

**BOARD OF DIRECTORS**

**Vinaychand Kothari**  
Chairman & Managing Director

**Dilip V. Kothari**  
Joint Managing Director

**Dr. Ramnik K. Baxi**  
**Mangal S. Chheda**  
**Manohar R. Tambat**  
**Mehernoz C. Dangore**

**AUDITORS**

M/s. D. C. SURANA & ASSOCIATES  
Chartered Accountants

**COMPANY LAW CONSULTANT**

M/s. N. BAFNA & CO.  
Company Secretaries

**BANKERS**

UNION BANK OF INDIA  
HDFC BANK

**REGISTRARS & TRANSFER AGENT**

Sharex Dynamic (India) Pvt. Ltd.,  
Unit - 1, Luthra Ind. Premises, Safed Pool,  
Andheri - Kurla Road, Andheri (E),  
Mumbai - 400 072  
Tel - 2851 5606 Fax - 2851 2885

**REGISTERED OFFICE :**

401, Chartered House,  
293/299, Dr. C. H. Street,  
MUMBAI - 400 002.  
Tel.: 91 22 2207 8292  
Fax: 91 22 2206 1324  
Email: [booking@ushaascot.com](mailto:booking@ushaascot.com)

**HOTEL SITE :**

USHA ASCOT  
M. G. Road,  
Matheran, Dist. Raigad.  
Tel.: 91 2148 230360  
Fax: 91 2148 230213  
Web site: [www.ushaascot.com](http://www.ushaascot.com)

**-: NOTICE :-**

NOTICE is hereby given that the 67th Annual General Meeting of the members of the Best Eastern Hotels Ltd. will be held on Tuesday, 21st September 2010 at 1st Floor, Maheshwari Bhavan, J. S. S. Road, Chira Bazar, Mumbai 400 002 at 4.30 p.m. to transact the following businesses:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To confirm & take on record Interim Dividend paid on Redeemable Preference Shares and Equity Shares.
3. To appoint Director in place of Mr. Vinaychand Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Dilip V. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Mehernoz Dangore who was appointed as an additional director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To appoint Auditors of the company and fix their remuneration.

**By order of the Board**

**Dilip V. Kothari**  
Joint Managing Director

**Mumbai, 5th August, 2010.**

**Registered Office :**  
401, Chartered House,  
293/299, Dr. C.H. Street,  
Mumbai -- 400 002.

**-: NOTES :-**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE THE MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the registered office of the company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from Friday 17th September, 2010 to Tuesday 21st September, 2010 (Both days inclusive).
3. Members are requested to notify immediately any change in their address, if any, to Company's Registrar and Share Transfer Agents.
4. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company.
5. **Unclaimed Dividends:** Dividends remaining unclaimed for 7 years from the date of disbursement will be transferred as per section 205 C of the Companies Act, 1956 to the Investors Education and Protection Fund of the Central Govt. (IEPF). As no claim shall lie against either the company or the IEPF after a period of 7 years from the date of disbursement, shareholders who have not yet encashed their dividend warrants are urged to contact the Registered office of the company for revalidation and encash them before the due date for transfer to the IEPF as mentioned below.

Sr. No.	Dividend for F.Y.	Disbursed on	Due Date for Transfer to IEPF
1	2003-2004	25/09/2004	24/09/2011
2	2004-2005	27/09/2005	26/09/2012
3	2005-2006	08/09/2006	07/09/2013
4	2006-2007	20/03/2007	19/03/2014
5	2007-2008	18/03/2008	17/03/2015
6	2008-2009	16/03/2009	15/03/2016
7	2009-2010	15/03/2010	14/03/2017

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 :**

Mr. Mehernoz Dangore was co-opted on the Board w.e.f. 01/05/2010 who hold the office till the date of ensuing Annual General Meeting. Mr. Dangore is having over 32 years of experience in personal banking, administration, investment & Marketing. Mr. Dangore is having good PR with corporate world with regard to hospitality Industry. Also he is very well aware about the situation of Matheran since last 20 years. He is actively involved in restoration, supervision & maintainance of pay master park at Matheran at his own cost.

The Compan has received the notice from member, together with deposit of Rs. 500/-, signifying his intention to propose Mr. Dangore for the office of the Director.

None of the Directors except Mr. Mehernoz Dangore is interested or concerned in this resolution.

Your Directors recommends all the resolutions.

By order of the Board

Dilip V. Kothari

Joint Managing Director

Mumbai, 5th August, 2010

**Regd. Office :**

401,Chartered House,293,  
Dr. C.H. Street, Mumbai 400 002.

**DIRECTORS' REPORT**

To the Members,

Your Directors hereby present the Sixty Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

**FINANCIAL RESULTS :**

Particulars	Rupees in 000's	
	Year Ended 31.03.2010	Year Ended 31.03.2009
Revenue	41,211	42,836
<b>Profit before Taxation</b>	<b>8,324</b>	8,135
Less : Provision for Tax		
Current Tax	2,630	2,690
Fringe Benefit Tax	--	42
Deferred Tax	(56)	(588)
Excess/(Short) Provision for Tax-Earlier Years	141	(713)
<b>Profit after Tax for the year</b>	<b>5,609</b>	6,704
Add : Brought forward profit	8,000	6,398
<b>Profit available for appropriation</b>	<b>13,609</b>	13,102
Transfer To General Reserve	500	460
Dividend : On Preference Shares	1,440	1,440
On Equity Shares	2,528	2,528
Dividend Tax on dividend	674	674
<b>Balance carried over to Balance Sheet</b>	<b>8,467</b>	8,000

**Operating Results:**

The overall performance of the company has declined during the year under review in line with the economic slowdown. However, the decline was marginal and the total income was decreased by 3.8% over previous year. The total revenue of the Company for the year ended 31<sup>st</sup> March, 2010 was stood at Rs. 412.11 lacs (previous year Rs. 428.36 lacs) and the profit before tax is Rs. 83.24 lacs (previous year Rs. 81.35 lacs). The profit after tax is stood at Rs. 56.09 lacs (previous year Rs. 67.04 lacs) due to the net increase in the tax liability for the current year.

**Dividend on Equity and Preference Shares:**

Your Directors had paid an interim dividend of Rs. 1.50/- (15%) per equity share of Rs. 10/- each & Rs. 1.20/- (12%) on Preference Shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2010 and considering the working of the company during the year, your Directors do not recommend any final dividend. The same is to be treated as final dividend and to be taken on record at the ensuing Annual General Meeting. The total amount of dividend outgo was Rs. 46.42 Lacs including dividend tax (previous year dividend outgo Rs. 46.42 lacs including dividend tax).

**Fixed Deposit:**

The Company has neither invited nor accepted any deposits from Public within the meaning of Section 58A & 58AA of the Companies Act, 1956.

**Directors:**

Mr. Vinaychand Kothari & Mr. Dilip V. Kothari retires by rotation and being eligible offer themselves for re-appointment. Mr. Mehernoz Dangore was co-opted on the Board w.e.f. 01/05/2010 who hold the office till the date of ensuing Annual General Meeting. Mr. Dangore is having over 32 years of experience in personal banking, administration, investment &

Marketing. Mr. Dangore is having good PR with corporate world with regard to hospitality Industry. Also he is very well aware about the situation of Matheran since last 20 years. He is actively involved in restoration, supervision & maintenance of pay master park at Matheran at his own cost.

The Company has received the notice from member, together with deposit of Rs. 500/-, signifying his intention to propose Mr. Dangore for the office of the Director.

**Directors Responsibility Statement:**

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
- iii. The Directors had 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.
- iv. The Directors had prepared the annual accounts on a going concern basis.

**Social Responsibility Statement :**

As a social responsible Corporate Citizen, the company continues to support a wide spectrum of community initiative through N.G.O.s / Charitable Institutes as well as programs for health, education and environment. Also your company do carry Medical Camps for the locals of Matheran & around on Regular basis, including vaccination for school children.

**Auditors:**

The retiring Auditors M/s. D. C. Surana & Associates, Chartered Accountants, being eligible offer themselves for reappointment.

**Auditors Report:**

The comments made in Auditors Report read with notes on accounts are self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

**Listing:**

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai. It may be noted that there are no payment outstanding to the said Exchange by way of listing fees etc.

**Secretarial Compliance Report:**

A Secretarial Compliance Report Pursuant to the proviso to sub section (1) of Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 as amended are annexed hereto forming part of the Directors' Report.

**Particulars of Employees:**

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are not applicable to your company since none of the employee employed on a remuneration of Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p. a.

**Energy Conservation, Technology Transfer and Foreign Exchange Earnings and Outgo:**

The information as required under Section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is furnished hereunder:

- a) **Conservation of Energy:** The Company has always given high priority to energy conservation. Constant efforts have been made to reduce energy consumption on continuous basis. Employee awareness and effective monitoring of uses of energy are being pursued. The Company is also examining the use of alternative source of energy. It had already implemented Hot Water System at the hotel site and converting normal lighting to PL/CFL lighting to save fuel and electricity consumption to the considerable extent.
- b) **Technology Absorption:** The company being in the hospitality industry, its activities do not as such involve any technology absorption or expenditure on research and development. Nonetheless, the Company's endeavors would be to achieve what is best possible in its business.
- c) **Foreign Exchange Earnings & Outgo:** Rs. 2.02 Lacs being realization under credit cards (Previous year Rs. 5.10 Lacs). Outgo Rs. Nil (Previous year Rs. 0.29 Lacs).

**Corporate Governance:**

Provision of Clause 49 of Listing Agreement in respect of Corporate Governance is not applicable to your Company, Since the paid-up capital of the company is less than Rs. 3 Crore.

**Acknowledgements:**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers, Central & State Government, Local Authorities and all other authorities during the year under review. Your Directors also like to thanks to its customers, contractors and suppliers for their continuous support and confidence in its management.

Your Directors would like to appreciate the efforts of the Company's employees for their continued support extended to the company.

For and on behalf of the board,  
Vinaychand Kothari

Mumbai, 5<sup>th</sup> August, 2010

Chairman

**NANDLAL BAFNA**  
B. COM., LL.B., FCS

**N. BAFNA & Co.**  
COMPANY SECRETARIES

C-47, Niranjana, Gandhi Chowk, Next to Reti Bhavan, M. G. Road, Dombivli (West)-421 202  
Tel. No. (0251)-2484763 / 2482948 Mobile 9821345670  
E-mail: nbbafna@yahoo.co.in/nbbafna@gmail.com

**SECRETARIAL COMPLIANCE REPORT**

Company No. **11-40199**

Authorised Capital Rs. **6,00,00,000/-**

To,

The Members.

**M/s. Best Eastern Hotels Ltd.**

401, Chartered House,  
293/299 Dr. C. H. Street,  
**MUMBAI -400 002**

We have examined the registers, records, books and papers of M/s. **BEST EASTERN HOTELS LTD.** as required to be maintained under the Companies, Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2010** (Financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanation furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met **6** times respectively on 29-04-2009, 30-5-2009, 31-7-2009, 30-10-2009, 29-01-10 and 11-3-10 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members and Transfer Register from 08<sup>th</sup> September 2009 to 10<sup>th</sup> September 2009 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 10-09-2010 after giving due notice to the members of the company and the resolutions passed thereat duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to U/s. 295 of the Act.
9. The Company has not entered into any contracts falling under section 297 of the Act during the relevant period.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act during the relevant period.
11. As there were no instances falling within the purview of section 314 of the Act, during the relevant period of this report, the company has not obtained any approvals from the Board of Directors, members or Central Government as the case may be.

12. The Board of Directors has approved the issued duplicate certificates.
13. The Company has:
  - i) There was no allotment/ transfer or transmission of securities during the relevant period of report.
  - ii) deposited the amount of dividend declared in a separate Bank Account on 15-03-2010 which is within 5 days from the date of declaration of such dividend.
  - iii) the company has paid/posted warrants for dividends to all the members within period of 30 days from the date of declaration and that all unclaimed /unpaid dividend has been transferred to Unpaid dividend account of the company with Corporation Bank, Narmian Point, Mumbai for the interim dividend declared in March 2010 for the year 09-10.
  - iv) the amount of outstanding unpaid dividend is not due for transfer to Investor Education Fund. There were no application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid. Therefore transfer of said amount to investor Education Fund does not arise.
  - v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional / alternate directors and directors to fill casual vacancy during the financial year.
15. During the relevant period of this report, the Company has re-appointed Mr. Vinaychand Kothari as Managing Director and Mr. Dilip Kothari as Jt. Managing Director.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Directors, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares of debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits within the purview of section 58 A during the relevant period of the report.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ended 31<sup>st</sup> March 2010 are within borrowing limits of the company.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the name of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to object of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.



30. The company has not altered its articles of association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has deposited both employees and employers contribution to provident Fund with prescribed authorities pursuant to section 418 of the Act.

For N. Bafna & Co.  
Company Secretaries

Place: Mumbai  
Date: 5th August, 2010.

(Nandlal B. Bafna)  
Proprietor  
C. P. No. 1154.

### ANNEXURE 'A'

Registers as maintained by the Company

- 1) Register of Members U/s. 150.
- 2) Register of Directors U/s.303.
- 3) Register of Transfer U/s. 108
- 4) Register of Directors' shareholding U/s. 307.
- 5) Register of Contracts U/s. 301.
- 6) Register of Disclosers U/s.299.
- 7) Minute Book of Board Meetings.
- 8) Minute Book of General Meetings.
- 9) Register of Charge u/s. 125
- 10) Directors attendance Register.
- 11) Shareholders attendance Register

### ANNEXURE 'B'

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Annual Accounts for the financial year ended 31st March 2009 in Form No. 23AC and 23ACA filed U/s. 220.
2. Annual return made up to 10-9-2009 filed in form No. 20B U/s. 159
3. Secretarial Complaines Report for the year ended 31st March 2009 in Form No. 66
4. Form No. 23 for filling of Board resolution for Re-appointment of Mr. Vinaychand Kothari as Managing Director and Mr. Dilip Kothari as Jt. Managing Director.
5. Form No. 25C for Mr. Vinaychand Kothari
6. Form No. 25C for Mr. Dilip Kothari
7. Form No. 23 for filling of Special Resolution passed on 10-9-2009 for Re-appointment of Mr. Vinaychand Kothari as Managing Director and Mr. Dilip Kothari as Jt. Managing Director.
8. Form No. 23B without fee

**AUDITORS' REPORT**

**TO  
THE MEMBERS OF  
BEST EASTERN HOTELS LIMITED**

1. We have audited the attached Balance Sheet of **BEST EASTERN HOTELS LIMITED** (hereinafter called as 'the Company'), as at 31<sup>st</sup> March 2010, the Profit and Loss Account of the Company and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 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 presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) the Balance Sheet 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) on the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and Notes to Accounts in the schedule 17 and elsewhere in the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (b) in the case of the Profit and Loss Account, of the profit 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 D.C. SURANA & ASSOCIATES.**  
Chartered Accountants  
Firm Reg. No. 115961 W

Place:- Mumbai,  
Dated:- 5<sup>th</sup> August 2010

D.C.Surana  
(Proprietor)  
Membership No. 100-34074

**ANNEXURE TO THE AUDITORS' REPORT**

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

- I.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. We have been informed that the fixed assets have been physically verified by the management during the year and that no material discrepancies were noticed on such verification.
  - c. During the year, the Company has not disposed off any substantial / major part of fixed assets.
- II.
  - a. As explain to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III.
  - a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - b. Since the company has not granted any loans to the parties under section 301 of the act, hence the question of interest and other conditions does not arise.
  - c. The company has taken unsecured loan of Rs. 13,557,118/- (year end balance) from eight parties, covered in the register maintained under Section 301 of the Act.
  - d. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company.
  - e. The payment of the principal amount and interest are also regular wherever applicable.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods / services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V.
  - a. According to information and explanations given to us, we are of the opinion that contracts & arrangements needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements of any entered if any in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. According to the information and explanations given to us, we are of the opinion that the Company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company's products and activities.
- IX. According to the information and explanations given to us in respect of statutory and other dues:

- a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
- b. According to information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2010 for a period of more than six months from the date they became payable.
- c. According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Custom Duty, Excise Duty, Wealth Tax and Cess which have not been deposited on account of any dispute.
- X. The Company does not have accumulated losses and has not incurred cash losses during the financial year or in the immediate preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- XII. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- XVI. Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not taken any term loan during the year.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment or vice versa except permanent working capital.
- XVIII. According to the information and explanations given to us, 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 Companies Act, 1956.
- XIX. Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not issued any debentures during the year.
- XX. Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not raised any money by public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period of our audit.

**For D.C. SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 115961 W

**D. C. Surana**  
Proprietor

Membership No. 100-34074

Mumbai, 5<sup>th</sup> August, 2010

## BALANCE SHEET AS AT 31ST MARCH, 2010

			As at 31st March, 2010	As at 31st March, 2009
SCHEDULE	₹	₹	₹	₹
<b>SOURCES OF FUNDS</b>				
<b>SHARE HOLDERS' FUNDS</b>				
Share Capital	1		28,850,000	28,850,000
Reserve & Surplus	2		11,066,719	10,099,880
<b>LOAN FUNDS</b>				
Secured Loans	3		1,538,088	2,887,413
Unsecured Loans	4		13,557,118	10,184,681
Deferred Tax Liability (Net)			7,860,879	7,916,476
<b>TOTAL</b>			<b>62,872,804</b>	<b>59,938,450</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	5		117,902,446	106,712,177
Less : Accumulated Depreciation			52,236,353	48,417,613
Net Block			65,666,093	58,294,564
Add : Capital Work In Progress			969,683	1,462,040
			66,635,776	59,756,604
<b>INVESTMENTS</b>	6		24,706	24,706
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	7	394,839		547,669
Sundry Debtors	8	82,636		872,702
Cash & Bank Balances	9	1,100,236		862,870
Loans & Advances	10	1,620,728		7,855,014
		<u>3,198,439</u>		<u>10,138,255</u>
<b>LESS:CURRENT LIABILITIES &amp; PROVISIONS</b>	11			
(A) Current Liabilities		4,550,539		5,417,402
(B) Provisions		2,435,578		4,592,151
		<u>6,986,117</u>		<u>10,009,553</u>
<b>NET CURRENT ASSETS</b>			<b>(3,787,678)</b>	<b>128,702</b>
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off)			-	28,438
<b>TOTAL</b>			<b>62,872,804</b>	<b>59,938,450</b>

**Significant Accounting Policies & Notes on Accounts** 17

The Schedules referred above form an integral part of Financial Statements.

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 115961 W

**D. C. Surana**  
Proprietor  
Membership No. 100-34074

Mumbai, 5th August, 2010

<b>Vinaychand Kothari</b>	—	Chairman & Managing Director
<b>Dilip V. Kothari</b>	—	Joint Managing Director
<b>Dr. R. K. Baxi</b>	—	Director
<b>Mangal S. Chheda</b>	—	Director
<b>Manohar R. Tambat</b>	—	Director
<b>Mehernoz C. Dangore</b>	—	Director

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

	SCHEDULE	₹	For the year ended	
			31st March, 2010	31st March, 2009
			₹	₹
<b>INCOME</b>				
Sales & Services	12		39,852,436	40,847,655
Other Income	13		1,358,970	1,988,329
<b>TOTAL INCOME</b>			<b>41,211,406</b>	<b>42,835,984</b>
<b>EXPENDITURE</b>				
Operating & Other Expenses	14		8,860,257	9,024,398
Salary, Wages & Other Emoluments	15		8,431,749	7,654,309
Administrative, Selling & Other Expenditure	16		10,334,695	13,566,026
Interest			1,441,622	896,019
Depreciation	5		3,818,740	3,560,424
<b>TOTAL EXPENDITURE</b>			<b>32,887,063</b>	<b>34,701,176</b>
<b>PROFIT BEFORE TAXATION</b>			<b>8,324,343</b>	<b>8,134,808</b>
<b>LESS : PROVISION FOR TAXATION</b>				
Current Tax		2,630,415		2,690,000
Fringe Benefit Tax		-		42,000
Deferred Tax		(55,597)		(587,891)
Excess/(Short) Provision for Tax - Earlier Years		140,738	2,715,556	(713,284)
<b>PROFIT AFTER TAXATION</b>			<b>5,608,787</b>	<b>6,703,983</b>
<b>BROUGHT FORWARD PROFIT</b>			<b>7,999,880</b>	<b>6,397,815</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>13,608,667</b>	<b>13,101,798</b>
<b>Appropriations :</b>				
<b>DIVIDEND ON PREFERENCE SHARES</b>			1,440,000	1,440,000
<b>DIVIDEND ON EQUITY SHARES</b>			2,527,646	2,527,621
<b>TAX ON DIVIDEND</b>			674,302	674,297
<b>TRANSFER TO GENERAL RESERVE</b>			500,000	460,000
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>			8,466,719	7,999,880
<b>TOTAL</b>			<b>13,608,667</b>	<b>13,101,798</b>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>		17		
<b>Basic &amp; diluted Earnings Per Share (₹)</b>			2.33	2.98
The Schedules referred above form an integral part of Financial Statements.				
As Per Our Report of Even Date	For and on behalf of the Board			
For <b>D. C. SURANA &amp; ASSOCIATES</b>	<b>Vinaychand Kothari</b>	—	Chairman & Managing Director	
Chartered Accountants	<b>Dilip V. Kothari</b>	—	Joint Managing Director	
Firm Reg. No. 115961 W	<b>Dr. R. K. Baxi</b>	—	Director	
<b>D. C. Surana</b>	<b>Mangal S. Chheda</b>	—	Director	
Proprietor	<b>Manohar R. Tambat</b>	—	Director	
Membership No. 100-34074	<b>Mehernoz C. Dangore</b>	—	Director	
Mumbai, 5th August, 2010				

**SCHEDULES FORMING PART OF BALANCE SHEET**

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
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**SCHEDULE - 1**

**SHARE CAPITAL :**

**AUTHORISED :**

48,00,000 Equity Shares of Rs.10/- Each (Previous year 48,00,000 Equity Shares of Rs. 10/- each)	48,000,000	48,000,000
12,00,000 12% Non-Cumulative Preference Shares of Rs.10/- Each (Previous year 12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each.)	12,000,000	12,000,000
	60,000,000	60,000,000

**ISSUED SUBSCRIBED AND PAID-UP :**

16,85,000 Equity shares of Rs.10/= each (Previous year 16,85,000 Equity Shares of Rs. 10/- each) ( Out of the above 40,000 Equity Shares have been issued as Bonus shares & 15,00,000 shares have been issued other than Cash )	16,850,000	16,850,000
12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each. (Previous year 12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each.)	12,000,000	12,000,000
	28,850,000	28,850,000

**SCHEDULE - 2**

**RESERVES AND SURPLUS**

A) General Reserve		
Opening Balance	2,100,000	1,640,000
Add : Transferred from Profit & Loss Account	500,000	460,000
	2,600,000	2,100,000
B) Profit & Loss Account	8,466,719	7,999,880
	11,066,719	10,099,880

**SCHEDULE - 3**

**SECURED LOANS :**

**From Union Bank of India**

a) Secured Overdraft Limit	1,538,088	2,887,413
	1,538,088	2,887,413

Secured Overdraft Limit is secured by way of equitable mortgage of property of the Company, Known as "Usha Ascot" at Matheran.

**SCHEDULE - 4**

**UNSECURED LOANS :**

a) From Corporates	2,413,256	1,984,670
b) From Directors	11,143,862	8,200,011
	13,557,118	10,184,681

**SCHEDULE - 5: FIXED ASSETS**

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1/4/2009 ₹	Additions/ Adjustments ₹	Deductions/ Adjustments ₹	As at 31/03/2010 ₹	Upto 31/03/2009 ₹	For the Year ₹	Deductions/ Adjustments ₹	Upto 31/03/2010 ₹	As at 31/03/2010 ₹	As at 31/03/2009 ₹
Land	3,700,000	—	—	3,700,000	—	—	—	—	3,700,000	3,700,000
Buildings	60,568,274	8,556,590	—	69,124,864	21,032,572	2,151,175	—	23,183,747	45,941,117	39,535,702
Electrical Installation	5,883,986	111,843	—	5,995,829	3,689,422	281,351	—	3,970,773	2,025,056	2,194,564
Plant & Machinery	18,293,037	1,274,675	—	19,567,712	8,576,455	893,547	—	9,470,002	10,097,710	9,716,582
Computers & Softwares	884,773	55,888	—	940,661	389,976	143,645	—	533,621	407,040	4,94,797
Furniture & Fixtures (Hotel)	16,563,850	1,191,273	—	17,755,123	14,715,937	271,483	—	14,987,420	2,767,703	1,847,913
Furniture & Fixtures (Office)	6,163	—	—	6,163	3,317	390	—	3,707	2,456	2,846
Motor Cars	812,094	—	—	812,094	9,934	77,149	—	87,083	725,011	802,160
<b>TOTAL</b>	106,712,177	11,190,269	—	117,902,446	48,417,613	3,818,740	—	52,236,353	65,666,093	58,294,564
Previous Year	102,964,735	3,861,326	113,884	106,712,177	44,910,195	3,560,424	53,006	48,417,613	58,294,564	—



	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
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**SCHEDULE - 6**
**INVESTMENTS (AT COST) :**
**IN SHARES ( Quoted ) Long Term : (Non Trade)**
**Ambalal Sarabhai Enterprises Ltd.**

230 Equity shares of Rs.10/= each  
(Previous year 230 equity shares of Rs. 10/- each)

2,109

2,109

**Sarabhai Electric Ltd.**

34 Equity shares of Rs.10/= each  
(Previous year 34 equity shares of Rs. 10/- each)

291

291

**The Mysore Sugar Company Ltd.**

1540 Equity shares of Rs.10/= each  
(Previous year 1540 equity shares of Rs. 10/- each)

16,618

16,618

**The Mysore Lamp Works Ltd.**

110 Equity shares of Rs.10/= each  
(Previous year 110 equity shares of Rs. 10/- each)

4,250

4,250

**Larsen & Toubro Ltd.**

16 Equity shares of Rs.1/= each  
(Previous year 16 equity shares of Rs. 1/- each)

408

408

**Ultratech Cement Ltd.**

3 Equity shares of Rs.10/= each  
(Previous year 3 equity shares of Rs. 10/- each)

30

30

**Recron Synthetics Ltd.**

100 Equity shares of Rs.10/= each  
(Previous Year 100 equity shares of Rs. 10/- each)

1,000

1,000

**Aggregate Market value of Quoted Investments  
are Rs. 31,961/- ( Previous year Rs. 12,415/- )**

**24,706**

**24,706**

**SCHEDULE - 7**
**INVENTORIES :**

(Valued at lower of cost or net realisable value)  
Taken as valued & certified by the The Directors of the Company.

Provisions Stores

323,849

422,341

Miscellaneous Parlour Goods

22,710

29,608

Permit Room Liquors

48,280

95,720

**394,839**

**547,669**

**SCHEDULE - 8**
**SUNDRY DEBTORS :**

(Unsecured, considered good )

a) More than Six Months

-

618,907

b) Others

82,636

253,795

**82,636**

**872,702**

As at  
31st March, 2010  
₹

As at  
31st March, 2009  
₹

**SCHEDULE - 9**

**CASH AND BANK BALANCES :**

a) Cash on Hand	796,199	434,115
b) Balances with Scheduled Banks in :		
Current Accounts	122,808	140,286
Dividend Accounts	181,229	288,469
	1,100,236	862,870

**SCHEDULE - 10**

**LOANS & ADVANCES**

**Unsecured; Considered Good :**

Loans & Advances (recoverable in Cash or in Kind or for Value to be received)	704,165	3,799,168
Advance Income Tax	-	2,575,313
Advance Income Tax - FBT	-	26,000
Income Tax Refund Receivable	643,963	1,253,533
Security Deposits	272,600	201,000
	1,620,728	7,855,014

**SCHEDULE - 11**

**CURRENT LIABILITIES & PROVISIONS :**

**(A) CURRENT LIABILITIES :**

Sundry Creditors	931,585	1,929,469
Other Liabilities	2,340,913	2,153,796
Advance Against Bookings	1,093,812	1,042,668
Sundry Deposits	3,000	3,000
Unclaimed Dividend	181,229	288,469
	(A) 4,550,539	5,417,402

**(B) PROVISIONS :**

For Gratuity	1,430,060	1,185,854
For Income Tax	331,216	2,690,000
For Fringe Benefit Tax	-	42,000
Tax on Interim Dividend	674,302	674,297
	(B) 2,435,578	4,592,151

<b>TOTAL (A+B)</b>	6,986,117	10,009,553
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## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	For the year ended	
	31st March, 2010	31st March, 2009
	₹	₹
<b>SCHEDULE - 12</b>		
<b>INCOME :</b>		
<b>SALES &amp; SERVICES :</b>		
(Gross : TDS Rs. 6,93,282/- (Previous year Rs. 7,17,807/-))		
a) Lodging	25,844,917	26,334,755
b) Boarding	12,588,104	13,209,291
c) Other Services & Charges	1,419,415	1,303,609
	<b>39,852,436</b>	<b>40,847,655</b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME :</b>		
a) Interest (Gross : TDS Rs. 3,097/- (Previous year Rs. 3,459/-))	74,626	427,363
b) Scrap Sale	6,446	5,713
c) Miscellaneous Income	1,263,650	1,555,253
d) Dividend Income	816	-
e) Debit / Credit Balances Written Off	13,432	-
	<b>1,358,970</b>	<b>1,988,329</b>
<b>SCHEDULE - 14</b>		
<b>EXPENSES :</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Consumption of Provision Stores & Wines.		
Opening Stock	547,669	310,125
Add: Purchases (TCS Rs. 2,820/- (Previous year Rs. 4,047/-))	5,237,393	6,021,205
	<b>5,785,062</b>	<b>6,331,330</b>
Less: Closing Stock	394,839	547,669
Net Consumption	<b>5,390,223</b>	<b>5,783,661</b>
Power & Fuel Expenses	3,470,034	3,240,737
	<b>8,860,257</b>	<b>9,024,398</b>
<b>SCHEDULE - 15</b>		
<b>SALARY, WAGES &amp; OTHER EMOLUMENTS :</b>		
Salary & Wages	4,455,240	4,308,259
Directors' Remuneration	2,200,000	1,800,000
Gratuity	355,782	295,051
Employer's Contribution to Provident Fund	691,708	605,174
Employer's Contribution to Labour Welfare Fund	3,648	2,784
Bonus to staff	316,547	298,810
Leave Encashment Exp.	408,824	344,231
	<b>8,431,749</b>	<b>7,654,309</b>

For the year ended  
31st March, 2010      31st March, 2009  
₹                                  ₹

**SCHEDULE - 16**

**ADMINISTRATIVE, SELLING & OTHER EXPENSES :**

Advertisement Expenses	1,776,805	1,726,702
Insurance Charges	129,472	54,153
Rent, Rates & Taxes	395,777	376,899
Communication Expenses	202,089	184,301

**Repairs & Maintenance :**

Building	850,936	
Plant & Machinery	592,049	1,171,198
Others	<u>769,243</u>	588,559
	2,212,228	1,005,434
Water Charges	816,310	1,249,402
Commission to Agents & Guides	711,697	534,568
VAT Expense for Current Year	732,393	1,014,184
VAT Expense for Earlier years	-	1,751,578
Office Rent	600,000	600,000
Donation	16,200	105,000
Printing & Stationery	117,722	158,742
Travelling Expenses	149,868	294,123
Conveyance Expenses	213,646	226,114
Motor Car Expenses	82,097	95,154
Filing Fees	3,500	4,000
Listing Fees	11,030	10,000
Share Registrar Expenses	26,905	26,697
Payment to Auditors	100,000	100,000
Debit / Credit Balances Write Off.	-	5,276
Loss on Sale of Assets	-	38,656
Others Administrative & Selling Expenses.	2,036,956	2,245,286
	<u>10,334,695</u>	<u>13,566,026</u>

**SCHEDULE 17 :**

**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE :**

**I. Significant Accounting Policies :**

**1) Basis of preparation of financial statements :**

The financial statements have been prepared in accordance with the applicable mandatory accounting standards dealt with Section 211(3C) of the Companies Act, 1956 and as specified by the Institute of Chartered Accountants of India.

**2) Basis of Accounting :**

The accounts have been prepared using historical cost convention and on the basis of going concern, with revenue recognized and expenses accounted on accrual basis.

**3) Revenue Recognition :**

Revenue recognized when there is reasonable certainty of its ultimate realization / collection, Sales are stated at net of taxes.

**4) Fixed Assets :**

- i) Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of freight and other incidental expenses related to acquisitions, improvements and installations.
- ii) Depreciation on Fixed Assets is provided on the basis of Straight Line Method as per the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

**5) Inventories :**

Inventories are valued at cost based on 'First In First Out' method. Unserviceable / damaged / discarded stocks and shortages are charged to the Profit & Loss Account.

**6) Investments :**

Investment held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value.

**7) Retirement Benefits :**

Retirement benefits are provided in the accounts on accrual basis in the following manner:

- a) The Company makes contribution to provident fund as and when they become due.
- b) Gratuity provided in the books of account is fairly valued by the management.
- c) Liability of Leave encashment provided in the books is paid in the subsequent years.

**8) Contingent Liabilities :**

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known and material contingent liabilities are disclosed by way of separate notes.

**9) Foreign Currency Transactions :**

Foreign currency transactions (realization through credit cards) are recorded on the basis of certificates issued by the concerned banks at the year end.

**10) Taxes on Income**

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income as per the provisions of Income Tax Act, 1961 and deferred tax being the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognized only to the extent there is reasonable certainty of its realization.

**11) Borrowing Cost :**

Borrowing cost that is attributable to the acquisition / construction of fixed assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they arise.

**II. NOTES TO THE ACCOUNTS :**

- a) Miscellaneous income includes Rs. 12,63,099/- (previous year Rs. 8,55,453/-) advances received from parties towards the booking of hotel rooms, remains unutilised hence forfeited.
- b) In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet and provisions for all known liabilities have been made as at the year end.
- c) Balance of Creditors, Debtors, Unsecured Loans and Advances are subject to confirmation and reconciliation thereof, if any.
- d) In line with the industry practice, the Quantitative details of turnover and consumption have not been disclosed as the same is not practicable. The Company is in the process of making application seeking exemption under para 3 (i) (a) and 3 (ii) (d) of Part II, Schedule VI of The Companies Act 1956.
- e) Payment to Auditors :

	Current Year	Previous year
As Statutory Auditors	<b>Rs. 75,000</b>	Rs. 75,000
Tax Audit Fees	<b>Rs. 25,000</b>	Rs. 25,000

- f) Amount payable to the undertakings registered under The Micro, Small and Medium Enterprises Development Act, 2006 as on 31<sup>st</sup> March, 2010 is NIL (to the extent information available with the Management)..
- g) Earning in Foreign Exchange : Rs. 2.02 Lacs through realization under credit cards  
(Previous year Rs. 5.10 Lacs)  
Expenditure in foreign currency: Rs. Nil. (Previous year Rs. 0.29 Lacs)
- h) Remuneration paid to Managing Director and Joint Managing Director :

	Current Year Rs.	Previous Year Rs.
Remuneration	<b>23,90,000</b>	19,50,000
Employer's Contribution to Provident Fund	<b>2,64,000</b>	2,16,000
<b>Total</b>	<b>26,54,000</b>	<b>21,66,000</b>

**i) Deferred Tax :**

In accordance with the Accounting Standard (AS-22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax and the net deferred tax liability as on 31<sup>st</sup> March, 2010 comprises of the following components :

(In Rupees)

	Current Year	Previous Year
<b><u>Deferred Tax Liability on account of :</u></b>		
Depreciation	83,02,768	82,82,905
<b>Total</b>	<b>83,02,768</b>	<b>82,82,905</b>
<b><u>Deferred Tax Assets on account of :</u></b>		
Employee cost (Gratuity)	4,41,889	366,429
<b>Total</b>	<b>4,41,889</b>	<b>366,429</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>78,60,879</b>	<b>79,16,476</b>

**j) Related Party Disclosure :**

(As identified & certified by The Management of the Company)

(I) Relationship :

(a) Parties where control exists : Nil

(b) Other parties with whom the Company has entered into transaction or not during the year – Associates:  
Vandeep Holdings Pvt. Ltd.  
Vandeep Developers Pvt. Ltd.  
Vandeep Hotels Pvt. Ltd.  
Matheran Ropeway Pvt. Ltd.

(c) Key Management Personnel :  
Mr. Vinaychand Kothari (Chairman & Managing Director)  
Mr. Dilip V. Kothari (Joint Managing Director)

(d) Relatives of Key Management Personnel :  
Mrs. Meena V. Kothari  
Mrs. Neelam D. Kothari  
Mr. Parasmal Kothari

(II) Summary of transactions during the year (Rupees in Lakhs) :

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel
Loans Repayment (Net)	— (15.75)	(3.00) —	— (8.25)
Loans taken (Net)	2.50 —	23.25 (5.90)	— (—)
Interest provided	1.98 (1.95)	4.82 (2.92)	5.39 (2.52)
Rent	— (—)	6.00 (6.00)	— (—)
Salary & Contribution to Provident Fund	— (—)	(—) (—)	0.56 (1.68)
<b>Outstanding Balances As on 31<sup>st</sup> March, 2010</b>			
Payables	28.77 (19.85)	53.17 (42.84)	70.00 (39.16)

- Note : (1) Details of remuneration to Managing Director & Joint Managing Director are given in the note 'H' in the notes to Accounts  
 (2) Figures in brackets are in respect of Previous Year

k) The Company is exclusively engaged in the business of hoteliering. This, in the context of Accounting Standard 17 on Segment Reporting is considered to continue one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

l) Earning Per Equity Share :

	(In Rs.)	
	For the year ended	
	31/03/2010	31/03/2009
<b>Profit after taxation</b>	<b>56,08,787</b>	<b>67,03,983</b>
Less : Dividend on Preference Shares including Tax on Dividend.	16,84,728	16,84,728
<b>Net Profit available for Equity Shareholders</b>	<b>39,24,059</b>	<b>50,19,255</b>
Number of equity shares outstanding	16,85,000	16,85,000
Basic Earning per share (face value – Rs. 10/- per share)	2.33	2.98

m) Provision for Income Tax in shown net of Income Tax paid Rs. 22,99,199/- During the year.

n) Previous year's figures have been re-grouped / re-arranged wherever necessary.

The abstract & general profile of the company is enclosed herewith. Signature to Schedules 1 to 17

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**  
 Chartered Accountants  
 Firm Reg. No. 115961 W

**D. C. Surana**  
 Proprietor  
 Membership No. 100-34074  
 Mumbai, 5th August, 2010

<b>Vinaychand Kothari</b>	—	Chairman & Managing Director
<b>Dilip V. Kothari</b>	—	Joint Managing Director
<b>Dr. R. K. Baxi</b>	—	Director
<b>Mangal S. Chheda</b>	—	Director
<b>Manohar R. Tambat</b>	—	Director
<b>Mehernoz C. Dangore</b>	—	Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	For the year ended	
	31st March, 2010	31st March, 2009
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before taxation and extraordinary items	8,324,343	8,134,808
<b>Adjustments for :</b>		
Depreciation	3,818,740	3,560,424
Provision for gratuity	244,206	219,358
Interest	1,441,622	896,019
Misc. Expenditure Written off	28,438	28,437
Loss on sale of assets	-	38,656
Interest Received	(74,626)	(417,463)
<b>Operating profit before working capital changes</b>	<b>13,782,723</b>	<b>12,460,239</b>
<b>Movements in working capital :</b>		
Decrease / (increase) in sundry debtors	790,066	228,490
Decrease / (increase) in Inventories	152,830	(237,544)
Decrease / (increase) in Loans & Advances	3,023,403	(1,462,500)
(Decrease) / increase in Current liabilities	(866,863)	(1,317,693)
<b>Cash Generated from Operations</b>	<b>16,882,159</b>	<b>9,670,992</b>
Direct Taxes Paid (net of refunds)	(1,961,054)	(2,494,447)
<b>Net Cash from Operating Activities ( A )</b>	<b>14,921,105</b>	<b>7,176,545</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(9,728,229)	(3,748,258)
Capital Work in progress	(969,683)	(1,462,040)
Interest Received	74,626	417,463
Sale of fixed assets	-	22,222
<b>Cash from Investing Activities ( B )</b>	<b>(10,623,286)</b>	<b>(4,770,613)</b>
<b>C. CASH FROM FINANCING ACTIVITIES :</b>		
Repayment Secured Loans	(1,349,325)	2,760,640
Repayment Unsecured Loans	3,372,437	(1,173,514)
Dividend Paid (including corporate dividend tax)	(4,641,943)	(4,727,807)
Interest Paid	(1,441,622)	(896,019)
<b>Net Cash used in Financing Activities ( C )</b>	<b>(4,060,453)</b>	<b>(4,036,700)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>237,366</b>	<b>(1,630,768)</b>
Cash & Cash Equivalents at the beginning of the period	862,870	2,493,638
Cash & Cash Equivalents at the end of the period	1,100,236	862,870

**Notes :-**

1. Cash flow statement has been prepared following the indirect method
2. Proceeds from Short/Long terms and other borrowing are shown net of repayment
3. Figures in brackets represents outflow.
4. Previous year's figures have been regrouped / reclassified wherever applicable.

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 115961 W

**D. C. Surana**  
Proprietor  
Membership No. 100-34074  
Mumbai, 5th August, 2010

**Vinaychand Kothari**

**Dilip V. Kothari**

**Dr. R. K. Baxi**

**Mangal S. Chheda**

**Manohar R. Tambat**

**Mehernoz C. Dangore**

— Chairman & Managing Director  
— Joint Managing Director  
— Director  
— Director  
— Director  
— Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1. Registration Details :</b>	
Registration No.	40,199
State Code No.	11
Balance Sheet Date	31-03-2010

<b>2. Capital Raised during the year :</b>		(Rs.in Thousands)
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL

<b>3. Position of Mobilisation and Deployment of Funds :</b>		(Rs.in Thousands)
Total Liabilities		62,873
Total Assets		62,873

**Sources of Funds :**

Paid-up Capital	28,850
Reserves & Surplus	11,067
Secured Loans	1,538
Unsecured Loans	13,557
Deferred Tax liability	7,861

**Application of Funds :**

Net Fixed Assets	66,636
Investments	25
Net Current Assets	(3,788)
Miscellaneous Expenditure	-

<b>4. Performance of Company :</b>		(Rs.in Thousands)
Turnover		41,211
Total Expenditure		32,887
Profit before Tax		8,324
Profit after Tax		5,609
Earning per Share (Rs.)		2.33
Dividend (on equity shares) rate (%)		15%

**5. Generic Names of three Principal Services of Company ( As per Monetary Terms )**

1. Item Code	N.A.
2. Product Description	Hospitality Industry

As Per Our Report of Even Date

For and on behalf of the Board

**For D. C. SURANA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 115961 W

**D. C. Surana**

Proprietor  
Membership No. 100-34074

Mumbai, 5th August, 2010

**Vinaychand Kothari**

**Dilip V. Kothari**

**Dr. R. K. Baxi**

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**Mehernoz C. Dangore**

—	Chairman & Managing Director
—	Joint Managing Director
—	Director
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—	Director
—	Director