



East West Hotels Limited

**41st
Annual Report**

2009 - 2010

East West Hotels Limited

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BOARD OF DIRECTORS

PREM KUMAR MENON (EXECUTIVE CHAIRMAN)

CHRISTOPHER GLADSTONE MENON

INDRA PREM MENON

A. MURALI

K. MUNIAPPA

J. SURI

BANKERS :

STATE BANK OF MYSORE
Lady Curzon Road
Bangalore

AUDITORS :

A.N.JAMBUNATHAN & CO
Chartered Accountants
13, Deivasigamani Road
Lakshmipuram, Royapettah
Chennai - 600 014

REGISTERED OFFICE :

Gateway Hotel,
66, Residency Road,
Bangalore - 560 025

ADMINISTRATIVE OFFICE :

3115, 6th 'C' Main, 13th Cross,
HAL 2nd Stage, Indira Nagar,
Bangalore - 560 008

Equity Shares Listed at:
BANGALORE STOCK EXCHANGE
1st Cross, J.C.Road,
Bangalore - 560 002

SHARE TRANSFER AGENTS:

M/s.ALPHA SYSTEMS PRIVATE LIMITED,
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram,
BANGALORE - 560 003

East West Hotels Limited

Regd.Off : Gateway Hotel, 66, Residency Road, Bangalore - 560 025

Tel : 66604545 Extn 3076

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the shareholders of the company will be held on Wednesday the 29th September, 2010, at 10.30 a.m at the Registered Office of the company at Gateway Hotel , No.66, Residency Road, Bangalore - 560 025 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31-03-2010, the Profit and Loss Account for the year ended on that date, the Report of the Auditors thereon and the Report of the Directors together with the Compliance Certificate u/s 383(A) of the Companies Act, 1956.
2. To declare Dividend on equity capital.
3. To appoint Directors in place of Mrs.Indra Prem Menon & Mr.Christopher Gladstone Menon, who retire by rotation under Article 119 of the Articles of Association of the Company and being eligible offer themselves for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. A.N.Jambunathan & Co., Chartered Accountants are eligible for reappointment.
5. **SPECIAL BUSINESS**
To pass with or without modification the following resolution as ordinary resolution:

Subject to the provisions of Section 269, schedule XIII and any other applicable provisions of the Companies Act, 1956, approval be and is hereby granted for the re-appointment of Mr.Prem Kumar Menon as whole time Director with the designation "**Executive Chairman**" for a period of 5 years w.e.f. 1st July, 2010, on the following terms & conditions:

SALARY : NIL

COMMISSION : Such percentage of the Net Profit of the company computed in accordance with Section 198, 309 and 349 of the Companies Act, 1956, as may be approved by the Board of Directors for each financial year so however that the total commission of the Executive Chairman in any financial year shall not exceed 5% of the Net Profit or such other higher maximum limit as may be prescribed by the Central Government from time to time.

In the event of inadequacy or absence of profit in any financial year during the currency of tenure of Mr.Prem Kumar Menon as Executive Chairman, he will be paid such remuneration not exceeding the limits specified in section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration and as may be decided by the Board of Directors of the Company.

DURATION : 5 years from 1st July, 2010

East West Hotels Limited

SITTING FEES : The appointee will be eligible for sitting fees as per the regulations of the company for attending any meeting of the Board of Directors or any committee thereof.

Further resolved that the General Management of the company, subject to the control and supervision of the Directors shall be vested in the Executive Chairman, Mr. Prem Kumar Menon and he shall have the conduct and management of the business and affairs of the company and without affecting the generality of the foregoing shall exercise all the powers vested by the law and by the Articles of Association of the Company in the Board of Directors except those powers which are required to be exercised only by the Board of Directors of the company.

By Order of the Board
For **EAST WEST HOTELS LTD.**

Sd/-
PREM KUMAR MENON
Executive Chairman

Bangalore
21st August, 2010

East West Hotels Limited

NOTES :

1. Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Duly completed proxies should however be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will be closed from 22nd to 29th September, 2010 (both days inclusive).
3. Members/body corporate/proxies should bring attendance slip duly filled in for attending the meeting.
4. Members are requested to bring their copies of Annual Report to the meeting.
5. To avail the facility of nomination, members are requested to submit to the Company the Nomination Form, which may be supplied on request.
6. Pursuant to the provisions of section 205A of the Companies Act, 1956, dividend for the financial year ended 31.03.2003 will be transferred to the Investor Education and Protection Fund of the Central Government on or after 29.9.2010.
7. Members who have not encashed dividend warrant for the said financial year are requested to make their claims to the company immediately.
8. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as given in the notice annexed.

By Order of the Board
For **EAST WEST HOTELS LTD.**

Sd/-
PREM KUMAR MENON
Executive Chairman

Bangalore
21st August, 2010

East West Hotels Limited

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Re-appointment of Whole Time Director Mr.Prem Kumar Menon

Mr. Prem Kumar Menon was re-appointed as Whole Time Director with the designation "**Executive Chairman**" for 5 years from 1st July, 2005 and the said appointment has come to an end on 30th June, 2010. The Board of Directors of your Company at its meeting on 28th April, 2010 considered this and after due deliberations re-appointed him, subject to approval of the members, as Whole Time Director with the designation as Executive Chairman for a further period of 5 years w.e.f. 1st July, 2010 on the terms and conditions as detailed in the said resolution given in the notice. Mr. Prem Kumar Menon is highly qualified and is having vast experience in management and administrative areas. His continuance as Executive Chairman is not only beneficial to the company but also very essential.

Abstract of the terms and conditions of the re-appointment of Mr.Prem Kumar Menon as Executive Chairman along with Memorandum of interest of Directors has been already sent to all the members on 28th April, 2010.

Apart from Mr.Prem Kumar Menon, who is beneficiary of this appointment, Mrs. Indra Prem Menon and Mr.Christopher Gladstone Menon, who are relatives of Mr.Prem Kumar Menon, are also deemed to be interested in this appointment.

Since the appointment has been made subject to the provision of schedule XIII r.w.s. 269 of the Companies Act, 1956, consent of members for the re-appointment of Mr.Prem Kumar Menon as Executive Chairman is required.

Your Directors recommend the resolution for approval.

By Order of the Board
For **EAST WEST HOTELS LTD.**

Sd/-
PREM KUMAR MENON
Executive Chairman

Bangalore
21st August, 2010

EAST WEST HOTELS LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS :

Your Directors have pleasure in presenting the 41st Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2010.

OPERATIONS :

During the year under review, though the global meltdown had mellowed down in general, the tourism and hospitality industry still did not return to normalcy. Consequently the Licence Fee received by your Company for the year under review was down by about Rs.48 lacs, i.e. 13% as compared to the previous year.

OUTLOOK FOR THE CURRENT YEAR:

Global recessionary trends have come down substantially and the industries' sources are hoping that the process of recovery might be faster, particularly in respect of the Tourism and Hospitality Industry.

The Boutique Hotel business at Chennai was also a victim of the global recession and the gross income from its operations was down by 38% as compared to the previous year. The current year, it is hoped, will give better results from this business.

FINANCIAL RESULTS :

(Rs. in lakhs)

Income from Operations		38,337,572
Expenditure	12,611,990	
Depreciation	<u>2,975,547</u>	<u>15,587,537</u>
Profit before Tax		22,750,035
Provision for Tax (including Fringe Benefit tax and Tax on Distributed Profits)		<u>11,091,345</u>
Balance Profit for the year		11,658,690
ADD: Balance brought forward		28,693,916
Add : Net Deferred Tax liability reversed		<u>449,468</u>
Profit available for appropriation		40,802,074.
Less : Transfer to General Reserves		<u>2,500,000</u>
Balance		38,302,074
Provision for Dividend		7,200,000
Balance carried to Balance Sheet		<u><u>31,102,074</u></u>

DIVIDEND

Taking into consideration the current economic situation as also the liquidity requirements of the company for growth activities, your Directors have recommended a dividend of 200%, i.e. Rs.20/- per fully paid equity share of Rs.10/- each.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that they have:

- i. followed the applicable accounting standards in the preparation of the financial accounts,
- ii. selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit for the year under review,
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company for preventing and detecting fraud and other irregularities,
- iv. prepared the accounts for the financial year in question on a "going concern" basis.

DIRECTORATE :

Mrs. Indra Prem Menon and Mr.Christopher Gladstone Menon, who are longest in the office, retire by rotation under Articles 119 of the Company's Articles of Association and being eligible offer themselves for re-appointment.

FIXED DEPOSITS :

The Company has not accepted any deposits from the public during the year.

AUDITORS :

M/s A.N. Jambunathan & Co., the retiring statutory auditors are eligible for re-appointment.

PARTICULARS OF EMPLOYEES :

The particulars of employees as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees Rules 1975) are given in the Annexed statement which forms part of this report.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo.

In the Boutique Hotel at Chennai, the company has implemented energy saving measures by installing Solar Heater, CFL Lamps etc.

Foreign Exchange earnings during the year	-	Nil
Foreign Exchange outgo during the year (Representing Expenditure in foreign currency)	-	Rs.7,31,300/-

East West Hotels Limited

CORPORATE GOVERNANCE

According to the schedule of implementation as per guidelines issued by SEBI, the provisions relating to Corporate Governance are not applicable to the company as yet.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the co-operation extended to the Company by the shareholders, the bankers and the Gateway Hotels and Gateway Resorts Limited during the year under review.

By Order of the Board
For **EAST WEST HOTELS LIMITED**

Sd/-
PREM KUMAR MENON
Executive Chairman

Bangalore
21st August, 2010

East West Hotels Limited

Annexure to Director's Report

Particulars as per Section 217(2A) of the Companies Act, 1956, attached to and forming part of the Directors' Report for the year ended 31st March, 2010.

Sl.No.	Name of employee	Age (yrs)	Designation	Remuneration (in Lacs)	Nature of Duties	Qualification	Experience (yrs)	Date of commencement of employment	Particulars of last Employment	
									Designation	Employer
1.	Prem Kumar Menon	57	Executive Chairman	11.37	Chief Executive	B.A.	25	01.07.00	Managing Director	Lakshmanan Isola P.Ltd.

Notes : 1. Nature of Employment and terms of service

Nature of employment of Mr. Prem Kumar Menon, Executive Chairman, is on contractual basis, approved by the shareholders.

2. Remuneration as shown above is only commission.

3. Mr. Prem Kumar Menon is related to Mrs. Indra Prem Menon and Mr. Christopher Gladstone Menon, Directors.

By Order of the Board
For **EAST WEST HOTELS LIMITED**

Sd/-
PREM KUMAR MENON
Executive Chairman

Bangalore
21st August, 2010

K. Madhavan Nair
Practising Company Secretary
C P No. 3936

No. 917, "Prashanthi"
2nd Cross, Kirloskar Colony
Basavesharanagar
Bangalore -- 560 079
Ph : 23220745

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company : L55101KA1969PLC001795

Nominal Capital : Rs. 1,50,00,000/-

To:

The Members,
East West Hotels Limited,
66, Residency Road,
BANGALORE - 560 025

I have examined the registers, records, books and papers of M/s. East West Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31-03-2010 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained registers as stated in Annexure 'A' to this certificate as per the Provisions of the Act and the rules made thereunder and entries therein have been duly recorded, to the extent required.
2. The company has filed the forms and/or returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Karnataka. There was no occasion for the company to file any document with Regional Director, Central Government, Company Law Board or other authorities during the year under review
3. The company, being a public limited company, comments as to its paidup capital, number of members etc, are not required.
4. The Board of Directors duly met 5 times respectively on 29.4.2009, 31.7.2009, 24.8.2009, 30.10.2009 and 29.1.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolution was passed during the year.
5. The company closed its Register of Members from 22nd September, 2009 to 28th September, 2009, (both days inclusive) and necessary compliance of section 154 of the Act has been made.

East West Hotels Limited

6. The Annual General Meeting for the financial year ended on 31.3.2009 was held on 29.9.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General meeting was held during the financial year.
8. The company has not advanced any loans to its Directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company was not required to make any entries in the register maintained under section 301 of the Act in respect of transactions falling under the purview of section 297.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates
13. The company :
 - (i) has delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) has deposited the amount of interim dividend declared for the year 2008-2009 in a separate bank account on 3rd October, 2009 which is within 5 days from the date of declaration of such dividend, i.e. 29.9.2009
 - (iii) has paid/posted warrants for interim and final dividends for 2008-2008 to all members within a period of 30 days from the dates of respective declarations and that all unclaimed/unpaid dividend has been transferred to unpaid dividend account of the company with Axis Bank Ltd.
 - (iv) has transferred amounts in unpaid dividend account which remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional Directors, alternate Directors and Directors to fill casual vacancy during the financial year.

East West Hotels Limited

15. The company has not appointed any Managing Director/whole time Director/Manager during the financial year.
16. The company has not appointed any Sole Selling Agent during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. The company has not issued any preference shares and hence there was no redemption of preference shares during the financial year. The company has not at all issued any debentures and hence the question of their redemption does not arise.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the company from a bank during the financial year ended on 31.3.2010 is within the borrowing limits of the company. Apart from this, the company did not borrow any amount from Directors, Members or any financial institutions during the year under review.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.

East West Hotels Limited

29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the company and no fine or penalty or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The employees of the company are covered under the Employees Provident Fund Act, 1952 and the company has deposited both employee's and employer's contribution to the Provident Fund with the prescribed authorities under the EPF Act.

Signature

Sd/-
(K.Madhavan Nair)

Place : Bangalore
Date : 16.08.2010

Registers as maintained by the Company

1. Register of Members u/s 150
2. Index to Register of Members u/s 151
3. Register of Contracts u/s 301
4. Register of Directors u/s 303
5. Register of Directors shareholding u/s 307
6. Register of Investments/Loans etc. u/s 372A.
7. Register of renewed and duplicate certificate under Rule 7 of Companies (issue of Share Certificates) Rule 1960.
8. Minutes Books u/s 193:
 - (i) Board Meeting
 - (ii) General Body Meeting
9. Books of Accounts u/s 209
10. Register of Directors' Attendance
11. Register of Shareholders' Attendance
12. Register of transfers

East West Hotels Limited

ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies during the financial year ending 31-03-2010

S.No.	Form No./Returns	Filed under section	For	Date of filing	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid
1.	Form No.1	Rule 3 of Investor Education & Protection Fund Rules, 2001	Transfer of unpaid /unclaimed amounts of dividends for the year 2000-2001 to Investor Education & Promotion Fund	16.10.2009	-	-
2.	Form No.1	Rule 3 of Investor Education & Protection Fund Rules, 2001	Transfer of unpaid / unclaimed amounts of dividends for the year 2001-2002 to Investor Education & Promotion Fund	2.3.2010	-	-
3.	Form No.23AC & 23ACA - Balance Sheet and Profit & Loss A/c	220	Fund Financial Year Ended 31.3.2009 for which Annual General Meeting was held on 29.09.2009	28.11.2009	No	Yes
4.	Form No.20B- Annual Return as per schedule V	159	Financial Year Ended 31.3.2000 for which Annual General Meeting was held on 29.09.2009	25.11.2009	Yes	No
5.	Form No.66 Secretarial Compliance Certificate	383A	Financial Year ended 31.3.2009 for which Annual General Meeting was held on 29.9.2009	26.11.2009	No	Yes

AUDITORS' REPORT TO SHAREHOLDERS

To

The Members of East West Hotels Ltd.

1. We have audited the attached Balance Sheet of East West Hotels Ltd., as on 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the standards of auditing 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. We further report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by the law have been kept by the Company as far as it appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this Report, are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the companies Act, 1956.
5. On the basis of written representations received from directors as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.

East West Hotels Limited

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the companies Act, 1956 in the manner so required and gives a true and fair view.

(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 & Loss Account, of the Profit for the year ended 31st March 2010.

AND

(c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS
(FRN NO.0012505)

Sd/-
J.SRINIVASAN
PARTNER
(Membership No.014881)

Bangalore
21st August, 2010

East West Hotels Limited

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) Physical verification of major assets was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification as compared with the book records.

(c) During the year, the company has not disposed off substantial part of fixed assets.
2. The company has no stock of finished goods, stores, spare parts and raw materials during the year and hence physical verification and valuation thereof do not arise.
3. The Company was not required to make any entries in the register maintained under Section 301 of the companies Act, 1956 in respect of transactions falling under the purview of Section 297 of the companies Act, 1956..
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in the internal controls.
5. According to the information and explanations given to us, the company has not entered into any contract or any arrangement falling within the purview of Section 297 or Section 299 and the company was not required to make any entries in the register maintained u/s 301 of the companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. The Company has an adequate internal audit system which was conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with the size and nature of its business.
8. According to the information and explanations given to us, maintenance of cost records have not been prescribed by the Central Government under section 209(1)(d) of the Act.
9. (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise, cess and any other statutory dues applicable to it.

(b) The dues of Income tax not deposited on account of dispute:

Assessment year	: 2005-06
Tax demanded	: Rs.13.01 lacs
Forum before whom pending	: Income Tax Appellate Tribunal, Bangalore
Whether the demand is paid	: Not paid - stay granted by Assessing Officer till 31st January, 2011.
Assessment year	: 2007-08
Tax demanded	: Rs.18.85 lacs (of which Rs.5 lacs since paid)
Forum before whom pending	: CIT (Appeals) I, Bangalore
Whether the demand is paid	: Not paid - stay granted by Assessing Officer till 31st January, 2011.

East West Hotels Limited

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
11. During the year, the Company had no outstanding instalments due to any financial institution or bank or debenture holders.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit/nidhi/mutual benefit fund/society.
14. The Company has kept adequate records of its transactions and contracts, if any, in shares, securities, debentures and other investments and timely entries have been made therein. The investments made in the form of mutual funds are held in the name of the Company.
15. On the basis of the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has during the year has not taken any term loan and hence requirement of reporting regarding application of term loan does not arise.
17. On the basis of our examination of the books of accounts and the information and explanations given to us, no funds have been raised on short term basis.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year the company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS
(FRN NO.0012505)

Sd/-
J.SRINIVASAN
PARTNER
(Membership No.014881)

Bangalore
21st August, 2010

East West Hotels Limited

EAST WEST HOTELS LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2010

PARTICULARS	Sch.No.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>SOURCES OF FUNDS</u>			
Share Capital	A	3,600,000	3,600,000
Reserves and Surplus	B	65,584,532	60,676,374
Secured Loans	C	2,386,800	3,580,200
Unsecured Loans		NIL	NIL
Deferred Tax Liability		1,908,981	2,358,449
Total		<u>73,480,313</u>	<u>70,215,023</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	E	11,653,067	14,582,935
Investments	F	3,739,848	3,500,000
Current Assets, Loans & Advances	G	95,199,412	117,156,841
Less: Current Liabilities & Provisions	D	38,638,010	66,932,248
Net Current Assets		56,561,402	50,224,593
Misc. Exps & Losses (to the extent not written off)	H	1,525,996	1,907,495
TOTAL		<u>73,480,313</u>	<u>70,215,023</u>

Schedules referred to above and the accompanying notes form part of this Balance Sheet

As per our report of even date
For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS

Sd/-
J.SRINIVASAN
PARTNER

PREM KUMAR MENON
EXECUTIVE CHAIRMAN

INDRA PREM MENON
J. SURI
DIRECTORS

Bangalore
21st August, 2010

East West Hotels Limited

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

PARTICULARS	Sch. No.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>INCOME</u>			
Licence Fee		30,800,983	35,583,154
Operating Income - The Hive	I	1,999,884	3,228,234
Other Income	J	<u>5,536,705</u>	<u>7,558,417</u>
Total		<u>38,337,572</u>	<u>46,369,805</u>
<u>EXPENDITURE</u>			
Staff Remuneration & Welfare Expenses	K	1,557,451	1,870,407
Power, Fuel & Water charges	L	249,280	385,908
Operating Expenses - The Hive	M	331,108	518,035
Administrative Expenses	N	10,092,652	9,701,510
Depreciation	E	2,975,547	2,721,454
Miscellaneous Expenses to the expenses written off	H	<u>381,499</u>	<u>-</u>
SUB TOTAL		<u>15,587,537</u>	<u>15,197,314</u>
Net Profit for the year		<u>22,750,035</u>	<u>31,172,491</u>
TOTAL		<u>38,337,572</u>	<u>46,369,805</u>

Schedules referred to above and the accompanying notes form an integral part of this Profit & Loss A/c

As per our report of even date
For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS

Sd/-
J.SRINIVASAN
PARTNER

PREM KUMAR MENON
EXECUTIVE CHAIRMAN

INDRA PREM MENON
J. SURI
DIRECTORS

Bangalore
21st August, 2010

East West Hotels Limited

PROFIT & LOSS APPROPRIATION ACCOUNT		
PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
Opening Balance	28,693,916	26,781,182
Add: Profit for the year	22,750,035	31,172,491
Sub-Total (1)	<u>51,443,951</u>	<u>57,953,673</u>
LESS : APPROPRIATIONS :		
- Provision for Income Tax	8,342,000	10,000,000
- Provision for Fringe Benefit Tax	NIL	178,000
- Income Tax Net	1,485,726	NIL
- Fringe Benefit Tax Net	67,771	NIL
- Proposed Dividend	7,200,000	14,400,000
- Tax on Disbributed Profits (proposed Dividend)	1,195,848	2,447,280
- Transfer to General Reserve	2,500,000	2,500,000
Sub-Total (2)	<u>20,791,345</u>	<u>29,525,280</u>
Profit after appropriations (1) - (2)	30,652,606	28,428,393
ADD: Net Deferred Tax Liability Reversed	449,468	265,523
Balance Carried to Balance Sheet	<u>31,102,074</u>	<u>28,693,916</u>
Earnings Per Share		
- Basic EPS (Rs. 10/- per share)	36.96	59.06
- Diluted EPS (Rs. 10/- per share)	36.96	59.06
- Diluted Annualised EPS (Rs. 10 per share)	36.96	59.06
As per our report of even date For A.N.JAMBUNATHAN & CO. CHARTERED ACCOUNTANTS		
Sd/-		
J.SRINIVASAN PARTNER	PREM KUMAR MENON EXECUTIVE CHAIRMAN	INDRA PREM MENON J. SURI DIRECTORS
Bangalore 21st August, 2010		

East West Hotels Limited

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET
AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE - A		
<u>SHARE CAPITAL</u>		
<u>-Authorised Capital</u>		
- 12,00,000 Equity Shares of Rs.10 each	12,000,000	12,000,000
- 30,000 - 11% Redeemable Cumulative Preference - Shares of Rs.100/- each	3,000,000	3,000,000
TOTAL	<u>15,000,000</u>	<u>15,000,000</u>
<u>Issued, Subscribed & Paid up Capital</u>		
- 3,60,000 Equity Shares of Rs.10/- each	3,600,000	3,600,000
TOTAL	<u>3,600,000</u>	<u>3,600,000</u>
SCHEDULE - B		
<u>RESERVES & SURPLUS</u>		
- Capital Reserve	10,024,625	10,024,625
- Capital Redemption Reserve	2,151,300	2,151,300
- Securities Premium Account	104,250	104,250
- General Reserve	22,202,283	19,702,283
- Profit & Loss Account	31,102,074	28,693,916
TOTAL	<u>65,584,532</u>	<u>60,676,374</u>
SCHEDULE - C		
<u>SECURED LOANS</u>		
- HDFC BANK LTD - (secured by motor car)	2,386,800	3,580,200
TOTAL	<u>2,386,800</u>	<u>3,580,200</u>

East West Hotels Limited

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET
AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE - D		
<u>CURRENT LIABILITIES & OTHER PROVISIONS</u>		
- Liabilities		
- Sundry Creditors	2,194,762	1,758,353
- Citibank Credit Card	14,793	NIL
- Other Liabilities (Deposit for Licence Fees)	7,000,000	7,000,000
- Unclaimed Dividends	2,352,049	1,732,939
- Provisions		
- Provision for Income Tax	18,342,000	38,788,410
- Provision for Wealth Tax	NIL	106,800
- Provision for Fringe Benefit Tax	178,000	577,312
- Provision for Gratuity	160,558	121,154
- Provision for Proposed Dividend	7,200,000	14,400,000
- Provision for Tax on Distributed Profits (proposed Dividend)	1,195,848	2,447,280
TOTAL	<u>38,638,010</u>	<u>66,932,248</u>

FIXED ASSETS

SCHEDULE - E

Statement of Depreciation

Particulars	Rate	Gross Block			Depreciation				Net Block	
		As on 01.04.2009	Additions/ (Deletions)	As on 31.03.2010	Upto 01.04.2009	For the Year	Deletions	Upto 31.03.2010	WDV as on 31.03.2009	WDV as on 31.03.2010
Land	0.00%	987,530	-	987,530	-	-	-	-	987,530	987,530
Building	5.00%	7,121,444	-	7,121,444	5,338,311	89,157	-	5,427,468	1,783,133	1,693,976
Building - The Hive	5.00%	2,520,699	-	2,520,699	186,066	116,732	-	302,798	2,334,633	2,217,901
Furniture	18.10%	2,669,889	-	2,669,889	2,465,106	37,066	-	2,502,172	204,783	167,717
Furniture - The Hlve	25.89%	6,437,705	-	6,437,705	1,638,107	1,666,722	-	3,304,829	4,799,598	3,132,876
Vehicles	25.89%	8,418,198	45,679	8,463,877	5,045,889	876,300	-	5,922,189	3,372,309	2,541,688
Plant & Machinery	13.91%	231,412	-	231,412	122,625	15,293	-	137,918	108,787	93,494
Plant & Machinery - The Hive	13.91%	1,086,976	-	1,086,976	195,138	134,147	-	329,285	891,838	757,691
Computers	40.00%	368,125	-	368,125	301,721	26,562	-	328,283	66,404	39,842
Computers - The Hive	40.00%	67,760	-	67,760	33,840	13,568	-	47,408	33,920	20,352
		29,909,738	45,679	29,955,417	15,326,803	2,975,547	-	18,302,350	14,582,935	11,653,067

East West Hotels Limited

East West Hotels Limited

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET
AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE- F		
<u>INVESTMENTS</u>		
- Birla Sunlife Mutual Fund (at cost) (Market value Rs.869,268/-)	1,000,000	1,000,000
- HDFC Cash Management Fund (at cost) (Market value Rs.2,739,848/-)	2,739,848	2,500,000
TOTAL	<u>3,739,848</u>	<u>3,500,000</u>
SCHEDULE- G		
<u>CURRENT ASSETS, LOANS & ADVANCES</u>		
- Inventories	-	-
- <u>Sundry Debtors (considered good)</u>	-	-
- Debts outstanding for a period exceeding six months	-	-
- Other Debts (unsecured and considered good)	-	-
- <u>Cash and Bank balances</u>		
a. Cash on Hand	23,658	27,488
b. Bank Balances		
- in Current Accounts	2,738,068	3,035,045
- in Deposit Accounts (SBM)	56,805,713	63,365,172
- in Deposit Accounts (SBM) - The Hive	723,776	700,000
- in Dividend Accounts	2,352,049	1,732,939
- <u>Other Current Assets</u>		
- Interest Receivables	986,633	2,328,550
- Interest Receivables - The Hive	27,551	9,666
- Inter Corporate Deposits	-	-
- Other Deposits	1,576,463	1,506,883

East West Hotels Limited

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET
AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
- Loans & Advances		
- Considered good in respect of which the company holds no security other than Debtors personal security (includes a sum of Rs. 1 Crore as advance for purchase of land for the company)	10,696,187	1,085,765
- Prepaid Expenses	488,736	624,507
- Prepaid Expenses - The Hive	10,674	37,028
- IT Advance Tax	3,500,000	9,500,000
- Tax Deducted at Source	14,936,851	32,343,763
- Tax Deducted at Source - The Hive	7,053	152
- Wealth Tax	-	106,800
- Fringe Benefit Tax	326,000	753,083
Total	95,199,412	1,17,156,841
SCHEDULE - H		
- Miscellaneous Expenses & Losses		
(to the extent written off)		
- Expenditure incurred towards proposed Project - I	1,459,566	1,459,566
Less : 1/5th written off during the year	291,913	-
Total	1167,653	1,459,566
- Expenditure incurred towards proposed Project - II	447,929	447,929
Less : 1/5th written off during the year	89,586	-
Total	358,343	447,929
Grand Total	1,525,996	1,907,495
SCHEDULE - I		
- Operative Income - The Hive		
- Room Sales	1,655,487	2,680,816
- Food & Beverage Sales	119,932	192,472
- Laundry Income	8,009	17,894
- Luxury Tax Collected	204,527	335,119
- Miscellaneous Income	899	1,933
- Telephone Collections	11,030	-
Total	1,999,884	3,228,234

East West Hotels Limited

**SCHEDULES ANNEXED TO AND FORMING PART OF
PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE - J		
<u>Other Income</u>		
- Income from Surrender of right to property	-	2,703,226
- Dividend from HDFC Cash Mgmt. MF	239,848	-
- Interest received	5,201,635	4,855,191
- Interest received - The Hive	48,562	-
- Miscellaneous Income	46,660	-
TOTAL	<u>5,536,705</u>	<u>7,558,417</u>
SCHEDULE - K		
<u>Staff Remuneration & Welfare Expenses</u>		
- Salaries, Wages & Bonus (including commission of Rs. 11,37,502/- (Previous year Rs. 15,58,625/-) to Executive Chairman)	1,289,302	1,736,115
- Exgratia	40,174	26,026
- Staff Welfare	100,523	88,097
- Contribution to PF & other Funds	88,048	14,400
- Gratuity	39,404	5,769
TOTAL	<u>1,557,451</u>	<u>1,870,407</u>
SCHEDULE - L		
<u>Power, Fuel & Water Charges</u>		
- Power, Fuel & Gas	4,550	5,450
- Electricity Charges	55,114	51,246
- Water Charges	4,214	2,997
TOTAL	<u>63,878</u>	<u>59,693</u>
<u>Power, Fuel & Water Charges - The Hive</u>		
- Power, Fuel & Gas	20,794	4,430
- Electricity Charges	136,552	312,003
- Water Charges	28,056	9,782
TOTAL	<u>185,402</u>	<u>326,215</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF
PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE - M		
<u>OPERATING EXPENSES - THE HIVE</u>		
Opening Stock	-	-
Add : Purchases		
- Food & Beverage Expenses	106,299	104,019
- Housekeeping items	4,995	10,657
	<u>111,294</u>	<u>114,676</u>
Less: Closing Stock	-	-
	<u>111,294</u>	<u>114,676</u>
- Linen & Bedding	-	20,000
- Luxury Tax paid	204,240	357,219
- Laundry charges	15,574	26,140
TOTAL	<u>331,108</u>	<u>518,035</u>
SCHEDULE - N		
<u>ADMINISTRATIVE EXPENSES - THE HIVE</u>		
- BPO Payment	393,042	348,867
- Cable TV (Service)	16,500	19,976
- Repairs & Renewals	117,601	431,228
- Advertisement & Sales Promotion	68,191	53,253
- Bank Charges	11,767	14,919
- Commission to Agents	3,022	8,270
- Consultancy Charges	255,000	240,000
- Entertainment Charges	-	1,052
- Insurance	36,449	51,906
- Legal & Consultancy Charges	35,036	9,750
- Postage & Courier	2,075	847
- Printing & Stationery	10,429	7,690
- Rent	1,337,796	1,337,796
- Service Tax Paid	137,796	165,349
- TA & Conveyance	23,562	6,215
- Telephone Charges	67,708	52,370
- Vehicle Maintenance	-	8,259
- Security Charges	-	49,989
- General Expenses	8,933	21,297
- Licence & Taxes	2,500	2,500
TOTAL	<u>2,527,407</u>	<u>2,831,533</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF
PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE - N		
<u>ADMINISTRATIVE EXPENSES</u>		
- Printing & Stationery	45,104	61,945
- Rates & Taxes & Liabilities	148,154	155,270
- Postage, Telegram & Telephone	194,890	163,273
- Travelling- Expenses - Directors	1,139,960	899,841
Others	364,326	240,488
- Bank Charges	10,885	7,595
- Insurance	93,885	124,133
- Vehicle Maintenance	180,405	168,304
- Legal & Consultancy charges	1,342,007	1,799,924
- Repairs & Renewals	1,495,494	1,082,223
- Auditors Remuneration		
As Auditor	50,000	50,000
In Any Other Capacity	15,000	NIL
- Entertainment Expenses	432,741	533,007
- Advertisement & Business Promotion	817,436	516,215
- Donation	380,000	102,980
- Sitting Fees	50,000	68,000
- Service Tax & Education Cess	74,780	76,232
- General Expenses	730,178	820,547
TOTAL	<u>7,565,245</u>	<u>6,869,977</u>

NOTES FORMING PART OF ACCOUNTS AS ON 31ST MARCH, 2010

1. Corresponding figures for the previous year have been rearranged and regrouped wherever necessary to conform to the year's presentations. and figures have been rounded off to the nearest rupee.
2. In the opinion of the Board, in the ordinary course of business the current assets, loans and advances have a value on realisation at the amount stated in the Balance Sheet.

3. **SIGNIFICANT ACCOUNTING POLICIES**

A. **Revenue Recognition:**

Income is accounted for on Accrual basis.

B. **Fixed Assets:**

All Fixed assets are valued at cost less depreciation

C. **Depreciation:**

The Company follows written down value method for providing depreciation in respect of all fixed assets as per the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of all deletions and additions during the year, depreciation is provided on pro-rata basis.

D. **System of Accounting:**

The Company follows mercantile system of accounting.

E. **Retirement Benefits:**

- i. Contribution to Provident Fund is charged off to revenue.
- ii. The Company has provided for gratuity for those employees who are eligible as on 31.03.2010 as per the provisions of the Payment of Gratuity Act, 1972.

F. **Contingent Liabilities:**

Contingent Liabilities are not provided and are disclosed by way of notes to accounts.

G. **Valuation of Investment:**

Company is complying with Accounting Standard-13 and accordingly long term investments are valued at cost and current investments, if any, at cost or realisable value, whichever is less.

4. <u>Remuneration to Executive Chairman:</u>	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
Salary	NIL	NIL
Commission	11,37,502	15,58,625
Sitting Fees	10,000	14,000

East West Hotels Limited

5. Expenditure in Foreign Currency

Towards Foreign travel	7,31,300	4,74,765
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6. Expenditure in respect of employees

(i) No. of employees of the company employed throughout the financial year who were in receipt of remuneration for the year which in the aggregate were not less than Rs.24,00,000/-	NIL	NIL
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(ii) No. of employees of the company employed for a part of the financial year who were in receipt of remuneration for any part of the year which in the aggregate were not less than Rs.2,00,000/- per month	NIL	NIL
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7. Advances, Deposits & Creditors:

The balances of advances, deposits and creditors are taken on the basis of book figures and are subject to confirmation.

8. (a) The Hon'ble Supreme Court of India has dismissed the Special Leave Petition filed by the Company against the judgement of the Hon'ble High Court of Karnataka in ITA No.180/03 (Assessment year 1989-90) and in ITA No.825/06 (Assessment years 1995-96 to 1998-99) and hence the Company's main revenue, namely Licence Fee is to be assessed only under the head "Other Sources" and the issue has become final.

However, the Income Tax Appellate Tribunal has allowed the entire claim of expenditure against the income even under the "Other Sources" in respect of assessment Years 1995-96 to 1999-2000 in their Order Nos. 859 to 862/Bang/2003 and 98/Bang/2004. The Company has not received the revision orders as yet from the Assessing Officer giving effect to the order of the ITAT. Any liability to pay/refund receivable will be ascertained on receipt of such revision orders from the Assessing Officer.

(b) In respect of Assessment Year 2005-06, the appeal filed by the company before the CIT (Appeals)-1, Bangalore has been disposed off allowing only depreciation claim and confirming the addition of other expenditures amounting to Rs.43,91,039/-. The Company has filed the second appeal before ITAT, Bangalore, against the order of the CIT (Appeals)-I, Bangalore, the Company has been advised a fair chance of winning, as the issues are identical as that of Asst. Year 1995-96 to 1999-2000.

(c) In respect of Asst. Year 2007-2008, the Assessing Officer, by his order dated 13.11.2009, has disallowed as expense of Rs.61,49,451/-, while assessing the licence fee as income from other sources and demanded a tax of Rs.25,69,207/-. The company has filed an appeal before the CIT (Appeals)-I, Bangalore, which is pending.

The collection of disputed tax in respect of Asst. Year 2005-06 and the disputed tax in respect of Asst. Year 2007-08 have been stayed till 31.1.2011 on company paying a down payment of Rs.5 lacs for Asst. Year 2007-08 as per the order of DCIT, Circle III, Bangalore, dated 5.8.2010.

F.No.DCIT II(3)/Dossier/2010-11)

East West Hotels Limited

9. Calculation of profit under section 349 for computation of managerial remuneration:

Net Profit as per Profit & Loss Account	Rs.2,27,50,035
Add : Commission to Executive Chairman	Rs. 11,37,502
TOTAL	Rs.2,38,87,537

Managerial Remuneration by way of commission payable to Executive Chairman
(Rs.2,38,87,537/- x 5/105) = Rs. 11,37,502

10. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assessments/appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company has adopted Accounting Standard 22(AS22) 'Accounting for Taxes on Income' and accordingly the Company has provided for deferred tax during the year which has resulted in reduction of deferred tax liability by Rs.4,49,468/- for the year.

11. Related Party Disclosures:

a) As per AS-18 "related party disclosures" Transactions with related parties are as under:

<u>Name of the related party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount (Rs)</u>
1. Mr.Prem Kumar Menon	Executive Chairman	Commission	11,37,502/-
2. Mrs.Anita Shanmugam	Sister of a Director	Rent	13,37,796/-
3. Mrs.Anita Shanmugam	Sister of a Director	Management Fee	80,000/-
4. M/s.Suri Consultants Private Ltd.	Director	Consultancy Fee	5,00,000/-

12. Not satisfied with the compensation awarded by the Kerala State Government on acquisition of the Company's Trivandrum land, the Company has filed a petition, before the Deputy Collector (LA), Collectorate, Thiruvananthapuram seeking reference to the Civil Court, for the determination of additional compensation and also full compensation for the extra land belonging to the Company. The matter is still pending.

East West Hotels Limited

13. The Court of the Additional Industrial Tribunal at Bangalore by its award dt. 14th July, 2006 has ordered the Company to reinstate an employee in the position in which he was dismissed and pay wages on par with any other employee of the cadre of the said employee in any other like hotel. It was also further ordered to pay 15% of his last drawn pay per month till the date of reinstatement, the amount of which is not quantifiable. The Company has filed a writ petition before the High Court of Karnataka at Bangalore seeking to quash the said award and also got stay of operation of the award till the writ petition is disposed off.
14. In respect of Asset acquired under lease, where a significant portion of the risks and rewards of ownership are retained by the lessor, is classified as operating lease and the lease rentals are charged to the Profit & Loss account on accrual basis.

As per our report of even date
For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS

Sd/-

J.SRINIVASAN
PARTNER

PREM KUMAR MENON
EXECUTIVE CHAIRMAN

INDRA PREM MENON
J. SURI
DIRECTORS

Bangalore
21st August, 2010

East West Hotels Limited

CASH FLOW STATEMENT			
PARTICULARS	YEAR ENDED 31.3.2010		YEAR ENDED 31.3.2009
	Rs.		Rs.
A. Cash flows from operating activities			
Net profit before tax	22,750,035		31,172,491
Adjustment for depreciation	2,975,547	2,721,454	
Interest (Net)	(4,931,204)	(4,422,481)	
Preliminary Expenses written off	381,499	0	
Dividend Received	(239,848)	0	
Profit on sale of Asset	0	(2,703,226)	
Other Income	0	0	(4,404,253)
Operating profit before working capital changes	20,936,029		26,768,238
Adjustments for :			
(Increase)/Decrease in Current Assets	(8,193,845)	26,595,674	
Increase/(Decrease) in Current Liabilities	1,109,716	(7,084,129)	(4,050,253)
Cash generated from operations	13,851,900		49,313,659
Interest (Net)	4,931,204	4,422,481	
	18,783,104		53,736,140
Dividend payments	(14,400,000)	(14,400,000)	
Direct taxes & tax on dividend	(9,361,405)	(23,761,405)	(14,303,058)
Net cash from Operating Activities	(4,978,301)		25,033,082
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets	(45,679)	(628,710)	
Purchase of Investments	(239,848)	(2,500,000)	
Dividend Received	239,848	0	
Net cash from Investing Activities	(45,679)		(3,128,710)
C. Cash flow from Financing Activities			
Term Loans/Loan under HP agreements availed	0	0	
EMI payments	(1,193,400)	(1,527,400)	
Net cash from Financing Activities	(1,193,400)		(1,527,400)
Net increase/(decrease) in cash and cash equivalents	(6,217,380)		20,376,972
Opening Cash and Cash equivalents	68,860,644		48,483,673
Closing Cash and Cash equivalents	62,643,264		68,860,645
As per our report of even date For A.N.JAMBUNATHAN & CO. CHARTERED ACCOUNTANTS			
Sd/- J.SRINIVASAN PARTNER Bangalore 21st August, 2010	PREM KUMAR MENON EXECUTIVE CHAIRMAN	INDRA PREM MENON J. SURI DIRECTORS	

East West Hotels Limited

Notes :

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3, "Cash Flow Statement".

2. The figures of the previous year have been recast, rearranged and regrouped wherever considered necessary.

As per our report of even date
For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS

Sd/-
J.SRINIVASAN

PREM KUMAR MENON

INDRA PREM MENON
J. SURI
DIRECTORS

Bangalore
21st August, 2010

AUDITORS' REPORT

We have examined the Cash Flow Statement of M/s. East West Hotels Limited for the year ended 31st March 2010. The statement has been prepared by the Company in accordance with the requirement of listing agreement clause 32 with Stock Exchange and is based on and in agreement with the books and records of the company and also Profit & Loss Account and Balance Sheet of the Company covered by a report of even date to the members of the Company.

For **A.N.JAMBUNATHAN & CO.**
CHARTERED ACCOUNTANTS

Sd/-
J.SRINIVASAN
PARTNER

Bangalore
21st August, 2010

East West Hotels Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration details		
	Registration No CIN:L55101KA1969PLC001795	State Code	
	Balance Sheet Date 31.03.2010	08	
II	Capital Raised during the year (Amount in Rs)		
	Public issue	Nil	Rights issue
	Bonus issue	Nil	Private placement
			Nil
III	Position of Mobilisation and deployment of Funds (Amount in Rs 000)		
	Total Liabilities	73,480	Total Assets
			73,480
	<u>Source of funds</u>		
	Paid up capital	3,600	Reserves & Surplus
	Secured Loans	2,386	Unsecured Loans
			65,585
			NIL
	<u>Application of funds</u>		
	Net fixed assets	11,653	Investments
	Net current assets	56,561	Misc.Expenditure
			3,739
			1,525
IV	Performance of the Company (Amount in Rs 000)		
	Turnover	38,338	Total Expenditure
	Profit before tax	22,750	Profit after tax
	Earnings per share	37	Dividend Rate %
			16.00
			11,658
			200
V	Generic names of three Principal Products/Services of Company		
	The Company is in the business/Licence of Hoteling which is not covered under ITC classification.		

PREM KUMAR MENON
EXECUTIVE CHAIRMAN

INDRA PREM MENON
J. SURI
DIRECTORS

Bangalore
21st August, 2010

East West Hotels Limited

Regd.Off : Gateway Hotel,
66, Residency Road, Bangalore - 560 025

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of Meeting Hall.
Name and Address of the Shareholder:

Folio No.....

I hereby record my presence at the 41st ANNUAL GENERAL MEETING held on Wednesday, the 29th September, 2010 at Gateway Hotel on Residency Road, Bangalore-560 025, at 10.30am.

Name of the shareholder (s) (In Block letters).....

Name of the shareholder or

Proxy.....

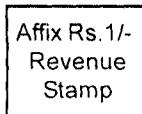
East West Hotels Limited

Regd.Off : Gateway Hotel,
66, Residency Road, Bangalore - 560 025

PROXY FORM

I/We.....
of.....
in the district of..... being
the member(s) of East West Hotels Limited hereby appoint.....
of..... in the District of.....
or failing him/her..... of..... in the
District of..... as my/our Proxy to
attend and vote for me/us or on my/our behalf at the 41st Annual General Meeting of the Company to
be held on the 29th September, 2010 and at any adjournment thereof.

Signed by the said.....



.....

Note : The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting

Please fill in here Folio No.....