



SAYAJI HOTELS LIMITED

**TWENTY SIXTH
ANNUAL REPORT 2008-09**

BOARD OF DIRECTORS

- Shri Razak D. Dhanani - Chairman
- Shri Sajid R. Dhanani - Managing Director
- Shri Rajendra Sharma - Nominee -TFCI
- Shri Y.S. Mehta - Nominee - MPFC
- Shri T.S. Bhattacharya - Director
- Shri T.N. Unni - Director
- Capt. Salim Sheikh - Director
- Shri Munawar Garbadawala - Director

CHIEF FINANCIAL OFFICER

- Shri Naveen Sood

COMPANY SECRETARY

- Shri Awadhesh Gupta

STATUTORY AUDITORS

- M/s. Shah Gandhi & Shah,
Chartered Accountants, Vadodara-390019 (Gujarat)

REGISTRAR AND SHARE TRANSFER AGENT

- Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai-400078
e-mail : mumbai@linkintime.co.in
Phone : (022) 25963838, Fax : (022) 25946969

BANKERS

- State Bank of India
- State Bank of Indore
- State Bank of Mysore
- Axis Bank Ltd.

REGISTERED OFFICE

- Sayaji Hotel Ltd., Opp. Rajshree Talkies,
Near Kala Ghoda, Sayajigunj, Vadodara – 390005

HOTELS

- Opp. Rajshree Talkies, Near Kala Ghoda, Sayajigunj,
Vadodara – 390005
- H/1, Scheme No. 54, Vijay Nagar, Near Meghdoot Garden,
Indore – 452010
- Survey No. 135, 136, Mumbai Bangalore Highway,
Opp. B. U. Bhandari Workshop, Waked, Pune - 411057

CORPORATE IDENTIFICATION NO.

- CIN - L51100GJ1982PLC005131

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Date	: September 30, 2009
Day	: Wednesday
Time	: 12.30 P.M.
Venue	: Sayaji Hotel, Vadodara
Book Closure Date	: From September 26, 2009 to September 30, 2009

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of Sayaji Hotels Limited will be held on Wednesday, 30th day of September 2009 at 12.30 P.M. at the Registered Office of the Company at Sayaji Hotel, Opp. Rajshree Talkies, Near Kala Ghoda, Sayajigunj, Vadodara-390005 (Gujarat), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date, together with the reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Shri Abdul Razak Dhanani, who retires by rotation and is eligible for re-appointment.
3. To appoint Director in place of Shri T. N. Unni, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s Shah Gandhi & Shah, Chartered Accountants, the retiring Auditors, as the Auditors of the company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of directors.

SPECIAL BUSINESS

5. Appointment of Shri T.S. Bhattacharya as a Director

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

“RESOLVED THAT Shri Tara Shankar Bhattacharya, who was appointed by the Board of directors as an Additional Director of the Company with effect from April 30, 2009 and who holds office upto the date of the forthcoming Annual General Meeting of the company, in term of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a Member under section 257 of the Act, proposing his candidature for the office of director of the company, be and is hereby appointed a director of the company, who will be liable to retire by rotation”

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

“RESOLVED THAT in supersession of the resolution passed by the Company in the Annual General Meeting of the company held on September 29, 2007 in relation to the exercise of borrowing powers, consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 293 (1)(d) and other applicable provisions if any, of the Companies Act, 1956, including any statutory modification, amendment or re-enactment thereof, to borrow from time to time for the purposes of the business of the company such sum or sums of money as they may deem fit even though the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that such borrowings (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed at any one time Rs. 300 Crores (Rupees Three Hundred Crores Only).”

By Order of the Board of Directors

Indore, August 31, 2009

**Awadhesh Gupta
Company Secretary**

Registered Office :

**Sayaji Hotel,
Near Kala Ghoda,
Sayajigunj, Vadodara-390005**

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS BEFORE THE TIME FOR THE MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the meeting.

4. Members/ Proxies should fill the Attendance slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
6. Members who hold shares in de-materialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. Members desirous of obtaining any information / details as regard accounts and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the time of meeting.
8. Corporate Members intending to send their authorized representative to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
9. All documents referred to in the accompanying notice and the Explanatory Statement are open for inspection at the all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
10. Members are requested to notify promptly any change in their addresses to the Registrar and Transfer Agent **Link Intime India Pvt Limited**, Unit: Sayaji Hotels Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(W), Mumbai-400078.
The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 26th day of September, 2009 to **Wednesday, 30th day of September, 2009 (both days inclusive)**.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to the provisions of Sec. 173(2) of the Companies Act, 1956, sets out all material facts relating to the business mentioned at Item no. 5 and 6 of the accompanying Notice dated August 31, 2009.

Item No. 5

The board of directors of the company appointed Shri T.S. Bhattacharya as additional director of the company with effect from April 30, 2009, pursuant to Section 260 of the Act and Article 137 of the Articles of Association of the Company. Under Section 260 of the Act, Shri T.S. Bhattacharya ceases to hold office at this Annual General Meeting but is eligible for appointment as director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose the appointment of Shri T.S. Bhattacharya as director.

Shri T.S. Bhattacharya holds Master of Science in Nuclear Physics from Saha Institute of Nuclear Physics, and Post Graduate Diploma in Management Science from Jamnalal Bajaj Institute of Management, Mumbai. He started his professional journey from State Bank of India where he served for over 30 years at various positions.

Except Shri T.S. Bhattacharya, none of the other directors is concerned or interested in the resolution.

Item No. 6

Section 293 (1) (d) of the Companies Act, 1956, requires the Board of Directors of the Company to obtain approval of the members to borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital of the

company and its free reserves that is to say, reserves not set apart for any specific purpose.

Looking into requirement of the business activities carried by the company, it may require additional funds. Hence the board of directors of the company needs to be authorized to borrow money's from time to time from Banks, Financial Institution and any other sources.

At the Annual General Meeting held on September 29, 2007, the board of directors was authorised to so borrow for the purpose of business of the company upto Rs. 225 Crores (Rupees Two Hundred Twenty Five Crores Only). In view of the substantial increase in the Company's operations and prospective investments, it is necessary to increase such borrowing powers upto Rs. 300 Crores (Rupees Three Hundred Crores Only).

The directors recommend the Resolution as set out at Item No. 6 of the Notice for your approval.

None of the directors is concerned or interested in this resolution.

By Order of the Board of Directors

Indore, August 31, 2009

**Registered Office :
Sayaji Hotel,
Near Kala Ghoda,
Sayajigunj, Vadodara-390005**

**Awadhesh Gupta
Company Secretary**

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with its Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in Million)

Particulars	Financial Year 2008-09	Financial Year 2007-08
Income	826.04	692.27
Less: Operating Expenses	624.76	495.47
Profit before Financial Charges and Depreciation	201.28	196.80
Less: Financial Charges	71.88	54.73
Profit before Depreciation	129.40	142.07
Less: Depreciation	60.25	49.37
Add: Prior Period & Extraordinary Items	7.16	(1.37)
Profit before Tax	76.31	91.33
Less: Provision for taxation	24.50	29.96
Profit after Tax	51.81	61.37
Add: Balance brought forward from previous year	47.08	(14.28)
Balance carried to Balance Sheet	98.89	47.09

Your company has achieved a turnover of Rs.826.04 Million in the current year against Rs.692.27 Million in the previous year, representing a growth of 19.32%.

Operating Profit (EBIDTA) for the year stood at Rs 201.28 Million, an increase of 2.27 % from Rs. 196.80 Million in 2007-2008.

In order to conserve the resources to be able to plough them back for future growth, your directors have not recommended any dividend for the financial year 2008-2009.

SUBSIDIARY COMPANIES

The Financial Statements of Barbeque-Nation Hospitality Ltd. and Malwa Hospitality Pvt. Ltd., both subsidiaries of your company for the year ended March 31, 2009 are annexed to the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

A statement under Section 212 of the Companies Act, 1956 in respect of the subsidiary companies is annexed and forms an integral part of this report. The consolidated financial statements of the company and its subsidiary companies prepared in accordance with Accounting Standards-21 "Consolidated Financial Statement" form part of the Annual Report.

COURSE OF BUSINESS AND OUTLOOK

The Management's Discussion and Analysis Report, which forms a part of this report, is a reflection of the current state of business. It also deals with the opportunities and challenges faced by your company and the outlook for the future.

The Indian hotel industry suffered in the wake of the economic

slowdown and terrorist attacks during the year under review. However, your company succeeded in mitigating the impact to some extent by taking proactive measures aimed at improving the efficiency and business development. Now, with the economy showing signs of strengthening, business and leisure travel is picking up and your company is poised to benefit from this trend.

PUNE HOTEL

Your company launched the first phase of its Pune Hotel on March 28, 2009. The project comprises of 256 rooms. Your company has endeavored to offer a number of new features to discerning customers such as a luxurious Audi A7 to receive the guests from Airport to the hotel and to drop them back at Airport; all 256 rooms equipped with Apple iTouch device, which becomes the single centralized control for all gadgets within the room. Further, each of the floors is intended to be a hotel in itself one floor designed for single female traveler; one floor dedicated to European guests and one for Oriental visitors and so on. The hotel has received a good response and is expected to meet the growing requirement of quality accommodation at reasonable price in this fast growing city.

CONVERTIBLE WARRANTS

The members are aware that the company had, in accordance with SEBI guidelines, issued 50 Lac convertible share warrants at Rs. 80/- per warrant on preferential basis during the financial year 2007-08. The holders of these warrants were entitled to apply for and obtain one equity share at the rate of Rs. 80/- per share against each warrant. The company had received Rs.8/- as application money against each warrant on the date of allotment, i.e., January 23, 2008.

Under SEBI Guidelines, warrant holders are allowed to exercise the right for conversion of warrants into equity shares within 18 months from the date of the allotment by paying the balance amount.

Since these warrant holders have not exercised their right for conversion within the stipulated time, i.e., by July 22, 2009, these warrants have lapsed on that date and the initial amount paid on them has been forfeited.

POSTAL BALLOT

Your company had successfully completed the process of obtaining the approval of its Members by way of Ordinary Resolutions under section 192A of the Companies Act, 1956 pertaining to:-

- Transfer of the Brand Name “Barbeque-Nation” to its subsidiary;
- Transfer, lease or otherwise dispose of the business of “Barbeque-Nation Restaurants”, of the company.

The results were announced on March 27, 2009.

DIRECTORS

Shri Tara Shankar Bhattacharya was appointed as additional director in terms of Section 260 of the Companies Act, 1956. He holds office up to the date of the ensuing Annual General Meeting. The company has received notice in writing from a member proposing the candidature of Shri Bhattacharya for the office of director. The brief resume and other particulars of Shri Bhattacharya are given in the section on Corporate Governance elsewhere in the Annual Report.

Shri Abdul Razak Dhanani and Shri T.N. Unni, directors, retire by rotation and being eligible, offer themselves for re-appointment. The board of directors recommends their re-appointment as directors.

AUDITORS

M/s Shah Gandhi & Shah, Chartered Accountants, Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act 1956.

The comments in the Auditors’ Report are self explanatory and do not require further explanation.

FIXED DEPOSITS

The company has renewed/accepted deposits by private placement and confidential offers from friends, relatives and associates under Section 58A of the Companies Act, 1956 in terms of Rule 4A of Companies (Acceptance of Deposit) Rules, 1975. The company does not have any unclaimed deposits.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the company as at March 31, 2009 and of the profit of the company for the year under review;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. The directors have prepared the annual accounts of the company on going concern basis.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, forming part of the Annual Report is annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Pursuant to Section 217(1)(e) of the Companies Act 1956, read with rules made there under, the company is not required to give the particulars of the conservation of energy, since the Hotel Industry is not covered under the list of Industries required to provide such information.

The company has not absorbed any new technology during the year under review. The inflow and outflow of Foreign Exchange

during the year under review is as under:

Foreign Exchange Earnings	Rs. 41.63 Million
Foreign Exchange Outgo	Rs. 65.35 Million

PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per provision of section 219(1)(b)(iv) of the Companies Act, 1956, the reports and the accounts are being sent to all the shareholders of the company excluding the statement of particulars of employees.

Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the company.

ACKNOWLEDGMENT

Your directors would like to express their sincere appreciation for the co-operation and support received from shareholders, bankers, financial institutions, regulatory bodies, customers, suppliers, employees and other business constituents during the year under review.

For and on behalf of the Board of Directors

Place: Indore
Date: August 31, 2009

Sajid R. Dhanani
Managing Director

T.N. Unni
Director

MANAGEMENT DISCUSSION & ANALYSIS

OVERALL REVIEW

Hotel Industry in India has witnessed tremendous boom in recent years. Hotel Industry is inextricably linked to both the tourism industry and the overall business environment. In the past few years, the thriving economy and increased business opportunities in India have acted as a boon for Indian Hotel Industry.

However, though the financial year 2008-09 started on a confident note for Indian Hotel Industry, the market conditions worsened dramatically as the year progressed. The global financial meltdown had a tremendous impact on business sentiment in India. Terrorist attacks in Mumbai and elsewhere had a negative influence on the inflow of foreigners in the country. Hotel Industry, being largely dependent on the overall business climate, had to bear the brunt of this changed scenario. Restaurants business, which now forms a significant part of Company's business (including its subsidiary), also was impacted to some extent on account of the prevailing slowdown.

In a challenging environment like this, your company had to initiate a number of proactive measures aimed at business development and improvement of efficiencies. As a result of these measures, your company has been able to mitigate the impact of the adverse situation.

INDUSTRY OUTLOOK

The outlook for the hotel industry in India has certainly improved in the financial year 2009-10, as the global economy is showing signs of recovery and Indian economy appears to be getting back on track. Business and leisure travel is returning back to normalcy. With the consumer confidence improving and disposable incomes rising, it is expected that hotel and restaurant businesses would be the direct beneficiaries.

In recent years, government has taken several steps to boost travel & tourism which have benefited hotel industry in India.

The opening up of the aviation industry in India has exciting opportunities for hotel industry as it relies on airlines to transport 80% of international arrivals. The government's decision to substantially upgrade regional airports in smaller towns will improve the business prospects of hotel industry in India. Substantial investments in tourism infrastructure are essential for Indian hotel industry to achieve its potential. The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India.

OPPORTUNITIES

1. Hotel industry has seen revival in recent times and with the current economic policies, the industry is poised to grow.
2. Pune hotel is expected to benefit from the brand equity that the hotel has created for itself.
3. Indore has seen lot of industrial activity in the last few years and is still growing with developments like shopping malls, hospitals etc. With the Government taking positive view with regard to the setting up of IT and BPO hub in the city and developing infrastructure, it is expected that more business will be generated for hotel industry.
4. Pune, one of the fastest growing cities in the country, has seen the entry of large number of BPO's and IT Companies, and this may further widen the existing demand supply gap. The revival of global economy would potentially increase business for these Companies, leading to more business travel to the city. The Company's hotel being in close proximity to the IT/BPO units, is expected to get a good chunk of this business. Furthermore, Pune has the most number of national level educational and social institutions, which constantly generate business for hotel industry.

THREATS & CHALLENGES

1. Increase in prices of commodities like input material of food & beverages in view of the potential drought could only be partially offset by the Company's cost reduction initiatives.
2. At present, the company is facing competition from some of the national hotel chains, standalone hotel properties and budget hotels in unorganized sector.
3. Tourism being highly sensitive industry, any adverse political or other unforeseen unfortunate events can put a halt on the foreign traffic movement. However, due to present upbeat economic conditions in the country, there has been lot of domestic corporate travel, which would counter any adverse impact of reduced foreign traffic inflow.
4. Emergence of large hospitality chains in budget segment may make it increasingly difficult for smaller chains to compete.
5. Spread of diseases like Swine Flu may have a negative impact on hotel industry and the Company's business.

COMPANY OUTLOOK

During the year under review, your Company has launched the first phase of its Pune hotel, which has received a good response. The remaining part of the hotel is expected to commence operations shortly. Your company has initiated aggressive marketing campaign to generate business and this is likely to yield positive results going forward. Indore and Baroda hotels have been fairly steady even in the face of the economic downturn. As the economy seems to be returning to its fast growth trajectory, business for company's hotels is expected to improve. The company has also launched a major cost optimisation drive which is likely to bring in reduction in operating costs.

The restaurant chain business of the company has seen some restructuring with the transfer of the brand 'Barbeque-Nation' from Sayaji Hotels Ltd., the parent company, to Barbeque-

Nation Hospitality Ltd., its subsidiary. The business of five Barbeque-Nation restaurants under the parent company has also been transferred to the subsidiary effective April, 09. Thus, the entire restaurant chain business, alongwith the Brand, has now been brought under the subsidiary. Simultaneously, franchisee model is being looked at for some of those existing restaurants which are relatively less profitable or are incurring losses. Steps have been taken to develop regional decentralised offices for closer monitoring and quicker decision making; common kitchen in Bangalore has been set up to cater to all three restaurants so as to bring down costs etc. All these measures should translate into better performance for the business of Barbeque-Nation Hospitality Limited in the coming years. With the improvement in overall business climate, this business is likely to get a boost, as people tend to spend more on eating out, when they have more confidence in the economy and their own income stream.

COMPANY SPECIFIC RISKS

Heavy Dependence on Indore

More than 50% of the revenue was generated from Indore in 2008-09. The city has witnessed lackluster industrial growth over the past decade. The state has witnessed inconsistent growth over the last decade. Infrastructure Bottlenecks remain and low investment by the private and public sector has taken its toll on the public finances. However, this will largely be taken care of now with the setting up of Pune Hotel.

Competition

INDORE

Fortune Landmark in Indore is determined to make the investment a profitable one. There is also stiff competition from outdoor banquet operators who have developed accommodation facilities at par with star category hotels and resorts. In addition, a number of hotels with small capacities have come up. Radisson and Sheraton groups are coming up with their large projects in Indore. These hotels are likely to be operational in FY 2010-11 and may pose stiff challenge to the company.

PUNE

Competition has intensified in almost all segments of the Indian hotels market due to entry of new and established players and expansion plans of existing ones. Your company is aware of the competition and is taking measures to remain competitive in the market place.

BARODA

Your Company's Baroda Hotel had witnessed stiff competition from leading hotel chains. Several more hotel chains have announced plans to enter the market.

High Leverage

The company has a high Debt Equity Ratio on account of the indifferent performance in the past. The high interest cost is detrimental to the future growth if interest rates rise.

Risk Mitigating Initiatives

Your company employees various polices and methods to counter these risks effectively as enumerated below:-

- To reduce dependence on Indore. The company has launched operations in Pune and is operating off-site restaurants in high growth cities.
- As a policy, the company plans to deploy most of its accruals towards debt retirement and raise fresh funds by way of innovative methods to fund expansion plans.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has put in place adequate internal control systems and has consistently reviewed internal control systems and their effectiveness through the internal audit process Internal audit was undertaken for every operational unit and all major corporate functions under the direction of the Internal Audit department. The focus of these reviews has been to identify;

- Corporate policies on accounting and major processes;
- Control weaknesses and areas of improvement;

- Compliance with defined policies and processes;
- Safeguarding of tangible and intangible assets;
- Management of business and operational risks;
- Anti-fraud programme.

Your company has recently completed the implementation of an ERP system. Internal processes have been mapped on the new software to a large extent. This is expected to ensure that the internal control systems are applied consistently and uniformly across locations and on an ongoing basis.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Your company believes that its people are as much its assets as its infrastructure and attaches the highest importance to human resources. It focuses on developing a performance culture throughout the organization. Some of initiatives undertaken by the company, in this regard are as follows:

- A major initiative has been launched recently to identify the core values in line with the vision and mission statement of the company, these core values are now being inculcated in the company's workforce through a series of programs.
- Performance Management System has been reviewed and strengthened so as to measure objectively the achievement in Key Result Areas,
- Variable salary package linked to performance,
- Providing opportunities to high performers for attending training programmes and additional exposure,
- Web-based rewarding called "GEMS (Guest Expectations Manage and Serve) with the objective of identifying high performers in guest services and reward innovative suggestions to improve guest services.

Industrial relations throughout the year were cordial at all units of the company.

SAFETY, HEALTH AND ENVIRONMENT

Your company attaches utmost importance to safety standards at all units of the company. At all the hotels and restaurants of the company, necessary steps are regularly undertaken to ensure the safety of employees, equipment and the customers. Internal safety checks are conducted regularly. Fire fighting training is provided to staff and mock drills are conducted gauge emergency and disaster management preparedness.

The company believes in good health of its employees. To pursue this objective, efforts are being made on both treatment as well as maintaining good health. The company has a club and gymnasium at its Indore facility, where the employees are allowed and encourage to participate. Yoga training course is also conducted in the club premises. Programmes have been conducted to advise employees on ill-effect on health due to excessive consumption of liquor and tobacco.

The Company's hotels maintain clean and hygienic environment and keep strict vigilance on their effluent generation and disposal adhering to standard norms in order to protect the environment and surroundings. Water recharging techniques have been adopted to retain the ground level water.

CAUTIONARY STATEMENT

Statement made in the Management Discussion and Analysis, describing the company's objectives, projection, estimates, predications and expectations may be 'forward-looking statement', within the meaning of applicable Securities Laws and Regulations. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development or events or for any loss any investor may incur by investing in the shares of the Company based on the 'forward looking statement'.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be a sure that not only their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard.

The objective of the company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest trend of making management transparent and institutionally sound and to enhance the long-term interest of its shareholders and to provide good management and compliance with the required standards of business operation, thereby safeguarding the interest of its other stakeholders such as creditors, customers, suppliers and employees and to identify and recognize the board of directors and the management of your company as the principal instruments through which good corporate governance principles are articulated and implemented.

The core roles of the key entities flow from this structure. The core roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

In India, corporate governance practices are regulated by Clause 49 of the Listing Agreement entered into by companies with Stock Exchanges and the provisions of the Companies Act, 1956.

Reporting requirements as per revised Clause 49 as applicable have been given due effect in this Report on Corporate Governance.

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are being placed before the Board to enable the board discharge its responsibilities of strategic supervision of the company.

The primary role of the board is that of trusteeship to protect and enhance shareholder value through strategic supervision. The board ensures that the company has clear goals relating to shareholders' value and its growth. The board, as part and parcel of its functioning, also periodically reviews its role.

Composition of the Board

The Sayaji Board is a balanced board, comprising Executive and Non-Executive Directors. As on 31st March 2009, the Board consisted of Seven(7) Directors, out of which Two (2) Executive and Three (3) Non- executive & Independent Directors, who are having expertise in their respective functional areas and capable of bringing in a wide range of managerial skills and business and professional acumen.

During the year, Seven (7) Board Meetings were held on 29/04/2008, 31/07/2008, 01/09/2008, 31/10/2008, 30/12/2008, 30/01/2009, and 19/02/2009.

Name of Directors	Designation	No. of Board meetings held during the year 2008-09	No. of Board Meetings attended during the year 2008-09	Attendance at the last Annual General Meeting held on 30th September, 2008
Mr. Razak Dhanani	Chairman	7	1	Yes
Mr. Sajid Dhanani	Managing Director	7	5	Yes
Mr. Munawar Garbadawala	Director	7	2	Yes
Mr. R. Sharma	Nominee Director, TFCI	7	3	No
Capt. Salim Sheikh	Director	7	7	No
Mr. T.N. Unni	Independent Director	7	5	Yes
Mr. Y.S.Mehta	Nominee Director, MPFC	7	6	No

Detail of Directorship on the Board of other Companies as on 31/03/2009.

Name of Directors	Directorship	Chairmanship in the board	Chairmanship in the committees
Mr. Razak Dhanani	4	3	Nil
Mr. Sajid Dhanani	6	3	Nil
Mr. Munawar Garbadawala	Nil	Nil	Nil
Mr. R. Sharma	2	Nil	Nil
Capt.Salim Sheikh	1	Nil	Nil
Mr. T N Unni	2	Nil	Nil
Mr. Y.S.Mehta	1	Nil	Nil

Particulars of Mr. T.S. Bhattacharya, appointed as an additional director of the company with effect from April 30, 2009:

Shri T.S. Bhattacharya holds Masters of Science in Nuclear Physics from Saha Institute of Nuclear Physics, and Post Graduate Diploma in Management Science from Jamnalal Bajaj

Institute of Management, Mumbai. He started his professional journey from State Bank of India where he served for over 30 years at various positions including as Managing Director/Chairman of the Bank. He is currently an advisor to Ernst & Young Pvt. Ltd. Mumbai, and is a Director on the Boards of Jindal Stainless Ltd. and Nuclear Power Corporation of India Ltd.

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

(a) Terms of reference.

The Terms of reference of the Audit Committee covers all applicable aspects stipulated by SEBI from time to time. It is also in full conformity to the requirements of section 292A of the Companies Act, 1956.

(b) Composition, names of Members and Chairperson.

Name	Designation
Mr. T. N. Unni	Chairman of the Committee / Independent Director
Mr. R. Sharma	Member / Independent Director
Capt. Salim Sheikh	Member / Director

All the directors have good financial and accounting knowledge. Chairman of the Committee is a Practicing Chartered Accountant.

(c) Meetings & Attendance : - The Audit Committee met five times during the year 2008-09. The attendance at committee meetings is as follows:

Date of Meeting	Members S/Shri	Meetings Attended
29/04/2008	Mr. T. N. Unni	Yes
	Mr. R. Sharma	No
	Capt. Salim Sheikh	Yes
31/07/2008	Mr. T. N. Unni	Yes
	Mr. R. Sharma	No
	Capt. Salim Sheikh	Yes
01/09/2008	Mr. T. N. Unni	No
	Mr. R. Sharma	Yes
	Capt. Salim Sheikh	Yes
31/10/2008	Mr. T. N. Unni	Yes
	Mr. R. Sharma	Yes
	Capt. Salim Sheikh	Yes
30/01/2009	Mr. T. N. Unni	Yes
	Mr. R. Sharma	Yes
	Capt. Salim Sheikh	Yes

REMUNERATION COMMITTEE

The Remuneration committee comprises of 3 Non Executive Independent Directors, details are given as below:

Name	Designation
Mr. T. N. Unni	Chairman of the Committee / Independent Director
Mr. R. Sharma	Member / Independent Director
Capt. Salim Sheikh	Member / Independent Director

- (a) Details of the remuneration paid to the Managing Director and whole time Director for the year ended 31st March 2009.

Shri Sajid Dhanani, Managing Director received remuneration of Rs. 38.42 lacs and Mr. Munawar Garbadawala, Executive Director, Rs.5.03 lacs.

- (b) Sitting Fees paid to Directors:

Sitting fees to the Non-Executive Directors has been paid at the rate of Rs. 2000/- for attending each meeting of the Board and committee.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- (a) Mr. T.N .Unni is the Chairman and Mr. Razak Dhanani is a Member of the Committee.
- (b) The Committee reviews the system of dealing with and responding to correspondence from all categories of investors. Every complaint letter received from Stock Exchanges/ SEBI/ Department of Company Affairs etc., and the responses thereto are reviewed by this committee.
- (c) Complaints, if any, from investors are received either at the Registered Office of the company at Vadodara or at the Office of Registrar and Transfer Agents or at the Administrative Office of the company at Indore.
- (d) As on March 31, 2009, there were no complaints pending/ overdue beyond the due dates.
- (e) The total number of complaints received and replied to the satisfaction of the shareholders during the year under review were 20(Twenty). Outstanding complaints as on 31st March 2009 were Nil as per records.
- (f) Name and designation of the Compliance Officer is as under:

Name : Awadhesh Gupta
Designation : Company Secretary

SHARE TRANSFER SYSTEM :

The Share Transfer work is handled by Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Limited formerly known as M/s Intime Spectrum Registry Limited, Physical Shares for transfer are generally transferred within statutory period if found in order. The committee meets regularly to review and take on record the transfer proposals. The Committee approves the cases of Split and consolidation of Shares Duplicate Certificate requests, rematerialisation requests, etc.

Share Transfer Details for the period from 1st April 2008 to 31st March 2009.

Transactions	Physical	Demat	Total
Number of Transfers	39	87	126
Number of Shares Transferred	6083	233486	239569
No. of Pending Share Transfers	Nil	Nil	Nil

6. GENERAL BODY MEETINGS
Location and time of holding the last three AGMs.

Year	Location	Date & Time	Whether Special Resolution Passed or not
25th AGM - 2008	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	30th September,2008 at 12.30 P.M.	To give Security, Guarantee and Corporate Guarantee for M/s Sana Hospitality Services Pvt. Ltd. as per the prescribed under section 372 A.
24th AGM - 2007	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	29th September,2007 at 12.30 P.M.	1. Increase in Remuneration of Managing Director 2. Issue of share Warrants convertible in to fully paid up equity shares 3. Voluntary Delisting of equity shares from Madhya Pradesh Stock Exchange, & Vadodara Stock Exchange Limited, & Ahmedabad Stock Exchange 4. Investment in the excess of prescribed limit under section 372A. 5. To give securities, guarantee and corporate guarantee under section 372 A.
23rd AGM - 2006	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	2nd September,2006 at 12.30 P.M.	No.

a) The company had successfully completed the process of obtaining the approval of its Members under section 192A of the Companies Act, 1956 pertaining to :-

(i) **Ordinary Resolution** : Transfer of the Brand Name “Barbeque-Nation”, of the restaurant business of the company.

(ii) **Ordinary Resolution** : Transfer, lease or otherwise dispose of the Business of “Barbeque-Nation Restaurant”, of the company.

The results were announced on March 27, 2009.

b) Voting Pattern and Procedure for Postal Ballot:

(i) The Board of Directors of the company had, at its meeting held on February 19, 2009, appointed Mr. Ashish Karodia, practicing Company Secretary, as the Scrutinizer for conducting the postal ballot voting process.

(ii) The Postal Ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.

(iii) All postal ballot forms received/receivables up to the close of working hours on March 26, 2009, the last date and time fixed by the company for receipt of the forms, had been considered by him under his scrutiny.

(iv) Envelopes containing postal ballot forms received on/after March 26, 2009 had not been considered for him scrutiny.

(v) The result of the Postal Ballot were announced on March 27, 2009 at the Registered Office of the company as per the Scrutinizer’s Report as under:

Resolution no.1

Particulars	No. of Postal Ballot forms	No. of Shares	% of the total paid up equity capital
Total Postal Ballot forms receive	184	5268807	41.00
Less : Invalid Postal Ballot forms (as per register)	8	50917	0.39
Net valid Postal Ballot forms (as per register)	176	5217890	40.61
Postal Ballot forms with assent for the resolution	159	5214965	40.58
Postal ballot forms with dissent for the resolution	17	2925	0.02

Resolution no.2

Particulars	No. of Postal Ballot forms	No. of Shares	% of the total paid up equity capital
Total Postal Ballot forms received	184	5268807	41.00
Less : Invalid Postal Ballot forms (as per register)	18	52295	0.41
Net valid Postal Ballot forms (as per register)	166	5216512	40.59
Postal Ballot forms with assent for the resolution	149	5213587	40.57
Postal ballot forms with dissent for the resolution	17	2925	0.02

5. DISCLOSURES

- None of the transactions with any of the related parties were in conflict with the interest of the company.
- There have been no cases of Non Compliance by the Company imposing penalties, and strictures on the company by the Stock Exchanges or SEBI or any authority on any matter related to Capital Markets during last 3 years.

6. MEANS OF COMMUNICATION.

- The Quarterly results are published in English and Gujarati version.
- Results are posted on the Bombay Stock Exchange website : www.bseindia.com
- Management Discussion & Analysis is a part of the Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day and date	Wednesday, 30th Sept. 2009
Time	Time 12.30 P.M.
Venue	Sayaji Hotels Limited Opp: Rajshree Talkies, Kalaghoda, Sayajigunj, Vadodara 390 005 (Guj.)
Date of Book Closure	26/09/2009 to 30/09/2009

b) Financial Calendar

The Company follows the financial year from April to March.

Unaudited Financial Results for the four quarters and the Audited Financial Results for the year ended 31st

March, 2009 were taken on record and approved by the Board in its meeting/s held on the following dates.

Quarter ended	Date of Board Meeting
April-June, 2008	31st July, 2008
July-September, 2008	31st October, 2008
October-December, 2008	30th January, 2009
January-March, 2009	30th April 2009
Year ended	
31st March, 2009	31st August, 2009

- c) Dividend Payment Date : None
- d) Registered Office : Sayaji Hotel,
Opp. Rajshree Talkies,
Kala Ghoda, Sayajigunj,
Vadodara.- 390 005.
Phone : 0265- 2363030.
Fax: 0265- 2226134
- e) E-mail Address : sayaji90@yahoo.com
- f) Stock Exchanges

Name of Exchanges where shares are Listed	Code
The Stock Exchange, Mumbai	523710
Ahmedabad Stock Exchange	52190
The Stock Exchange Vadodara	523710
Madhya Pradesh Stock Exchange	2729

- g) ISIN No. of the Company's : **INE318C01014**
Equity Shares held in Demat Form : **10101995**
Equity Shares held in Physical Form : **2748005**
- h) Depository Connectivity : **NSDL & CDSL**
- i) Registrar and Transfer Agents :

Head Office & Correspondence Address

Link Intime India Pvt. Limited formerly known as
Intime spectrum Registry Limited.
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W), Mumbai-400 078
E-mail: mumbai@linkintime.co.in
Phone (022)25963838
Fax: 25946969

j) Address for Investor's Correspondence

Sayaji Hotel
H-1, Scheme No. 54, Vijaynagar, Indore.
Phone: 0731- 4003636/ 4006666
Fax: 0731- 4003131
E-mail : mail@sayajiindore.com
cs@sayajiindore.com

- k) The Company has not raised Equity Share Capital in the Financial Year 2008-09.
- l) Dematerialization of Shares:
As on 31st March 2009, 10101995 shares stands dematerialized representing 78.61 % of the total shares of the Company.
- m) Project Locations:
- Sayaji Hotel, Indore, Madhya Pradesh.
- Sayaji Hotel, Vadodara, Gujarat.
- Sayaji Hotel, Pune, Maharashtra.
- n) Categories of shareholdings as on 31st March 2009:

Category	No. of Shares Held	% of Shareholding
Promoters:	65,97,844	51.345
Directors and Relatives	100	0.00
Public:		
1. Institutions:		
a. Mutual Funds and UTI	4,600	0.036
b. Banks and Financial Institution	300	0.002
c. Central Govt./State Govt./ Venture Capital Funds/Insurance Companies	0	0.000
d. Foreign Institutional Investors	14,05,447	10.937
e. Foreign Venture Capital Investors	10,90,391	8.486
2. Non Institutional Investors		
a. Bodies Corporate	13,25,613	10.316
b. Individuals(Public)	13,56,058	10.554
c. NRI/OCB	9,13,067	7.105
d. Clearing Member	1,56,580	1.219
TOTAL	1,28,50,000	100.00

o) Stock Market Data.

Month	Mumbai Stock Exchange Ltd.		BSE SENSEX	
	High	Low	High	Low
April 08	106.50	77.00	17378.46	15343.12
May 08	97.00	76.00	17600.12	16275.59
June 08	87.80	61.15	16063.18	13461.60
July 08	84.55	73.65	14942.28	12575.80
August 08	80.85	62.25	15503.92	14048.34
September 08	65.00	41.25	15049.86	12595.75
October 08	44.95	31.40	13055.67	8509.56
November 08	46.65	40.00	10631.12	8451.01
December 08	46.05	39.50	10099.91	8739.24
January 09	43.75	29.70	10335.93	8674.35
February 09	33.00	27.00	9647.47	8822.06
March 09	35.95	25.20	10048.49	8160.40

Sources : Data Compiled from BSE official website

CERTIFICATE

To
The Members of
Sayaji Hotels Ltd
Vadodara

We have examined the Compliance of the conditions of Corporate Governance by Sayaji Hotels Limited for the year ended March 31, 2009 as stipulated in Clause 49 of listing Agreement of the said Company with Stock exchanges in India.

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

In our opinion and to the best of our information and explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of Investor Grievances received during the year ended 31st March, 2009 no investor Grievance is pending against the Company as on date as per the records maintained by the Company and presented to the investors/shareholders grievance Committee.

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

For **SHAH GANDHI & SHAH**
Chartered Accountants

Vadodara
31st August, 2009

Nimesh Gandhi
Partner
M.No. 49134

AUDITORS' REPORT

To
THE MEMBERS OF
SAYAJI HOTELS LIMITED
VADODARA

We have audited the attached Balance Sheet of SAYAJI HOTELS LIMITED as at 31st March, 2009 and also the Profit & Loss Account and 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.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together "the Order"), 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 in above paragraph, 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 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 read together with the Significant Accounting Policies as per Schedule 16 and other notes thereon appearing in Schedule 16, 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 March 31, 2009;
 - b. in the case of the Profit & 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 for the year ended on that date.

For SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
August 31, 2009

Nimesh Gandhi
Partner
M.No. 49134

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2009 of Sayaji Hotels Limited)

As required by the Companies' (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and the information and explanations given to us during the course of the audit, we report as under:

1. (a) The records of the Company in respect of fixed assets needs to be updated in respect of additions, quantitative details, identification numbers, valuation, etc.
 - (b) We are informed that the Fixed Assets of the Company have been physically verified by the Management during the year at reasonable intervals and no material discrepancy has been noticed on such verification
 - (c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.
2. (a) Stocks of Food & Beverages, Stores, and Operating Supplies etc. have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion the Company has maintained proper records of inventory. The discrepancies noticed on such physical verification of stocks as compared to book records were not significant and the same has been properly dealt with in the books of accounts.
3. (a) Company has granted loans to 5 companies, firms or other parties covered in the register maintained under section 301 of the Act., where in the balance payable as at the year end is Rs. 341.06 lacs. The maximum amounts involved in the transactions during the year are Rs. 125.06 lacs.
 - (b) The loans granted are interest free and are repayable on demand.
 - (c) There is no overdue amount of loans granted to companies, firms or other parties since they have not been called up for repayment.
 - (d) The Company has taken loans from 1 firm covered in the register maintained under section 301 of the Act, where in the balance payable as at the year end is Rs. 2 lacs. The maximum amount involved in the transactions during the year is Rs. 2 lacs.
 - (e) The loans taken are interest free and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the Company.
 - (f) The loans taken by the company are repayable on demand.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of stores, operating supplies, components, plant and machinery, equipments and other assets and for the sale of goods and services.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company, with regards to the deposits accepted from the public, has complied the provisions of the section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. The Company has system of internal audit which, in our opinion, is commensurate with the size of the business.

8. Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the companies Act 1956 for the Company.
9. (a) According to the records, information and explanations provided to us of the company is generally regular in depositing, with appropriate authorities undisputed amount of Provident Fund, investor education fund, Employees' State Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2009 for the period of more than six months from the date they became payable.
- (b) The following are the details of disputed Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been paid to the concerned authorities.

	NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	UNPAID AMOUNT (Rs.)
01	Service Tax	Tribunal	Rs. 271.00 lacs

10. Based on our audit procedures and on the information and explanation given by management, the company has not defaulted in repayment of dues to the financial institution, bank or debenture holders as at the balance sheet date:
11. Based on our audit procedures and the information and explanation given to us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
12. The Company is not a chit/ nidhi /mutual benefit fund/ society and clause XIII of the order is not applicable.
13. The Company is not dealing or trading in shares, securities, debentures and other investments.
14. On the basis of the information and explanation given to us the company has given guarantees for the loans taken by other company from bank or financial institution and are not prejudicial to the interest of the Company.
15. Based on our audit procedures and explanation given to us the term loans have been applied for the purpose for which they were raised.
16. On the basis of our examination of the Balance Sheet of

the Company and the information and explanation given to us, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

17. During the year, The company has not made any preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Act.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. Based on the audit procedures performed and information and explanations given to us 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 SHAH GANDHI & SHAH
Chartered Accountants**

**Vadodara
31st August, 2009**

**Nimesh Gandhi
Partner
M.No. 49134**

BALANCE SHEET AS AT 31-03-2009
Rupees

	Sch		As at 31/03/09		As at 31/03/08
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1	128,500,000		128,500,000	
(b) Reserves & Surplus	2	414,074,774		362,268,912	
(c) Share Warrants (See note 20 of Sch. 16)		40,008,387	582,583,161	40,008,387	530,777,299
(2) Loan Funds					
(a) Secured Loans	3	1,359,128,964		656,697,622	
(b) Unsecured Loans	4	402,093,002	1,761,221,966	385,891,358	1,042,588,980
(3) Deferred Tax			74,889,354		60,476,363
TOTAL			2,418,694,481		1,633,842,642
II APPLICATION OF FUNDS					
(1) Fixed Assets	6				
(a) Gross Block (Original Cost)		1,953,778,492		1,237,238,849	
(b) Less : Depreciation		(305,479,964)		(252,284,184)	
(c) Net Block			1,648,298,528		984,954,665
(d) Capital Work in Progress	6		190,935,851		126,735,038
(e) Expenditure during Construction Period pending allocation	6		55,849,887		83,427,376
(2) Investments	7		146,470,480		66,730,480
(3) Current Assets, Loans and Advances	8	554,573,682		463,000,602	
Less: Current Liabilities & Provisions	5	(177,433,947)		(91,005,519)	
Net Current Assets			377,139,735		371,995,083
TOTAL			2,418,694,481		1,633,842,642
Significant Accounting Policies	16				
Notes on Accounts	16				

Schedules referred to above form an integral part of the Balance Sheet

For and on behalf of the Board of Directors

As per our report of even date attached
For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner
Vadodara, 31-08-2009

Sajid R. Dhanani
Managing Director
Indore, 31-08-2009

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE PERIOD 01.04.2008 TO 31.03.2009
Rupees

	Sch	31-Mar-09	31-Mar-08
I INCOME			
Rooms, Restaurants, Banquets, Shops and Other Services	9	821,854,795	685,842,456
Other Income	10	4,191,569	6,428,386
TOTAL		826,046,364	692,270,842
II. EXPENDITURE			
Food and Beverages consumed	11	236,072,374	180,747,906
Cost of Shops		---	1,312,500
Operating Expenses	12	82,101,416	82,428,827
Power and Fuel	12	74,496,805	58,464,157
Employees' Emoluments	13	117,550,874	92,331,622
Selling & Administrative Expenses	14	114,542,865	80,182,161
		624,764,334	495,467,173
III. OPERATING PROFIT BEFORE INTEREST		201,282,030	196,803,669
Financial Charges	15	71,880,003	54,731,085
IV. PROFIT BEFORE DEPRECIATION		129,402,027	142,072,584
Depreciation		60,380,714	49,482,676
Add : Depreciation Written Back		128,250	118,575
V. PROFIT BEFORE TAX & PRIOR PERIOD & EXTRAORDINARY ITEMS		69,149,563	92,708,483
LESS : PRIOR PERIOD & EXTRAORDINARY ITEMS		(7,160,883)	1,373,455
VI. PROFIT BEFORE TAX		76,310,446	91,335,028
VII. PROVISION FOR TAXATION			
CURRENT TAX		9,308,991	10,348,259
DEFERRED TAX		14,412,991	32,627,839
FRINGE BENEFIT TAX		782,602	713,950
VIII. PROFIT AFTER TAX BEFORE MAT CREDIT		51,805,862	47,644,980
IX. Add : MAT CREDIT ENTITLEMENT			
CURRENT YEAR		---	10,348,259
EARLIER YEARS		---	3,381,111
X. PROFIT AFTER TAX		51,805,862	61,374,350
XI. BALANCE B/FORWARD FROM LAST YEAR		47,088,948	(14,285,403)
XII. AMOUNT AVAILABLE FOR APPROPRIATION		98,894,810	47,088,948
XIII. AMOUNT CARRIED TO BALANCE SHEET		98,894,810	47,088,948

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner
Vadodara, 31-08-2009

Sajid R. Dhanani
Managing Director
Indore, 31-08-2009

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

For and on behalf of the Board of Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET
Rupees

	As at 31/03/09	As at 31/03/08
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
20,000,000 Equity Shares of Rs.10/- each	200,000,000	200,000,000
1,000,000 Preference Shares of Rs.100/-each	100,000,000	100,000,000
TOTAL	300,000,000	300,000,000
ISSUED, SUBSCRIBED & PAID-UP		
12850000 (12850000) Equity Shares of Rs. 10/- each	128,500,000	128,500,000
TOTAL	128,500,000	128,500,000
SCHEDULE - 2 - RESERVES & SURPLUS		
(i) Share Premium		
Opening at beginning	291,040,000	257,040,000
Addition during the year	---	34,000,000
Utilised during the year	---	---
Closing at end	291,040,000	291,040,000
(ii) General Reserve		
Opening at beginning	24,139,964	24,828,000
Addition during the year	---	---
Utilised during the year	---	688,036
Closing at end	24,139,964	24,139,964
TOTAL (i + ii)	315,179,964	315,179,964
(iii) Profit & Loss Account		
Opening at beginning	47,088,948	(14,285,403)
Addition during the year	51,805,862	61,374,350
Closing at end	98,894,810	47,088,948
GRAND TOTAL	414,074,774	362,268,912
SCHEDULE - 3 - SECURED LOANS		
Term Loans	1,346,987,205	643,931,049
Assets Credit Finance	12,141,759	12,766,573
TOTAL	1,359,128,964	656,697,622

		As at 31/03/09		As at 31/03/08
SCHEDULE - 4 - UNSECURED LOANS				
Foreign Currency Convertible Bonds				
From Foreign Companies		350,100,000		350,100,000
(See Note 19 of Schedule 16)				
Fixed Deposits :				
From Public		21,632,495		26,566,819
Other Loans :				
From Others	4,050,929		3,880,000	
From Financial Institution	20,000,000			
From Trade Deposit	6,309,578	30,360,507	5,344,539	9,224,539
TOTAL		402,093,002		385,891,358
SCHEDULE - 5 - CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors	137,237,418		71,570,125	
Interest Acc.but not due (due within 12 months)	15,009,505	152,246,923	6,838,292	78,408,417
Provisions				
Taxation	14,938,646		5,824,984	
Others	10,248,378	25,187,024	6,772,118	12,597,102
TOTAL		177,433,947		91,005,519

**SCHEDULE 6
FIXED ASSETS**
PERIOD 01.04.08 TO 31.03.09

Amount in Rupees

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 1.4.2008	Additions	Deduction & Adjustment	Closing as on 31.3.2009	Opening as on 1.4.2008	Deletion	Addition	Closing as on 31.3.2009	As on 31.3.2009	As on 31.3.2008
	A. TANGIBLE ASSETS										
1	BUILDING	556,781,560	382,438,269	2,003,633	937,216,196	106,768,678	513,775	25,701,701	131,956,604	805,259,593	450,012,883
2	FURNITURE & FIXTURE	161,106,455	166,416,920	8,834,723	318,688,652	68,269,298	4,642,578	16,870,637	80,497,358	238,191,293	92,837,157
3	PLANT & MACHINERY	164,742,607	129,336,447	2,800,360	291,278,694	53,787,851	1,048,435	7,956,099	60,695,515	230,583,179	110,954,757
4	SERVICE EQUIPMENT	52,391,536	26,211,672	675,000	77,928,208	13,465,259	803,250	4,851,344	17,513,353	60,414,855	38,926,278
5	Computer Equipments	12,118,500	12,157,119	0	24,275,619	6,173,444	0	1,502,193	7,675,638	16,599,981	5,945,056
6	VEHICLE	24,151,437	8,423,257	429,675	32,145,019	3,210,137	176,899	2,226,434	5,259,673	26,885,346	20,941,300
7	LEASE HOLD LAND	9,405,834	0	0	9,405,834	0	0	0	0	9,405,834	9,405,834
8	FREEHOLD LAND	251,413,804	3,818,168	0	255,231,972	0	0	0	0	255,231,972	251,413,804
	B. INTANGIBLE ASSETS										
1	LIQUOR LICENCE	3,307,800	0	0	3,307,800	316,548	0	396,936	713,484	2,594,316	2,991,252
2	SOFTWARE & LICENCES	1,819,315	2,481,183	0	4,300,498	292,971	0	875,369	1,168,340	3,132,158	1,526,344
	TOTAL	1,237,238,849	731,283,034	14,743,391	1,953,778,492	252,284,187	7,184,937	60,380,714	305,479,964	1,648,298,528	984,954,665
	PREVIOUS YEAR FIGURES	995,202,911	245,371,157	3,335,219	1,237,238,849	205,509,473	2,707,963	49,482,675	252,284,187	984,954,665	789,693,438

CAPITAL WORK IN PROGRESS	126,735,038	629,860,306	565,659,493	190,935,851
PRE-OPERATIVE EXPENSES INCURRED DURING CONSTRUCTION PERIOD PENDING FOR ALLOCATION	83,427,376	127,141,612	154,719,101	55,849,887
TOTAL	210,162,414	757,001,918	720,378,594	246,785,738

		As at 31/03/09		As at 31/03/08
SCHEDULE - 7 - INVESTMENTS				
TRADE INVESTMENTS - AT COST				
UnQuoted :				
Barbeque-Nation Hospitality Ltd 6464998 (PY 6049998) Equity Shares of Rs. 10 each fully paid up	85,399,980		60,499,980	
Malwa Hospitality Pvt. Ltd. 5494000 (PY 10000) Equity Shares of Rs. 10 each fully paid up	54,940,000		100,000	
Welterman International Ltd. 2,63,000 Equity Shares of Rs. 10 each fully paid up	2,630,000		2,630,000	
Bharat Equity Services Ltd. 1,00,000 Equity Shares of Rs.10 each fully paid up	1,000,000		1,000,000	
Aries Hotels Pvt. Ltd. 2,50,000 Equity Shares of Rs.10 each fully paid up	2,500,000		2,500,000	
Annoya Sahakari Mandali Co-Op Bank Ltd 50 Equity Shares of Rs.10 each fully paid up	500		500	
		146,470,480		66,730,480
TOTAL		146,470,480		66,730,480
SCHEDULE - 8 - CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Inventories				
Operating Supplies (Valued at cost as certified by Management)	29,205,282		20,846,169	
Food and Beverage (Valued at cost as certified by Management)	8,163,097		8,077,510	
Shopping Arcade Stock	4,254,234	41,622,613	4,254,234	33,177,913
Sundry Debtors (Unsecured considered good)				
Outstanding over Six Months	25,548,880		24,924,631	
Others	27,854,692	53,403,572	54,772,961	79,697,592

		As at 31/03/09		As at 31/03/08
CASH AND BANK BALANCES				
Cash on hand	2,476,696		3,085,405	
Bank Balances				
With Scheduled Banks				
In Current Accounts	9,826,102		74,865,232	
In Fixed Deposit Accounts	5,175,516	17,478,314	5,049,519	83,000,155
LOANS AND ADVANCES (Unsecured, Considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	406,417,638		232,001,224	
Insurance Claim receivable	---		10,172,964	
Mat Credit Entitlement	13,729,370		13,729,370	
Advance Tax & TDS Receivable	21,922,175	442,069,183	11,221,385	267,124,942
TOTAL		554,573,682		463,000,602

Rupees

	31-Mar-09	31-Mar-08
SCHEDULE 09		
ROOMS, RESTAURANTS, BANQUETS, SHOPS AND OTHER SERVICES		
Rooms	185,529,036	168,724,789
Food and Beverages	550,394,405	443,520,890
Other Services	85,931,354	68,346,776
Shopping Arcade Shop Sales	---	5,250,000
TOTAL	821,854,795	685,842,456
SCHEDULE 10 OTHER INCOME		
Interest Earned	2,452,678	4,786,418
Miscellaneous Income	1,738,891	1,641,968
TOTAL	4,191,569	6,428,386
SCHEDULE 11 FOOD AND BEVERAGES		
Opening Stock	8,077,510	3,830,940
Add : Purchases	236,157,961	184,994,476
	244,235,471	188,825,416
Less : Closing Stock	8,163,097	8,077,510
TOTAL	236,072,374	180,747,906
SCHEDULE 12 OPERATING EXPENSES		
Stores and Operating Supplies	56,522,667	56,042,989
Repairs and Maintenance		
Building	8,484,461	10,283,042
Plant & Machinery	4,813,650	5,085,858
Others	7,424,800	6,397,986
Laundry Expenses	4,855,838	4,618,952
SUB-TOTAL	82,101,416	82,428,827
Power and Fuel	74,496,805	58,464,157
GRAND TOTAL	156,598,221	140,892,984

Rupees

	31-Mar-09	31-Mar-08
SCHEDULE 13 EMPLOYEES' EMOLUMENTS		
Salaries, Wages and Allowances	106,009,848	80,624,936
Contribution to P.F. and other Funds	6,447,796	6,106,952
Workmen and Staff Welfare Expenses	1,760,501	3,473,137
Workmen and Staff Uniform Expenses	3,332,729	2,126,597
TOTAL	117,550,874	92,331,622
SCHEDULE 14 SELLING AND ADMINISTRATIVE EXPENSES		
Rent/Lease Rent	46,277,963	32,178,812
Rates & Taxes	10,840,269	7,755,062
Insurance	1,215,170	1,172,575
Legal & Professional	4,480,141	2,994,631
Travelling and Conveyance	4,373,594	3,547,106
Postage, Telegram and Telephones	4,195,890	3,475,161
Advertisement and Publicity	2,958,393	3,394,261
Printing and Stationery	4,926,117	6,371,638
Directors' Sitting Fees	49,000	50,000
Donation	53,451	232,651
Guest pick up Expenses	8,559,917	8,501,534
Other Expenses	9,435,879	5,978,210
Water charges	4,761,879	2,364,605
Housekeeping Expenses	2,721,599	1,395,409
Audit Fees	236,500	125,000
Bad Debts Written Off	9,457,102	645,506
TOTAL	114,542,865	80,182,161
SCHEDULE 15 FINANCIAL CHARGES		
Interest on term Loans	58,173,246	43,394,498
Interest on Others	3,727,757	6,858,869
Bank Charges	5,506,603	4,120,297
Restructuring & Processing Fees	4,472,397	357,421
TOTAL	71,880,003	54,731,085

SCHEDULE 16 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Convention :

- i. The financial statements have been prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956.
- ii. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- iii. Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

b) Fixed Assets :

- i. Accounted at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its working condition for use.
- ii. Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.
- iii. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Generally, such retired assets are disposed of soon thereafter.
- iv. Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.
- v. Expenditure on the new project are included in Capital Work-in-Progress.

c) Depreciation :

- i. Depreciation is charged on fixed assets except on Freehold & leasehold land and buildings (in respect of restaurant chain business) as per the straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- ii. Buildings (in respect of the restaurant chain business) constructed on the rented properties are depreciated over the term of the respective leases.
- iii. Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.
- iv. Computer software and licence are depreciated over a period of three years.
- v. Liquor licences purchased for restaurant chain business are depreciated over the period of lease term of the respective restaurants.

d) Investments :

Long term Investments are stated at cost of acquisition including brokerage, stamp duty, fees, if any.

e) Inventories :

- i. Inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.
- ii. In the case of raw materials, operating supplies and stores, cost represents purchase price and other costs incurred for bringing inventories upto their locations and are determined on First-In-First-Out basis.

f) Sales :

Sales is exclusive of Luxury tax, Sales tax, Service Tax and other taxes.

g) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

h) Events occurring after the date of Balance Sheet date :

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

i) Employee Benefit :

Employee benefit plans comprise both defined benefit and defined contribution plans.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Provident fund is a defined contribution plan. Each eligible employee and the company make contributions at a percentage of the basic salary specified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company's contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The company has no further obligations under the plan beyond its periodic contributions.

j) Taxation :

- i. Provision for current taxation has been made in accordance with the Income Tax Laws applicable to the assessment year.
- ii. Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
- iii. Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

k) Foreign Currency transactions :

Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit & Loss Account.

Exchange difference arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

l) Assets taken on lease :

- i. In respect of finance lease transactions, lease rents paid are charged to the Profit and Loss Account in accordance with the terms of the lease agreements.
- ii. In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the Profit and Loss Account.

m) Segment Reporting :

Business Segment: The Company is primarily engaged in Hoteliering business, During the year under review, company was not engaged in the business of developing and selling of properties, hence the Company has not provided primary segmental information for these segments as per Accounting Standard – 17 on “Segment Reporting” issued by the ICAI.

n) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs charged to revenue.

2. Secured Loans :

- a) Term Loans of Rs. 20.95 crores from Tourism Finance Corporation of India Ltd. (TFCI) are secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans.
- b) Term Loan of Rs. 4.93 crores from HUDCO is secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the Bankers for securing the working capital form.
- c) Term Loans of Rs. 7.40 crores from Madhya Pradesh Financial Corporation (MPFC) are secured by way of mortgage of land and building at Indore and/ hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. Term loan of Rs.7.50 Crores is secured by way of hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. The equitable mortgage for this loan is yet to be created.
- d) Term Loans of Rs. 54.60 crores from State Bank of India of are secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.
- e) Term Loan of Rs. 2.00 crores from State Bank of India is securitized against the lease rent receivables of Nokia India (P) Ltd. at Indore.
- f) Term Loans of Rs. 29.75 crores from State Bank of Indore are secured by way of mortgage of land and building at Indore,

Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

- g) Term Loan of Rs. 11.50 crores from State Bank of Mysore is secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.
- h) Term Loan of Rs. 6.75 crores from Axis Bank Ltd is secured by way of mortgage of land and building at Indore, Baroda & Pune and hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.
- i) Working Capital Term Loan of Rs. 1.25 crores from Axis Bank Ltd is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies stores, spares, book debt of the company and also by way of second charge on the immovable properties of the company.
- j) Working Capital Medium Term Loan of Rs. 1.50 crores from Madhya Pradesh Financial Corporation (MPFC) is secured by way of mortgage of Shops at Sayaji Plaza, Indore.
- k) Vehicle loans from ICICI Bank Ltd. are secured by way of hypothecation charge on the specific vehicles.
- l) Vehicle loans from HDFC Bank Limited are secured by way of hypothecation charge on specific vehicles.
- m) Vehicle loans from Tata Capital Limited are secured by way of hypothecation charge on specific vehicles.
- n) The Corporate loan of Rs. 16 Crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts, bills etc. of the company and also by way of a Second charge on the immovable properties of the company at Indore and Baroda.
- o) All term loans except loans from ICICI Bank Limited, Tata Capital Limited and HDFC Bank Limited are personally guaranteed by some of the director of the company.
- p) Installment falling due within next 12 months Rs. 1297.59 Lacs.

3. Contingent Liabilities not provided for :

- a) Guarantees given on behalf of other companies - Rs. 520.00 lacs (Previous year Rs. 520 lacs)
- b) Disputed statutory liabilities in respect of service tax not provided for - Rs. 271 lacs (Previous year Rs. 133.17 Lacs) - The matter is pending before the hon'ble CESTAT, New Delhi. The Company has got stay order against the demand.
- c) Customs duties saved against imports under EPCG scheme - Rs. 695.30 lacs (Previous year Rs. 236.80 lacs)
- d) Letter of Credit open and outstanding – Rs. Nil lacs (Previous year Rs. 86.93 Lacs)

4. The Company adopted the Accounting Standards 15 “Employee Benefits” effective from April 1, 2007.

Defined contribution plans : During the year the Company has recognized the following amounts in the Profit and Loss account,

which are included in “Contribution to PF and other funds” in Schedule 13 :

	31.03.09	31.03.08
i. Contribution to Provident Fund	Rs. 42.56 lacs	Rs.44.47 lacs

Defined Benefit Plans : The Company makes annual contributions to the Employee’s Group Gratuity scheme of the SBI Life Insurance Co. Ltd., a funded defined benefit plan for the qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the terms of the scheme. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company’s financial statements as at March 31, 2009 :

		(In Rupees)	
		31.03.09	31.03.08
i)	Changes in benefit obligations :		
	Present value of obligation as at the beginning of the year	4312162	3416430
	Interest Cost	344973	273314
	Current Service Cost	764638	527462
	Actuarial (gain)/ loss on obligations	(325769)	94955
	Benefit paid	(365590)	Nil
	Present value of obligation as at the end of the year	4730414	4312162
ii)	Change in plan assets :		
	Fair value of plan assets as at the beginning of the year	1553711	Nil
	Expected return on plan assets	109673	62131
	Contributions	0	1553287
	Benefits paid	(365590)	Nil
	Actuarial gain/ (loss) on plan assets	4700	(61707)
	Fair value of plan assets at the end of the year	1302494	1553711
	Excess of (obligation over plan assets)/ plan asset over obligation	(3427920)	(2758451)
	(Accrued liability)/ Prepaid benefit	(3427920)	(2758451)
iii)	Net Gratuity and other cost for the year ended 31st March 2009		
	Current Service cost	764638	527462
	Interest on defined benefit obligation	344973	273314
	Expected return on plan assets	(109673)	(62131)
	Net actuarial gain recognized in the year	(330469)	156663
	Net gratuity and other cost	669469	895308
	Actual return on plan asset	114373	424

(In Rupees)

		31.03.09	31.03.08
iv)	Category of Assets as at 31 March 2009		
	Insurer Managed Funds	1302494	1553711
	Others	Nil	Nil
	Total	1302494	1553711
v)	Assumptions used		
	Discount rate (p.a.)	8.00%	8.00%
	Salary escalation rate (p.a.)	5%	5% p.a. for first 5 years and 5% thereafter
	Expected rate of return on plan assets (p.a.)	8%	8%

5. Related Party Disclosure :

a) **Relationship during the year :**

i) **Key Management Personnel**

Sajid Dhanani – Managing Director
Munawar Garbadawala – Director
Capt. Salim Sheikh – Director

ii) **Subsidiary Companies**

Barbeque-Nation Hospitality Limited
Malwa Hospitality Pvt Ltd

iii) **Associate Companies/ Firms/ Relatives**

Ahilya Hotels Limited
Aries Hotels Pvt Ltd
Bharat Equity Service Ltd.
Clearwater Capital Partners (Cyprus) Ltd.
Dhanani Securities Ltd.
Kruger Chemical Ltd
M.P. Agro Industries Ltd.
M.Y. Merchant
R. R. Dhanani
R.S. Udar
Sanya Enterprises
Status Travels
Sabiya Amusement Pvt. Ltd
Uniera Laboratories Pvt. Ltd.
Welterman International Ltd.

b) Summary of transactions during the year :
(Rs. in Lacs)

Sr.No.	Nature of Transactions	2008-09	2007-08
A	KEY MANAGEMENT PERSONNEL		
	Remuneration	41.79	33.63
	Commission on Profit	1.66	15.57
	Lease Rent	14.64	4.99
B	SUBSIDIARY COMPANIES		
	Investments	1403.39	605.99
	Share Application Money	----	548.40
	Loans receivable at the year end	1948.45	72.39
	Sale of Brand	249.00	----
	Sale of Inventory	52.51	----
C	ASSOCIATE COMPANIES/ FIRMS/RELATIVES		
	Guest pick up expenses	19.73	20.05
	Interest on FCCB	17.20	16.30
	Loans receivable at the year end	504.78	401.51
	Loans payable at the year end	2.00	2.00
	Issue of foreign currency convertible bonds	----	----
	Issue of Share Warrant	----	300.00
	Issue of Equity Shares on preferential basis	----	425.00

6. Income Tax Liability for the year is estimated at Rs.93.08 Lacs under the Income tax Act, 1961 As there has been a virtual certainty about the Company making profits, timing differences, namely the differences that originate in one accounting period and capable of reversal in other, after duly identifying the differences between the profit offered to tax and profit as per financial statement, has been recognized during the year.

The following is the break up of Deferred Assets and Liabilities:

(In Rupees)

	2008-09	2007-08
Deferred Assets		
- Unabsorbed Depreciation	NIL	1,61,77,963
- Others	59,73,855	55,91,882
Total Deferred Assets	59,73,855	2,17,69,845
Deferred Liabilities		
- Depreciation Differences	22,63,01,464	19,96,93,832
Total Deferred Liabilities	22,63,01,464	19,96,93,832
Net Deferred Liability	22,03,27,609	17,79,23,987
Net Deferred Tax (Liability)/ Assets	(7,48,89,354)	(6,04,76,363)

7. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

8. The turnover of the Company by way of Food and Beverages and sale of shops does not admit of quantitywise details.

9. Debit and Credit balances in party accounts are subject to confirmation and reconciliation.

10. DETAILS OF AUDITORS' REMUNERATION	31.03.09	31.03.08
i. Audit Fees	Rs. 1,25,000	Rs. 1,00,000
ii. Certification & Other Matters	Rs. 25,000	NIL

11. EARNING IN FOREIGN CURRENCY:

i. Sale of rooms and Food and Beverages (deemed export as defined in FTP)	Rs. 416.39 Lacs	Rs. 344.61 Lacs
--	-----------------	-----------------

12. CIF VALUE OF IMPORT & EXPENDITURES:

i. Import of Capital Items	Rs. 629.67 Lacs	107.12 Lacs
ii. Others	Rs. 23.87 Lacs	0.80 Lacs

13. DETAILS OF MANAGERIAL REMUNERATION:

		31.03.09	31.03.08
i.	Salaries	Rs. 41.61 lacs	Rs. 33.45 lacs
ii.	Contribution to Provident & Other Funds	Rs. 0.18 lacs	Rs. 0.18 lacs
iii.	Commission on Profit	Rs. 1.66 lacs	Rs. 15.57 lacs

The above payments are within the limits prescribed under the Companies Act, 1956.

14. Extraordinary items shown in Profit & Loss Account includes Insurance Claim Written off Rs.101.73 Lacs, Sale of Brand to Subsidiary Company Rs.249 Lacs, and Rs.74.34 Lacs towards written off of Fixed Assets on major renovation of First and Second Floor Rooms of Indore Hotel.

15. EARNING / (LOSS) PER SHARE:

		Period ended 31.03.09	Period ended 31.03.08
i.	Profit after tax but before extraordinary item	Rs. 446.45 lacs	Rs. 603.64 lacs
ii.	Profit after Tax and after extraordinary item	Rs. 518.06 lacs	Rs. 589.91 lacs
iii.	Cash Profit after adding depreciation, deferred tax, preliminary exps	Rs. 1264.74 lacs	Rs. 1409.83 lacs
iv.	Wtd. Average no. of Shares – Basic	12850000	12514413
v.	Wtd. Average no. of Shares – Diluted	12850000	12772105
vi.	EPS – Basic – before extraordinary item	Rs. 3.47	Rs. 4.82
vii.	EPS – Basic – after extraordinary item	Rs. 4.03	Rs. 4.71
viii.	EPS – Diluted – before extraordinary item	Rs. 3.47	Rs. 4.73
ix.	EPS – Diluted – after extraordinary item	Rs. 4.03	Rs. 4.62
x.	Cash EPS	Rs. 9.84	Rs. 11.27

16. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.
17. As per the resolution passed through Postal Ballot on 27/03/2009, the Company has transferred the operating rights of the five restaurants (Pali Hill, Hydreabad, Indira Nagar (Banglore), Koramangla & Gurgaon) and also sold the brand 'Barbeque-Nation' to its subsidiary company 'Barbeque-Nation Hospitality Limited'.
18. No provision has been made for diminution, if any, in the value of investments held for long term as in the opinion of the management company would be able to recover at least the cost of the investments.
19. In pursuance of the resolution passed at the EGM held on 03.05.06 the company has issued 0.50% Secured Foreign Currency Convertible Bonds of US\$ 1,00,000 each totaling to US\$ 7.50 million. The Bonds are listed at Luxemburg Stock Exchange, London. The Bonds are secured by way of pledge of 26.25 lacs equity shares and 8.50 lacs share warrants held in the name of promoters.
20. The company has issued 50,00,000 share warrants at Rs. 80 each during Financial Year 2007-08 pursuant to Section 81(1A) of the Companies Act, 1956 and relevant SEBI (DIP) Guidelines. The warrants are paid up for Rs. 8 each and to be converted into equity shares within 18 months of its issue. Since the warrant holders have not exercised their right for conversion by the due date, i.e., 22nd July, 2009, these warrants have lapsed on that date.
21. Figures of previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No.	5131	State Code	04
Balance Sheet Date	31/03/2009		

II CAPITAL RAISED DURING THE YEAR

(Amount in Rs.)

Public Issues	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs.)

Total Liabilities	2,418,694,481	Total Assets	2,418,694,481
<u>Source of Funds</u>			
Paid-up Capital	168,508,387	Reserves & Surplus	414,074,774
Secured Loans	1,359,128,964	Unsecured Loan	402,093,002
<u>Application of Funds</u>			
Net Fixed Assets	1,895,084,266	Investment	146,470,480
Net Current Assets	377,139,735	Misc. Expenditure	NIL
		Accumulated Losses	NIL

IV PERFORMANCE OF COMPANY

(Amount in Rs.)

Turnover	826,046,364	Total Expenditure	749,735,918
Profit/(loss) Before Tax	76,310,446	Profit/(Loss) after tax	51,805,862
		Dividend Rate %	0

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY

Item Code No. (ITC Code)	591001006	Product Description	Hotels
Item Code No. (ITC Code)	390001002	Product Description	Restaurants

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

 For **SHAH GANDHI & SHAH**
Chartered Accountants
Nimesh Gandhi

Partner

Vadodara, 31-08-2009

Sajid R. Dhanani

Managing Director

Indore, 31-08-2009

For and on behalf of the Board of Directors
T.N. Unni

Director

Awadhesh Gupta

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item		763.10		913.35
Adjusted for:				
Depreciation	603.81		494.83	
Interest paid	718.80		547.31	
Interest Received	(24.53)		(47.86)	
Insurance Claim Written Off	101.73		0.00	
Finance lease rental	103.76		99.97	
		1,503.57		1,094.25
Operating profit before Working Capital Changes		2,266.67		2,007.60
Adjusted for:				
Trade and Other receivables	(1,481.22)		(987.15)	
MAT Credit Entitlement	---		137.29	
Inventories	(84.45)		(27.86)	
Trade payables	773.15	(792.52)	149.21	(728.51)
Cash generated from operations		1,474.15		1,279.09
Taxes Paid		116.79		79.28
Adjustment in Gen. Reserve (gratuity)		---		10.42
Interest paid		718.80		547.31
Net cash from operating activities		638.56		642.08
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets	(7,165.40)		(2,420.36)	
Recouped of depreciation Reserve	(71.85)		(27.08)	
Increase in capital work in progress	(642.01)		(264.32)	
Increase in expenditure during construction period (Net)	275.77		(408.20)	
Investment	(797.40)		(606.00)	
Interest Received	24.53	(8,376.36)	47.86	(3,678.10)
Net cash used in investing activities		(7,737.80)		(3,036.02)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	0.00		442.58	
Receipt of application/allotment money & premium	0.00		340.00	
Unsecured Loans	162.02		(114.53)	
Long Term borrowings	7,024.31		1,687.93	
Repayment of Finance lease liabilities	(103.75)		(99.97)	
Net cash generated from financing activities		7,082.58		2,256.01
Net increase in cash and cash equivalents	(655.22)		(780.01)	
Cash and cash equivalents as at the beginning of the year	830.00		1,610.01	
Cash and cash equivalents as at the end of the year		174.78		830.00

Note : Figures in bracket indicate disposition of funds and others indicates of generation of funds except the figure of cash and cash equivalents at the beginning and at the end of the year.

For and on behalf of the Board of Directors

 Place : Indore
 Date : 31-08-2009

Sajid R. Dhanani
 Managing Director

T.N. Unni
 Director

Awadhesh Gupta
 Company Secretary

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd for the year ended 31st March, 2009. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2009 and 31st March 2008. We have found the same to be in accordance with the requirements of clause 32 of the listing agreement with stock exchanges.

For SHAH GANDHI & SHAH
 Chartered Accountants

 Place : Vadodara
 Date : 31-08-2009

Nimesh Gandhi
 Partner

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
THE BOARD OF DIRECTORS
SAYAJI HOTELS LIMITED
VADODARA

We have examined the attached Consolidated Balance Sheet of SAYAJI HOTELS LIMITED ("the Company") and its subsidiaries as at 31st March, 2009, the Consolidated Profit & Loss Account for the year ended, annexed thereto and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by Sayaji Hotels Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements', and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of other financial information of the components, and to the best of our

information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March, 2009;
- b. in the case of the Consolidated Profit & Loss Account, of the consolidated results of the operations of the Company and its subsidiaries for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year ended on that date.

For SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
August 31, 2009

Nimesh Gandhi
Partner
M.No. 049134

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009
Rupees

	Sch		As at 31/03/09		As at 31/03/08
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1	128,500,000		128,500,000	
(b) Reserves & Surplus	2	328,610,568		357,057,374	
(c) Share Warrants (See note 20 of Sch. 16)		40,008,387	497,118,955	40,008,387	525,565,761
(2) Loan Funds					
(a) Secured Loans	3	1,621,160,886		795,363,622	
(b) Unsecured Loans	4	402,093,002	2,023,253,888	385,924,831	1,181,288,453
(3) Deferred Tax			42,674,242		57,858,339
TOTAL			2,563,047,085		1,764,712,553
II APPLICATION OF FUNDS					
(1) Fixed Assets	6				
(a) Gross Block (Original Cost)		2,305,536,636		1,364,828,407	
(b) Less : Depreciation		(331,941,514)		(253,146,222)	
(c) Net Block			1,973,595,121		1,111,682,185
(d) Capital Work in Progress	6		228,227,112		164,451,116
(e) Expenditure during Construction Period pending allocation	6		76,651,352		105,313,079
(2) Investments	7		6,130,500		6,130,500
(3) Current Assets, Loans and Advances	8	526,553,932		524,924,616	
Less: Current Liabilities & Provisions	5	(248,110,932)		(147,788,943)	
Net Current Assets			278,443,000		377,135,673
TOTAL			2,563,047,085		1,764,712,553
Significant Accounting Policies	16				
Notes on Accounts	16				

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached
For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner
Vadodara, 31-08-2009

Sajid R. Dhanani
Managing Director
Indore, 31-08-2009

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

For and on behalf of the Board of Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT PERIOD 01.04.2008 TO 31.03.2009

Rupees

	Sch	31-Mar-09	31-Mar-08
I INCOME			
Rooms, Restaurants, Banquets, Shops and Other Services	9	1,115,853,736	692,747,340
Other Income	10	5,159,365	6,438,521
TOTAL		1,121,013,101	699,185,861
II. EXPENDITURE			
Food and Beverages consumed	11	369,311,376	183,800,458
Cost of Shops		---	1,312,500
Operating Expenses	12	101,311,922	82,756,163
Power and Fuel	12	110,723,482	59,198,683
Employees' Emoluments	13	175,241,931	96,503,756
Selling & Administrative Expenses	14	200,421,658	85,604,740
		957,010,369	509,176,300
III. OPERATING PROFIT BEFORE INTEREST		164,002,732	190,009,561
Financial Charges	15	93,077,562	54,777,277
IV. PROFIT BEFORE DEPRECIATION		70,925,169	135,232,284
Depreciation		86,025,436	50,344,713
Add : Depreciation Written Back		128,250	118,575
V. PROFIT/(LOSS) BEFORE TAX & PRIOR PERIOD & EXTRAORDINARY ITEMS		(14,972,016)	85,006,146
LESS : PRIOR PERIOD & EXTRAORDINARY ITEMS		17,875,259	1,373,455
VI. PROFIT/(LOSS) BEFORE TAX		(32,847,275)	83,632,691
VII. PROVISION FOR TAXATION			
CURRENT TAX		9,308,991	10,348,259
DEFERRED TAX		(15,184,097)	30,015,467
FRINGE BENEFIT TAX		1,474,636	835,522
VIII. PROFIT/(LOSS) AFTER TAX BUT BEFORE MAT CREDIT		(28,446,806)	42,433,443
IX. Add : MAT CREDIT ENTITLEMENT			
CURRENT YEAR		---	10,348,259
EARLIER YEARS		---	3,381,111
XII. PROFIT/(LOSS) AFTER TAX		(28,446,806)	56,162,813
XIII. BALANCE BROUGHT FORWARD FROM LAST YEAR		41,877,410	(14,285,403)
XIV. AMOUNT AVAILABLE FOR APPROPRIATION		13,430,604	41,877,410
XIV. AMOUNT CARRIED TO BALANCE SHEET		13,430,604	41,877,410

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner
Vadodara, 31-08-2009

Sajid R. Dhanani
Managing Director
Indore, 31-08-2009

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

For and on behalf of the Board of Directors

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
Rupees

	As at 31/03/09	As at 31/03/08
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
20,000,000 Equity Shares of Rs.10/- each	200,000,000	200,000,000
1,000,000 Preference Shares of Rs.100/- each	100,000,000	100,000,000
TOTAL	300,000,000	300,000,000
ISSUED, SUBSCRIBED & PAID-UP		
1,28,50,000 (1,28,50,000) Equity Shares of Rs. 10/- each	128,500,000	128,500,000
TOTAL	128,500,000	128,500,000
SCHEDULE - 2 - RESERVES & SURPLUS		
(i) Share Premium		
Opening at beginning	291,040,000	257,040,000
Addition during the year	---	34,000,000
Utilised during the year	---	---
Closing at end	291,040,000	291,040,000
(ii) General Reserve		
Opening at beginning	24,139,964	24,828,000
Addition during the year	---	---
Utilised during the year	---	688,036
Closing at end	24,139,964	24,139,964
TOTAL	315,179,964	315,179,964
(iii) Profit & Loss Account		
Opening at beginning	41,877,410	(14,285,403)
Addition during the year	(28,446,806)	56,162,813
Closing at end	13,430,604	41,877,410
GRAND TOTAL	328,610,568	357,057,374
SCHEDULE - 3 - SECURED LOANS		
Term Loans	1,609,019,127	782,597,049
Assets Credit Finance	12,141,759	12,766,573
TOTAL	1,621,160,886	795,363,622

		As at 31/03/09		As at 31/03/08
SCHEDULE - 4 - UNSECURED LOANS				
Foreign Currency Convertible Bonds				
From Foreign Companies		350,100,000		350,100,000
(See Note 19 of Schedule 16)				
Fixed Deposits :				
From Others		21,632,495		26,566,819
Other Loans :				
From Others	4,050,929		3,913,473	
From Financial Institution	20,000,000		---	
From Trade Deposit	6,309,578	30,360,507	5,344,539	9,258,012
TOTAL		402,093,002		385,924,831
SCHEDULE - 5 - CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors	195,142,912		123,276,035	
Interest Acc. but not due (due within 12 months)	17,282,665	212,425,577	8,272,165	131,548,200
Provisions				
Taxation	14,938,646		5,946,556	
Others	20,746,709	35,685,356	10,294,187	16,240,743
TOTAL		248,110,932		147,788,943

**SCHEDULE 6
FIXED ASSETS
F.Y. 2008-2009**

Amount in Rupees

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 1.4.2008	Additions	Deduction & Adjustment	Closing as on 31.3.2009	Opening as on 1.4.2008	Deletion	Addition	Closing as on 31.3.2009	As on 31.3.2009	As on 31.3.2008
	A. TANGIBLE ASSETS										
1	BUILDING	637,896,854	515,023,315	6,861,533	1,146,058,636	107,355,817	556,835	42,606,373	149,405,355	996,653,282	530,541,038
2	FURNITURE & FIXTURE	170,459,554	190,468,198	9,041,665	351,886,087	68,325,485	4,644,727	19,104,082	82,784,841	269,101,245	102,134,067
3	PLANT & MACHINERY	183,740,640	154,111,275	2,800,360	335,051,555	53,847,727	1,048,435	9,557,788	62,357,080	272,694,475	129,892,914
4	SERVICE EQUIPMENT	68,124,459	65,122,386	675,000	132,571,845	13,554,473	803,250	8,685,640	21,436,863	111,134,982	54,569,986
5	Computer Equipments	14,167,903	15,787,436	0	29,955,339	6,239,746	0	2,193,745	8,433,492	21,521,847	7,928,156
6	VEHICLE	24,492,243	10,082,002	429,675	34,144,570	3,213,456	176,899	2,374,121	5,410,679	28,733,891	21,278,787
7	LEASE HOLD LAND	9,405,834	0	0	9,405,834	0	0	0	0	9,405,834	9,405,834
8	FREEHOLD LAND	251,413,804	3,818,168	0	255,231,972	0	0	0	0	255,231,972	251,413,804
	B. INTANGIBLE ASSETS										
1	LIQUOR LICENCE	3,307,800	3,622,500	0	6,930,300	316,548	0	628,317	944,865	5,985,435	2,991,252
2	SOFTWARE & LICENCES	1,819,315	2,481,183	0	4,300,498	292,971	0	875,369	1,168,340	3,132,158	1,526,344
	TOTAL	1,364,828,406	960,516,463	19,808,233	2,305,536,636	253,146,224	7,230,146	86,025,436	331,941,514	1,973,595,122	1,111,682,182
	PREVIOUS YEAR FIGURES	995,202,911	372,960,715	3,335,219	1,364,828,406	205,509,473	2,707,963	50,344,712	253,146,224	1,111,682,182	789,693,438

CAPITAL WORK IN PROGRESS 164,451,116 779,272,068 715,496,073 228,227,112

PRE-OPERATIVE EXPENSES
INCURRED DURING CONSTRUCTION PERIOD PENDING FOR ALLOCATION 105,313,079 200,172,978 228,834,705 76,651,352

TOTAL 269,764,195 979,445,046 944,330,778 304,878,464

		As at 31/03/09		As at 31/03/08
SCHEDULE - 7 - INVESTMENT				
TRADE INVESTMENTS - AT COST				
UNQUOTED :				
Welterman International Ltd. 2,63,000 Equity Shares of Rs. 10 each fully paid up	2,630,000		2,630,000	
Bharat Equity Services Ltd. 1,00,000 Equity Shares of Rs.10 each fully paid up	1,000,000		1,000,000	
Aries Hotels Pvt. Ltd. 2,50,000 Equity Shares of Rs.10 each fully paid up	2,500,000		2,500,000	
Annoya Sahakari Mandali Co-Op Bank Ltd 50 Equity Shares of Rs.10 each fully paid up	500	61,30,500	500	61,30,500
TOTAL		61,30,500		61,30,500
SCHEDULE - 8 - CURRENT ASSETS LOANS & ADVANCES				
CURRENT ASSETS				
Inventories				
Operating Supplies (Valued at cost as certified by Management)	35,449,896		23,674,654	
Food and Beverage (Valued at cost as certified by Management)	16,782,905		9,195,145	
Shopping Arcade Stock	4,254,234	56,487,035	4,254,234	37,124,033
Sundry Debtors (Unsecured considered good)				
Outstanding Over Six Months	25,675,607		24,924,631	
Others	31,304,010	56,979,617	55,025,249	79,949,880

CONSOLIDATED FINANCIAL ACCOUNTS

		As at 31/03/09		As at 31/03/08
CASH AND BANK BALANCES				
Cash on hand	3,119,834		4,083,048	
Bank Balances				
With Scheduled Banks				
In Current Accounts	11,315,765		80,691,036	
In Fixed Deposit Account	5,175,516	19,611,115	5,049,519	89,823,603
LOANS AND ADVANCES (Unsecured, Considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	357,109,806		282,901,294	
Insurance Claim receivable	---		10,172,964	
Mat Credit Entitlement	13,729,370		13,729,370	
Advance Tax & TDS Receivable	22,636,989	393,476,165	11,223,473	318,027,100
TOTAL		526,553,932		524,924,616

Rupees

	31-Mar-09	31-Mar-08
SCHEDULE 09		
ROOMS, RESTAURANTS, BANQUETS, SHOPS AND OTHER SERVICES		
Rooms	185,529,036	168,724,789
Food and Beverages	838,726,625	450,066,222
Other Services	91,598,075	68,706,328
Shopping Arcade Shop Sales	---	5,250,000
TOTAL	1,115,853,736	692,747,340
SCHEDULE 10 OTHER INCOME		
Interest Earned	3,215,832	4,796,553
Miscellaneous Income	1,943,533	1,641,968
TOTAL	5,159,365	6,438,521
SCHEDULE 11 FOOD AND BEVERAGES		
Opening Stock	9,195,145	3,830,940
Add : Purchases	376,899,136	189,164,663
	386,094,281	192,995,603
Less : Closing Stock	16,782,905	9,195,145
TOTAL	369,311,376	183,800,458
SCHEDULE 12 OPERATING EXPENSES		
Stores and Operating Supplies	66,477,289	56,243,651
Repairs and Maintenance		
Building	12,196,207	10,305,410
Plant & Machinery	7,215,702	5,100,771
Others	8,389,130	6,426,855
Laundry Expenses	7,033,594	4,679,476
SUB-TOTAL	101,311,922	82,756,163
Power and Fuel	110,723,482	59,198,683
GRAND TOTAL	2,12,035,404	141,954,846

	Rupees	
	31-Mar-09	31-Mar-08
SCHEDULE 13 EMPLOYEES' EMOLUMENTS		
Salaries, Wages and Allowances	157,035,307	84,181,711
Contribution to P.F. and other Funds	9,552,881	6,176,412
Workmen and Staff Welfare Expenses	3,262,267	3,569,980
Workmen and Staff Uniform Expenses	5,391,476	2,575,653
TOTAL	175,241,931	96,503,756
SCHEDULE 14 SELLING AND ADMINISTRATIVE EXPENSES		
Rent/Lease Rent	100,621,901	33,783,650
Rates & Taxes	15,295,216	7,848,922
Insurance	1,476,509	1,180,957
Legal & Professional	7,773,849	2,994,631
Travelling and Conveyance	10,487,891	4,155,544
Postage, Telegram and Telephones	6,772,009	3,670,877
Advertisement and Publicity	6,241,987	3,660,588
Printing and Stationery	8,857,838	6,920,104
Directors' Sitting Fees	49,000	50,000
Donation	61,782	232,651
Guest pick up Expenses	8,559,917	8,501,534
Other Expenses	13,450,610	7,971,517
Water charges	5,470,428	2,374,585
Housekeeping Expenses	5,531,118	1,435,673
Audit Fees	314,500	178,000
Bad Debts Written Off	9,457,102	645,506
TOTAL	200,421,658	85,604,740
SCHEDULE 15 FINANCIAL CHARGES		
Interest on term Loan	77,176,043	43,394,498
Interest on Others	3,793,725	6,858,869
Bank Charges	7,635,397	4,166,489
Restructuring & Processing Fees	4,472,397	357,421
TOTAL	93,077,562	54,777,277

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 16 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The consolidated financial statements comprise the individual financial statements of Sayaji Hotels Limited and its subsidiaries as on 31st March 2009 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis :

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses as per Accounting Standard – 21 on “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

- b) The financial statements of the subsidiaries, in the consolidation are drawn up to the same reporting date as the Company i.e. 31st March 2009.

- c) The financial statements of the following subsidiary companies have been consolidated :

<u>Name of the subsidiary</u>	<u>Proportion of Ownership Interest</u>	
	<u>Current Year</u>	<u>Previous Year</u>
i. Barbeque-Nation Hospitality Ltd	100.00*	100
ii. Malwa Hospitality Pvt. Ltd.	100.00	100

* Due to statutory requirements 6 shares held by persons other than Sayaji Hotels Ltd. as a nominee.

- d) **Convention :**

- The financial statements are prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956.
- The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

- e) **Fixed Assets :**

- Accounted at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its working condition for use.
- Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.
- Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Generally, such retired assets are disposed of soon thereafter.
- Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.

- f) **Depreciation :**

- Depreciation is charged on fixed assets except on Freehold & leasehold land and buildings (in respect of restaurant chain business) as per the straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- Buildings (in respect of the restaurant chain business) constructed on the rented properties are depreciated over the term of the respective leases.

- iii. Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.
- iv. Computer software and licence are depreciated over a period of three years.
- v. Liquor licences purchased for restaurant chain business are depreciated over the period of lease term of the respective restaurants.

g) **Investments :**

Long term Investments are stated at cost of acquisition including brokerage, stamp duty, fees, if any.

h) **Inventories :**

- i. Inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.
- ii. In the case of raw materials, operating supplies and stores, cost represents purchase price and other costs incurred for bringing inventories upto their locations and are determined on First-In-First-Out basis.

i) **Sales :**

Sales is exclusive of Luxury tax, Sales tax, Service Tax and other taxes.

j) **Accounting for Provisions, Contingent Liabilities and Contingent Assets :**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

k) **Events occurring after the date of Balance Sheet date :**

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

l) **Employee Benefit :**

Employee benefit plans comprise both defined benefit and defined contribution plans.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Provident fund is a defined contribution plan. Each eligible employee and the company make contributions at a percentage of the basic salary specified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company's contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The company has no further obligations under the plan beyond its periodic contributions.

m) **Taxation :**

- i. Provision for current taxation has been made in accordance with the Income Tax Laws applicable to the assessment year.
- ii. Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
- iii. Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

n) **Foreign Currency transactions :**

Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit & Loss Account.

Exchange difference arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

o) **Assets taken on lease :**

i. In respect of finance lease transactions, lease rents paid are charged to the Profit and Loss Account in accordance with the terms of the lease agreements.

ii. In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the Profit and Loss Account.

p) **Segment Reporting :**

Business Segment : The Company is primarily engaged in Hoteliering business, During the year under review, company was not engaged in the business of developing and selling of properties, hence the Company has not provided primary segmental information for these segments as per Accounting Standard – 17 on “Segment Reporting” issued by the ICAI.

q) **Borrowing Costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs charged to revenue.

2. **Secured Loans :**

- a) Term Loans of Rs. 20.95 crores from Tourism Finance Corporation of India Ltd. (TFCI) are secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans.
- b) Term Loan of Rs. 4.93 crores from HUDCO is secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the Bankers for securing the working capital form.
- c) Term Loans of Rs. 7.40 crores from Madhya Pradesh Financial Corporation (MPFC) are secured by way of mortgage of land and building at Indore and/ hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. Term loan of Rs.7.50 Crores is secured by way of hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. The equitable mortgage for this loan is yet to be created.
- d) Term Loans of Rs. 54.60 crores from State Bank of India of are secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.
- e) Term Loan of Rs. 2.00 crores from State Bank of India is securitized against the lease rent receivables of Nokia India (P) Ltd. at Indore.
- f) Term Loans of Rs. 29.75 crores from State Bank of Indore are secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

- g) Term Loan of Rs. 11.50 crores from State Bank of Mysore is secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.
- h) Term loan of Rs. 20.00 crores from State Bank of India, for wholly owned subsidiary Company Barbeque Nation Hospitality Ltd, is secured on pari-passu basis on the entire fixed assets of the subsidiary Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.
- i) Term loan of Rs. 14.50 crores from State Bank of Mysore, for wholly owned subsidiary Company Barbeque Nation Hospitality Ltd, is secured on pari-passu basis on the entire fixed assets of the subsidiary Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.
- j) Term loan of Rs. 15.00 crores from State Bank of Indore, for wholly owned subsidiary Company Barbeque Nation Hospitality Ltd, is secured on pari-passu basis on the entire fixed assets of the subsidiary Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.
- k) Term Loan of Rs. 6.75 crores from Axis Bank Ltd is secured by way of mortgage of land and building at Indore, Baroda & Pune and hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.
- l) Working Capital Term Loan of Rs. 1.25 crores from Axis Bank Ltd is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies stores, spares, book debt of the company and also by way of second charge on the immovable properties of the company.
- m) Working Capital Medium Term Loan of Rs. 1.50 crores from Madhya Pradesh Financial Corporation (MPFC) is secured by way of mortgage of Shops at Sayaji Plaza, Indore.
- n) Vehicle loans from ICICI Bank Ltd. are secured by way of hypothecation charge on the specific vehicles.
- o) Vehicle loans from HDFC Bank Limited are secured by way of hypothecation charge on specific vehicles.
- p) Vehicle loans from Tata Capital Limited are secured by way of hypothecation charge on specific vehicles.
- q) The Corporate loan of Rs. 16 Crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts, bills etc. of the company and also by way of a Second charge on the immovable properties of the company at Indore and Baroda.
- r) All term loans except loans from ICICI Bank Limited, Tata Capital Limited and HDFC Bank Limited are personally guaranteed by some of the director of the company.
- s) Installment falling due within next 12 months Rs. 1846.23 Lacs.

3. Contingent Liabilities not provided for :

- a) Guarantees given on behalf of other companies - Rs. 520 lacs (Previous year Rs. 520 lacs)
- b) Disputed statutory liabilities in respect of service tax not provided for Rs. 271 Lacs (Previous year Rs. 133.17 Lacs) The matter is pending before the hon'ble CESTAT, New Delhi. The Company has got stay order against the demand.

- c) Customs duties saved against imports under EPCG scheme - Rs. 728.35 (Previous year Rs. 262.06 lacs)
- d) Letter of Credit open and outstanding – Rs. Nil (Previous year Rs. 86.93 lacs)
4. The Company adopted the Accounting Standards 15 “Employee Benefits” effective from April 1, 2007.

Defined contribution plans : During the year the Company has recognized the following amounts in the Profit and Loss account, which are included in “Contribution to PF and other funds” in Schedule 13 :

	31.03.09	31.03.08
i. Contribution to Provident Fund	Rs. 65.88 lacs	Rs. 45.16 lacs

Defined Benefit Plans : The Company makes annual contributions to the Employee's Group Gratuity scheme of the SBI Life Insurance Co. Ltd., a funded defined benefit plan for the qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the terms of the scheme. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's financial statements as at March 31, 2009 :

(In Rupees)

		31.03.09	31.03.08
i)	Changes in benefit obligations :		
	Present value of obligation as at the beginning of the year	4754977	3416430
	Interest Cost	348179	273314
	Current Service Cost	903621	970277
	Actuarial (gain)/ loss on obligations	(325769)	94955
	Benefit paid	(365590)	Nil
	Present value of obligation as at the end of the year	5315418	4754977
ii)	Change in plan assets :		
	Fair value of plan assets as at the beginning of the year	1553711	Nil
	Expected return on plan assets	126207	62131
	Contributions	413344	1553287
	Benefits paid	(365590)	Nil
	Actuarial gain/ (loss) on plan assets	7456	(61707)
	Fair value of plan assets at the end of the year	1735128	1553711
	Excess of (obligation over plan assets)/ plan asset over obligation	(4951290)	(3201266)
	(Accrued liability)/ Prepaid benefit	(4951290)	(3201266)
iii)	Net Gratuity and other cost for the year ended 31st March 2009		
	Current Service cost	903621	970277
	Interest on defined benefit obligation	348179	273314
	Expected return on plan assets	(109673)	(62131)
	Net actuarial gain recognized in the year	(330469)	156663
	Net gratuity and other cost	811658	1338123
	Actual return on plan asset	133663	424

(In Rupees)

		31.03.09	31.03.08
iv)	Category of Assets as at 31 March 2009		
	Insurer Managed Funds	1735128	1553711
	Others	Nil	Nil
	Total	1735128	1553711
v)	Assumptions used		
	Discount rate (p.a.)	8.00%	8.00%
	Salary escalation rate (p.a.)	5.00%	5% p.a. for first 5 years and 5% thereafter
	Expected rate of return on plan assets (p.a.)	8.00%	8%

5. Related Party Disclosure :

a) Relationship during the year :

i) Key Management Personnel

Sajid Dhanani – Managing Director
Munawar Garbadawala – Director
Capt. Salim Sheikh – Director
Prosenjeet Roy Choudhury - Director
Subhash Pandit - Director

ii) Associate Companies/ Firms/ Relatives

Ahilya Hotels Limited
Aries Hotels Pvt Ltd
Bharat Equity Service Ltd.
Clearwater Capital Partners (Cyprus) Ltd.
Dhanani Securities Ltd.
Kruger Chemical Ltd
M.P. Agro Industries Ltd.
M.Y. Merchant
R. R. Dhanani
R.S. Udar
Sanya Enterprises
Status Travels
Sabiya Amusement Pvt. Ltd
Sana Hospitality Pvt. Ltd.
Uniera Laboratories Pvt. Ltd.
Welterman International Ltd.

b) **Summary of transactions during the year :**

(Rs. in Lacs)

Sr.No.	Nature of Transactions	2008-09	2007-08
A	KEY MANAGEMENT PERSONNEL		
	Remuneration	71.00	41.06
	Commission on Profit	1.66	15.57
	Lease Rent	14.64	4.99
	Professional fees	10.00	1.32
B	ASSOCIATE COMPANIES/ FIRMS/RELATIVES		
	Guest pick up expenses	19.73	20.05
	Lease rent paid	104.34	42.20
	Interest on FCCB	17.20	16.30
	Loans receivable at the year end	504.78	401.51
	Lease deposit paid	90.00	90.00
	Loans payable at the year end	2.00	2.00
	Issue of Share Warrant	Nil	300.00
	Issue of Equity Shares on preferential basis	Nil	425.00

6. Income Tax Liability for the year is estimated at Rs.93.08 Lacs under the Income tax Act, 1961 As there has been a virtual certainty about the Company making profits, timing differences, namely the differences that originate in one accounting period and capable of reversal in other, after duly identifying the differences between the profit offered to tax and profit as per financial statement, has been recognized during the year.

The following is the break up of Deferred Assets and Liabilities:

	2008-09	2007-08
Deferred Assets		
- Unabsorbed Depreciation	10,12,80,176	3,08,22,253
- Others	96,60,657	61,21,510
Total Deferred Assets	11,09,40,833	3,69,43,763
Deferred Liabilities		
- Depreciation Differences	23,66,37,338	20,71,65,413
Total Deferred Liabilities	23,66,37,338	20,71,65,413
Net Deferred Liability	12,56,96,505	17,02,21,650
Net Deferred Tax (Liability)/ Assets	(4,26,74,242)	(5,78,58,339)

7. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
8. The turnover of the Company by way of Food and Beverages and sale of shops does not admit of quantitywise details.
9. Debit and Credit balances in party accounts are subject to confirmation and reconciliation.

	31.03.09	31.03.08
10. DETAILS OF AUDITORS' REMUNERATION		
i) Audit Fees	Rs. 200000	Rs. 1,50,000
ii) Certification & Other Matters	Rs.25000	Nil
11. EARNING IN FOREIGN CURRENCY:		
i. Sale of rooms and Food and Beverages (deemed export as defined in FTP)	Rs. 472.25 Lacs	Rs. 345.25 Lacs
12. CIF VALUE OF IMPORT & EXPENDITURES:		
i. Import of Capital Items	Rs.631.94 lacs	Rs. 191.94 lacs
ii. Others	Rs.23.87 lacs	Rs. 0.80 lacs
13. DETAILS OF MANAGERIAL REMUNERATION:		
i. Salaries	Rs. 80.74 Lacs	Rs. 40.82 lacs
ii. Contribution to Provident & Other Funds	Rs. 0.35 Lacs	Rs. 0.24 lacs
iii. Commission on Profit	Rs. 1.66 Lacs	Rs. 15.57 lacs

The above payments are within the limits prescribed under the Companies Act, 1956.

14. Extraordinary items shown in Profit & Loss Account includes Insurance Claim Written off Rs.101.73 Lacs and Rs.74.34 Lacs towards written off of Fixed Assets on major renovation of First and Second Floor Rooms of Indore Hotel.

15. EARNING / (LOSS) PER SHARE:

		Period ended 31.03.09	Period ended 31.03.08
i.	Profit/(Loss) after tax but before extraordinary item	Rs.(105.71) lacs	Rs. 551.53 lacs
ii.	Profit/(Loss) after tax and after extraordinary item	Rs(284.46). lacs	Rs. 537.80 lacs
iii.	Cash Profit after adding depreciation, deferred tax, preliminary exps	Rs.422.66 lacs	Rs. 1340.21 lacs
iv.	Wtd. Average no. of Shares – Basic	12850000	12514413
v.	Wtd. Average no. of Shares – Diluted	12850000	12772105
vi.	EPS – Basic – before extraordinary item	Nil	Rs. 4.41
vii.	EPS – Basic – after extraordinary item	Nil	Rs. 4.30
viii.	EPS – Diluted – before extraordinary item	Nil	Rs. 4.32
ix.	EPS – Diluted – after extraordinary item	Nil	Rs. 4.21
x.	Cash EPS	Rs.3.29	Rs. 10.71

16. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.

17. As per the resolution passed through Postal Ballot on 27/03/2009, the Company has transferred the operating rights of the five restaurants (Pali Hill, Hydreabad, Indira Nagar (Banglore), Koramangla & Gurgaon) and also sold the brand 'Barbeque-Nation' to its subsidiary company 'Barbeque-Nation Hospitality Limited'.
18. No provision has been made for diminution, if any, in the value of investments held for long term as in the opinion of the management company would be able to recover at least the cost of the investments.
19. In pursuance of the resolution passed at the EGM held on 03.05.06 the company has issued 0.50% Secured Foreign Currency Convertible Bonds of US\$ 1,00,000 each totaling to US\$ 7.50 million. The Bonds are listed at Luxemburg Stock Exchange, London. The Bonds are secured by way of pledge of 26.25 lacs equity shares and 8.50 lacs share warrants held in the name of promoters.
20. The company has issued 50,00,000 share warrants at Rs. 80 each during Financial Year 2007-08 pursuant to Section 81(1A) of the Companies Act, 1956 and relevant SEBI (DIP) Guidelines. The warrants are paid up for Rs. 8 each and to be converted into equity shares within 18 months of its issue. Since the warrant holders have not exercised their right for conversion by the due date, i.e., 22nd July, 2009, these warrants have lapsed on that date.
21. Figures of previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of current year.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item				836.33
Adjusted for:		(328.48)		
Depreciation	860.25		503.45	
Interest paid	930.78		547.77	
Interest Received	(32.16)		(47.97)	
Insurance Claim Written Off	101.73		0.00	
Finance lease rental	103.76		99.97	
		1,964.36		1,103.22
Operating profit before Working Capital Changes		1,635.88		1,939.55
Adjusted for:				
Trade and Other receivables	(512.38)		(1,498.69)	
MAT Credit Entitlement			137.29	
Inventories	(193.63)		(67.32)	
Trade payables	913.30	207.29	715.75	(712.97)
Cash generated from operations		1,843.17		1,226.58
Taxes Paid		132.05		79.28
Adjustment in Gen. Reserve (gratuity)		--		10.42
Interest paid		930.78		547.77
Net cash from operating activities		780.34		589.11
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets	(9,407.08)		(3,696.25)	
Recouped of depreciation Reserve	(72.30)		(27.08)	
Increase in capital work in progress	(637.76)		(641.48)	
Increase in expenditure during construction period (Net)	286.62		(627.05)	
Interest Received	32.16	(9,798.36)	47.97	(4,943.89)
Net cash used in investing activities		(9,018.02)		(4,354.78)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	---		442.58	
Receipt of application/allotment money & premium	---		340.00	
Unsecured Loans	161.68		(114.20)	
Long Term borrowings	8,257.97		3,074.60	
Repayment of Finance lease liabilities	(103.76)		(99.97)	
Net cash generated from financing activities		8,315.89		3,643.01
Net increase in cash and cash equivalents	(702.13)		(711.77)	
Cash and cash equivalents as at the beginning of the year	898.24		1,610.01	
Cash and cash equivalents as at the end of the year		196.11		898.24

Note : Figures in bracket indicate disposition of funds and others indicates of generation of funds except the figure of cash and cash equivalents at the beginning and at the end of the year.

For and on behalf of the Board of Directors

Place : Indore
Date : 31-08-2009

Sajid R. Dhanani
Managing Director

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd & its subsidiaries for the year ended 31st March 2009. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2009 and 31st March 2008. We have found the same to be in accordance with the requirements of clause 32 of the listing agreement with stock exchanges.

For SHAH GANDHI & SHAH
Chartered Accountants

Place : Vadodara
Date : 31-08-2009

Nimesh Gandhi
Partner

DIRECTORS' REPORT

Dear Members,

Yours Directors have pleasure in presenting the Third Annual Report of the company together with the audited Balance Sheet as on March 31, 2009 and Profit and Loss account for the year ended on that date.

FINANCIAL RESULT

Rs. in Millions

Particulars	Financial Year 2008-09	Financial Year 2007-08
Income	300.21	6.91
Less: Operating Expenses	336.69	13.68
Profit/(Loss) before Financial Charges and Depreciation	(36.48)	(6.77)
Less: Financial Charges	21.19	0.04
Profit/(Loss) before Depreciation	(57.67)	(6.81)
Less: Depreciation	25.65	0.86
Less: Prior Period & Extraordinary Items	0.13	-
Profit/(Loss) before Tax	(83.45)	(7.67)
Less: Provision for taxation	(28.58)	(2.48)
Profit/(Loss) after Tax	(54.87)	(5.19)
Add: Balance brought forward from previous year	(5.21)	(0.01)
Balance carried to Balance Sheet	(60.08)	(5.20)

FINANCIAL STATEMENTS

The Audited financial statements of the Company prepared in accordance with Accounting Standards -21 prescribed by the Institute of Chartered Accountants of India form part of the Annual Report.

STATE OF COMPANY AFFAIRS

As the members are aware, the restaurant business in the country has been growing rapidly and is poised to grow faster in future. Your management strongly believes that your company can be a part of this growth story and therefore has undertaken ambitious expansion plans. During the year under review, your company operated eleven restaurants located at Janakpuri (New Delhi), Thyagaraja (T Nagar Chennai), Chandigarh, Gomati Nagar (Lucknow), Tonk Road (Jaipur), Drive in Road (Ahemdabad), J.P. Nagar (Bangalore), Alkapuri (Baroda), Thane (Mumbai), Nagar Road (Pune), Bidhan Nagar (Kolkata). The restaurant at Jalandhar has commenced operations in the Second Quarter of FY 2009-10.

In the coming years, the company has plans to open more restaurants in different part of India.

ISSUE AND ALLOTMENT OF EQUITY SHARES

During the year under review, your company has allotted 4,15,000 Equity Share on Preferential Basis to Sayaji Hotels Limited the holding company.

ACQUISITION OF BRAND NAME AND OPERATING RIGHTS OF RESTAURANT BUSINESS

The Company has acquired Brand Name 'Barbeque-Nation' and Operating Rights of five Barbeque-Nation restaurants from its Holding Company, Sayaji Hotels Limited.

These units are located at (i) Mumbai, (ii) Bangalore-Indra Nagar, (iii) Bangalore - Koramangala, (iv) Hyderabad and (v) Gurgaon.

OUTLOOK

Your Company believes that Indian economy would continue to grow at a firm pace notwithstanding some temporary setbacks.

With the economic growth, per capita income and disposal income in the hands of the consumer would also rise. This is expected to lead to higher spending on eating out and thereby restaurant business is likely to get a boost. Restaurant chains like ours are likely to benefit from this trend. With this optimism and confidence the company is embarking on its future growth plans.

DIVIDEND

In view of the loss and various expansions in hand, your directors do not recommend dividend for the financial year 2008-2009.

DIRECTORS

Shri T. N. Unni, an eminent Chartered Accountant, was appointed as additional director on February 2, 2009 in terms of Section 260 of the Companies Act, 1956. He holds office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Shri T. N. Unni for the office of director.

Shri Presonjeet Roy Choudhury, whole time director of the company, will retire by rotation in ensuing Annual General Meeting and is eligible for re-appointment as per provision of the Companies Act, 1956, read with the Articles of Association of the Company.

AUDITORS

M/s Shah Gandhi & Shah, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act 1956.

AUDITORS' REPORT

The report of the Auditors and notes to the accounts are self-explanatory and do not require further explanation.

FIXED DEPOSITS

The company has not invited any deposits from public during the period under review attracting the provision of Section 58A of the Companies Act, 1956 and rules framed there under.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms:

- (i) That in the preparation of the annual accounts for the financial year ended March 31, 2009 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) That the directors have selected such accounting policies

and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) That the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Particulars of Conservation of Energy, Technology Absorption etc., required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Rules made there under are not applicable to the Company.

The Company has not absorbed any new technology during the year under review. The Inflow and Outflow of Foreign Exchange during the year under review is as under:

Foreign Exchange Earnings	:	Rs. 5.59 million
Foreign Exchange Outgo	:	Rs. 0.22 million

PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act, 1956, of the Companies Act, 1956 read with the provisions of the Companies (Particulars of Employees) Rules, 1975, are not attracted in case of any employee of the company.

ACKNOWLEDGMENT

The Directors place on record their sincere gratitude to the employees of the company for their hard work and continued support to the company.

Your Directors also wish to acknowledge the continued support and cooperation received from the participating financial institutions, banks, various central and state government agencies, Shareholders, suppliers and the valued customers of our Company.

For and on behalf of the Board of Directors

Place: Indore	Sajid R. Dhanani	P. R. Choudhury
Date: 24/08/2009	Director	Director

AUDITORS' REPORT

To
THE MEMBERS OF
BARBEQUE-NATION HOSPITALITY LIMITED
INDORE

We have audited the attached Balance Sheet of BARBEQUE-NATION HOSPITALITY LIMITED as at 31st March, 2009 and also the Profit & Loss Account and 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.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together "the Order"), 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 in above paragraph, 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 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 read together with the Significant Accounting Policies as per Schedule 15 and other notes thereon appearing in Schedule 15, 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, 2009; and
 - b. in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
August 24, 2009

Nimesh Gandhi
Partner
M.No.49134

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2009 of Barbeque-Nation Hospitality Limited.)

As required by the Companies' (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and the information and explanations given to us during the course of the audit, we report as under:

1. (a) The records of the Company in respect of fixed assets needs to be updated in respect of additions, quantitative details, identification numbers, valuation, etc.
(b) We are informed that the Fixed Assets of the Company have been physically verified by the Management during the year at reasonable intervals and that no material discrepancy has been noticed on such verification.
(c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.
2. (a) Stocks of Food & Beverages, Stores, and Operating Supplies etc. have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion the Company has maintained proper records of inventory. The discrepancies noticed on such physical verification of stocks as compared to book records were not significant and the same has been properly dealt with in the books of accounts.
3. (a) Company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Act.,
(b) The Company has not taken any loans from firm covered in the register maintained under section 301 of the Act,
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of stores, operating supplies, components, plant and machinery, equipments and other assets and for the sale of goods and services.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of the section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975..
7. The Company has system of internal audit which, in our opinion, is commensurate with the size of the business.
8. Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the companies Act 1956 for the Company.

9. (a) According to the records, information and explanations provided to us of the company is generally regular in depositing, with appropriate authorities undisputed amount of Provident Fund, investor education fund, Employees' State Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2009 for the period of more than six months from the date they became payable and
- (b) There is no disputed liability.
10. The company has not completed five years after its registration, comments on cash loss incurred in the current financial year or immediately preceding financial year has not given.
11. Based on our audit procedures and on the information and explanation given by management, the company has not defaulted in repayment of dues to the financial institution, bank or debenture holders as at the balance sheet date:
12. Based on our audit procedures and the information and explanation given to us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
13. The Company is not a chit / nidhi /mutual benefit fund/ society and clause XIII of the order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. On the basis of the information and explanation given to us the company has not given guarantees for the loans taken by others from bank or financial institution.
16. Based on our audit procedures and explanation given to us the term loans have been applied for the purpose for which they were raised.
17. On the basis of our examination of the Balance Sheet of the Company and the information and explanation given to us, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. During the year, The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and information and explanations given to us 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 SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
August 24, 2009

Nimesh Gandhi
Partner
M.No. 49134

BARBEQUE-NATION HOSPITALITY LIMITED (FORMERLY SANCHI HOTELS PVT LTD)
BALANCE SHEET AS AT 31st MARCH, 2009
Rupees

	Sch		31-Mar-09		31-Mar-08
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1	64,650,040		60,500,040	
(b) Reserves & Surplus	2	20,750,000	85,400,040	---	60,500,040
(2) Loan Funds					
(a) Secured Loans	3	262,031,922		138,666,000	
(b) Unsecured Loans	4	192,044,461	454,076,383	7,239,177	145,905,177
TOTAL			539,476,423		206,405,217
II APPLICATION OF FUNDS					
(1) Fixed Assets	6				
(a) Gross Block (Original Cost)		376,658,144		127,589,558	
(b) Less : Depreciation		(26,461,550)		(862,037)	
(c) Net Block			350,196,594		126,727,521
(d) Capital Work in Progress	6		37,291,261		37,716,078
(e) Expenditure during Construction Period pending allocation	6		15,696,065		18,885,703
(2) Current Assets, Loans and Advances	7	114,993,750		72,050,610	
Less: Current Liabilities & Provisions	5	(70,668,157)		(56,796,986)	
Net Current Assets			44,325,593		15,253,624
(3) Deferred Tax			31,884,679		2,611,257
(4) Profit & Loss Account	2		60,082,231		5,211,034
TOTAL			539,476,423		206,405,217
Significant Accounting Policies	15				
Notes on Accounts	15				

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi
Partner
Vadodara, 24-08-2009

Sajid R Dhanani
Director
Indore, 24-08-2009

Prosenjit Roy Choudhury
Director

Surendran R
Manager

BARBEQUE-NATION HOSPITALITY LIMITED (FORMERLY SANCHI HOTELS PVT LTD)
PROFIT & LOSS ACCOUNT FOR THE PERIOD 01.04.2008 TO 31.03.2009
Rupees

	Sch	31-Mar-09	31-Mar-08
I INCOME			
Restaurants and Other Services	8	299,249,679	6,904,884
Other Income	9	967,796	10,135
TOTAL		300,217,475	6,915,019
II. EXPENDITURE			
Food and Beverages consumed	10	136,506,271	3,052,552
Operating Expenses	11	21,193,975	327,336
Power and Fuel	11	36,226,677	734,526
Employees' Emoluments	12	57,691,057	4,172,134
Selling & Administrative Expenses	13	85,073,657	5,402,669
		336,691,637	13,689,217
III. OPERATING PROFIT/(LOSS) BEFORE INTEREST		(36,474,162)	(6,774,198)
Financial Charges	14	21,197,559	46,192
IV. PROFIT/(LOSS) BEFORE DEPRECIATION		(57,671,721)	(6,820,390)
Depreciation		25,644,722	862,037
V PROFIT/(LOSS) BEFORE TAX & PRIOR PERIOD & EXTRAORDINARY ITEMS		(83,316,443)	(7,682,427)
LESS : PRIOR PERIOD & EXTRAORDINARY ITEMS		136,142	---
VI. PROFIT/(LOSS) BEFORE TAX		(83,452,585)	(7,682,427)
VII. PROVISION FOR TAXATION			
DEFERRED TAX		(29,273,422)	(2,605,605)
FRINGE BENEFIT TAX		692,034	121,572
VIII. PROFIT/(LOSS) AFTER TAX		(54,871,197)	(5,198,394)
IX. BALANCE BROUGHT FORWARD FROM LAST YEAR		(5,211,034)	(12,640)
X. AMOUNT AVAILABLE FOR APPROPRIATION		(60,082,231)	(5,211,034)
XI. AMOUNT CARRIED TO BALANCE SHEET		(60,082,231)	(5,211,034)

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner
Vadodara, 24-08-2009

Sajid R Dhanani
Director
Indore, 24-08-2009

Prosenjit Roy Choudhury
Director

Surendran R
Manager

For and on behalf of the Board of Directors

BARBEQUE-NATION HOSPITALITY LIMITED (FORMERLY SANCHI HOTELS PVT LTD)
SCHEDULES FORMING PART OF THE BALANCE SHEET

(In Rupees)

		As at 31/03/09		As at 31/03/08
SCHEDULE - 1 : SHARE CAPITAL				
AUTHORISED				
20,000,000 Equity Shares of Rs.10/- each		200,000,000		200,000,000
TOTAL		200,000,000		200,000,000
ISSUED, SUBSCRIBED & PAID-UP				
6465004 (6050004) Equity Shares of Rs. 10/- each		64,650,040		60,500,040
TOTAL		64,650,040		60,500,040
SCHEDULE - 2 - RESERVES & SURPLUS				
i) Share Premium				
Opening at beginning		---		---
Addition during the year		20,750,000		---
Utilised during the year		---		---
Closing at end		20,750,000		---
ii) Profit & Loss Account				
Opening at beginning		(5,211,034)		(12,640)
Addition during the year		(54,871,197)		(5,198,394)
Closing at end		(60,082,231)		(5,211,034)
GRAND TOTAL		(39,332,231)		(5,211,034)
SCHEDULE - 3 - SECURED LOANS				
Term Loans		262,031,922		138,666,000
TOTAL		262,031,922		138,666,000
SCHEDULE - 4 - UNSECURED LOANS				
Loans :				
From Holding Company		192,044,461		7,239,177
TOTAL		192,044,461		7,239,177
SCHEDULE - 5 - CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors	57,902,241		51,722,472	
Interest Acc.but not due (due within 12 months)	2,273,160	60,175,401	1,433,873	53,156,345
Provisions		10,492,756		3,640,641
TOTAL		70,668,157		56,796,986

**SCHEDULE 6
FIXED ASSETS
F.Y. 2008-2009**

Amount in Rupees

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 1.4.2008	Additions	Deduction & Adjustment	Closing as on 31.3.2009	Opening as on 1.4.2008	Deletion	Addition	Closing as on 31.3.2009	As on 31.3.2009	As on 31.3.2008
A. TANGIBLE ASSETS											
1	BUILDING	81,115,294	132,585,046	4,857,900	208,842,440	587,139	43,060	16,904,672	17,448,751	191,393,689	80,528,155
2	FURNITURE & FIXTURE	9,353,099	24,051,278	206,942	33,197,435	56,187	2,149	2,233,445	2,287,483	30,909,952	9,296,912
3	PLANT & MACHINERY	18,998,033	24,774,828	-	43,772,861	59,876	-	1,601,689	1,661,565	42,111,296	18,988,157
4	SERVICE EQUIPMENT	15,732,923	38,910,714	-	54,643,637	89,214	-	3,834,296	3,923,510	50,720,127	15,643,709
5	COMPUTER EQUIPMENTS	2,049,403	3,630,317	-	5,679,720	66,302	-	691,552	757,854	4,921,866	1,983,101
6	VEHICLE	340,806	1,658,745	-	1,999,551	3,319	-	147,687	151,006	1,848,545	337,487
B. INTANGIBLE ASSETS											
1	LIQUOR LICENCE	-	3,622,500	-	3,622,500	-	-	231,381	231,381	3,391,119	-
2	SOFTWARE & LICENCES	-	-	-	-	-	-	-	-	-	-
3	BRAND NAME - - BARBEQUE NATION	-	24,900,000	-	24,900,000	-	-	-	-	24,900,000	-
	TOTAL	127,589,558	254,133,428	5,064,842	376,658,144	862,037	45,209	25,644,722	26,461,550	350,196,594	126,727,521
	PREVIOUS YEAR FIGURES	-	127,589,558	-	127,589,558	-	-	862,037	862,037	126,727,521	-

CAPITAL WORK IN PROGRESS 37,716,078 149,411,762 149,836,579 37,291,261

 PRE-OPERATIVE EXPENSES
 INCURRED DURING CONSTRUCTION PERIOD PENDING FOR ALLOCATION

18,885,703 70,925,966 74,115,604 15,696,065

TOTAL 56,601,781 220,337,728 223,952,183 52,987,326

(In Rupees)

		As at 31/03/09		As at 31/03/08
SCHEDULE - 07 - CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Inventories				
Operating Supplies (Valued at cost as certified by Management)	6,244,614		2,828,485	
Food and Beverage (Valued at cost as certified by Management)	8,619,808	14,864,422	1,117,635	3,946,120
Sundry Debtors (Unsecured considered good)				
Outstanding Over Six Months	126,727		---	
Others	3,449,318	3,576,045	252,288	252,288
CASH AND BANK BALANCES				
Cash on hand	643,138		897,643	
Bank Balances With Scheduled Banks In Current Accounts	1,461,281	2,104,419	5,825,804	6,723,447
LOANS AND ADVANCES (Unsecured, Considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	93,734,050		61,126,667	
Advance Tax & TDS Receivable	714,814	94,448,864	2,088	61,128,755
TOTAL		114,993,750		72,050,610

(In Rupees)

	31-Mar-09	31-Mar-08
SCHEDULE 8 RESTAURANTS AND OTHER SERVICES		
Food and Beverages	293,582,958	6,545,332
Other Services	5,666,721	359,552
TOTAL	299,249,679	6,904,884
SCHEDULE 9 OTHER INCOME		
Interest Earned	763,154	10,135
Miscellaneous Income	204,642	---
TOTAL	967,796	10,135
SCHEDULE 10 FOOD AND BEVERAGES CONSUMED		
Opening Stock	1,117,635	---
Add : Purchases	144,008,444	4,170,187
	145,126,079	4,170,187
Less : Closing Stock	8,619,808	1,117,635
TOTAL	136,506,271	3,052,552
SCHEDULE 11 OPERATING EXPENSES		
Stores and Operating Supplies	11,938,091	200,662
Repairs and Maintenance		
Building	3,711,746	22,368
Plant & Machinery	2,402,052	14,913
Others	964,330	28,869
Laundry Expenses	2,177,756	60,524
SUB-TOTAL	21,193,975	327,336
Power and Fuel	36,226,677	734,526
GRAND TOTAL	57,420,652	1,061,862
SCHEDULE 12 EMPLOYEES' EMOLUMENTS		
Salaries, Wages and Allowances	51,025,459	3,556,775
Contribution to P.F. and other Funds	3,105,085	69,460
Workmen and Staff Welfare Expenses	1,501,766	96,843
Workmen and Staff Uniform Expenses	2,058,747	449,056
TOTAL	57,691,057	4,172,134

(In Rupees)

	31-Mar-09	31-Mar-08
SCHEDULE 13 SELLING AND ADMINISTRATIVE EXPENSES		
Rent/Lease Rent	54,343,938	1,604,838
Rates & Taxes	4,454,947	93,860
Insurance	261,339	8,382
Legal & Professional	2,497,108	---
Traveling and Conveyance	6,114,297	608,438
Postage, Telegram and Telephones	2,576,119	195,716
Advertisement and Publicity	3,283,594	266,327
Printing and Stationery	3,931,721	548,466
Donation	8,331	---
Other Expenses	4,009,195	1,976,398
Water charges	708,549	9,980
Housekeeping Expenses	2,809,519	40,264
Audit Fees	75,000	50,000
TOTAL	85,073,657	5,402,669
SCHEDULE 14 FINANCIAL CHARGES		
Interest on term Loan	19,002,797	---
Interest on Others	65,968	---
Bank Charges	2,128,794	46,192
TOTAL	21,197,559	46,192

SCHEDULE 15 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Convention :

- i. The financial statements have been prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956.
- ii. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- iii. Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

b) Fixed Assets :

- i. Accounted at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its working condition for use.
- ii. Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.
- iii. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Generally, such retired assets are disposed of soon thereafter.
- iv. Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.
- v. Expenditure on the new project for capital expenditure are included in Capital Work-in-Progress.

c) Depreciation :

- i. Depreciation is charged on fixed assets, except on buildings, as per the straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- ii. Buildings constructed on the rented properties are depreciated over the term of the respective leases.
- iii. Assets like vehicle, computers etc. utilized during the construction period are not depreciated till the project is ready.
- iv. Depreciation on Brand "Barbeque-nation" purchased during the current financial year is not considered, as the same is perpetual type of asset.

d) Inventories :

- i. Inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.
- ii. In the case of raw materials, operating supplies and stores, cost represents purchase price and other costs incurred for bringing inventories upto their locations and are determined on First-In-First-Out basis.

e) Sales :

Sales is exclusive of Sales tax, Service Tax and other taxes.

f) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

g) Events occurring after the date of Balance Sheet :

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

h) Employee Benefit :

Employee benefit plans comprise both defined benefit and defined contribution plans.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Provident fund is a defined contribution plan. Each eligible employee and the company make contributions at a percentage of the basic salary specified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company's contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The company has no further obligations under the plan beyond its periodic contributions.

i) Taxation :

- i. Due to absence of taxable income during the year the provision for current taxation has not been made in accordance with the Income Tax Laws applicable to the assessment year.
- ii. Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
- iii. Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

j) Foreign Currency transactions :

Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit & Loss Account.

Exchange difference arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

k) Assets taken on lease :

In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the Profit and Loss Account.

l) Segment Reporting :

During the year the company was engaged in the restaurant business only.

m) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs charged to revenue.

2. Secured Loans :

- a) Term loan of Rs. 20.00 crores from State Bank of India is secured on pari-passu basis on the entire fixed assets of the Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.

- b) Term loan of Rs. 14.50 crores from State Bank of Mysore is secured on pari-passu basis on the entire fixed assets of the Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.
- c) Term loan of Rs. 15.00 crores from State Bank of Indore is secured on pari-passu basis on the entire fixed assets of the Company and on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.
- d) The term loans are also personally guaranteed by some of the director of the company.
- e) Installment falling due within next 12 months Rs. 548.64 Lacs.

3. Contingent Liabilities not provided for :

- a) Customs duties saved against imports under EPCG scheme - Rs. 33.05 lacs (Previous year Rs. 25.26 Lacs)

4. The Company adopted the Accounting Standards 15 "Employee Benefits" effective from April 1, 2007.

Defined contribution plans : During the year the Company has recognized the following amounts in the Profit and Loss account, which are included in "Contribution to PF and other funds" in Schedule 13 :

	31.03.09	31.03.08
i. Contribution to Provident Fund	Rs. 23.32 lacs	Rs. 0.69 lacs

Defined Benefit Plans : The Company makes annual contributions to the Employee's Group Gratuity scheme of the SBI Life Insurance Co. Ltd., a funded defined benefit plan for the qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the terms of the scheme. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's financial statements as at March 31, 2009 :

		(In Rupees)	
		31.03.09	31.03.08
i)	Changes in benefit obligations :		
	Present value of obligation as at the beginning of the year	442815	Nil
	Interest Cost	3206	Nil
	Current Service Cost	138983	442815
	Actuarial (gain)/ loss on obligations		Nil
	Benefit paid	Nil	Nil
	Present value of obligation as at the end of the year	585004	442815

(In Rupees)

		31.03.09	31.03.08
ii)	Change in plan assets :		
	Fair value of plan assets as at the beginning of the year	Nil	Nil
	Expected return on plan assets	16534	Nil
	Contributions	413344	Nil
	Benefits paid		Nil
	Actuarial gain/ (loss) on plan assets	2756	Nil
	Fair value of plan assets at the end of the year	432634	Nil
	Excess of (obligation over plan assets)/ plan asset over obligation	(152370)	(442815)
	(Accrued liability)/ Prepaid benefit	(152370)	(442815)
iii)	Net Gratuity and other cost for the year ended 31st March 2009		
	Current Service cost	138983	442815
	Interest on defined benefit obligation	3206	Nil
	Expected return on plan assets	Nil	Nil
	Net actuarial gain recognized in the year	Nil	Nil
	Net gratuity and other cost	142189	442815
	Actual return on plan asset	19290	Nil
iv)	Category of Assets as at 31 March 2009		
	Insurer Managed Funds	432634	Nil
	Others	Nil	Nil
	Total	432634	Nil
v)	Assumptions used		
	Discount rate (p.a.)	8.00%	8.00%
	Salary escalation rate (p.a.)	5%	5%
	Expected rate of return on plan assets (p.a.)	8.00%	8.00%

5. Related Party Disclosure :

a) **Relationship during the year :**

i) **Key Management Personnel**

Sajid Dhanani – Director
Prosenjit Roy Choudhury - Director
Subhash Pandit - Director

ii) **Holding Company**

Sayaji Hotels Limited

iii) **Associate Companies/ Firms/ Relatives**

Sana Hospitality Pvt. Ltd.

b) Summary of transaction during the year :
(Rupees in Lacs)

Sr.No.	Nature of Transactions	2008-09	2007-08
A	KEY MANAGEMENT PERSONNEL		
	Remuneration	29.30	7.43
	Professional Fees	10.00	1.32
B	HOLDING COMPANY		
	Issue of Equity shares on preferential basis	NIL	603.99
	Issue of Equity shares	249.00	NIL
	Loans payable at the year end	1920.44	72.39
	Purchase of Inventory	52.51	NIL
C	ASSOCIATE COMPANIES/ FIRMS/RELATIVES		
	Lease Rent paid	104.34	42.20
	Lease deposit paid	90.00	90.00

6. Income Tax Liability for the year is estimated at NIL as Company does not have taxable income under the Income tax Act, 1961. The company is also not liable to pay minimum alternate tax. However the company is liable to pay Fringe Benefit Tax for which suitable provision has been made. As there is a virtual certainty about the Company making profits, timing differences, namely the differences that originate in one accounting period and capable of reversal in other, after duly identifying the differences between the profit offered to tax and profit as per financial statement, has been recognized during the year.

The following is the break up of Deferred Tax Assets and Liabilities:

	2008-09	2007-08
Deferred Tax Assets		
- C/forward losses & Unabsorbed Depreciation	101280176	14624380
- Others	2861756	529628
	104141932	15154008
Deferred Tax Liabilities		
- Depreciation Differences	10335874	7471581
	10335874	7471581
Net Deferred Assets/(Liability)	93806058	7682427
Net Deferred Tax Assets/(Liability)	31884679	2611257

7. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
8. The turnover of the Company by way of Food and Beverages does not admit of quantitywise details.
9. Debit and Credit balances in party accounts are subject to confirmation and reconciliation.
10. DETAILS OF AUDITORS' REMUNERATION
- | | | |
|---------------|-----------------|-----------------|
| | 31.03.09 | 31.03.08 |
| i. Audit Fees | Rs. 75,000 | Rs. 50,000 |
11. EARNING IN FOREIGN CURRENCY:
- | | | |
|--|---------------|------------|
| i. Sale of Food and Beverages
(deemed export as defined in FTP) | Rs. 5585689/- | Rs.64126/- |
|--|---------------|------------|
12. CIF VALUE OF IMPORT & EXPENDITURES:
- | | | |
|----------------------------|---------------|---------------|
| i. Import of Capital Items | Rs. 2.27 Lacs | Rs.84.82 Lacs |
|----------------------------|---------------|---------------|

13. DETAILS OF MANAGERIAL REMUNERATION:	31.03.09	31.03.08
i. Salaries	Rs. 39.13 lacs	Rs. 7.37 lacs
ii. Contribution to Provident & Other Funds	Rs. 0.17 lacs	Rs. 0.06 lacs

The above payments are within the limits prescribed under the Companies Act, 1956.

14. EARNING / (LOSS) PER SHARE:

		Period ended 31.03.09	Period ended 31.03.08
i.	Net Loss as per Profit and Loss account	54871197	5198394.00
ii.	Number of Shares at the beginning of the year	6050004	10000
iii.	Number of Shares at the end of the year	6465004	6050004
iv.	Basic EPS	Nil	Nil
v.	Diluted EPS	Nil	Nil
vi.	Nominal value of equity share	Rs. 10/-	Rs. 10/-

15. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.

16. Figures of previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of current year.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item		(834.53)		(76.82)
Adjusted for:				
Depreciation	256.45		8.62	
Interest paid	211.98		0.46	
Interest Received	(7.63)		(0.10)	
		460.80		8.98
Operating profit before Working Capital Changes		(373.73)		(67.84)
Adjusted for:				
Trade and Other receivables	(366.44)		(613.81)	
Inventories	(109.18)		(39.46)	
Trade payables	132.13	(343.49)	566.39	(86.88)
Cash generated from operations		(717.22)		(154.72)
Interest paid		211.98		0.46
Net cash from operating activities		(929.20)		(155.18)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets	(2,490.69)		(1,275.90)	
Recouped of depreciation Reserve	(0.45)		0.00	
Increase in capital work in progress including capital advances	4.25		(377.16)	
Increase in expenditure during construction period (Net)	31.90		(188.82)	
Interest Received	7.63	(2,447.36)	0.10	(1,841.78)
Net cash used in investing activities		(3,376.56)		(1,996.96)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009

(Rs. in lacs)

		31-Mar-09		31-Mar-08
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	41.50		604.00	
Receipt of application/allotment money & premium	207.50		0.00	
Unsecured Loans	1,847.72		72.39	
Long Term borrowings	1,233.65		1,386.65	
Net cash generated from financing activities		3,330.37		2,063.04
Net increase in cash and cash equivalents	(46.19)		66.08	
Cash and cash equivalents as at the beginning of the year	67.23		1.15	
Cash and cash equivalents as at the end of the year		21.04		67.23

Note : Figures in bracket indicate disposition of funds and others indicates of generation of funds except the figure of cash and cash equivalents at the beginning and at the end of the year

For and on behalf of the Board of Directors

 Place : Indore
 Date : 24-08-2009

Sajid R Dhanani
 Director

Prosenjit Roy Choudhury
 Director

Surendran R
 Manager

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Barbeque-Nation Hospitality Ltd for the year ended 31st March 2009. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2009 and 31st March 2008.

For SHAH GANDHI & SHAH
 Chartered Accountants

 Place : Vadodara
 Date : 24-08-2009

Nimesh Gandhi
 Partner

BALANCE SHEET ABSTRACT AND COMPANY/S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No. /CIN	U55101MP2006PTC019014	State Code	10
Balance Sheet Date	31/03/2009		

II CAPITAL RAISED DURING THE YEAR

(Amount in Rs.)

Public Issues	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	4,150,000

III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs)

Total Liabilities	539476423	Total Assets	539,476,423
<u>Source of Funds</u>			
Paid-up Capital	64650040	Reserves & Surplus	20750000
Secured Loans	262031922	Unsecured Loan	192,044,461
<u>Application of Funds</u>			
Net Fixed Assets	403183920	Investment	0
Net Current Assets	44325593	Misc. Expenditure	31,884,679
		Accumulated Losses	60082231

IV PERFORMANCE OF COMPANY

(Amount in Rs.)

Turnover	300217475	Total Expenditure	383533918
Profit/(loss) Before Tax	(83452585)	Profit/(Loss) after tax	(54871197)
		Dividend Rate %	NIL

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY

Item Code No. (ITC Code)	390001002	Product Description	Restaurants
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Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

 For **SHAH GANDHI & SHAH**
Chartered Accountants
For and on behalf of the Board of Directors
Nimesh Gandhi
 Partner

Vadodara, 24-08-2009

Sajid R Dhanani
 Director

Indore, 24-08-2009

Prosenjit Roy Choudhury
 Director

Surendran R
 Manager

DIRECTORS' REPORT

Dear Members,

Yours Directors have pleasure in presenting Second Annual Report of the company together with audited Balance Sheet as on March 31, 2009 and Profit and Loss account for the year ended on that date.

FINANCIAL RESULT

Rs. in millions

Particulars	Financial Year 2008-09	Financial Year 2007-08
Income	-	-
Less: Operating Expenses	0.80	-
Profit/(Loss) before Depreciation	(0.80)	-
Less: Prior Period & Extraordinary Items	-	(0.01)
Profit/(Loss) before Tax	(0.80)	(0.01)
Less: Provision for taxation	(0.32)	-
Profit/(Loss) after Tax	(0.48)	(0.01)
Add: Balance brought forward from previous year	(0.01)	(0.01)
Balance carried to Balance Sheet	(0.49)	(0.01)

FINANCIAL STATEMENTS

The Audited financial statements of the Company prepared in accordance with Accounting Standards -21 prescribed by the Institute of Chartered Accountants of India form part of the Annual Report.

STATE OF COMPANY AFFAIRS

The company has not commenced any Business during the year.

DIVIDEND

In view of the loss, your Board has not recommended any dividend for the financial year ended March 31, 2009.

DIRECTORS

In terms of the provision of the Companies Act, 1956, Shri Sajid R. Dhanani, director of the company retires by rotation in ensuing Annual General Meeting and is eligible for re-appointment as director.

AUDITORS

M/s Shah Gandhi & Shah, Chartered Accountants, Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

The Auditor Report and notes to the accounts are self-explanatory and do not require further explanation.

FIXED DEPOSITS

The Company has not invited any deposits from public during the period under review attracting the provision of Section 58A of the Companies Act, 1956 and rules framed there under.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms that:

- (i) That in the preparation of the annual accounts for the financial year ended March 31, 2009 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) That the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Particulars of Conservation of Energy, Technology Absorption etc., required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Rules made there under are not applicable to the company.

The Company has not absorbed any new technology during the year under review. The inflow and Outflow of Foreign Exchange during the year under review is as under:

Foreign Exchange Earnings	:	Nil
Foreign Exchange Outgo	:	Nil

PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act, 1956, of the Companies Act, 1956 read with the provisions of the

Companies (Particulars of Employees) Rules, 1975, are not attracted in case of any employee of the company.

ACKNOWLEDGMENT

The Directors place on record their sincere gratitude to the employees of the Company for their hard work and continued support to the Company.

For and on behalf of the Board of Directors

Place: Indore	Sajid R. Dhanani	Suchitra Dhanani
Date: 24/08/2009	Director	Director

AUDITORS' REPORT

To
THE MEMBERS OF
MALWA HOSPITALITY PVT.LTD.
INDORE

We have audited the attached Balance sheet of MALWA HOSPITALITY PRIVATE LIMITED as at 31 ST MARCH, 2009. 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 and Report that:

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together "the Order"), 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 in above paragraph, 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 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 read together with the Significant Accounting Policies as per Schedule 5 and other notes thereon appearing in Schedule 6, 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, 2009;
 - b. in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For For SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
Date : August 24, 2009

Nimesh Gandhi
Partner
M.No. : 049134

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 OF MALWA HOSPITALITY PRIVATE LIMITED.

- 1) The Company has no fixed assets. Therefore, record keeping and physical verification of the same does not applicable.
- 2) Since the Company's project is under implementation and has no production related inventory, pertaining to physical verification of finished goods, stores, spares parts and raw materials, maintenance of records of the said order are not applicable.
- 3) (a) Company has taken loans from 1 companies, firms or other parties covered in the register maintained under section 301 of the Act., where in the balance payable as at the year end is Rs. 28.50 lacs. The maximum amounts involved in the transactions during the year are Rs. 51.50 lacs.
(b) The loans taken are interest free and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the Company.
(c) The loans taken by the company are repayable on demand.
- 4) The Company has not granted unsecured advances to companies or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956
- 5) In our opinion and to the best of our information and according to the explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business. There are no major weaknesses in internal control procedure.
- 6) As per the information and explanation given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- 7) As per the information and explanation given to us, the Company has not accepted any deposits from the Public and hence the matter of compliance with the directives issued by the Reserve Bank of India and rules framed thereunder does not arise.
- 8) The Company has system of internal audit, which is in our opinion, is commensurate with size of the business.
- 9) Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 for the company.
- 10) According to the records and as per the information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed amount of Provident Fund, Investor Education Fund, Employee State Insurance, Income Tax, Excise Duty, Custom Duty and other statutory dues applicable to it and no undisputed amounts payable were outstanding on 31st March 2009 for the period more than six months from the date they became payable. There is no disputed liability.
- 11) The company has not completed five years after its registration, comments on cash loss incurred in the current financial year or immediately preceding financial year is not given.
- 12) During the year, The company has made preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Act. The pricing of the issue is as per the information and explanations given to us is not prejudicial to the interest of the Company.
- 13) Based on our audit procedure and as per the information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
- 14) The Company is not a Sick Industrial Company within the meaning of Clause (o) of the Sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

For SHAH GANDHI & SHAH
Chartered Accountants

Vadodara
Date : August 24, 2009

Nimesh Gandhi
Partner
M.No.49134

BALANCE SHEET AS AT 31st MARCH, 2009
Rupees

	Sch		As at 31.03.09		As at 31.03.08
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1		54,940,000		100,000
(b) Share Application Money	1		---		54,840,000
(2) Loan Funds					
(a) Unsecured Loans	2		2,850,000		---
TOTAL			57,790,000		54,940,000
II APPLICATION OF FUNDS					
(1) Fixed Assets (Gross Block)					
(a) Expenditure incurred during Pre Operation period pending allocation		5,105,400	5,105,400	3,000,000	3,000,000
(2) Deferred Tax Assets					
			330,433		6,767
(3) Current Assets, Loans and Advances					
(a) Cash and Bank Balances		28,382		100,000	
(b) Loans & Advances		51,840,000		51,840,000	
		51,868,382		51,940,000	
Less : Current Liabilities and Provisions					
(a) Sundry Creditors & Provisions	4	8,828		19,910	
Net Current Assets			51,859,554		51,920,090
(4) Profit and Loss Account					
			494,613		13,143
TOTAL			57,790,000		54,940,000
SIGNIFICANT ACCOUNTING POLICIES	5				
NOTES FORMING PART OF THE ACCOUNTS	6				

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi
Partner
Vadodara, 24-08-2009

Sajid R Dhanani
Director

Suchitra Dhanani
Director
Indore, 24-08-2009

PROFIT & LOSS ACCOUNT FOR THE PERIOD 01.04.2008 TO 31.03.2009
(In Rupees)

	31-Mar-09	31-Mar-08
I INCOME	NIL	NIL
TOTAL	---	---
II. EXPENDITURE		
LEGAL EXPENSES	771,600	
MISCELLANEOUS EXPENSES	5,536	
PROFESSIONAL FEES	25,000	
AUDIT FEES PROVISION	3,000	3,000
	805,136	3,000
III. PROFIT BEFORE DEPRECIATION	(805,136)	(3,000)
IV OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS	(805,136)	(3,000)
Less :PRELIMINARY EXPENSES	---	16,910
V OPERATING PROFIT BEFORE TAXES	(805,136)	(19,910)
Less : DEFERRED TAX	(323,666)	(6,767)
VI. PROFIT /(LOSS) AFTER TAX	(481,470)	(13,143)
VII. BALANCE B/FORWARD FROM LAST YEAR	(13,143)	---
VIII. AMOUNT AVAILABLE FOR APPROPRIATION	---	---
IX. LOSS CARRIED TO BALANCE SHEET	(494,613)	(13,143)

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **SHAH GANDHI & SHAH**
Chartered Accountants

Nimesh Gandhi
Partner

Vadodara, 24-08-2009

For and on behalf of the Board of Directors

Sajid R Dhanani
Director

Suchitra Dhanani
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(In Rupees)

		As at 31/03/09		As at 31/03/08
SCHEDULE - 1 : SHARE CAPITAL				
AUTHORISED				
100,00,000 Equity Shares of Rs.10/- each.		100,000,000		100,000
ISSUED, SUBSCRIBED & PAID-UP				
5,494,000 (P.Y. 10,000) Equity Shares of Rs. 10/- each		54,940,000		100,000
SUB TOTAL		54,940,000		100,000
SHARE APPLICATION MONEY		---		54,840,000
SUB TOTAL		---		54,840,000
TOTAL		54,940,000		54,940,000
SCHEDULE-2 : UNSECURED LOANS				
Inter Corporate Loans :				
From Associate Companies		2,850,000		---
TOTAL		2,850,000		---
SCHEDULE-3 : CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Cash and Bank Balance				
Cash on hand	---	---	---	---
Bank Balances In Current Account	28,382	28,382	100,000	100,000
LOANS & ADVANCES (Unsecured, Good unless otherwise specified)				
Deposits		51,840,000		51,840,000
TOTAL		51,868,382		51,940,000
SCHEDULE-4 : CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors		3,253		16,910
Provision		5,575		3,000
TOTAL		8,828		19,910

MALWA HOSPITALITY PRIVATE LIMITED : 31.03.2009
SCHEDULE - 5
SIGNIFICANT ACCOUNTING POLICIES
A. SYSTEM OF ACCOUNTING :

The financial statements have been prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956. The Company follows Mercantile System of Accounting.

B. TAXES ON INCOME :

Due to absence of taxable income during the year the provision for current taxation has not been made in accordance with the Income Tax Laws applicable to the assessment year

Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

C. FIXED ASSETS:

Pre-operative expenses incurred, till the projects are ready for Commercial Operation, are capitalized.

SCHEDULE - 6
NOTES FORMING PART OF THE ACCOUNTS

- (1) The Company has not yet commenced any business operations.
- (2) Auditors Remuneration

	Current Year (Rs)	Previous Year (Rs)
As Audit Fees	3,000	3,000

- (3) In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- (4) The Company has not been liable to pay any Income tax for the year as there is no income during the year. Company has not been also liable to pay any Minimum Alternate Tax under the said Act, as book profit is negative. Following is the break up of Deferred Tax Assets & Liabilities:

	2008-09	2007-08
Deferred Assets :	825046	19610
Carry/Forward Losses	825046	19610
Deferred Liabilities :	Nil	Nil
Nil	Nil	Nil
Net Deferred Assets/(Liabilities)	825046	19610
Net Deferred Tax Assets/(Liabilities)	330433	6767

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2009
(Rupees)

		31.03.2009		31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Extraordinary		(805,136.00)		(3,000.00)
Item Adjusted for:				
Preliminary Expenses	---	---		(16,910.00)
		(805,136.00)		(19,910.00)
Operating Profit before Working Capital Changes:				
Trade Payables	(11,082.00)		19,910.00	
Deposits	---	(11,082.00)	(51,840,000.00)	(51,820,090.00)
Cash generated from Operating Activities		(816,218.00)		(51,840,000.00)
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Increase in Expenditure incurred during Pre Operation period pending allocation	(2,105,400.00)		(3,000,000.00)	
Cash generated from Investment Activities		(2,105,400.00)		(3,000,000.00)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issue of shares	---		100,000.00	
Receipt of Share Application Money	---		54,840,000.00	
Unsecured Loan	2,850,000.00		---	
Cash generated from Financing Activities		2,850,000.00		54,940,000.00
Net Increase in Cash & Cash Equivalent		(71,618.00)		100,000.00
Cash & Cash Equivalent as at the beginning of the year	100,000.00		100,000.00	---
Cash & Cash Equivalent as at the beginning of the year		28,382.00		100,000.00

Note : Figures in Bracket indicate disposition of funds and others indicates of generation of funds except the figure of Cash & Cash Equivalents at the beginning and at the end of the year.

For and on behalf of the Board of Directors

Place : Indore
Date : 24-08-2009

Sajid R Dhanani
Director

Suchitra Dhanani
Director

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Malwa Hospitality Pvt.Ltd. For the year ended 31st March 2009. The Statement has complied by the company from the financial statements for the year ended 31st March 2009 and 31st March 2008.

For SHAH GANDHI & SHAH
Chartered Accountants

Place : Vadodara
Date : 24-08-2009

Nimesh Gandhi
Partner

BALANCE SHEET ABSTRACT AND COMPANY/S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No.	U55209MP2008PTC020502	State Code	04
Balance Sheet Date	31/03/2009		

II CAPITAL RAISED DURING THE YEAR

(Amount in Rs.)

Public Issues	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	54,840,000

III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs.)

Total Liabilities	2858828	Total Assets	56,973,782
<u>Source of Funds</u>		Reserves & Surplus	NIL
Paid-up Capital	54940000	Unsecured Loan	2,850,000
Secured Loans	NIL		
<u>Application of Funds</u>		Investment	NIL
Net Fixed Assets	5105400	Misc. Expenditure	NIL
Net Current Assets	51859554	Accumulated Losses	494,613

IV PERFORMANCE OF COMPANY

(Amount in Rs.)

Turnover	NIL	Total Expenditure	(805,136)
Profit/(loss) Before Tax	(805,136)	Profit/(Loss) after tax	(481,470)
		Dividend Rate %	NIL

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY

Item Code No. (ITC Code)	591001006	Product Description	Hotels
Item Code No. (ITC Code)	390001002	Product Description	Restaurants

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

 For **SHAH GANDHI & SHAH**
Chartered Accountants
Nimesh Gandhi
 Partner

Vadodara, 24-08-2009

For and on behalf of the Board of Directors
Sajid R Dhanani
 Director

Suchitra Dhanani
 Director

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

1	Name of the Wholly-owned subsidiaries	: Barbeque-Nation Hospitality Limited	Malwa Hospitality Private Limited
2	Financial Year of the subsidiary ended on	: 31st March 2009	31st March 2009
3	Number of shares of the subsidiary company held by the Holding Company on the above date		
	a) Number and Face Value	: 6,464,998 Equity Shares of Rs. 10 each fully paid-up	5,493,998 Equity Shares of Rs. 10 each fully paid-up
	b) Extent of holding	: 100%	100%
4	The net aggregate amount of Profit/(Losses) of the Subsidiary Company for the above financial year, so far as they concern the Members of the Company		
	(I) dealt within the accounts of the Company :		
	(a) For the financial year ended 31st March, 2009	(60,080,000)	(490,000)
	(b) For the previous financial year since these became subsidiaries of the Company	(5,210,000)	(13,143)
	(ii) not dealt with in the accounts of the Company:		
	(a) For the financial year ended 31st March, 2009		
	(b) For the previous financial year since these became subsidiaries of the Company		

For and on behalf of the Board of Directors

Sajid R. Dhanani
Managing Director

T.N. Unni
Director

Awadhesh Gupta
Company Secretary

ATTENDANCE SLIP
SAYAJI HOTELS LIMITED

"Sayaji Hotel", Opp. Rajshree Talkies, Nr. Kala Godha, Sayajigunj, Vadodara-390 005

Please complete this Attendance Slip and hand it over at the Entrance of the Meeting Hall

1. Name of the Share Holder _____
(In Block Letter)
2. Regd. Folio No. / Client I.D. / DP ID. _____
3. No. of Shares held _____
4. Name of Proxy (In Block Letters) _____

I hereby record my presence at the 26th Annual General Meeting at Registered Office of the Company on Wednesday, 30th September, 2009 at 12.30 P.M.

Member's / Proxy's Signature

Note : The copy of the Annual Report may please be brought to the Meeting Hall.

----- TEAR HERE -----

PROXY FORM
SAYAJI HOTELS LIMITED

"Sayaji Hotel", Opp. Rajshree Talkies, Nr. Kala Godha, Sayajigunj, Vadodara-390 005

Master Folio No. _____

I/We _____

of _____

being a member/members of above named company hereby appoint _____

_____ of _____

or failing him / her _____

of _____

as my/our proxy to attend and vote on me/us any my/our behalf at the 26th Annual General Meeting of the Company to be held on Wednesday, 30th September, 2009 and/or at any adjournment thereof.

Signed this _____ day of _____ 2009.

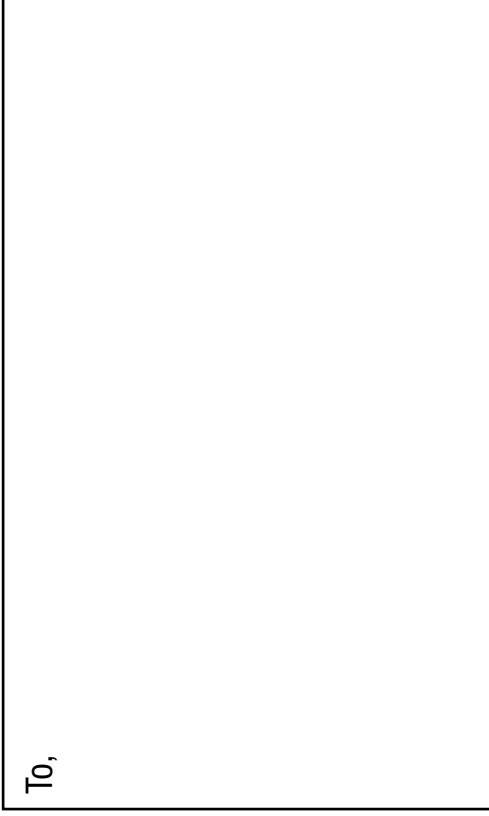
Signature

Affix 1 Rs. Revenue Stamp

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. The Proxy need not be member of the Company.

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