their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

- 13. Unit Locations** :
- i. Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034.
Phone: 040-66662323; Fax: 040-66661313
E-mail: krishna.hyderabad@tajhotels.com
 - ii. Taj Deccan, Road No.1, Banjara Hills, Hyderabad-500 034.
Phone: 040-66663939; Fax: 040-23392684
E-mail: deccan.hyderabad@tajhotels.com
 - iii. Taj Banjara, Road No.1, Banjara Hills, Hyderabad - 500 034.
Phone: 040-66669999; Fax: 040-66661919
E-mail: banjara.hyderabad@tajhotels.com
 - iv. Taj Chandigarh, Block No.9, Sector 17A, Chandigarh 160 017.
Phone: 0172-5513000 ; Fax: 0172-5514000
E-mail: taj.chandigarh@tajhotels.com
 - v. Taj Mount Road, Chennai No.2, Club House Road Chennai - 600 002
Phone: 044-66313131; Fax:044-66313030
Email:mountroad.chennai@tajhotels.com

14. Address of Registrar & Transfer Agents for Investor Correspondence:

Sathguru Management Consultants Pvt. Ltd.
Registrars & Transfer Agents
Unit: TAJGVK Hotels & Resorts Limited
Plot No. 15, Hindi Nagar, Punjagutta
Hyderabad 500 034.
Tel:040 23356975, 23356507, 23350586
Fax: 040 23354042
E-mail: sta@sathguru.com

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

- 15. Any query on Annual Report** :
- The Financial Controller & Company Secretary
TAJGVK Hotels & Resorts Limited
Taj Krishna, Road No. 1
Banjara Hills, Hyderabad 500 034.
E-mail: tajgvkshares.hyd@tajhotels.com

DECLARATION BY MANAGING DIRECTOR /CEO

I, G Indira Krishna Reddy, Managing Director of TAJGVK Hotels & Resorts Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31st March, 2010 compliance with the code of conduct of the Company laid down for them.

G Indira Krishna Reddy
Managing Director

Place: Hyderabad
Date : 27th April 2010

Auditors' Certificate on compliance of conditions of corporate governance as per clause 49 of the Listing Agreement with the stock exchanges:

To the Members of
TAJGVK Hotels & Resorts Limited

We have reviewed the compliance of conditions of Corporate Governance by TAJGVK Hotels & Resorts Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by 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 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.

For **BRAHMAYYA & CO.**
Chartered Accountants
Regn. No: 0005135
Koteswar Rao SSR
Partner
Membership No: 18952

Place : Hyderabad
Date : 27th April 2010

CERTIFICATE BY CEO/CFO

Pursuant to the provisions as amended to the Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the period ended March 31st, 2010:

1. We have reviewed the financial statements and the cash flow statements for the period ended March 31st, 2010 and that to the best to our knowledge and belief, these statements :
 - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period under review that are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take, to rectify these deficiencies.
4. we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the period under review;
 - (ii) significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements ; and
 - (iii) instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

G Indira Krishna Reddy
Managing Director

S B Kamath
Financial Controller & Company Secretary

Place: Hyderabad
Date : 27th April 2010

Auditor's Report

To
The Members of
TAJ GVK Hotels & Resorts Limited, Hyderabad (A.P.)

We have audited the attached balance sheet of TAJ GVK Hotels & Resorts Limited, Hyderabad (A.P.) as at 31st March, 2010, the Profit and Loss account for the year ended on that date annexed thereto, and its Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 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 purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

- (iii) The Balance Sheet, the Profit and Loss Account and the Cash-flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash-flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the 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 a 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 of the company for the year ended on that date; and
 - (c) in the case of the Cash-flow Statement, of the cash flows of the company for the year ended on that date.

For **BRAHMAYYA & Co.,**
Chartered Accountants
Regn. No: 0005135
Koteswara Rao SSR
Partner
Membership No: 18952

Place : Hyderabad
Date : 27th April 2010

Re: TAJGVK Hotels & Resorts Limited

THE ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE.

- | | |
|---|---|
| <p>1.1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>1.2. According to the information and explanations furnished to us, the company has physically verified all its fixed assets during the year. No material discrepancies were noticed during the year on such verification.</p> <p>1.3. According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year.</p> <p>2.1. According to the information and explanations furnished to us, the company has physically verified its inventories during the year. In our opinion, the frequency of verification is reasonable.</p> <p>2.2. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>2.3. According to the information furnished to us, the company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.</p> <p>3.1. According to the information and explanations furnished to us, the company has not granted secured or unsecured loans to Companies, firms, or other parties whose particulars are recorded in the register maintained under Section 301 of the Companies Act 1956.</p> <p>3.2. According to the information and explanations furnished to us, the company has taken an unsecured loan of RS.5 crores from a company, whose particulars are recorded in the register maintained under Section 301 of the Companies Act 1956. The terms and conditions of the loan are not prima facie prejudicial to the interest of the Company and the company is regular in repayment of interest. The principle is due in 2011.</p> <p>4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further during the course of our</p> | <p>audit, we have not come across any instances of major weaknesses in internal control that in our opinion require correction, but have so continued without correction.</p> <p>5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.</p> <p>5.2 In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>6. The company has not accepted any deposits from public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. According to the information furnished to us, no Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non compliance with the provisions of Sections 58A and 58 AA of the Companies Act, 1956.</p> <p>7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>8. The Central Government has not prescribed under section 209 (1) (d) of the Companies Act, 1956 the maintenance of cost records for the products of the Company.</p> <p>9.1 According to the information furnished to us, the company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.</p> <p>9.2 According to the information and explanations furnished to us, no undisputed statutory dues mentioned in the preceding paragraph are in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.</p> <p>9.3 According to the information furnished to us, the following amounts of Income Tax and Sales Tax have been disputed by the company, as at the date of Balance Sheet under report.</p> |
|---|---|

| Name of the statute | Nature of the dues | Rupees In lacs | Amount paid under protest (Rs.in lacs) | financial year to which the amount relates | Forum where the dispute is pending |
|----------------------|--------------------|----------------|--|--|------------------------------------|
| Income Tax Act, 1961 | Income Tax | 86.41 | 86.41 | 2002-03 | Appellate Tribunal |
| Sales Tax Act | Sales Tax | 135.86 | 32.64 | 2005-06 to 2008-09 | High Court of Andhra Pradesh |

10. According to the information and explanations furnished to us, the company has been incorporated for a period exceeding five years. It had no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of its dues to financial institutions and banks at the date of the Balance Sheet. The Company has not issued any debentures.
12. According to the information and explanation given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi/ mutual benefit fund / society and hence the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose for which they were raised.
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 funds raised on short-term basis have, prima facie, not been used during the year for long-term investments.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act, or to any others.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any money through public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
21. According to the information and explanations given to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

For **BRAHMAYYA & Co.,**
Chartered Accountants
Regn. No: 0005135
Koteswara Rao SSR
Partner
Membership No: 18952

Place : Hyderabad
Date : 27th April 2010

TAJGVK HOTELS & RESORTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

| DESCRIPTION | Schedule | As at | | | |
|---|----------|---------------|----------------------|---------------|----------------------|
| | | 31.03.2010 | As at | | |
| | | Rupees | Rupees | Rupees | Rupees |
| SOURCES OF FUNDS | | | | | |
| 1. Shareholders' Funds | | | | | |
| (a) Capital | 1 | 125,402,990 | | 125,402,990 | |
| (b) Reserves and Surplus | 2 | 2,801,313,634 | | 2,584,855,575 | |
| TOTAL | | | 2,926,716,624 | | 2,710,258,565 |
| 2. Loan Funds | | | | | |
| (a) Secured Loans | 3 | 1,203,301,180 | | 1,089,917,167 | |
| (b) Unsecured Loans | 4 | 50,000,000 | | 300,000,000 | |
| TOTAL | | | 1,253,301,180 | | 1,389,917,167 |
| 3. Long Term Trade Deposits | | | 8,742,667 | | 10,417,493 |
| 4. Deferred Tax Liability (Net) | 5 | | 160,764,137 | | 122,320,542 |
| TOTAL | | | 4,349,524,608 | | 4,232,913,767 |
| APPLICATION OF FUNDS | | | | | |
| 5. Fixed Assets | 6 | | | | |
| (a) Gross Block | | 4,829,608,440 | | 4,631,280,188 | |
| (b) Less : Depreciation | | 1,074,821,328 | | 891,212,726 | |
| (c) Net Block | | | 3,754,787,112 | | 3,740,067,462 |
| (d) Capital Work-in-progress | | | 842,941,721 | | 693,656,280 |
| 6. Investments | 7 | | 180,000 | | - |
| 7. Current Assets, Loans and Advances | 8 | | | | |
| (a) Inventories | | 44,095,640 | | 44,897,220 | |
| (b) Sundry Debtors | | 68,393,109 | | 63,549,647 | |
| (c) Cash and Bank Balances | | 28,865,552 | | 21,339,403 | |
| (d) Loans and Advances | | 216,840,248 | 358,194,549 | 197,167,237 | 326,953,507 |
| 8. Less: Current Liabilities and Provisions | 9 | | | | |
| (a) Liabilities | | 451,674,338 | | 394,957,071 | |
| (b) Provisions | | 169,924,641 | 621,598,979 | 149,432,004 | 544,389,075 |
| 9. Net Current Assets | | | (263,404,430) | | (217,435,568) |
| 10. Miscellaneous Expenditure (to the extent not adjusted or written off) | 10 | | 15,020,205 | | 16,625,593 |
| TOTAL | | | 4,349,524,608 | | 4,232,913,767 |
| Notes to Accounts | 15 | | | | |

Schedules and notes to accounts form an integral part of Balance Sheet

Per our report of even date

For and on behalf of the Board

For **Brahmayya & Co**
Chartered Accountants

Koteswara Rao SSR
Partner
Membership No.018952

G V Krishna Reddy
Executive Chairman

G Indira Krishna Reddy
Managing Director

Anil P Goel
Director

S B Kamath
Financial Controller
& Company Secretary

Place: Hyderabad
Date : 27th April 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| DESCRIPTION | Schedule | Rupees | Current Year Rupees | Rupees | Previous Year Rupees |
|--|----------|----------------------|------------------------|----------------------|-------------------------|
| INCOME | | | | | |
| 1 Rooms, Restaurants, Banquets and Other Income | 11 | | 2,292,503,666 | | 2,382,116,536 |
| EXPENDITURE | | | | | |
| 2 Operating and General Expenses | 12 | 1,421,853,123 | | 1,509,549,854 | |
| 3 Depreciation | | 196,084,840 | | 136,500,556 | |
| 4 Interest (net) | 13 | 121,671,275 | | 61,645,798 | |
| TOTAL EXPENDITURE | | 1,739,609,238 | | 1,707,696,208 | |
| 5 Less : Expenditure Capitalised | | – | | 153,796,957 | |
| | | | 1,739,609,238 | | 1,553,899,251 |
| PROFIT BEFORE EXTRAORDINARY ITEMS, PRIOR PERIOD ADJUSTMENT & TAX | | | 552,894,428 | | 828,217,285 |
| 6 Extraordinary / Exceptional Items | 14 | | – | | (8,559,213) |
| 7 Prior Period Items | 14 | | (3,313,275) | | (2,772,189) |
| PROFIT BEFORE TAX | | | 549,581,153 | | 816,885,883 |
| 8 Less : Provision for Tax | 5 | | 186,892,235 | | 289,230,646 |
| PROFIT AFTER TAX | | | 362,688,918 | | 527,655,237 |
| 9 Add: Withdrawal of Foreign Exchange Earnings Reserve as no longer required | | | – | | 27,000,000 |
| 10 Add : Balance Brought forward from Previous Year | | | 1,474,725,256 | | 1,166,785,247 |
| 11 Amount available for Appropriation | | | 1,837,414,174 | | 1,721,440,484 |
| 12 Appropriation: | | | | | |
| (a) Proposed Dividend | | | 125,402,990 | | 125,402,990 |
| (b) Tax on Dividend | | | 20,827,869 | | 21,312,238 |
| (c) Transferred to General Reserve | | | 100,000,000 | | 100,000,000 |
| (d) Balance carried forward | | | 1,591,183,315 | | 1,474,725,256 |
| | | | 1,837,414,174 | | 1,721,440,484 |

Notes to Accounts 15

Schedules and notes to accounts form an integral part of Profit & Loss Account

Earnings Per Share:

| | | |
|-----------------------------------|-------------|-------------|
| Profit after tax | 362,688,918 | 527,655,237 |
| No.of equity shares of Rs.2/-each | 62,701,495 | 62,701,495 |
| Earnings per share | 5.78 | 8.42 |

Per our report of even date

For and on behalf of the Board

For **Brahmayya & Co**
Chartered Accountants

Koteswara Rao SSR
Partner
Membership No.018952

G V Krishna Reddy
Executive Chairman

G Indira Krishna Reddy
Managing Director

Anil P Goel
Director

S B Kamath
Financial Controller
& Company Secretary

Place: Hyderabad
Date : 27th April 2010

TAJGVK HOTELS & RESORTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| SCHEDULE 1 : SHARE CAPITAL | | |
| Authorised Capital | | |
| 170500000 Equity Shares of Rs.2/- each | 341,000,000 | 341,000,000 |
| Issued Capital | | |
| 62701495 Equity Shares of Rs.2/- each | 125,402,990 | 125,402,990 |
| Subscribed and Paid up Capital | | |
| 62701495 Equity Shares of Rs.2/- each fully paid-up | 125,402,990 | 125,402,990 |
| | 125,402,990 | 125,402,990 |

SCHEDULE 2 : RESERVES AND SURPLUS

| | As at 01-04-09 Rs | Additions Rs | Deletions Rs | As at 31-3-2010 Rs |
|-------------------------------|-------------------------|----------------------|----------------------|--------------------------|
| 1. Capital Reserve | 346,930,319 | - | - | 346,930,319 |
| 2. Securities Premium Account | 313,200,000 | - | - | 313,200,000 |
| 3. General Reserve | 450,000,000 | 100,000,000 | - | 550,000,000 |
| 4. Profit and Loss Account | 1,474,725,256 | 1,591,183,315 | 1,474,725,256 | 1,591,183,315 |
| TOTAL | 2,584,855,575 | 1,691,183,315 | 1,474,725,256 | 2,801,313,634 |

| | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| SCHEDULE 3 : SECURED LOANS | | |
| 1 Term Loan from Banks | | |
| (a) The Hongkong and Shanghai Banking Corporation Limited (Secured by first charge on all assets of Taj Chandigarh) | 500,000,000 | - |
| (b) State Bank of India (Secured by paripassu charge on all assets of Taj Krishna & Taj Deccan and first charge on assets of Taj Chandigarh) | - | 275,000,000 |
| (c) HDFC Bank Limited (Secured by first charge on all assets of Taj Mount Road, Chennai) | 693,750,000 | 750,000,000 |
| 2 Bank Overdraft (Secured) (Secured by hypothecation of operational supplies, Stores, Beverages and Receivables) | 9,551,180 | 64,917,167 |
| TOTAL | 1,203,301,180 | 1,089,917,167 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|--|-------------------------------|-------------------------------|
| SCHEDULE 4 : UNSECURED LOANS | | |
| 1. Short Term Loans | | |
| a) IDBI Bank Limited | – | 50,000,000 |
| b) The Bank of Nova Scotia | – | 200,000,000 |
| c) Indian Hotels Company Limited | 50,000,000 | 50,000,000 |
| TOTAL | 50,000,000 | 300,000,000 |
| | | |
| SCHEDULE 5 : DETAILS OF TAXATION | | |
| Summary of Taxation Charge for the Period (P/L A/c) | | |
| Current Tax | 150,000,000 | 252,000,000 |
| Tax for earlier Years | (2,281,834) | 857,096 |
| Wealth Tax : Current | 160,000 | 83,550 |
| : Earlier years | 82,700 | – |
| Fringe Benefit Tax : Current | – | 3,050,000 |
| : Earlier years | 487,774 | – |
| Deferred Tax Debit | 38,443,595 | 33,240,000 |
| Total Debit to Profit & Loss Account | 186,892,235 | 289,230,646 |
| | | |
| Deferred Tax Liability | | |
| Depreciation on Fixed Assets | 166,701,838 | 124,628,734 |
| TOTAL | 166,701,838 | 124,628,734 |
| | | |
| Deferred Tax Assets | | |
| Provision for Doubtful Debts | 1,348,540 | 926,239 |
| Employee Benefits | 4,566,587 | 1,320,119 |
| Provision for obsolete stock | 22,574 | 61,834 |
| TOTAL | 5,937,701 | 2,308,192 |
| Net Deferred Tax Liability | 160,764,137 | 122,320,542 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010
Schedule 6 : Fixed Assets

Amount in Rupees

| Description | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---|----------------------|--------------------|--------------------|----------------------|--------------------|----------------------------|----------------------|----------------------|----------------------|
| | As at 1-4-09 | Additions | Deductions | As at 31-03-10 | Upto 31-3-09 | For the year on Deductions | Upto 31-03-10 | As at 31-03-10 | As at 31-03-09 |
| Freehold Land | 424,410,606 | - | - | 424,410,606 | - | - | - | 424,410,606 | 424,410,606 |
| Leasehold Land | 18,918,034 | - | - | 18,918,034 | 364,357 | 660,239 | 1,024,596 | 17,893,438 | 18,553,677 |
| Buildings | 2,354,540,087 | 138,634,949 | - | 2,493,175,036 | 308,620,045 | 74,802,216 | 383,422,261 | 2,109,752,775 | 2,045,920,042 |
| Plant & Machinery | 1,304,410,448 | 59,887,639 | 11,867,641 | 1,352,430,446 | 341,464,150 | 76,600,864 | 407,826,506 | 944,603,940 | 962,946,298 |
| Furniture & Fixtures | 503,082,604 | 13,732,421 | 2,638,375 | 514,176,650 | 232,152,288 | 41,496,255 | 271,410,813 | 242,765,837 | 270,930,316 |
| Vehicles | 25,918,409 | 579,259 | - | 26,497,668 | 8,611,886 | 2,525,266 | 11,137,152 | 15,360,516 | 17,306,523 |
| Internal transfers | 4,631,280,188 | 212,834,268 | 14,506,016 | 4,829,608,440 | 891,212,726 | 196,084,840 | 1,074,821,328 | 3,754,787,112 | 3,740,067,462 |
| Capital Work-in-Progress (including advances) | 693,656,280 | 339,637,056 | 190,351,615 | 842,941,721 | 891,212,726 | 196,084,840 | 1,074,821,328 | 3,754,787,112 | 3,740,067,462 |
| Pre-operative expenses | - | - | - | - | - | - | - | - | - |
| Grand Total | 5,324,936,468 | 552,252,461 | 204,638,768 | 5,672,550,161 | 891,212,726 | 196,084,840 | 1,074,821,328 | 4,597,728,833 | 4,433,723,742 |
| Previous period (31.03.2009) | 4,072,524,506 | 2,865,503,813 | 1,613,091,851 | 5,324,936,468 | 758,601,355 | 136,500,556 | 891,212,726 | 4,433,723,742 | 3,313,923,151 |

Note : Hotel at Chandigarh is constructed on land taken on lease for 99 years.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| SCHEDULE 7 : INVESTMENTS | | |
| NON-TRADE , UNQUOTED - Long Term (At Cost) | | |
| 18000 Equity Shares of Rs.10/- each in Green Infra Windfarms Limited (Fully Paid) | 180,000 | - |
| TOTAL | 180,000 | - |

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES | | |
| A. CURRENT ASSETS | | |
| 1 Stock of Stores and Operating Supplies | 17,986,750 | 20,252,882 |
| 2 Stock of Food and Beverages (as certified by management) | 26,108,890 | 24,644,338 |
| 3 Trade Debtors Outstanding over six months: | | |
| Considered Good | 2,312,618 | 7,170,558 |
| Considered Doubtful | 3,967,460 | 2,725,032 |
| | <u>6,280,078</u> | <u>9,895,590</u> |
| Others (considered good) | 66,080,491 | 56,379,089 |
| | <u>72,360,569</u> | <u>66,274,679</u> |
| Less:Provisions for Doubtful Debts | 3,967,460 | 2,725,032 |
| | <u>68,393,109</u> | 63,549,647 |
| 4 Cash and Bank Balances | | |
| Cash on hand | 1,025,916 | 940,155 |
| Cheques on hand | 2,960,437 | 5,471,305 |
| Balances in Current accounts | 24,879,199 | 14,927,943 |
| | <u>28,865,552</u> | <u>21,339,403</u> |
| Sub-Total | 141,354,301 | 129,786,270 |
| B. LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| 1. Deposits with Public Bodies and Others | 103,353,765 | 77,397,600 |
| 2. Other Advances: | | |
| Considered Good | 113,486,483 | 119,769,637 |
| Considered Doubtful | - | - |
| Less:Provisions for Doubtful Advances | - | 119,769,637 |
| | <u>113,486,483</u> | <u>119,769,637</u> |
| Sub - Total | 216,840,248 | 197,167,237 |
| TOTAL | 358,194,549 | 326,953,507 |

TAJGVK HOTELS & RESORTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| Schedule 9 : CURRENT LIABILITIES & PROVISIONS | | |
| A. CURRENT LIABILITIES | | |
| 1 Sundry Creditors: (amounts contractually liable) | | |
| (a) Dues to Micro, Small & Medium enterprises (Based on the information available with the Company on which the Auditors placed reliance) | -- | |
| (b) Dues to others | 339,310,721 | 309,119,146 |
| 2 Other Liabilities (amounts held in trust by the Company) | 37,803,238 | 32,973,520 |
| 3 Unpaid Dividend (Not due for remittance to Investor Education and Protection Fund) | 13,920,483 | 11,928,656 |
| 4 Sundry Deposits | 443,000 | 493,000 |
| 5 Advance from Customers / Prepayments | 57,899,122 | 35,748,316 |
| 6 Interest accrued but not due | 2,297,774 | 4,694,433 |
| Sub - Total | 451,674,338 | 394,957,071 |
| B. PROVISIONS | | |
| 1 Income-Tax (net) | 23,693,782 | 2,716,776 |
| 2 Proposed Dividend | 125,402,990 | 125,402,990 |
| 3 Tax on Dividend | 20,827,869 | 21,312,238 |
| Sub - Total | 169,924,641 | 149,432,004 |
| TOTAL (A + B) | 621,598,979 | 544,389,075 |

| DESCRIPTION | As at 31.03.2010 Rupees | As at 31.03.2009 Rupees |
|---|-------------------------------|-------------------------------|
| SCHEDULE 10 : MISCELLANEOUS EXPENDITURE (T O THE EXTENT NOT ADJUSTED OR WRITTEN OFF) | | |
| a) Consideration for assignment of operating licence of a hotel | 14,625,000 | 16,125,000 |
| b) Preliminary expenses | 395,205 | 500,593 |
| TOTAL | 15,020,205 | 16,625,593 |

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

| DESCRIPTION | CURRENT YEAR | | PREVIOUS YEAR | |
|--|--------------|----------------------|---------------|----------------------|
| | Rupees | Rupees | Rupees | Rupees |
| SCHEDULE 11 : ROOMS, RESTAURANTS, BANQUETS AND OTHER INCOME | | | | |
| INCOME | | | | |
| 1. Rooms, Restaurants, Banquets and Other Services | | 2,282,546,177 | | 2,374,844,433 |
| 2. Other Income | | | | |
| (a) Surplus on sale of assets | 26,776 | | 535,421 | |
| (b) Miscellaneous Income | 9,922,647 | | 6,328,978 | |
| (c) Exchange gain / loss | 8,066 | | 407,704 | |
| Sub-total | | 9,957,489 | | 7,272,103 |
| TOTAL | | 2,292,503,666 | | 2,382,116,536 |

SCHEDULE 12 : OPERATING AND GENERAL EXPENSES
1. Operating Expenses :
a) Payments to & Provisions for Employees

| | | |
|--|-------------|-------------|
| (i) Salaries, Wages, Bonus etc. | 235,335,024 | 284,295,714 |
| (ii) Company's Contribution to Retirement Funds & Other Funds | 19,108,399 | 17,204,210 |
| (iii) Retiring Gratuity | 6,154,992 | 4,588,486 |
| (iv) Reimbursement of Expenses on Personnel Deputed to the Company | 53,123,762 | 62,289,819 |
| (v) Payment to Contractors / Outsourced Labour | 56,498,945 | 41,821,864 |
| (vi) Workmen / Staff Welfare Expenses | 39,621,873 | 43,004,080 |

Sub - Total 409,842,995 453,204,173

b) Food & Beverages Consumed 212,115,889 201,133,668

(c) Other Operating Expenses

| | | |
|---------------------------------------|-------------|-------------|
| Linen & Room Supplies | 24,701,296 | 27,984,961 |
| Catering Supplies | 17,130,783 | 16,372,774 |
| Other Supplies | 16,523,780 | 15,588,875 |
| Fuel, Power & Light | 186,024,801 | 151,877,174 |
| Repairs to Buildings | 11,714,697 | 14,394,728 |
| Repairs to Machinery | 41,622,754 | 34,569,877 |
| Repairs to Others | 15,699,962 | 14,960,596 |
| Travel Agents' Commission | 12,367,031 | 10,412,550 |
| Collecting Agents' Commission | 26,343,349 | 25,930,622 |
| Payment to Orchestra Staff & Artistes | 3,357,879 | 3,556,519 |
| Guest Transportation | 7,999,354 | 11,184,341 |

Sub - Total 363,485,686 326,833,017

TAJGVK HOTELS & RESORTS LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

| DESCRIPTION | CURRENT YEAR | | PREVIOUS YEAR | |
|------------------------------------|--------------|----------------------|---------------|---------------|
| | Rupees | Rupees | Rupees | Rupees |
| 2 General Expenses | | | | |
| Rent | 28,915,977 | | 37,309,943 | |
| License Fees | 40,090,240 | | 48,349,285 | |
| Rates & Taxes | 37,798,483 | | 40,009,643 | |
| Insurance | 11,722,769 | | 10,038,337 | |
| Advertising & Publicity | 51,632,624 | | 49,516,229 | |
| Printing & Stationery | 12,482,265 | | 13,287,416 | |
| Passage & Traveling | 11,118,126 | | 12,339,376 | |
| Provision for Doubtful Debts | 1,933,850 | | 1,347,135 | |
| Bad debts and advances written off | 1,135,507 | | 221,372 | |
| Professional Fees | 10,973,477 | | 9,853,730 | |
| Loss on Sale of Assets | 1,476,476 | | 573,406 | |
| Donation | 10,997,623 | | 16,343,718 | |
| Other Expenses | 213,887,236 | | 286,819,306 | |
| Auditors' Remuneration | 1,683,900 | | 1,630,100 | |
| Sub -total | | 435,848,553 | | 527,638,996 |
| 3. Directors' Fees | | 560,000 | | 740,000 |
| TOTAL | | 1,421,853,123 | | 1,509,549,854 |

| DESCRIPTION | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
|---|------------------------|-------------------------|
| Schedule 13 : INTEREST | | |
| Interest Expenses | | |
| Fixed Loans (Long term loans) | 107,273,588 | 117,579,391 |
| Other Loans | 26,203,526 | 29,786,397 |
| | <u>133,477,114</u> | <u>147,365,788</u> |
| Less: Interest Capitalized | 11,301,445 | 81,076,555 |
| Total Interest Expenses | <u>122,175,669</u> | <u>66,289,233</u> |
| Interest Income (Gross) | | |
| On fixed deposits with banks (TDS Rs.Nil/- Pr.Yr. Rs.9,51,526/-) | - | 4,139,041 |
| Others (TDS Rs.1,14,297/- Pr.Yr. Rs1,14,297/-) | 504,394 | 504,394 |
| Total Interest Income | <u>504,394</u> | <u>4,643,435</u> |
| Interest (Net) | <u>121,671,275</u> | <u>61,645,798</u> |
| Schedule 14 : EXCEPTIONAL/EXTRAORDINARY ITEMS/PRIOR PERIOD ITEMS | | |
| Prior period expenses | 3,313,275 | 2,772,189 |
| Exceptional Items | - | 8,559,213 |
| TOTAL | <u>3,313,275</u> | <u>11,331,402</u> |

SCHEDULE 15 - NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts have been prepared primarily on historical cost convention and in accordance with generally accepted accounting practices.

i. Revenue Recognition

- a. Income from guest accommodation is recognised on a day to day basis after the guest checks into the Hotels. Income from Food and Beverages are recognised at the point of serving these items to the guests. Income stated is exclusive of amount recovered towards Sales Tax, Luxury Tax, and Service Tax.
- b. Insurance claims are recognized as and when they are settled / admitted.
- ii. Annual lease rentals on lease hold land at Chandigarh and Chennai is charged to revenue.
- iii. Foreign Exchange Transactions
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.
- iv. Inventories
Inventories are valued at lower of cost, ascertained at Weighted Average Method, or realizable value.
- v. Fixed Assets and Depreciation:
 - a. Fixed Assets are stated at historical cost of acquisition, which is inclusive of freight, installation, taxes and other incidental expenses.
 - b. Depreciation on various assets put to use is provided on straight line method as per schedule XIV to the Companies Act, 1956.
 - c. Depreciation on additions made to assets in licensed property is provided at the rates worked out on the basis of balance license period.
 - d. Expenditure incurred during the construction period is treated as unallocated capital expenditure and allocated to assets as and when the assets are put to use.
- vi. Preliminary expenses of erstwhile Sri Tripurasundari Hotels Limited merged with the Company, are being written off over a period of 5 years from the year of commencement of operations of the hotel at Chennai.
- vii. Contingent liabilities are indicated by way of note and will be provided / paid on crystallization.

viii. Retirement Benefits:

a. Defined Contribution Plan

Company's contribution paid/payable during the year to Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognized in the Profit and Loss Account.

b. Defined Benefit Plan

Gratuity to employees is covered under Group Gratuity Life Assurance Scheme. At the reporting date, Company's liability towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized immediately in the statement of the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Company recognizes the undiscounted amount of short-term employee benefits like Leave Encashment, Leave Travel Assistance, etc., during the accounting period based on service rendered by employee.

ix. IMPAIRMENT OF ASSETS:

The carrying amounts of company's assets are reviewed at each balance sheet date and the impairment loss, if any, is recognized in accordance with Accounting Standard - AS 28.

x. Taxes on income:

a. Provision is made for Income-tax liability estimated to arise on the profit for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

b. In accordance with the Accounting Standard - 22, Accounting for taxes on income, the company has recognised the deferred tax liability in the accounts, whereby:-

Deferred tax liability resulting from timing differences between book and tax profits is accounted for at the current rate of tax.

Deferred tax assets are recognised only when there is virtual certainty, supported by convincing evidence, that such assets will be realised.

TAJGVK HOTELS & RESORTS LIMITED

xi. Segmental Reporting:

Disclosure of segment - wise information is not applicable as hoteliering is the Company's only business segment

xii. Long term investments are carried at cost. Diminution in value of investments, if any, other than temporary, will be provided for on an individual basis.

2. Other expenses include amounts written off during the year on account of the following:

| Sl. No | Particulars | Amount (Rs.) |
|--------------|--|------------------|
| a. | Proportionate amount for the year for assignment of operating license of a hotel to the Company | 15,00,000 |
| B. | Proportionate amount of the preliminary expenses of Sri Tripurasundari Hotels Ltd which merged with TAJGVK Hotels & Resorts Ltd. | 1,05,388 |
| TOTAL | | 16,05,388 |

3. Contingent liabilities not provided for in respect of :

Rs.in lacs

| Sl. No. | Particulars | As at 31-03-2010 | As at 31-03-2009 |
|---------|---|------------------|------------------|
| i. | Sales Tax matters | 135.86 | 71.80 |
| ii. | Income-tax matters | 86.41 | 86.41 |
| iii. | Probable customs duty payable on the Equipment Imported under Export Promotion Capital Goods Scheme against which Bank Guarantees of Rs.72.34 lacs are given. (Previous Year: Rs.107.81 lacs) | 144.69 | 215.62 |
| iv. | Letters of Credit | 11.08 | 283.09 |
| v. | Bank Guarantees-Others | 453.22 | 482.07 |
| vi. | Estimated amount of contracts remaining to be executed on capital account. | 3080.55 | 1013.07 |
| vii. | Telephone charges in dispute with BSNL | 13.73 | - |

4. None of the suppliers informed the Company regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the dues to the supplier under this Act and interest payable, if any could not be furnished.

5. Balances in current accounts under Cash and Bank balances include Rs.139.20 lacs (Rs. 119.29 lacs) on account of unclaimed dividends.

6. Remuneration to auditors include:

(Amount in Rs.)

| | Current Year | Previous Year |
|-----------------|------------------|---------------|
| As Auditors | 14,33,900 | 14,33,900 |
| For Tax Audit | 2,00,000 | - |
| For Tax Matters | 50,000 | 1,95,000 |
| Other Services | - | 1,200 |
| Total | 16,83,900 | 16,30,100 |

7. MANAGERIAL REMUNERATION :

Computation of Profit under Section 349 of the Companies Act, 1956

(Amount in Rs.)

| | Current Year | Previous Year |
|---|--------------|---------------|
| Net profit for the year before tax | 55,03,65,467 | 81,68,85,885 |
| Add: Provision for Bad & Doubtful debts | 19,33,850 | 13,47,135 |
| Managerial Remuneration | 6,11,07,126 | 7,79,95,589 |
| Sitting fees | 5,60,000 | 7,40,000 |
| Less: Excess provision for bad & doubtful debts | (6,91,422) | - |
| Profit as per Section 349 | 61,32,75,021 | 89,69,68,609 |
| 10% of Profits computed in accordance with Section 349 of the Companies Act | 6,13,27,502 | 8,96,96,861 |

The Executive Chairman and Managing Director are entitled to commission @ 1% each of Net Profits computed in accordance with Section 349 of the Companies Act, 1956 after tax. Due to inadequacy of the profits no commission was provided for the year and the Company has submitted an application to the Central Government for approval of minimum remuneration as per the term of appointment.

Details of Managerial Remuneration:

Rupees

| Details | Current Year | Previous Year |
|----------------------------|--------------------|---------------|
| Executive Chairman: | | |
| Remuneration | 1,67,16,667 | 1,55,16,667 |
| Allowances & Perquisites | 2,08,95,834 | 1,93,95,834 |
| Commission | – | 54,06,732 |
| TOTAL | 3,76,12,501 | 4,03,19,233 |
| Managing Director: | | |
| Remuneration | 60,82,500 | 55,42,500 |
| Allowances & Perquisites | 76,03,125 | 69,28,125 |
| Bonus | 8,00,000 | 1,16,00,000 |
| Commission | – | 54,06,731 |
| TOTAL | 1,44,85,625 | 2,94,77,356 |
| Executive Director: | | |
| Remuneration | 40,04,000 | 36,44,000 |
| Allowances & Perquisites | 50,05,000 | 45,55,000 |
| TOTAL | 90,09,000 | 81,99,000 |

In addition to the above, the managerial personnel are eligible for gratuity and superannuation as given hereunder:

| Details | Current Year | Previous Year |
|--------------------------------|------------------|---------------|
| Executive Chairman: | | |
| Gratuity | 15,00,000 | 25,38,462 |
| Contribution to Provident Fund | 20,06,000 | 18,62,000 |
| TOTAL | 35,06,000 | 44,00,462 |
| Managing Director: | | |
| Gratuity | 11,25,000 | 18,17,308 |
| Superannuation | 1,00,000 | 8,31,375 |
| Contribution to Provident Fund | 7,29,900 | 6,65,100 |
| TOTAL | 19,54,900 | 33,13,783 |
| Executive Director: | | |
| Gratuity | 5,51,585 | 5,19,231 |
| Superannuation | 1,00,000 | 5,46,600 |
| Contribution to Provident Fund | 4,80,480 | 4,37,280 |
| TOTAL | 11,32,065 | 15,03,111 |

8. Deposits recoverable under Loans and Advances include the following being paid under protest:
 - i) Rs.86.41 lacs paid under the Income Tax Act pertaining to A.Y 2003-04.
 - ii) Rs.32.64 lacs paid under the VAT Act pertaining to the years 2005-06 to 2008-09
9. The Company has subscribed to 18000 Equity Shares of Rs.10/- each of Green Infra Windfarms Limited, with whom the Company entered into a power purchase agreement for supply of 3 million units of power or 5.65% of its actual generation whichever is less in order to comply with regulatory requirement for supply of such power.
10. Additional information pursuant to provisions of paragraphs 3, 4 and 4D of Part II of Schedule VI of the Companies Act 1956.
 - i) As per the Order No.46/179/2008 CL - III dated 17/06/2008 issued by the Department of Company Affairs, the Company has been exempted from giving the quantitative details of turnover in respect of supply of Food & Beverages, Liquors & Wines and Accommodation.

TAJGVK HOTELS & RESORTS LIMITED

ii) Income from Guest Accommodation, Restaurants etc.,

Rs.in lacs

| Details | Current Year | Previous Year |
|----------------------------|-----------------|---------------|
| Guest Accommodation | 12646.26 | 13454.17 |
| Food, Beverages and others | 8113.81 | 8240.79 |
| Liquor & Wines | 1922.48 | 1878.52 |
| Telephones | 82.97 | 179.05 |
| Other Income | 159.52 | 68.64 |
| TOTAL | 22925.04 | 23821.17 |

iii) Consumption of Provisions, Stores and Wines

(Rs. in lacs)

| Particulars | Opening Stock | Purchases | Consumption | Closing Stock |
|--|---------------------------|-----------------------------|-----------------------------|---------------------------|
| Provisions & Stores, Beverages other than Liquor, Beer & Wines | 66.10 (45.93) | 1717.40 (1606.96) | 1719.97 (1586.79) | 63.53 (66.10) |
| Liquor, Beer & Wines | 191.73 (126.31) | 371.79 (466.55) | 368.40 (401.12) | 195.12 (191.74) |
| TOTAL | 257.83 (172.24) | 2089.19 (2073.51) | 2088.37 (1987.91) | 258.65 (257.84) |

(Rs in Lacs)

iv.

| | Current Year | Prev. year |
|------------------------------|----------------|------------|
| Earnings in Foreign Exchange | 7258.42 | 6672.24 |

As reported by The Company to the Ministry of Tourism / Government of India and as certified by the Management but not verified by the auditors

v. Expenditure in foreign currency:

(Rs in Lacs)

| | Current Year | Previous year |
|---------------|---------------|---------------|
| Capital Goods | 484.52 | 263.07 |
| Consultancy | 14.02 | 179.66 |
| Others | 152.41 | 161.56 |
| TOTAL | 650.95 | 604.29 |

vi. Consumption of raw materials (provisions, stores & wines)

| | Current Year | | Previous Year | |
|--------------|----------------|---------------|---------------|--------|
| | Rs.in lacs | % | Rs.in lacs | % |
| Imported | 135.07 | 6.47 | 180.96 | 9.10 |
| Indigenous | 1953.30 | 93.53 | 1806.95 | 90.90 |
| TOTAL | 2088.37 | 100.00 | 1987.91 | 100.00 |

11. a) Related Parties Disclosures

The Company does not have any holding company or companies controlling the company, as defined under Accounting Standard 18. The company does not have any subsidiary companies. Transactions with various companies related to the company by way of common directorships or firms in which directors are partners, are disclosed hereunder:

Key Management personnel:

Sri G.V.Krishna Reddy
Smt.G.Indira Krishna Reddy
Smt.Shalini Bhupal

Executive Chairman
Managing Director
Executive Director

Joint Venture with

The Indian Hotels Company Limited (*)

Companies/Firms/Trust in which the key management and their relatives are interested:

Accura Constructions (P) Ltd
Accura Estates (P) Ltd
Alaknanda Hydro Power Co Ltd (*)
Allied Estates (P) Ltd (*)
Altitude Design & Development (P) Ltd
Amtran Constructions (P) Ltd
Anchor Estates (P) Ltd
Appease Estates Private Limited
Blue Streak Consultants (P) Ltd
Blue Streak Land Holdings (P) Ltd
Bonanza Real Estates (P) Ltd
Caspian Capital & Finance (P) Ltd
Casuarina Capital & Finance (P) Ltd
Classic Land Holdings (P) Ltd
Consolidated Real Estates (P) Ltd
Cynus Real Estates (P) Ltd
Delta Land Holdings (P) Ltd
Dhulasidh Power (P) Ltd
Eagle Land Holdings (P) Ltd
Fair Value Land Holdings (P) Ltd
Fortune Real Estates (P) Ltd
Fresenius Intraven (P) Ltd
Gautami Power (samakot) Private Ltd
Gautami Power Ltd (*)
Genesis Realtors (P) Ltd
GIKR Land Holdings (P) Ltd
Goldgreen Land Holdings (P) Ltd
Goriganga Hydro Power Co.(P) Ltd
Green Woods Golf & Resorts (P) Ltd
Greenridge Hotels & Resorts(P)Ltd
GSR Land Holdings (P) Ltd
GVK Airport Developers (P) Ltd
GVK Airport Holdings (P) Ltd
GVK Aviation (P) Ltd
GVK Biosciences (P) Ltd (*)
GVK Cements Ltd
GVK City (P) Ltd
GVK Coal (Takisud) Co.(P) Ltd (*)
GVK Davix Research (P) Ltd (*)
GVK Davix Technologies (P) Ltd
GVK Developmental Projects (P) Ltd
GVK Foundation (*)
GVK Energy Holdings (P) Ltd
GVK Energy Ltd
GVK Estates Private Limited
GVK Hydrel (P) Ltd
GVK Industries Ltd (*)
GVK Infrastructure Holdings (P) Ltd.
GVK Infratech (P) Ltd
GVK Jaipur Expressway Private Ltd (*)
GVK Oil & Gas Limited (*)
GVK Perambalur SEZ (P) Ltd

ISR Infrastructure
Jegurupadu Power Plant Services (P) Ltd
JK Operation & Maintainance (P) Ltd
KR Bhupal Land Holdings (P) Ltd
KRAMB Land Holdings (P) Ltd
KRBSB Estates Private Limited
KRGV Land Holdings (P) Ltd
Krishna Enterprises
Lakshmi Enterprises
Lepus Land Holdings (P) Ltd
Mallikarjuna Estates (P) Ltd
Mallikarjuna Finance (P) Ltd
Marine Developers
Marine Enterprises
Marine Estates
Marriot Land Holdings (P) Ltd
Marwell Architects & Contractors (P) Ltd
Metro Architects & Contractors (P) Ltd
Midas Estates (P) Ltd
MMR Constructions
MR Constructions
MRK Constructions
Mumbai Airport Developers (P) Ltd
Mumbai International Airport (P) Ltd (*)
Mystique Jewellery & Accessories P Ltd
Novopan Industries Ltd (*)
Orbit Travel & Tours (P) Ltd (*)
Oxford Land Holdings (P) Ltd
Pace Constructions (P) Ltd
Pace Estates (P) Ltd
Paigah House Hotel (P)Ltd
Parthasarathy A/c Tourists (P) Ltd
Patikari Power Private Ltd
Pinakini Share & Stock Brokers Ltd
Pinnacle Land Holdings (P) Ltd
Plateau Construction & Engg.(P) Ltd
Plateau Land Holdings (P) Ltd
Raghavendra Finance (P) Ltd
Raghavendra Land Holdings (P) Ltd
Regulus Estates (P) Ltd
Revatha Aqua Mineral (P) Ltd
RK Estates
S.Bhupal & Others (*)
SBSR Land Holdings (P) Ltd
Sheraton Estates (P) Ltd (*)
SHSB Land Holdings (P) Ltd
Siregraha Mines Limited
SOMKRB Land Holdings (P) Ltd
SR Finance & Others
SR Finance (P) Ltd
Sri Hari Developers
Sri Hari Enterprises

TAJGVK HOTELS & RESORTS LIMITED

| | |
|--|---|
| GVK Power & Infrastructure Ltd (*) GVK Power & Infrastructure Private Ltd GVK Power (Goindwal Sahib) Ltd (*) GVK Power (Krishnapatnam) (P) Ltd (*) GVK Power (Ratlam) Private Ltd GVK Properties & Management Co.(P) Ltd (*) GVK Projects Ltd GVK Technical & Consultancy Private Ltd (*) GVK Virudhnagar Sez (P) Ltd IKR Land Holdings (P) Ltd Inc GVK Bio (P) Ltd Indigo Enterprises Indigo Estates Indira Constructions Indira Enterprises (*) Innovative Land Holdings (P) Ltd Inogent Laboratories (P) Ltd (*) (*) Companies with which there are transactions during the year | Sri Hari Estates Sri Lakshmi Enterprises Sri Shiva Enterprises Sri Venkateswara Enterprises Sri Vishnu Enterprises Starlet Land Holdings (P) Ltd Sunshine Properties (P) Ltd Suphala Real Estates (P) Ltd TRG Constructions Trinity Advisors (P) Ltd Ubiquitous Infratech (P) Ltd Verdura Vertex Infratech (P) Ltd Vertex Projects Ltd Volantis Land Holdings (P) Ltd Vulcon Constructions (P) Ltd Zinger Investments (P) Ltd |
|--|---|

TRANSACTIONS WITH THE RELATED PARTIES:

(Rupees in Lacs)

| Particulars | Key Management Personnel | Enterprises/Trusts in which Key Management Personnel and / or their relatives have significant influence | Joint Venture |
|--|---------------------------|--|-----------------------------|
| I. Transactions during the year: | | | |
| a. Remuneration | 611.07 (779.96) | | |
| b. Rents | | - | |
| | | (76.04) | |
| c. Interest | | | 35.10 (35.10) |
| d. Income from Rooms & Food | | 14.85 (37.05) | 1.82 (-) |
| e. Operating fee | | | 1392.10 (1571.76) |
| f. Reimbursement of advertisement expenses | | | 342.39 (356.00) |
| g. Purchases | | 4.43 (50.96) | |
| h. Service charges | | 113.48 (54.21) | |
| i. Donations | | 109.98 (163.43) | |
| j. Advances written off | | - | |
| | | (68.35) | |
| II. Balances as at 31-03-2010 | | | |
| a. Remuneration payable | 50.55 (135.50) | | |
| b. Unsecured loan | | | 500.00 (500.00) |
| c. Interest Payable | | | 22.98 (46.94) |
| d. Payables | | 2.40 (2.40) | 262.20 (152.88) |

12. Deferred Tax:

In accordance with the Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the company has provided for deferred tax liability up to 31.03.2010 comprising of the following components.

| Deferred Tax Liability: | Current Year Rs. Lacs | Previous Year Rs. Lacs |
|--|----------------------------------|---------------------------|
| On account of depreciation on Fixed Assets | 1667.02 | 1246.28 |
| Deferred Tax Asset: | | |
| Provision for bonus & leave encashment | 45.67 | 0.62 |
| Provision for obsolete stock | 0.22 | 13.20 |
| Provision for doubtful debts | 13.49 | 9.26 |
| Net Deferred Tax Liability | 1607.64 | 1223.20 |

13. The Company has given certain assets on operating lease, the minimum future lease rentals receivable on which, are as follows:

| | Rs. Lacs | |
|---|---------------------|---------------|
| Particulars | Current Year | Previous Year |
| Not later than one year | 215.40 | 161.16 |
| Later than one year but not later than five years | 637.74 | 916.66 |
| Later than 5 years | 33.97 | 723.65 |

14. The company operates a post retirement benefit plan for gratuity.

Details of gratuity plan are as under:

Amount to be recognized in Balance Sheet

All in Rs. in Cr.

| Particulars | Current Year | Previous Year |
|---|---------------------|---------------|
| Present Value of Funded Obligations | 3.44 | 2.59 |
| Fair Value of Plan Assets | (2.59) | (2.36) |
| Net Liability recognized in the Balance Sheet | 0.85 | 0.23 |

Expenses recognized in the Profit & Loss Account

| Particulars | Current Year | Previous Year |
|---|---------------------|---------------|
| Current Service Cost | 0.23 | 0.19 |
| Interest on Defined Benefit Obligation | 0.18 | 0.19 |
| Expected Return on Plan Assets | (0.17) | (0.15) |
| Net Actuarial Losses | 0.37 | 0.23 |
| Net Expenses recognized in the Profit & Loss Account | 0.61 | 0.46 |

Reconciliation of Defined Benefit Obligation

| Particulars | Current Year | Previous Year |
|------------------------------------|---------------------|---------------|
| Opening Defined benefit Obligation | 2.59 | 2.19 |
| Current Service Cost | 0.24 | 0.19 |
| Interest Cost | 0.18 | 0.19 |
| Actuarial Losses / (Gain) | 0.55 | 0.19 |
| Benefits Paid | (0.12) | (0.17) |
| Closing Defined Benefit Obligation | 3.44 | 2.59 |

TAJGVK HOTELS & RESORTS LIMITED

Reconciliation of Fair Value of Plan Assets

| Particulars | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| Opening Fair Value of Plan Assets | 2.36 | 2.02 |
| Expected Return on Plan Assets | 0.17 | 0.15 |
| Actuarial gain / (Losses) | 0.18 | (0.05) |
| Contributions by Employer | - | 0.40 |
| Benefits Paid | (0.12) | (0.16) |
| Closing Fair Value of Plan Assets | 2.59 | 2.36 |

Description of Plan Assets

| Particulars | Current Year | Previous Year |
|-----------------------|--------------|---------------|
| Insurer Managed Funds | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| Discount Rate | 8.05% | 7.00% |
| Expected rate of return on Assets | 7.50% | 7.50% |
| Salary Escalation Rate | 7.00% | 7.00% |

15. In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realise in the ordinary course of business approximately the value at which they are stated in accounts.
16. Previous Year's figures have been regrouped / rearranged, wherever necessary. Figures in brackets indicates those for previous year.

Per our report of even date

For and on behalf of the Board

For **Brahmayya & Co**
Chartered Accountants

Koteswara Rao SSR
Partner
Membership No.018952

Place: Hyderabad
Date : 27th April 2010

G V Krishna Reddy
Executive Chairman

Anil P Goel
Director

G Indira Krishna Reddy
Managing Director

S B Kamath
Financial Controller
& Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

Rupees

| Particulars | Current Year | | Previous Year | |
|--|----------------------|----------------------|---------------|-----------------|
| | | | | |
| A NET PROFIT BEFORE TAX | | 549,581,153 | | 816,885,883 |
| Adjustments for : | | | | |
| Depreciation | 196,084,840 | | 136,500,556 | |
| Miscellaneous Expenditure Written off | 1,605,388 | | 1,526,347 | |
| Loss / (Profit) on sale of assets | 1,449,700 | | 37,986 | |
| Provision for Bad & Doubtful Debts | 1,933,850 | | 1,347,135 | |
| Extra-ordinary / Prior period items written off | 3,313,275 | | 11,331,402 | |
| Interest incurred | 122,175,669 | | 66,289,233 | |
| Interest earned | (504,394) | | (4,643,435) | |
| | | 326,058,328 | | 212,389,224 |
| Operating Profit before working capital changes | | 875,639,481 | | 1,029,275,107 |
| Adjustments for : | | | | |
| Trade and other receivables | (26,514,170) | | 88,563,600 | |
| Inventories | 801,580 | | (5,787,337) | |
| Trade payables | 60,128,333 | 34,415,743 | 94,380,064 | 177,156,327 |
| Cash generated from operations | | 910,055,224 | | 1,206,431,434 |
| Interest paid | | 124,572,328 | | 63,592,515 |
| Taxes paid | | 127,471,634 | | 279,487,497 |
| Cash flow before extraordinary/prior period items | | 658,011,262 | | 863,351,422 |
| Extraordinary / Prior Period items | | 3,313,275 | | 11,331,402 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | 654,697,987 | | 852,020,020 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets /addition to CWIP | | (361,900,846) | | (1,257,528,852) |
| Purchase of Investments | | (180,000) | | - |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Term Loan / Working Capital Borrowings | (136,615,987) | | 645,230,731 | |
| Sale of Fixed Assets | 361,215 | | 1,189,720 | |
| Long term deposits received | 1,424,250 | | 1,008,326 | |
| Long term deposits paid back | (3,099,076) | | (103,933,966) | |
| Interest Received | 568,241 | | 4,639,691 | |
| Dividend paid | (126,417,397) | | (200,374,629) | |
| Taxes on dividend paid | (21,312,238) | (285,090,992) | (34,099,581) | 313,660,292 |
| Net increase in cash and cash equivalent | | 7,526,149 | | (91,848,540) |
| Cash and Cash equivalents as at beginning of the year | | 21,339,403 | | 113,187,943 |
| Cash and Cash equivalents as at end of the year | | 28,865,552 | | 21,339,403 |

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard, AS-3: Cash Flow Statements issued by the Institute of Chartered Accountants of India

Per our report of even date

For and on behalf of the Board

 For **Brahmayya & Co**
Chartered Accountants

Koteswara Rao SSR
Partner
Membership No.018952

 Place: Hyderabad
Date : 27th April 2010

G V Krishna Reddy
Executive Chairman

Anil P Goel
Director

G Indira Krishna Reddy
Managing Director

S B Kamath
Financial Controller
& Company Secretary

Additional Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No. : L 4 0 1 0 9 A P 1 9 9 5 L C 0 1 9 3 4 9
 Balance Sheet : 3 1 0 3 2 0 1 0
 Date Month Year

2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)*

Public Issue Rights Issue
 N I L N I L
 Bonus Issue Private Placement
 N I L N I L

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities Total Assets
 4 3 4 9 5 2 5 4 3 4 9 5 2 5

SOURCES OF FUNDS

Paid-up Capital Long Term Trade Deposit
 1 2 5 4 0 3 8 7 4 3
 Reserves & Surplus Secured Loans
 2 8 0 1 3 1 4 1 2 0 3 3 0 1
 Unsecured Loans Deferred Tax
 5 0 0 0 0 1 6 0 7 6 4

APPLICATION OF FUNDS

Net Fixed Assets Investments
 4 5 9 7 7 2 9 1 8 0
 Net Current Assets Misc. Expenditure
 (2 6 3 4 0 4) 1 5 0 2 0

4. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover Other Income
 2 2 8 2 5 4 6 9 9 5 7
 Total Expenditure Profit before tax
 1 7 4 2 9 2 3 5 4 9 5 8 1
 Profit after tax Earnings per share in Rs.
 3 6 2 6 8 9 5 . 7 8
 Dividend Rate %
 1 0 0 %

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per Monetary Items)

Item Code No. Product Description
 5 9 1 0 0 1 0 0 6 H O T E L
 Item Code No. Product Description
 3 9 0 0 0 1 0 0 2 R E S T A U R A N T

This page is intentionally left blank



TAJGVK Hotels & Resorts Limited

Registered Office: Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034

ATTENDANCE SLIP

Annual General Meeting on Monday, the 26th July 2010, at 11.30 a.m.

| | |
|--------------------|--|
| Regd. Folio No. | |
| No. of Shares held | |

| | |
|-------------|--|
| *DP ID: | |
| *Client ID: | |

| | |
|-----------------------------|--|
| Name of the Shareholder | |
| Name of Proxy | |
| Signature of Member / Proxy | |

I hereby record my presence at the **15th Annual General Meeting** of the Company held **on Monday, the 26th July 2010, at 11.30 a.m.** at Sri Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

Note : This form should be signed and handed over at the Meeting Venue. No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring copy of the Annual Report to the Meeting.

* *Applicable for investors holding shares in electronic form.*



TAJGVK Hotels & Resorts Limited

Registered Office: Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034

PROXY FORM

| | |
|--------------------|--|
| Regd. Folio No. | |
| No. of Shares held | |

| | |
|-------------|--|
| *DP ID: | |
| *Client ID: | |

I / We
of, being a Member / Members of TAJGVK
Hotels & Resorts Limited hereby appoint of o r failing him/her
..... of as my / our p roxy to attend and vote for
me / us on my / our behalf at the **15th Annual General Meeting** at Sri Sathya Sai Nigamagamam,
8-3-987/2, Srinagar Colony, Hyderabad - 500073 to be held **on Monday, the 26th July 2010, at 11.30 a.m.**
and at any adjournment thereof.

As witness my/our hand(s) this day of 2010.

Signed by the said

| |
|--------------------------------------|
| Affix Re. 1/- Revenue Stamp |
|--------------------------------------|

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

* *Applicable for investors holding shares in electronic form.*

