

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

HOTEL SITE :
USHA ASCOT
M. G. Road,
Matheran, Dist. Raigad.
Tel.: 91 2148 230360
Fax: 91 2148 230213
Web site: www.ushaascot.com

-: NOTICE :-

NOTICE is hereby given that the 68th Annual General Meeting of the members of the Best Eastern Hotels Ltd. will be held on Tuesday, 20th September 2011 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, 2011 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. Manohar R. Tambat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Dr. Ramnik K. Baxi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and fix their remuneration.
6. To consider and if thought fit, to pass with or without modification following Resolution as an Special Resolution :

“RESOLVED AS SPECIAL RESOLUTION THAT each of the equity shares of the nominal value of Rs. 10/- each in the capital of the company be and is hereby sub-divided into 5 (Five) Equity Shares of Rs. 2/- each and Clause V in the Memorandum and Article No.3 of Articles of Association of the Company stand altered accordingly.”

RESOLVED FURTHER that pursuant to the sub-division of the Equity Shares of the Company, the 16,85,000 (Sixteen Lacs Eighty Five Thousand) Issued, Subscribed and paid-up Equity shares of the face value of Rs. 10/- (Rupees Ten) each, shall stand sub-divided into 84,25,000 (Eighty Four Lacs Twenty Five Thousand) Equity Shares of the face value of Re. 2/- (Rupees Two) each.

RESOLVED FURTHER that the Share Certificate in relation to such of the issued Equity Shares of the Company be cancelled and fresh certificates be issued in lieu thereof with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificate) Rules, 1960

RESOLVED FURTHER that for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee or any person which the Board may nominate/ constitute to exercise its powers, including the powers conferred under this Resolution) be and is hereby authorised to do all acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, expedient, usual or proper to give effect to this Resolution and to settle any question or doubt that may arise in relation thereto or as the Board in its absolute discretion may think fit and its decision shall be final and binding on all the members.”

Mumbai, 8th August, 2011.

Registered Office :

401, Chartered House, 293/299,
Dr. C.H. Street, Mumbai – 400 002.

By order of the Board

Dilip V. Kothari
Joint Managing Director

-: 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. Explanatory statement pursuant to section 173 of the Companies Act, 1956 annexed herewith.
3. The Register of Members and Share Transfer Books will remain closed from Friday, 16th September 2011 to Tuesday, 20th September 2011 (Both days inclusive).
4. Members are requested to notify immediately any change in their address, if any, to Company's Registrar and Share Transfer Agents.
5. 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.
6. **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
8	2010-2011	16/03/2011	15/03/2018

Your Directors recommends all the resolutions.

Mumbai, 8th August, 2011

Regd. Office :

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

By order of the Board

Dilip V. Kothari
Joint Managing Director

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

ITEM No. 6

The existing Authorised Share Capital of the Company is Rs. 6,00,00,000 (Rupees Six Crores) divided into 48,00,000 (Forty Eight Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 12,00,000 (Twelve Lacs) Preference Shares of Rs. 10/-(Rupees Ten) each. The present Issued, Subscribed and paid-up Share Capital of the Company is Rs. 2,88,50,000/-(Rupees Two Crores Eighty Eight Lacs Fifty Thousand only) divided into 16,85,000 (Sixteen Lacs Eighty Five thousand) Equity Shares of Rs.10/-(Rupees Ten) each and 12,00,000 (Twelve Lacs) preference Shares of Rs. 10/-(Rupees Ten) each.

It is proposed to reorganize the Authorised Share Capital as well as Issued, Subscribed and paid-up Share Capital of the Company by sub-dividing the one Equity Shares of the face value of Rs.10/- (Rupees Ten) each into five Equity Shares of the face value of Re.2/- (Rupee Two) each.

Accordingly, the Equity Shares comprised in the Authorised Share Capital of the Company will be divided into 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of Re.2/- (Rupee Two) each. The Issued, Subscribed and Called-up Equity Shares of the Company will also be sub-divided into 84,25,000 (Eighty Four Lacs Twenty Five Thousand) Equity Shares of face value of Re.2/- (Rupee Two) each.

The proposed sub-division of the equity Shares of smaller denomination, as aforesaid, would facilitate easy accessibility to the Company's Equity Shares by Investors and enhance the Liquidity of the company's Shares.

Consequent to the sub-division of Shares, it is necessary to alter the Capital Clause in the Memorandum and Articles of Association of the Company. Accordingly, Resolution also provides for amendment in Clause V of the Memorandum of Association. The Special Resolution at Item No.6 seeks to make corresponding amendment in Article 3 of the Articles of Association, to give effect to the above Resolution.

Consequent on Sub-division of shares, new shares will be credited in the Dematerialised Account and in case of physical share certificates, new share certificates will be issued as on the Record Date as may be fixed by the Board of Directors in this regard. On issue of new share certificates the old share certificates will be stand cancelled automatically without any further action.

A copy of the Memorandum and Articles of Association of the company showing proposed alterations is available for inspection by the members of the Company at the Registered Office between 2.00 p.m. and 4.00 p.m. on any working day of the company.

The Directors of the Company may be deemed to be interested in the Resolution at Item No. 6 of the Notice to the extent of their respective shareholdings, if any, in the company.

Mumbai, 8th August, 2011

Regd. Office :

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

By order of the Board

Dilip V. Kothari
Joint Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors hereby present the Sixty Eighth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS :

Particulars	Rupees in 000's	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Revenue	43,661	41,211
Profit before Taxation	9,252	8,324
Less : Provision for Tax		
Current Tax	2,550	2,630
Deferred Tax	217	(56)
Excess/(Short) Provision for Tax Earlier Years	380	141
Profit after Tax for the year	6,105	5,609
Add : Brought forward profit	8,467	8,000
Profit available for appropriation	14,572	13,609
Transfer To General Reserve	500	500
Dividend : On Preference Shares	1,440	1,440
On Equity Shares	2,528	2,528
Dividend Tax on dividend	674	674
Balance carried over to Balance Sheet	9,430	8,467

Operating Results:

The overall performance of the company has improved during the year under review though the overall scenario for the hospitality industry was not so healthy. The incline was marginal and the total income was increased by 6%, profit before tax by 11% and profit after tax by 7% over previous year. The total revenue of the Company for the year ended 31st March, 2011 was stood at Rs. 436.61 lacs (previous year Rs. 412.11 lacs) and the profit before tax is Rs. 92.52 lacs (previous year Rs. 83.24 lacs). The profit after tax is stood at Rs. 61.05 lacs (previous year Rs. 56.09 lacs).

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 31st March, 2011 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. Manohar R. Tambat & Dr. Ramnik K. Baxi retires by rotation and being eligible offer themselves for re-appointment.

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.

Sub-division of shares:

The Board of Directors have proposed to reorganize the Authorised Share Capital as well as Issued, Subscribed and paid-up Share Capital of the Company by sub-dividing the One Equity Shares of the face value of Rs.10/- (Rupees Ten) each into Five Equity Shares of the face value of Re.2/- (Rupee Two) each.

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. 5,00,000/- p.m. or Rs. 60,00,000/- 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. 3.26 Lacs being realization under credit cards (Previous year Rs. 2.02 Lacs). Outgo Rs. Nil (Previous year Rs. Nil).

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

Chairman

Mumbai, 8th August, 2011

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

N. BAFNA & Co.
 COMPANY SECRETARIES

C-47, Niranjan, 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 2011 (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 30-04-2010, 20-07-2010, 05-08-2010, 30-10-2010, 31-01-2011 and 12-03-2011 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 17th September 2010 to 31st September 2010 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 2010 was held on 21-09-2010 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 has made necessary 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 of duplicate certificates.
13. The Company has:
- i) Delivered all the certificates on lodgement thereof for transfer in accordance with the provisions of the Act. There was no allotment/ transmission of securities during the financial year.
 - ii) deposited the amount of dividend declared in a separate Bank Account on 12-03-2011 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, Capital Market Branch, Mumbai for the interim dividend declared in March 2011 for the year 10-11.
 - 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. The appointment of additional director duly made. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed any Managing Director/Whole Time Director / Manager during the relevant period of this report.
16. The Company has not appointed any sole selling agents during the financial year.
17. The company has applied to the Central Government for exemption of reporting u/s. 211 of the Act and approval is awaited. The Company was not required to obtain any approvals of the 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 31st March 2011 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: 8th August, 2011

(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 2011.

1. Form No. 32 for appointment of Mr. Mehernoz C. Dangore as an additional director with an additional fee.
2. Secretarial Compliance Report for the year ended 31st March 2010 in Form No. 66
3. Annual Accounts for the financial year ended 31st March 2010 in Form No. 23AC and 23ACA filed U/s. 220
4. Form No. 32 for regularisation of Mr. Mehernoz C. Dangore as director.
5. Annual return made up to 21-09-2010 filed in Form No. 20B U/s. 159
6. Form No. 23AAA application to Central Government seeking exemption u/s. 211 of the Act.
7. Form No. 8 for modification of charge created in favour of Union Bank of India.
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 31st March 2011, 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 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011, 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 those 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 31st March, 2011;
 - (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:- 8th August, 2011

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. 9,731,135/- (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 2011 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, 8th August, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE	₹	As at	As at
		31st March, 2011	31st March, 2010
		₹	₹
<u>SOURCES OF FUNDS</u>			
SHARE HOLDERS' FUNDS			
Share Capital	1	28,850,000	28,850,000
Reserve & Surplus	2	12,529,838	11,066,719
LOAN FUNDS			
Secured Loans	3	4,654,661	1,538,088
Unsecured Loans	4	9,731,135	13,557,118
Deferred Tax Liability (Net)		8,078,299	7,860,879
TOTAL		63,843,933	62,872,804
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	5	120,980,434	117,902,446
Less : Accumulated Depreciation		56,322,599	52,236,353
Net Block		64,657,835	65,666,093
Add : Capital Work In Progress		1,258,328	969,683
		65,916,163	66,635,776
INVESTMENTS	6	24,706	24,706
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	598,319	394,839
Sundry Debtors	8	1,039,737	82,636
Cash & Bank Balances	9	1,169,261	1,100,235
Loans & Advances	10	3,807,646	3,919,927
		6,614,963	5,497,638
LESS:CURRENT LIABILITIES & PROVISIONS			
(A) Current Liabilities	11	5,199,295	4,550,539
(B) Provisions		3,512,604	4,734,777
		8,711,899	9,285,316
NET CURRENT ASSETS		(2,096,936)	(3,787,678)
MISCELLANEOUS EXPENDITURE			
(to the extent not written off)		-	-
TOTAL		63,843,933	62,872,804
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

Vinaychand Kothari	—	Chairman & Managing Director
Dilip V. Kothari	—	Joint Managing Director
Dr. R. K. Baxi	—	Director
Mangal S. Chheda	—	Director
Manohar R. Tambat	—	Director
Meherno C. Dangore	—	Director

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

Mumbai, 8th August, 2011

Best Eastern Hotels Limited



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE	₹	For the year ended	
		31st March, 2011	31st March, 2010
		₹	₹
INCOME			
Sales & Services	12	42,607,948	39,852,436
Other Income	13	1,053,016	1,358,970
TOTAL INCOME		43,660,964	41,211,406
EXPENDITURE			
Operating & Other Expenses	14	10,393,099	10,027,487
Salary, Wages & Other Emoluments	15	8,894,747	8,431,749
Administrative, Selling & Other Expenditure	16	9,793,377	9,167,465
Interest		1,241,101	1,441,622
Depreciation	5	4,086,246	3,818,740
TOTAL EXPENDITURE		34,408,570	32,887,063
PROFIT BEFORE TAXATION		9,252,394	8,324,343
LESS : PROVISION FOR TAXATION			
Current Tax		2,550,000	2,630,415
Deferred Tax		217,420	(55,597)
Excess/(Short) Provision for Tax - Earlier Years		379,919	140,738
PROFIT AFTER TAXATION		6,105,055	5,608,787
BROUGHT FORWARD PROFIT		8,466,719	7,999,880
AMOUNT AVAILABLE FOR APPROPRIATION		14,571,774	13,608,667
Appropriations :			
DIVIDEND ON PREFERENCE SHARES		1,440,000	1,440,000
DIVIDEND ON EQUITY SHARES		2,527,636	2,527,646
TAX ON DIVIDEND		674,300	674,302
TRANSFER TO GENERAL RESERVE		500,000	500,000
BALANCE CARRIED OVER TO BALANCE SHEET		9,429,838	8,466,719
TOTAL		14,571,774	13,608,667

Significant Accounting Policies & Notes on Accounts 17

Basic & diluted Earnings Per Share (₹)

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

2.62

2.33

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

Chartered Accountants
Firm Reg. No. 115961 W

D. C. Surana

Proprietor
Membership No. 100-34074

Mumbai, 8th August, 2011

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

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
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	2,600,000	2,100,000
Add : Transferred from Profit & Loss Account	500,000	500,000
	3,100,000	2,600,000
B) Profit & Loss Account (Annexed Herewith)	9,429,838	8,466,719
	12,529,838	11,066,719
SCHEDULE - 3		
SECURED LOANS :		
From Union Bank of India		
a) Secured Overdraft Limits	4,654,661	1,538,088
	4,654,661	1,538,088
Secured Overdraft Limit is secured by Equitable Mortgage on property known as "Usha Ascot" at Matheran & further secured by personal guarantee of two directors.		
SCHEDULE - 4		
UNSECURED LOANS :		
a) From Corporates	5,282,282	2,413,256
b) From Directors	4,448,853	11,143,862
	9,731,135	13,557,118

SCHEDULE - 5 : FIXED ASSETS

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1/4/2010 ₹	Additions/ Adjustments ₹	Deductions/ Adjustments ₹	As at 31/03/2011 ₹	Upto 31/03/2010 ₹	For the Year ₹	Deductions/ Adjustments ₹	Upto 31/03/2011 ₹	As at 31/03/2011 ₹	As at 31/03/2010 ₹
Land	3,700,000	—	—	3,700,000	—	—	—	—	3,700,000	3,700,000
Buildings	69,124,864	1,910,000	—	71,034,864	23,183,747	2,295,359	—	25,479,106	45,555,758	45,941,117
Electrical Installation	5,995,829	90,226	—	6,086,055	3,970,773	286,305	—	4,257,078	1,828,977	2,025,056
Plant & Machinery	19,567,712	1,062,824	—	20,630,536	9,470,002	942,568	—	10,412,570	10,217,966	10,097,710
Computers & Softwares	940,661	14,938	—	955,599	533,621	146,949	—	680,570	275,029	407,040
Furniture & Fixtures (Hotel)	17,755,123	—	—	17,755,123	14,987,420	337,526	—	15,324,946	2,430,177	2,767,703
Furniture & Fixtures (Office)	6,163	—	—	6,163	3,707	390	—	4,097	2,066	2,456
Motor Cars	812,094	—	—	812,094	87,083	77,149	—	164,232	647,862	725,011
Total	117,902,446	3,077,988	—	120,980,434	52,236,353	4,086,246	—	56,322,599	64,657,835	65,666,093
Previous Year	106,712,177	11,190,269	—	117,902,446	48,417,613	3,818,740	—	52,236,353	65,666,093	—

	As at 31st March,2011 ₹	As at 31st March,2010 ₹
SCHEDULE - 6		
INVESTMENTS (AT COST) :		
IN SHARES (Quoted) Long Term : (Non Trade)		
Ambalal Sarabhai Enterprises Ltd.		
230 Equity shares of Rs.10/= each	2,109	2,109
(Previous year 230 equity shares of Rs. 10/- each)		
Sarabhai Electric Ltd.		
34 Equity shares of Rs.10/= each	291	291
(Previous year 34 equity shares of Rs. 10/- each)		
The Mysore Sugar Company Ltd.		
1540 Equity shares of Rs.10/= each	16,618	16,618
(Previous year 1540 equity shares of Rs. 10/- each)		
The Mysore Lamp Works Ltd.		
110 Equity shares of Rs.10/= each	4,250	4,250
(Previous year 110 equity shares of Rs. 10/- each)		
Larsen & Toubro Ltd.		
16 Equity shares of Rs.1/= each	408	408
(Previous year 16 equity shares of Rs. 1/- each)		
Ultratech Cement Ltd.		
3 Equity shares of Rs.10/= each	30	30
(Previous year 3 equity shares of Rs. 10/- each)		
Recron Synthetics Ltd.		
100 Equity shares of Rs.10/= each	1,000	1,000
(Previous year 100 equity shares of Rs. 10/- each)		
Aggregate Market value of Quoted Investment are Rs 29,853/- (Previous year Rs. 31,961/-)	24,706	24,706

SCHEDULE - 7

INVENTORIES :

(Valued at cost)

Taken as valued & certified by the The Directors of the Company

Provisions Stores	478,279	323,849
Miscellaneous Parlour Goods	19,830	22,710
Permit Room Liquors	100,210	48,280
	598,319	394,839

SCHEDULE - 8

SUNDRY DEBTORS :

(Unsecured, considered good)

a) More than Six Months

b) Others

	-	-
	1,039,737	82,636
	1,039,737	82,636

	As at	As at
	31st March, 2011	31st March, 2010
	₹	₹

SCHEDULE - 9

CASH AND BANK BALANCES :

a) Cash on Hand	789,975	796,199
b) <u>Balances with Scheduled Banks in :</u>		
Current Accounts	232,473	122,808
Dividend Accounts	146,813	181,229
	<u>1,169,261</u>	<u>1,100,236</u>

SCHEDULE - 10

LOANS & ADVANCES :

(Unsecured; Considered good)

Loans & Advances Recoverable in Cash or in Kind or for Value to be received	535,885	704,165
Advance Income Tax	2,522,839	2,299,199
Income Tax Refund Receivable	458,422	643,963
Security Deposits	290,500	272,600
	<u>3,807,646</u>	<u>3,919,927</u>

SCHEDULE - 11

CURRENT LIABILITIES & PROVISIONS :

(A) CURRENT LIABILITIES :

Sundry Creditors	727,400	931,585
Other Liabilities	2,417,731	2,340,913
Advance Against Bookings	1,903,351	1,093,812
Sundry Deposits	-	3,000
Unclaimed Dividend	150,813	181,229

(A)	<u>5,199,295</u>	<u>4,550,539</u>
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(B) PROVISIONS :

For Gratuity	96,560	1,430,060
For Income Tax	2,741,744	2,630,415
Tax on Interim Dividend	674,300	674,302

(B)	<u>3,512,604</u>	<u>4,734,777</u>
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TOTAL (A+B)	<u>8,711,899</u>	<u>9,285,316</u>
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SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	For the year ended	
	31st March, 2011	31st March, 2010
	₹	₹
SCHEDULE - 12.		
INCOME :		
SALES & SERVICES :		
(Gross : TDS Rs. 7,06,499/- (Previous year Rs. 6,93,282/-))		
a) Lodging	27,828,670	25,844,917
b) Boarding	13,536,089	12,588,104
c) Other Services & Charges	1,243,189	1,419,415
	42,607,948	39,852,436
SCHEDULE - 13		
OTHER INCOME :		
a) Interest (Gross : TDS Rs. 3,527/- (Previous year Rs. 3,097/-))	15,563	74,626
b) Miscellaneous Income	995,940	12,70,096
c) Dividend Income	218	816
d) Debit / Credit Balances Written Off	41,295	13,432
	1,053,016	1,358,970
SCHEDULE - 14		
EXPENSES :		
OPERATING & OTHER EXPENSES		
Consumption of Provision Stores & Wines.		
Opening Stock	394,839	547,669
Add: Purchases (TCS Rs.2,813/- (Previous year Rs.2,820/-))	5,984,791	5,237,393
	6,379,630	5,785,062
Less: Closing Stock	598,319	394,839
Net Consumption	5,781,311	5,390,223
Power & Fuel Expenses	3,504,725	3,470,034
Other Operating Expenses	1,107,063	1,167,230
	10,393,099	10,027,487
SCHEDULE - 15		
SALARY, WAGES & OTHER EMOLUMENTS :		
Salary & Wages	4,543,879	4,455,240
Directors' Remuneration	2,520,000	2,200,000
Gratuity	250,000	355,782
Employer's Contribution to Provident Fund	788,453	691,708
Employer's Contribution to Labour Welfare Fund	2,928	3,648
Bonus to Staff	353,493	316,547
Leave Encashment exp.	435,994	408,824
	8,894,747	8,431,749

For the year ended
31st March, 2011 31st March, 2010
₹ ₹

SCHEDULE - 16**ADMINISTRATIVE, SELLING & OTHER EXP. :**

Advertisement & Sales Promotion Expenses	1,613,558	1,776,805
Insurance Charges	129,243	129,472
Rent, Rates & Taxes	606,377	395,777
Communication Expenses	258,064	202,089

Repairs & Maintenance :

Building	1,080,610	850,936
Plant & Machinery	602,500	592,049
Others	836,009	769,243
Water Charges	593,519	816,310
Commission to Agents & Guides	734,091	711,697
VAT Expenses - For Current Year	659,372	732,393
Office Rent	840,000	600,000
Donation	13,400	16,200
Printing & Stationery	140,038	117,722
Travelling Expenses	119,056	149,868
Conveyance Expenses	267,806	213,646
Motor Car Expenses	93,213	82,097
Filing Fees	12,750	3,500
Listing Fees	11,030	11,030
Share Registrar Expenses	27,892	26,905
Payment to Auditors	100,000	100,000
Profession Tax (Company)	2,500	2,500
Others Administrative & Selling Expenses.	1,052,349	867,226
	<u>9,793,377</u>	<u>9,167,465</u>

SCHEDULE 17 :

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 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 and Services 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. 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 on the basis of actuarial valuation and funded to an approved Gratuity Fund.
- 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) Contingent Liability : Nil
- b) Miscellaneous income includes Rs. 9,94,639/- (previous year Rs. 12,63,099/-) advances received from parties towards the booking of hotel rooms remains unutilised hence forfeited.
- c) 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.
- d) Balance of Creditors, Debtors, Unsecured Loans and Advances are subject to confirmation and reconciliation thereof, if any.
- e) 12% Non-Cumulative Preference Shares of Rs.10/- each to be redeemed on or before but not later than 27th June, 2019.
- f) The Company is not required to give any quantitative and value-wise information in respect of purchase, consumption, turnover, stocks etc. as the same is exempted vide Notification No. S.O. 301 (E) dated 8th February, 2011 issued under Section 211(3) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India.
- g) Payment to Auditors :

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

- h) Amount payable to the undertakings registered under The Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March, 2011 is NIL (to the extent information available with the Management)..
- i) Earning in Foreign Exchange : Rs. 3.26 Lacs through realization under credit cards (Previous year Rs. 2.02 Lacs)
Expenditure in foreign currency: Rs. Nil. (Previous year Rs. Nil)
- j) Remuneration paid to Managing Director and Joint Managing Director :

	Current Year Rs.	Previous Year Rs.
Remuneration	27,30,000	23,90,000
Employer's Contribution to Provident Fund	3,02,400	2,64,000
Total	30,32,400	26,54,000

k) 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 31st March, 2011 comprises of the following components :

(In Rupees)

	Current Year	Previous Year
<u>Deferred Tax Liability on account of :</u>		
Depreciation	82,25,461	83,02,768
Total	82,25,461	83,02,768
<u>Deferred Tax Assets on account of :</u>		
Employee cost (Gratuity & Leave)	1,47,162	4,41,889
Total	1,47,162	4,41,889
Deferred Tax Liabilities (Net)	80,78,299	78,60,879

I) 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)	25.50 —	20.49 (3.00)	51.00 —
Loans taken (Net)	— (2.50)	— (23.25)	— (—)
Interest provided	3.54 (1.98)	2.61 (4.82)	2.44 (5.39)
Rent	— (—)	8.40 (6.00)	— (—)
Salary & Contribution to Provident Fund	— (—)	(—) (—)	1.26 (0.56)
Outstanding Balances As on 31st March, 2011			
Payables	52.82 (28.77)	26.03 (53.17)	18.46 (70.00)

Note : (1) Details of remuneration to Managing Director & Joint Managing Director are given in the note 'J' in the notes to Accounts

(2) Figures in brackets are in respect of Previous Year

m) 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.

m) Earning Per Equity Share :

(In Rs.)

	For the year ended	
	31/03/2011	31/03/2010
Profit after taxation	61,05,055	56,08,787
Less : Dividend on Preference Shares including Tax on Dividend.	16,84,728	16,84,728
Net Profit available for Equity Shareholders	44,20,327	39,24,059
Number of equity shares outstanding	16,85,000	16,85,000
Basic Earning per share (face value – Rs. 10/- per share)	2.62	2.33

o) 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, 8th August, 2011

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended	
	31st March, 2011	31st March, 2010
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extraordinary items	9,252,394	8,324,343
Adjustments for :		
Depreciation	4,086,246	3,818,740
Provision for gratuity	(1,333,500)	244,206
Interest	1,241,101	1,441,622
Misc. Expenditure Written off	-	28,438
Loss on sale of assets	-	-
Interest Received	(15,563)	(74,626)
Operating profit before working capital changes	13,230,678	13,782,723
Movements in working capital :		
Decrease / (increase) in sundry debtors	(957,101)	790,066
Decrease / (increase) in Inventories	(203,480)	152,830
Decrease / (increase) in Loans & Advances	150,380	3,023,403
(Decrease) / increase in Current liabilities	648,756	(866,863)
Cash Generated from Operations	12,869,233	16,882,159
Direct Taxes Paid (net of refunds)	(2,856,689)	(1,961,054)
Net Cash from Operating Activities (a)	10,012,544	14,921,105
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,108,305)	(9,728,229)
Capital Work in progress	(1,258,328)	(969,683)
Interest Received	15,563	74,626
Sale of fixed assets	-	-
Cash from Investing Activities (b)	(3,351,070)	(10,623,286)
C. CASH FROM FINANCING ACTIVITIES :		
Repayment Secured Loans	3,116,573	(1,349,325)
Repayment Unsecured Loans	(3,825,983)	3,372,437
Dividend Paid (including corporate dividend tax)	(4,641,938)	(4,641,943)
Interest Paid	(1,241,101)	(1,441,622)
Net Cash used in Financing Activities (c)	(6,592,449)	(4,060,453)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	69,025	237,366
Cash & Cash Equivalents at the beginning of the period	1,100,236	862,870
Cash & Cash Equivalents at the end of the period	1,169,261	1,100,236

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

Vinaychand Kothari —

Chairman & Managing Director

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

Dilip V. Kothari —

Joint Managing Director

Dr. R. K. Baxi —

Director

Mangal S. Chheda —

Director

Manohar R. Tambat —

Director

Mehernoz C. Dangore —

Director

Mumbai, 8th August, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

Registration No.	40199
State Code No.	11
Balance Sheet Date	31-03-2011

2. Capital Raised during the year :

	(Rs.in Thousands)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. Position of Mobilisation and Deployment of Funds :

	(Rs.in Thousands)
Total Liabilities	63,844
Total Assets	63,844

Sources of Funds :

Paid-up Capital	28,850
Reserves & Surplus	12,530
Secured Loans	4,655
Unsecured Loans	9,731
Deferred Tax liability	8,078

Application of Funds :

Net Fixed Assets	65,916
Investments	25
Net Current Assets	(2,097)
Miscellaneous Expenditure	-

4. Performance of Company :

	(Rs.in Thousands)
Turnover	43,661
Total Expenditure	34,409
Profit before Tax	9,252
Profit after Tax	6,105
Earning per Share (Rs.)	2.62
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

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

Chartered Accountants
Firm Reg. No. 115961 W

D. C. Surana

Proprietor
Membership No. 100-34074

Mumbai, 8th August, 2011

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