

GRAVISS HOSPITALITY LIMITED

BOARD OF DIRECTORS

Ravi Ghai	: Chairman & Managing Director
Gaurav Ghai	: Joint Managing Director
R.K.P. Shankardass	: Director
Mahendra V. Doshi	: Director
Harindra Singh	: Director
Gulshan Bijlani	: Director
Arun Todarwal	: Director

COMPANY SECRETARY

Chanda Behl

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),
Mumbai-400 078.
Phone No. 022-2596 3838 Fax No. 022-2596 2691

BANKERS

Vijaya Bank
Industrial Finance Branch, Excelsior Building, Fort, Mumbai-400 001

Axis Bank

Ground floor, Aman Chambers, Opp. New Passport office,
Veer Savarkar Marg, Prabhadevi, Mumbai-400 025

AUDITORS

M/s. V. Sankar Aiyar & Co.
Chartered Accountants

REGISTERED OFFICE

"Dairy Tops" Plot No. J-177, MIDC, Bhosari, Pune-411 026
Maharashtra
Phone No. 020-30681102, Fax No. 020-30681139

ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030
Phone No. 022-4050 1111, Fax No. 022-2491 5555

UNIT

Hotel Inter-Continental, Marine Drive, Mumbai-400 020
Phone No. 022-3987 9999, Fax No. 022-3987 9600

MAYFAIR BANQUETS

- (1) 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030
- (2) At the Corinthians Club, Nyati County, Near NIBM Road,
South Pune-411 028.

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Notice

NOTICE is hereby given that the 50th Annual General Meeting of the members of GRAVISS HOSPITALITY LIMITED will be held as scheduled below:

Venue : Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune-411 026, Maharashtra.

Date : June 30, 2011

Day : Thursday

Time : 1.00 p.m.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the financial year ended 31st March, 2011 and the Report of Directors' and Auditors' thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Mahendra V. Doshi, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R.K.P. Shankardass, who retires by rotation and is eligible for re-appointment.
5. To re-appoint auditors, and in this regard to consider and, if thought fit, to pass with or without modification, as an **ORDINARY RESOLUTION**, the following:

"RESOLVED THAT Pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. V. Sankar Aiyer & Co., Chartered Accountant, be and are hereby re-appointed as the Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the company on such remuneration as may be fixed by the Board of Directors of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to implement this resolution."

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

6. Appointment of Mr. Vikram Seth as Director of the Company:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Vikram Seth who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company subject to retirement of rotation under the provisions of the Articles of Association of the Company."

By Order of the Board

For **GRAVISS HOSPITALITY LIMITED**

Chanda Behl
Company Secretary

Dated: April 29, 2011.

Registered Office:

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE PROXY FORM IS ENCLOSED.
- (b) Members are requested to bring their copy of the Annual Report to the Meeting.

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- (c) Members are requested to intimate changes in their addresses, if any, to the Company.
- (d) Members are requested to note that the Register of Members and the Share Transfer Books of the Company will be closed from June 21, 2011 to June 30, 2011 (both days inclusive).
- (e) The final dividend on Equity Shares, as recommended by the Board of Directors, if declared at the meeting will be paid after the meeting.
- (f) As required under Clause 49 of the Listing Agreement particulars of directors seeking appointment/re-appointment are annexed to this Notice below.
- (g) Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on all working days up-to the date of the Annual General Meeting.
- (h) The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as to enable the Directors to keep the replies ready.
- (i) It is requested that the queries be mailed to Registrars and Share Transfer Agents:
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.
Phone No. 022-2596 3838, Fax No. 022-2596 2691
- (j) Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the administrative office of the Company.
- (k) The company had declared an Interim dividend of Rs. 0.24 per equity share for the financial year ended 31st March 2011. The dividend remaining unpaid or unclaimed has been transferred to the unpaid dividend account of the company. However, there is no dividend remaining unpaid or unclaimed which requires to be transferred to Investor Education and Protection Fund.
- (l) At the ensuing Annual General Meeting, Mr. Vikram Seth, is seeking appointment as Director of the Company. The details pertaining to him required to be provided pursuant to clause 49 of the Listing Agreement is furnished as an Annexure to this Notice.

By Order of the Board

For **GRAVISS HOSPITALITY LIMITED**

Chanda Behl
Company Secretary

Dated: April 29, 2011.

Registered Office:

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA

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Explanatory Statement as Annexure to the Notice

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

ITEM No. 6:

The Board of Directors of the Company (Board) in its meeting held on April 29, 2011 has appointed Mr. Vikram Seth as Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article no.91 of the Articles of Association of the Company.

In terms of the provisions of section 260 of the Companies Act, 1956, Mr. Vikram Seth, will hold the office upto the date of this Annual General Meeting.

The Company had received notice in writing from the members of the company along with deposit of Rs. 500/- proposing the candidature of Mr. Vikram Seth for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Brief resume of Mr. Vikram Seth, Director, nature of his experience in specific functional area and name of the companies in which he holds directorship, number of shares held in the company and membership/Chairmanship of the Board Committees as stipulated under the clause 49 of the Listing Agreement with the stock exchanges, are provided in the Annexure to the Notice.

The Board recommends the proposed resolution set out at item no.6 of the Notice for your approval.

None of the director except Mr. Vikram Seth is concerned or interested in the said resolution.

By Order of the Board

For **GRAVISS HOSPITALITY LIMITED**

Chanda Behl

Company Secretary

Dated: April 29, 2011.

Registered Office:

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA

Details of the Directors seeking appointment/re-appointment at this Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Mahendra V Doshi	Mr. R.K.P. Shankardass	Mr. Vikram Seth
Date of Birth	29th November, 1949	9th June, 1930	19th February, 1964
Date of Appointment	22.09.2006	21.03.1980	29.04.2011
Areas of Expertise	Finance, Capital Market & Business administration	In Professional (Litigation & Advisory) Practice of law, National & International, Mainly in the area of Constitutional Civil, Corporate & International Law Since 1961	Corporate Finance, Capital Market & Business administration
Qualification	M.B.A.	M.A. Economics (Cantab), & II.M. (Cantab) (from Trinity College, Cambridge, England) Barrister – at-Law (Lincoln's Inn, London)	Chartered Accountant
List of other Public Companies incorporated in India, in which directorships held.	LKP Finance Ltd. Nilkamal Ltd. LKP Securities Ltd. MKM Shares & Stock Brokers Ltd.	TEEUMESH Products Pvt. Ltd. G4S Corporate Services Pvt. Ltd.	Graviss Hotels & Resorts Ltd.
List of Chairmanships/ memberships of committees of the Board of other public Companies incorporated in India in which directorships held.	LKP Finance Ltd: Audit committee – Member Share Transfer Committee – Chairman Nilkamal Ltd: Audit Committee – Member	N.A.	N.A.
No. of shares held in the Company prior to the appointment/re-appointment	NIL	32,750 Equity shares of Rs. 2/- each.	4,748 Equity shares of Rs. 2/- each

Directors' Report

The Members of Graviss Hospitality Limited

Your Directors are pleased to present their 50th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2011 :

1. SNAP SHOT OF FINANCIAL RESULTS:

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
	(Rs. in Lacs)	
Income	7,162	6,490
Profit before Interest, Depreciation	1,827	1,376
Interest	154	246
Depreciation	520	559
Profit before Taxation	1,144	572
Provision for Taxation:		
Current tax	(220)	(75)
Deferred Tax Credit	100	(201)
Fringe Benefit Tax	0	0
Profit for the year	769	307
Balance brought forward from last period	1,109	1,074
Balance carried forward	1,490	1,108

2. OPERATIONAL PERFORMANCE:

During the financial year ended 31st March 2011, the sales and operating income increased from Rs. 6490 Lacs to Rs. 7162 Lacs. The net profit after tax stood at Rs.769 Lacs as against Rs. 307 Lacs during the previous year. During the year under review, the company had discontinued the operations at Mayfair Banquets situated at Palm Beach Galleria Mall, Vashi, New Mumbai and Hermes Shopping Centre, Nagar Road, Yerawada, Pune.

3. DIVIDEND:

During the year under review, your company had declared an Interim dividend of Rs. 0.24 (12%) per equity share for the financial year ended 31st March 2011 at its Board meeting held on January 31, 2011.

Your Directors have recommended dividend of Rs. 0.06 (3%) per Equity share of Rs. 2/- each for the financial year ended 31st March, 2011, which if approved at the ensuing annual general meeting, will be paid to the shareholders.

4. DIRECTORS:

In terms of the provisions of sections 255 and 256 of the Companies Act, 1956, Mr. R.K.P. Shankardass and Mr. Mahendra V. Doshi, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

During the year under review, Mrs. Krishna Kumari Ghai ceased to be the Director of the Company due to her sudden death on 14th November, 2010. Mr. Vikram Seth was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 in its meeting held on April 29, 2011. The approval of the shareholders is being sought for the appointment of Mr. Vikram Seth as Director of the Company at its ensuing Annual General Meeting of the company.

A brief resume of the Director reappointed/appointed at the ensuing Annual General Meeting, nature of expertise and name of companies in which he holds directorship and/or membership/chairmanship of the committees of the Board as stipulated under clause 49 of the Listing Agreement is annexed to the Notice forming part of the Annual Report.

5. MANAGEMENT DISCUSSION AND ANALYSIS:

A separate report on the Management Discussion and Analysis is attached as a part of the Annual Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm the following :

- (i) In preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profits of the Company for the year ended 31st March 2011;
- (iii) The Directors have taken proper and sufficient care for 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 have prepared the annual accounts on a going concern basis.

7. SUBSIDIARY COMPANIES:

During the year under review Sandco 1165 Limited and Hotel Kankeshwar Private Limited became the wholly owned subsidiary of the Company.

In terms of the approval granted by your Directors vide circular resolution dated March 7, 2011 and in compliance with the circular issued by Ministry of Corporate Affairs on February 8, 2011, copies of the Balance Sheet, Profit and Loss account, Report of the Board of Directors and Auditors of Subsidiaries have not been attached with the Balance Sheet of the Company. The Annual Accounts and other related detailed information of the

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Company as well as of the subsidiary companies will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The Annual accounts of the company as well as of the subsidiary companies will also be kept open for inspection by any shareholder in the head office of the company and the subsidiary companies concerned.

8. EMPLOYEES STOCK OPTION SCHEME:

During the year under review, 10,000 (Ten thousand) options vested in favour of an eligible employee of the company. The said options were not exercised by the Grantee and thereafter lapsed. Also, the Grantee ceased to be an employee of the Company on December 17, 2010 by reason of resignation and therefore the balance unvested Options aggregating to 40,000 (Forty Thousand) options held by the Grantee have lapsed.

9. CONSOLIDATED FINANCIAL STATEMENTS:

Your Directors have pleasure in attaching the duly audited Consolidated Financial Statements of the holding company and all its subsidiaries as a part of the Annual Report and prepared in accordance with the Accounting Standards 21 issued by the Institute of Chartered Accountants of India and where applicable, Listing Agreement, as prescribed by the Securities Exchange Board of India.

10. FIXED DEPOSITS:

During the Year under review, your Company has not accepted or invited any deposits from public.

11. CORPORATE GOVERNANCE:

The Company has adopted the corporate governance policies which has set out the systems, process and policies vital to enable companies to compete globally in a sustained manner and let them flourish and grow. A separate report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual report. A Certificate from the auditors of the Company M/s V. Sankar Aiyar & Co., confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49 is annexed to this report.

12. CODE OF BUSINESS CONDUCT AND ETHICS:

As prescribed by the listing Agreement, the Board has adopted a "Code of Conduct" for the Board Members and Senior Management Personnel. During the year under review, all the Board members and the senior management personnel have complied with the Company's Code of Conduct. A declaration to this effect signed by the CEO has been obtained.

13. LISTING:

The equity shares of your company are presently listed on Bombay Stock Exchange Limited and company has paid the listing fees for the financial year 2011-2012.

14. PARTICULARS OF EMPLOYEES:

During the year under review, the Company has not employed any person who was in receipt of remuneration which, in aggregate, was not less than Rupees Five Lacs per month or Rupees Sixty Lacs per annum.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology is that the Company has entered, to avail international technology and expertise, into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of these agreements, IHC and its affiliates are required to provide technical services, marketing reservation and system support to the Company for its Hotel situated at Marine Drive-Mumbai.

FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. in Lacs)

Particulars	Current Year 2010-2011	Previous year 2009-2010
CIF Value of Imports	57	32
Expenditure in Foreign Currency	376	219
Earnings in Foreign Exchange	2,025	2,169

16. RELATED PARTY DISCLOSURES:

The company has made disclosures in compliance with the Accounting Standards on Related Party Disclosures as required by clause 32 of the Listing Agreement with the stock exchanges.

17. AUDITORS:

At the Annual General Meeting, M/s. V. Sankar Aiyer & Co, Chartered Accountants who are the Statutory Auditors of the Company, will retire and being eligible, have offered themselves for re-appointment as the Company's auditors. In the terms of the provisions of Section 224 (1)(B) of the Companies Act, 1956, the Company has obtained a written confirmation from M/s. V. Sankar Aiyer & Co that their re-appointment, if made, at the ensuing Annual General Meeting, would be in conformity within the limits specified in the Section.

18. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, banks, various regulatory authorities and central and state government officials, vendors, customers and for valuable contributions made by the employees of the company.

For and on behalf of the Board of Directors

Management Discussion and Analysis Industry Structure and Developments

Overview of Tourism and Indian Economy:

The financial year 2010-2011 has been challenging for the world at large. With the global economic machinery almost shuttering to a halt, the corporate world had been engaged in cost cutting via drastic cut backs on non essential expenses; this drop in corporate travel had adversely affected the Indian Hospitality sector. The government too is making conscious efforts to revive the industry through a slew of policy as many new and ongoing hotel projects had stalled during the downturn. These includes Reserve Bank of India ruling, which states that loans for construction of hotels will not be classified as commercial real estate, relaxation in External Commercial Borrowings norms and the recently announced investment linked tax deduction for new hotels of two star category and above. The Indian Hospitality industry is clearly showing signs of recovery.

Opportunities:

The Hotel industry in India is expected to boom with rising room rates and on high occupancy rates. The Country is facing a shortage of hotel rooms and the industry needs to more than double its room inventory from the current levels. India is becoming the epicenter for outsourcing and new age businesses and the growth in the economy is attracting tourists from all around the world. With increase in the disposable income in the hands of people, domestic tourism has also been rising very rapidly. The demand and supply imbalance of hotel rooms is pushing average room rates (ARR) further as new properties are not coming up at the same place. This represents a significant opportunity for the Company.

Threats:

The Hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on operations and financial results of the company. Act of violence or war, in India or other neighboring countries, may affect Indian and worldwide economic markets. Increased competition in the hotel sector may adversely affect the operation of our Hotel. Surging room rates may impact room demand from foreign leisure travel segment.

Outlook:

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualise strong economic growth in the advanced economies in 2011. The implications for this, for India's strategy to return to the 9.0% growth trajectory are that public policy must promote business confidence and facilitate increased investment. Despite a positive long term view, the current business environment remains challenging. The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. It should be noted that that the base for tourism in India is still very low. The sudden surge in demand for hotel accommodation over the last three years has inflated hotel rooms in the country. However, a number of international brands across all hotel segments are planning to or have recently entered the Indian market. Domestic hotel chains, too, are embarking on strong expansion and development plans across all hotel segments. As the gap between supply and demand for hotel accommodation narrows over the next few years, we expect room rates to rationalize, which would encourage leisure travel.

Report on Corporate Governance

In accordance with clause 49 of the Listing Agreement and some of the best practices of Corporate Governance, the report containing the details of governance systems and processes at Graviss Hospitality Limited is as under:

1. Philosophy:

The Company's policy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interaction with stakeholders, including shareholders, employees, the government, lenders and society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

2 Board of Directors:

(i) Composition of the Board:

The Board of Directors provides strategic directions and thrust to the operations of the Company. Currently the total strength of the Board is Seven Directors. The Board has an executive chairman and the number of Non-Executive Independent Director is more than one-half of the total number of Directors. None of the Directors on the Board is a member on more than ten committees and chairman of more than five committees (as specified in clause-49) across all the companies in which he is a Director. Hence the Company complies with the listing agreement norms for Composition of Board of Directors.

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The composition of the Board and other relevant details relating to the Directors are as under:

Name of the Directors	Designation	Category	No. of Other Directorships*	No. of Other Committee Memberships#	
				Chairman	Member
Mr. Ravi Ghai	Chairman & Managing Director	Promoter, Executive, Non-Independent	1	—	—
Mr. Gaurav Ghai	Joint Managing Director	Promoter, Executive, Non-Independent	—	—	—
Mr. Mahendra V. Doshi	Director	Non-Executive, Independent	4	1	2
Mr. R.K.P. Shankardass	Director	Non-Executive, Independent	—	—	—
Mr. Harindra Singh	Director	Non-Executive, Independent	1	—	—
Mr. Gulshan Bijlani	Director	Non-Executive, Independent	—	—	—
Mr. Arun Todarwal	Director	Non-Executive, Non-Independent	7	1	8

Note: Directorships in Private and Foreign Companies are excluded # Memberships of only Audit Committee, Share Transfer and Investor Grievances Committee have been considered)

(ii) Board Meetings and attendance of each Director at Board Meeting and at last Annual General Meeting:

During the year under review, the Board of Directors met Four times during the year viz. 28th April, 2010, 30th July, 2010, 29th October, 2010 and 31st January, 2011. The maximum gap between any two consecutive meetings did not exceed four months. The last Annual General Meeting of the Company was held on 30th June, 2010. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ravi Ghai	1	Absent
Mr. Gaurav Ghai	3	Absent
Mr. Harindra Singh	2	Absent
Mr. Mahendra V. Doshi	3	Present
Mr. R.K.P. Shankardass	2	Absent
Mrs. Krishna Kumari Ghai*	—	Absent
Mr. Gulshan Bijlani	3	Present
Mr. Arun Todarwal	4	Present

* Mrs. Krishna Kumari Ghai ceased to be the director w.e.f. November 14, 2010 due to her sudden death.

(iii) Shareholding of Directors:

As on March 31, 2011

Name of the Director	No of shares held
Mr. Ravi Ghai	3,176,465
Mr. Gaurav Ghai	2,259,665
Mr. R.K.P. Shankardass	32,750
Mr. Gulshan Bijlani	17,350

(iv) Code of Conduct:

The Board has laid down the Code of Conduct for all Board members and Senior Management of the Company and the same is posted on the website of the Company. The Certificate from the Chief Executive Officer with regard to the compliance of code of conduct by the Board members and the senior management for the year ended 31st March, 2011 is enclosed and forms part of this report.

(v) Directors seeking re-appointment:

Mr. Mahendra V. Doshi and Mr. RKP Shankardass, Directors of the company shall retire by rotation at the ensuing Annual General meeting and is eligible for re-appointment. Mr. Vikram Seth was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 in its meeting held on April 29, 2011. The approval of the shareholders is being sought for the appointment of Mr. Vikram Seth as Director of the Company at its ensuing Annual General Meeting of the company. The brief resumes and the details of their other directorships including their shareholding have already been provided in the Notice.

(vi) Other Provisions:

The Company confirms that it did not have any material pecuniary relationship or transaction with any Non Executive Director during the year under review, except for the payment of sitting fees made to them for attending the Board and/or Committee meetings.

The information as required under Annexure I to Clause 49 of the Listing Agreement is being made available to the Board. The Board periodically reviews the Compliance report submitted by the Managing Director regarding compliance with the various laws applicable to the company.

3. Board Committees:

(i) Audit Committee:

The composition of Audit Committee as on 31st March, 2011, is as follows:

Mr. Mahendra V Doshi (Chairman), Mr. Gaurav Ghai, Mr. Gulshan Bijlani, Mr. RKP Shankardass, Mr. Harindra Singh, Mr. Arun Todarwal

Two third of the total strength of the Audit Committee are Independent Directors. Statutory Auditors, Internal Auditors and CFO attend the meetings of the Committee on invitation of the Chairman. The Company Secretary acts as the Secretary of the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company has complied with the requirements of clause 49(II) (A) as regards composition of Audit Committee.

The Audit Committee reviews the financial statements and recommends its suggestions to the Board. It reviews the reports of the Statutory and Internal Auditors and also discusses its suggestions with them.

During the year under review, the Audit Committee met four times on 28th April, 2010, 30th July, 2010, 29th October, 2010 and 31st January, 2011 with a gap of not more than four months. The details of the meetings attended by the Directors are given below:

Name of the Members	Category	No. of Meetings Attended
Mr. Mahendra V. Doshi	Non-Executive, Independent Chairman	3
Mr. Gaurav Ghai	Executive, Non Independent	3
Mr. Gulshan Bijlani	Non-Executive, Independent	3
Mr. R.K.P. Shankardass	Non-Executive, Independent	2
Mr. Harindra Singh	Non-Executive, Independent	2
Mr. Arun Todarwal	Non-Independent	4

The terms of reference of the Audit Committee has been approved at the Board Meeting held on 22nd January 2001. It provided for adequate powers and has access of all the information required and performing all the functions which are in accordance with Clauses 49(ii) (c) and (d) of the Listing Agreement:

(ii) Share Transfer and Shareholders'/Investors' Grievance Committee:

The Share Transfer and Investor Grievance Committee deals with the matters relating to the transfer/transmission of shares and monitor the redressal of the investors complaints relating to non-receipt of dividends, non-receipt of annual accounts etc. The Committee comprises of three members with two third of the members as independent directors. The Committee meets at frequent intervals to consider requests for share transfer or to consider shareholders' queries/complaints:

Name and Designation of Compliance Officer:

Mrs. Chanda Behl, Manager- Legal and Company Secretary

All the requests /queries received during the year have been processed and responded respectively and there is no request/queries/complaint pending at the end of the year ended on 31st March 2011.

(iii) Remuneration and Compensation Committee:

The Remuneration and Compensation Committee comprises of three non-executive independent directors. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra V. Doshi and Mr. Gulshan Bijlani. All the members of this committee have adequate experience and financial knowledge. The Company Secretary of the company acts as secretary to the committee.

The role of the committee is to review the market practice and decide on the remuneration package applicable to the executive directors and senior management personnel.

(iv) Finance, Investment and Banking Operation Committee:

The Finance, Investment and Banking Operation Committee was constituted on 24th October 2008 to approve various financial transactions

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requiring immediate attention of the Board and to carry out normal banking operations as and when required. During the period ended on 31st March 2011, the Committee members met four times on September 09, 2010, October 5, 2010, December 16, 2010 and March 15, 2011. The details of the Committee members and meetings attended by them are as follows:

Name	Designation	No. of the meetings attended
Mr. Ravi Ghai	Chairman	3
Mr. Gaurav Ghai	Member	3
Mr. Raman Mehra	Member	2

The Company Secretary of the company acts as the secretary to the committee.

(v) Compensation to Non-Executive Directors:

The Non Executive Directors do not draw any remuneration from the Company except the Sitting Fees which is paid to them for attending Board/Committee meetings. The sitting fees paid to the directors during the year under review are as under:

Name of the Director	Fees for Board meeting (in Rs.)
Mr. R.K.P. Shankardass	40,000
Mr. Gulshan Bijlani	60,000
Mr. Mahendra V. Doshi	60,000
Mr. Harindra Singh	40,000
Mr. Arun Todarwal	80,000

Details of the Shareholding of Non-Executive Directors in the Company as on 31st March, 2011 are as follows:

Mr. R.K.P. Shankardass	32,750
Mr. Gulshan Bijlani	17,350

(vi) Executive Directors and Remuneration:

The Managing Director and Joint Managing Director are the Executive Directors in the Company. Their remunerations are fixed by the remuneration/compensation committee and subsequently approved by the Board of Directors and the shareholders of the company.

Details of remuneration paid to the Managing Director and Joint Managing Director of the Company for the year ended March 31, 2011 are as under:

S.N.	Particulars	Amount (Rs. In Lacs)
I	Salary	54.00
II	Contribution to Provident Fund	6.48
III	Estimated monetary value of perquisites	14.10
	Total	74.58

4. General Body Meetings:

(i) The details of the Annual General Meetings held during the last three years are as follows:

Financial Year	No. of AGM	Date, Day & Time of AGM	Venue of AGM
2009-10	49	June 30, 2010, 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026
2008-09	48	June 25, 2009, 1.00. P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026
2007-08	47	June 20, 2008, 1.00. P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026

(ii) Special Resolutions passed in previous three Annual General Meetings are as follows:

No. of AGM	Date, Day & Time of AGM	Particulars of Special Resolutions passed
49	June 30, 2010, 1.00 P.M.	None
48	June 25, 2009, 1.00 P.M.	None
47	June 20, 2008, 1.00. P.M.	(a) Change of Name of the Company (b) Sub-Division of the Equity Shares

(iii) Resolution through Postal Ballot:

During the year ended 31st March 2011, the company has not passed any resolution through the postal ballot.

(iv) Extra-Ordinary General Meeting:

No extra-ordinary general meeting of the company had been held during the year ended 31st March 2011.

5. Disclosures:

(i) Related Party Transactions:

There were no material significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large. Members may refer to the notes to the accounts for details of other related party transaction.

(ii) Compliance with regulations related to Capital Markets:

The company has complied fully with the requirements of the regulatory authorities of the capital markets. There were no instance of non-compliance nor have any penalties, or strictures have been imposed by Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

(iii) Accounting Standards:

The company has followed the accounting standards laid down by the Institute of the Chartered Accountants of India.

(iv) Risk Management:

The company will adopt draft Risk Management Policy, which would lay down the procedure to inform Board members about the risk assessment and minimization of risk.

(v) CEO/CFO Certificate:

Chief Executive Officer and Chief Financial Officer of the company have furnished the requisite certificate to the Board of Directors under clause 49 of the listing Agreement.

6. Means of Communication:

The Company regularly submits quarterly results to the Bombay Stock Exchange Limited on which the shares of the Company are listed. The said results are also published in the newspapers.

- (a) The Company publishes its quarterly, half-yearly and year to date results in the Loksatta and Financial Express newspapers at Pune.
- (b) These results are not sent individually to its shareholders.
- (c) No presentations have been made to institutional investors or to analysts.
- (d) The Company's website – www.gravishhospitality.com.
- (e) Management Discussion and Analysis is given separately in this Annual Report.

7. General Shareholder Information:

(i) 50th Annual General Meeting:

Date and Time : 30th June, 2011 at 1.00 p.m.
Venue : Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026.

(ii) Financial Calendar:

The Company follows April-March as its financial year. The unaudited financial result for every quarter beginning from April is declared in the month following the quarter and audited results for the year is declared within one month of the close of the year.

(iii) Date of Book Closure:

The date of book closure is from 21st June, 2011 to 30th June, 2011 (both days inclusive) for the purpose of annual general meeting and declaration of final dividend.

(iv) Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and the Company has paid Listing Fees for the year 2010-2011 to the Stock Exchanges.

(v) Stock Exchanges

Stock Exchanges	Stock Code	ISIN
Bombay Stock Exchange Ltd	509546	INE214F01026

(vi) Market Price Data:

The monthly high and low quotations of shares, face value of which is Rs. 2/- per Equity Share, traded on the Bombay Stock Exchange Ltd. during each month in last financial year are as follows:

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Month	High (Rs.)	Low (Rs.)
April 2010	40.90	26.50
May 2010	35.55	27.15
June 2010	30.45	27.35
July 2010	37.50	27.85
August 2010	34.10	28.25
September 2010	37.30	30.30
October 2010	33.20	29.20
November 2010	34.90	27.60
December 2010	34.00	25.80
January 2011	29.75	24.70
February 2011	33.25	20.00
March 2011	31.50	24.70

(vii) Registrar and Share Transfer Agent:

Address	Contact Number
Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.	022-2596 3838

(viii) Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Company. The processing of transfers is attended immediately and share transfers are processed by Link Intime India Pvt. Ltd. - the Registrar and Share Transfer Agent of the Company. The Shareholder/Investor Grievance Committee is authorized to approve the transfers of shares and the same is ratified at the next Board Meeting.

(ix) Shareholding pattern as on March 31, 2011:

Category	No. of Shareholders	No. Of Shares	Percentage
Promoters Holding			
Indian Promoters	7	52,044,154	60.21
Foreign Promoter	Nil	Nil	Nil
Persons Acting in Concert	Nil	Nil	Nil
Promoters relatives, related firms, trusts & HUFs	Nil	Nil	Nil
Non-Promoter Holdings Institutional Investor			
(a) Mutual Funds & UTI	Nil	Nil	Nil
(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-government Institutions)	1	1,250	0.001
I. General Insurance Corporation of India	Nil	Nil	Nil
ii. Nationalised Banks	Nil	Nil	Nil
(c) FIIs	Nil	Nil	Nil
Others			
Private Corporate Bodies	43	6,72,999	0.78
Indian Public	1,398	1,801,463	2.08
N.R.I. & NRN	13	17,295	0.02
OCB's	1	3,683,419	4.26
Foreign Companies	2	26,898,635	31.12
Trust	3	1,325,845	1.53
Total	1,468	86,445,060	100

Distribution of Shareholding (Rupees) as on March 31, 2011

Shareholding of Nominal Value (Rupees)	No. of Shareholders	% of Total	Share Capital Amount (Rupees)	% of Total
1-5,000	1326	90.33	1,521,390	0.88
5,001-10,000	87	5.93	729,258	0.42
10,001-20,000	18	1.23	245,034	0.14
20,001-30,000	07	0.48	174,472	0.10
30,001-40,000	08	0.54	271,298	0.16
40,001-50,000	02	0.14	80,566	0.05
50,001-100,000	04	0.27	294,160	0.17
100,001-99,999,999	16	1.09	169,573,942	98.08
TOTAL	1,468	100	172,890,120	100.00

(x) Dematerialization of Shares and Liquidity:

The equity shares of the Company are traded on the Bombay Stock Exchange Limited. The Company has entered into an agreement with both National Securities Depository Limited and Central Depository Services Limited for dematerialization of equity shares of the company. Approximately, 81,166,415 (93.89%) of the equity shares of the company have been dematerialized as on 31st March 2011.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs and therefore there were no outstanding GDRs/ADRs.

(xii) Plant Locations:

Unit	Hotel Inter-Continental Marine Drive,135,Netaji Subhash Road, Mumbai 400 020.
Mayfair Banquets	Locations
	254-C, Dr. Annie Besant Road, Worli, Mumbai 400 030.
	Corianthans Club, Nyati County, Near NIBM Road, South Pune, Pune- 411 028.

(xiii) Address for Investor Correspondence:

In case of any query or assistance, the investors may contact or write to:

<p>Registered Office Dairy Tops, Plot No. J-177, MIDC Bhosari, Pune-411 026, Maharashtra Tel: 020-3068 1102/3068 1139 Fax: 020-2747 7996</p>	<p>Registrar & Transfer Agent Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 Tel: 022-2596 3838, Fax: 022-2596 2691</p>
<p>Administrative Office 254-C, Dr. Annie Besant Road, Worli Mumbai: 400 030. Tel: 022 – 4050 1111 Fax: 2491 5555</p>	<p>Mrs. Chanda Behl Company Secretary & Compliance Officer 254-C, Dr. Annie Besant Road, Worli Mumbai: 400 030 Tel: 022 – 4050 1111 Fax: 022 – 2491 5555</p>

(xiv) Unclaimed Dividends:

The company declared an interim dividend of Rs. 0.24 per equity share (12%) on its equity shares for the year ended 31st March 2011. The dividend remaining unclaimed/unpaid has been transferred to the Graviss Hospitality Ltd. unpaid dividend A/c. However there is no dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.

(xv) Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose favor the shares shall be transferable in case of death of the registered shareholder. Nomination forms can be obtained from the company's registrar and share transfer agent. The nomination facility in respect of shares in electronic form is also available with depository participants.

(xvi) Certificate on Corporate Governance:

The company has obtained a certificate from the auditors of the company confirming compliances with the conditions of corporate governance as stipulated in the listing agreement with stock exchanges. This certificate is annexed to this Report.

Declaration by the Chief Executive Officer regarding compliance with the company's code of conduct

This is to confirm that the company has adopted a code of conduct for its Board members and senior management of the company.

I hereby confirm that the Board Members and senior management team of the company have affirmed the compliance of the Code of conduct as applicable to them in respect of the financial year ended March 31, 2011.

Place: Mumbai
Date: 29th April 2011

HARSH VARMA
Chief Executive Officer

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Certification by Chief Executive Officer and Chief Financial Officer

We hereby certify that for the financial year ended 31st March, 2011, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011, which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) There have been no significant changes in internal control during this year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control systems.

Place: Mumbai
Dated: 29th April, 2011

HARSH VARMA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by the Graviss Hospitality Limited (the Company) for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement entered of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors/Shareholders Grievance and Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Shankar Aiyar & CO.**
Chartered Accountants
Firm Regn. No. 109208W

G. SANKAR
Partner
Membership No. 46050

Place: Mumbai
Dated: 29th April, 2011

Auditors' Report

To the Members of Graviss Hospitality Limited

1. We have audited the attached Balance Sheet of GRAVISS HOSPITALITY LIMITED as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The Company's Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) 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;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and other notes thereon, 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:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

G. SANKAR
Partner
Membership No. 46050

Place: Mumbai
Dated: 29th April, 2011

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Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of Auditor's Report to the Shareholders of Graviss Hospitality Limited on the Accounts for the year ended 31st March, 2011.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, physical verification of high value fixed assets was carried out by an external agency during the year. As certified by the said agency there were no material discrepancies noticed on such verification.
- (c) Since there is no disposal of a substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the record of inventories.
- (iii) (a) The company has granted interest free unsecured loans to two companies (wholly owned subsidiary companies), covered in the register maintained under Section 301 of the Companies Act, 1956. The said loans are repayable on demand. (Attention is also invited to Note 23 to the accounts). Considering the long term interest of the company in the subsidiaries, the terms and conditions of the loans are not prima facie prejudicial to the interest of the company. The maximum amount involved during the year was Rs.9570.9 lacs and the year end balance is Rs. 9570.9 lacs.
- (b) The company has not taken any unsecured loans from any of the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (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 for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of rupees five lakhs in respect of any party in the financial year, have been made at reasonable prices as prevailing market prices at the relevant time were not available.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of the Company's business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records maintained by the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues.

According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2011, for a period of more than six months from the date they

became payable.

- (b) According to the information and explanations given to us and the records of the company, there are no dues of sales tax / income tax / customs duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions / Banks or Debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi or a mutual benefit society. Therefore the provisions of sub para (xiii) of para 4 of the Order are not applicable to the Company.
- (xiv) In respect of shares, securities and other investments dealt in or traded by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for any loans taken by others from any bank or financial institution.
- (xvi) In our opinion, the term loans taken during the year have, prima facie, been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company, related information made available to us and as represented to us by the Management, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end-use of money raised by any public issue does not arise.
- (xxi) According to the information and explanations given to us and based on audit procedures performed and representations obtained from the management, we report that no fraud on or by the company, has been noticed or reported during the year under audit.

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

G. SANKAR
Partner
Membership No. 46050

Place: Mumbai
Dated: 29th April, 2011

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Balance Sheet

as at 31st March, 2011

	Schedule	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	1,728.90	1,728.90
Reserves and Surplus	B	26,768.07	26,229.88
		<u>28,496.97</u>	<u>27,958.78</u>
Loan Funds:			
Secured Loans	C	899.19	1,680.48
Deferred Tax Liability (Net) (Note '10')		297.03	397.33
	TOTAL	<u>29,693.19</u>	<u>30,036.59</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	D	18,134.51	18,135.55
Less: Depreciation		3,397.71	3,072.36
Net Block		<u>14,736.80</u>	<u>15,063.19</u>
Investments	E	2,699.02	4,471.57
Current Assets Loans and Advances:			
Inventories	F	205.81	209.97
Sundry Debtors		461.13	391.63
Cash and Bank Balances		1,068.09	713.98
Loans and Advances		11,304.54	9,893.45
		<u>13,039.57</u>	<u>11,209.03</u>
Less: Current Liabilities and Provisions:			
Current Liabilities	G	652.82	626.70
Provisions		129.38	88.79
		<u>782.20</u>	<u>715.49</u>
Net Current Assets		12,257.37	10,493.54
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Amalgamation Expenses (Note '12')		—	8.29
	TOTAL	<u>29,693.19</u>	<u>30,036.59</u>
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES	M		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 46050)

Mumbai,

Dated: 29th April, 2011

RAVI GHAI

Chairman and Managing Director

HARSH VARMA

Chief Executive Officer

M.V. DOSHI

Director

AMIT JAIN

Chief Financial Officer

CHANDA BEHL

Company Secretary

GRAVISS HOSPITALITY LIMITED

Profit and Loss Account for the year ended 31st March, 2011

	Schedule	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
INCOME			
Sales and Other Services	H	6,924.64	6,192.05
Other Income	I	237.18	298.23
TOTAL		7,161.82	6,490.28
EXPENDITURE			
Consumption of Food and Beverages	J	1,145.05	929.20
Employees' Remuneration and Benefits	K	1,098.03	1,107.67
Operating and General Expenses	L	3,091.82	3,068.96
TOTAL		5,334.90	5,105.83
PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION		1,826.92	1,384.45
Less:			
Interest		154.19	246.11
Depreciation		520.38	558.51
Amortisation of Amalgamation expenses (Note '12')		8.29	8.29
TOTAL		682.86	812.91
PROFIT BEFORE TAX		1,144.06	571.54
Provision for Tax:			
Current Tax (Note '11')	(220.00)		(75.00)
Deferred Tax Credit/(Debit) (Net)	100.30		(200.88)
MAT Credit set off - (Note '11')	(255.00)		30.00
Short Provision Tax of earlier years	—		(18.54)
		(374.70)	(264.42)
PROFIT AFTER TAX		769.36	307.12
Balance brought forward		1,108.49	1,074.09
TOTAL		1,877.85	1,381.21
APPROPRIATION:			
Interim Dividend		207.47	207.47
Tax on Interim Dividend		34.46	35.25
Proposed Dividend		51.87	—
Tax on Proposed Dividend		8.61	—
Transfer to General Reserve		85.00	30.00
Balance carried to Balance Sheet		1,490.44	1,108.49
TOTAL		1,877.85	1,381.21
Basic Earning per Share Rs. (Note '9')		0.89	0.36
Diluted Earning per Share Rs. (Note '9')		0.89	0.36

NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

M

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 46050)

Mumbai,

Dated: 29th April, 2011

RAVI GHAI

Chairman and Managing Director

HARSH VARMA

Chief Executive Officer

M.V. DOSHI

Director

AMIT JAIN

Chief Financial Officer

CHANDA BEHL

Company Secretary

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Schedules

forming part of the Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'A' – SHARE CAPITAL		
Authorised:		
230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	2,270.00	2,270.00
	<u>2,500.00</u>	<u>2,500.00</u>
Issued, Subscribed and Paid-up:		
52,610,875 Equity shares of Rs. 2 each for cash (52,610,875)	1,052.22	1,052.22
3,881,665 Equity shares of Rs. 2 each as Bonus (3,881,665) Shares from Capital Redemption and General Reserves Account	77.63	77.63
641,665 Equity shares of Rs. 2 each issued as a result of Amalgamation (641,665) of Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash	12.83	12.83
29,310,855 Equity shares of Rs. 2 each issued as a result of Amalgamation of (29,310,855) Mayfair Banquets Private Limited with the Company for consideration other than cash	586.22	586.22
	<u>1,728.90</u>	<u>1,728.90</u>
86,445,060 (86,445,060)		
	<u>1,728.90</u>	<u>1,728.90</u>
SCHEDULE 'B' – RESERVES AND SURPLUS		
Capital Reserves:		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad.	7.78	7.78
Warrants Forfeited Account As per last account	850.01	850.01
	<u>850.01</u>	<u>850.01</u>
Share Premium Account: As per last account	13,164.55	13,164.55
General Reserve: As per last account Add: Transferred from Profit & Loss Account	11,170.29 85.00	11,140.29 30.00
	<u>11,255.29</u>	<u>11,170.29</u>
Foreign Currency Monetary Item Translation Difference Account (Note '4') As per last account: Less: Transferred to Exchange Difference	(71.24) 71.24	(200.87) 129.63
	<u>—</u>	<u>(71.24)</u>
Profit and Loss Account: As per Accounts Annexed	1,490.44	1,108.49
	<u>26,768.07</u>	<u>26,229.88</u>

Schedules

forming part of the Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'C' – SECURED LOANS		
From Bank:		
I. Term Loan from Vijaya Bank		
A Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director		
(a) Term Loan	—	186.01
(b) Foreign Currency Loan VFRL (US Dollars 1,020,082)	457.51	770.49
B Secured by First Charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan.		
	411.77	702.55
II. From Other Banks and Financial Institutions:		
Deferred Payment Liabilities (Note '6a') (secured by hypothecation of Vehicles)		
	29.91	21.43
	899.19	1,680.48
	899.19	1,680.48

Schedules

forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 'D' – FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Additions	Sales/ Adjustments	As at 31/03/2011	Upto 31/03/2010	For the Year	Adjustments	Upto 31/03/2011	As at 31/03/2011	As at 31/03/2010
Licence Fees (Note below)	26.41	—	—	26.41	14.68	5.29	—	19.97	6.44	11.73
Leasehold Lands	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Buildings	3,230.47	108.78	—	3,339.25	738.79	107.39	—	846.18	2,493.07	2,491.68
Cost of Improvements (Leased Premises)	390.76	—	238.64	152.12	141.16	34.20	137.39	37.97	114.15	249.61
Plant and Machinery	876.00	62.34	90.81	847.53	416.82	69.40	12.25	473.97	373.56	459.18
Furniture, Fittings and Electrical Installations	2,272.95	145.13	149.52	2,268.56	1,284.52	213.85	41.74	1,456.63	811.93	988.58
Hotel and Office Equipment	569.05	97.43	0.38	666.10	205.01	27.50	0.04	232.47	433.63	364.01
Information Technology	245.23	36.36	0.48	281.11	197.11	42.88	0.25	239.74	41.37	48.09
Vehicles	213.06	34.10	8.05	239.11	74.27	19.87	3.36	90.78	148.33	138.67
Advances on capital account:										
Construction Contractors/ Suppliers	39.29	41.99	39.29	41.99	—	—	—	—	41.99	39.29
TOTAL	18,135.55	526.13	527.17	18,134.51	3,072.36	520.38	195.03	3,397.71	14,736.80	15,063.19
Total (previous year)	18,427.86	146.91	439.22	18,135.55	2,581.27	558.51	67.41	3,072.36	15,063.19	

Notes: The licence fees is towards obtaining the software licence which is to be depreciated @ 25% per annum.

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Schedules

forming part of the Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'E' – INVESTMENTS		
I. LONG TERM INVESTMENTS (AT COST)		
In Equity Shares (Non trade):		
Quoted:		
1,910 of Edelweiss Capital Limited of Re. 1 each	3.15	3.15
Unquoted:		
530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20 of Hotel and Restaurant Co-operative Services Society Ltd. of Rs. 50 each	0.01	0.01
*1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56
In Equity Shares (Trade) (Unquoted):		
10,000 of Great Indian Cigar Company Private Limited of Rs. 10 each	—	1.00
In Equity Shares in Subsidiary Companies (Non-trade) (Unquoted):		
50,000 of Graviss Hotels & Resorts Limited of Rs. 10 each	5.00	5.00
76,422 (Out of which 50 jointly held with third parties) of Graviss Catering Private Limited of Rs. 10 each.	12.89	12.89
II. CURRENT INVESTMENTS		
(Mutual Funds):		
752,235 units of Rs. 10 each in Reliance Income Fund - IP-DDR	—	98.68
6,810,794 units of Rs. 10 each in Reliance Short Term Fund	—	725.09
806,068 units of Rs. 10 each in IDFC Dynamic Bond Fund	—	84.69
1,498,503 units of Rs. 10 each in IDFC SSF - Plan B	—	151.23
1,000,000 units of Rs. 10 each in IDFC Fixed Maturity Plan - Quarterly Series 55 Pla	—	100.20
844,709 units of Rs. 10 each in ICICI Prudential Income Fund	—	99.36
1,438,777 units of Rs. 10 each in ICICI Prudential Short Term Plan	—	172.67
1,337,967 units of Rs. 10 each in ICICI Prudential Short Term Plan Dividend	—	161.01
2,096 units of Rs. 10 each in ICICI Prudential Flexible Income Plan Premium - Daily Div	2.22	—
1,500,000 units of Rs. 10 each in ICICI Prudential FMP Series 53 - 6 Months Plan A Div	150.00	—
3,035,460 units of Rs. 10 each in ICICI Prudential Interval Fund III Quarterly Interval Plan	303.55	—
5,000,000 units of Rs. 10 each in DSP Black Rock FMP 3M Series 28 Dividend Payout	500.00	—
1,018,052 units of Rs. 10 each in Fidelity FMP Series 5 - Plan D Dividend	101.81	—
1,000,000 units of Rs. 10 each in Fidelity FMP Series 3 - Plan F Growth	100.00	—
1,035,862 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - MDR	—	107.86
5,651,107 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - Retail Plan MDR	—	588.44
1,783,172 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - Retail Plan MD	—	185.68
95,661 units of Rs. 10 each in Birla Sun Life Short Term Fund	9.72	—
2,007,845 units of Rs. 10 each in Tata Floater Fund	—	201.50
4,844 units of Rs. 10 each in ICICI Inst Short Term Plan DR-F	—	0.58
23 units of Rs. 10 each in ICICI Inst Short Term Plan Daily	—	0.03
91,258 units of Rs. 10 each in Birla Sunlife Short Term Fund	—	9.34
2,277,900 units of Rs. 10 each in Birla Sun Life Short Term FMP Series 5 Div Pay	227.79	—
2,273,653 units of Rs. 10 each in Reliance Interval Fund - Quarterly Plan Series-III Inst. Div Plan	300.12	100.74
4,997,951 units of Rs. 10 each in Reliance Quarterly Interval Fund Series II-Retail Div Plan	500.00	—
3,017,741 units of Rs. 10 each in Reliance Monthly Interval Fund Series - I Inst. Div Plan	302.00	—
176,345 units of Rs. 10 each in Reliance Medium Term Fund DDR	30.15	—
2,444,041 units of Rs. 10 each in Reliance Short Term Fund Retail Plan Dividend Plan	—	260.20
9,439,259 units of Rs. 10 each in HDFC High Interest Fund - Short Term Plan- Dividend	—	1,000.86
2,000,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 8 Dividend	—	200.16
1,500,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 8 Dividend	150.00	—
2,000,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 6 Dividend	—	200.59
	2,699.02	4,471.57
Aggregate value of long term quoted Investments	3.15	3.15
Aggregate value of current quoted Investments	2,677.36	4,448.91
	2,680.51	4,452.06
Aggregate value of unquoted Investments	18.51	19.51
Market value of quoted investments	0.76	1.68
Net Assets Value (NAV) of Mutual Funds	2,694.91	4,448.91

*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman & Managing Director and Mr Gaurav Ghai, Joint Managing Director of the company)

Schedules

forming part of the Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'F' – CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets:		
(a) Inventories — At cost (as valued and certified by the Management):		
(i) Food and Beverages	140.37	130.37
(ii) Stores and Other Operating Supplies	65.44	79.60
	<u>205.81</u>	<u>209.97</u>
(b) Sundry Debtors (Unsecured, considered good): (Note '14a & b')		
Outstanding over six months	23.18	41.49
Other Debts	437.95	350.14
	<u>461.13</u>	<u>391.63</u>
(c) Cash and Bank Balances:		
Cash on hand (including Rs. 18.06 lacs for cheques in hand) (as confirmed by the Managing Director)	25.80	27.29
Balances with Scheduled Banks in:		
Current Accounts	464.26	210.72
Dividend Account	1.46	7.46
Deposit/Margin Money Accounts (pledged as securities with the banks)	150.62	163.72
Other Deposit Accounts	425.95	304.79
	<u>1,068.09</u>	<u>713.98</u>
Loans and Advances (unsecured, considered good):		
Loans (interest free) to:		
– Graviss Hotels and Resorts Limited (Subsidiary Company)	9,201.83	7,407.63
– Graviss Catering Private Limited (Subsidiary Company)	369.05	309.67
Advances recoverable in cash or in kind for value to be received	484.87	517.92
Security and other Deposits	1,057.52	1,142.98
Advance Income-tax (net of provisions) – (including tax deducted at source)	191.27	260.25
Minimum Alternate Tax (MAT) credit entitlement (Note '11')	—	255.00
	<u>11,304.54</u>	<u>9893.45</u>
TOTAL	<u><u>13,039.57</u></u>	<u><u>11,209.03</u></u>
SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Note '3')	567.75	552.13
Other Liabilities	83.61	67.11
Unpaid Dividend	1.46	7.46
	<u>652.82</u>	<u>626.70</u>
Provisions		
Gratuity (net of funds) (Note '5')	57.37	66.66
Leave Encashment (Note '5')	11.52	22.13
Proposed Dividend	51.87	—
Tax on Proposed Dividend	8.62	—
	<u>129.38</u>	<u>88.79</u>
TOTAL	<u><u>782.20</u></u>	<u><u>715.49</u></u>
SCHEDULE 'H' – SALES AND OTHER SERVICES		
Room Sales	1,939.88	2,103.49
Food and Beverages	4,090.68	3,198.82
Other Services	894.08	889.74
	<u>6,924.64</u>	<u>6,192.05</u>

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forming part of the Profit and Loss Account for the year ended 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'I' – OTHER INCOME		
Miscellaneous receipts	27.95	39.86
Dividend Income	168.14	229.88
Interest Income: (Tax deducted at source – Rs.2.46 lacs) (previous year Rs.1.89 lacs)	25.65	17.15
Luxury Tax refund	—	3.73
Unclaimed Credit balances written off (net)	11.58	4.18
Exchange Rate Difference	0.72	—
Foreign Exchange Commission	3.14	3.43
	237.18	298.23
SCHEDULE 'J' – CONSUMPTION OF FOOD AND BEVERAGES		
Stock at Commencement	130.37	148.75
Purchases during the year	1,155.05	910.82
	1,285.42	1,059.57
Less: Stock at close	140.37	130.37
	1,145.05	929.20
SCHEDULE 'K' – EMPLOYEES' REMUNERATION AND BENEFITS (Note '7')		
Salaries, Wages, Bonus and Gratuity	977.73	986.91
Company's Contribution to Provident and Other Funds	80.07	68.26
Staff Welfare expenses	40.23	52.49
	1,098.03	1,107.67
SCHEDULE 'L' – OPERATING AND GENERAL EXPENSES		
Operating Expenses:		
Power, Fuel and Water	339.88	366.22
Repairs and Maintenance:		
Building	81.26	54.01
Machinery	14.02	23.23
Other	169.29	204.70
Stores and Supplies including Linen and Uniforms	133.02	155.17
Washing and Laundry expenses	92.36	74.35
Business Operating expenses	315.01	234.08
Hall Decoration	4.46	9.42
Music and other Operating expenses	86.43	76.13
General Expenses:		
Rent	84.77	257.50
Rates and Taxes	62.77	69.76
Insurance	31.22	14.77
Hire charges	30.37	15.35
Advertisement and Sales Promotion	168.91	176.85
Commission on Sales	200.67	246.36
Travelling and Conveyance	190.97	138.45
Printing and Stationery	27.02	26.48
Postage and Telephones	61.14	63.12
Other expenses	101.99	132.40
Payments to Auditors (Note '8')	6.00	4.47
Legal and Professional charges	306.99	126.11
Exchange Rate Difference	63.65	0.42
Franchise and Corporate Service fees	207.18	216.97
Donations	5.62	8.46
Directors Sitting fees	2.80	2.60
Loss on sale of Assets	11.22	3.23
Loss on sale of Investments	25.61	—
Loss on discontinuance of operations (Note '13')	267.19	262.04
Fixed Assets w/off	—	96.97
Bad Debts written off	—	9.34
	3,091.82	3,068.96

Schedules**Notes to the Account****SCHEDULE 'M' – NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

1. Significant Accounting Policies**I SYSTEM OF ACCOUNTING**

- (a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The financial statements have been prepared in all material respects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- (b) Financial statements are prepared on historical cost basis and as a going concern.

II USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

III FIXED ASSETS AND DEPRECIATION

- (a) **Fixed Assets**
Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (b) **Depreciation**
Depreciation is charged in the Accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except as follows:
 - Licence Fee is depreciated at the rate of 25%
 - Leased premises are depreciated at the rate of 20%

IV REVENUE RECOGNITION

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- (a) Sales : Revenue is recognized on accrual basis. Sales comprise of sale of goods and services and are net of Value Added Tax and Service Tax.
- (b) Interest : Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.
- (c) Dividends : Revenue is recognized when the right to receive payment is established.

V INVESTMENTS

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

VI INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

VII FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- (b) Monetary items denominated in foreign currencies (such as cash receivables , payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date.
- (c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account, except as indicated in Note 4 below.

VIII BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred

IX EMPLOYEE BENEFITS

- (a) Contributions to Provident Fund are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- (b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Met Life Insurance Co. Premium charged by the Met Life Insurance Co, based on actuarial valuation is debited to the Profit and Loss account.
- (c) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

X PROVISIONS & CONTINGENCIES

- (a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- (b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- (c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

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Notes to the Accounts

XI TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same. Deferred Tax which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

XII IMPAIRMENT OF ASSET

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

XIII LEASES

Assets acquired under finance leases are capitalized at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.

Operating lease expense is recognized in the Profit and Loss Account on straight line basis over the lease term.

2. The Company is contingently liable in respect of:
 - (a) Bank Guarantees given to the extent of Rs. 236.66 lacs (previous year Rs. 509.68 lacs).
 - (b) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (previous year Rs. 96.82 lacs).
 - (c) Disputed property tax demand Rs. 259.48 lacs (previous year Rs. 222.41 lacs).
3. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
4. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009. Accordingly an amount of Rs. 71.24 lacs (loss) being the balance in Foreign Currency Monetary item Translation difference account as on 31st March 2011 has been transferred to the Exchange Difference Account.
5. **Retirement benefit:**

Disclosure pursuant to Accounting Standard -15 (Revised) Employee Benefits:

The Company has classified the various benefits provided to employees as under:

Defined Contribution Plans:

The company has recognized contribution to Provident Fund of Rs.83.34 lacs in the Profit & Loss Account.

Defined Benefit Plans:

	Gratuity		Leave Encashment	
	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Changes in the Present Value of Obligation				
(a) Present Value of Obligation as at 1st April, 2010	121.14	92.34	24.12	12.61
(b) Interest Cost	9.37	6.14	1.93	0.88
(c) Service Cost	23.35	23.95	18.95	27.18
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(8.01)	(9.34)	—	—
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(11.28)	8.05	(31.57)	(16.55)
(i) Present Value of Obligation as at 31st March, 2011	134.58	121.14	13.43	24.12
Changes in the Fair Value of Plan Assets				
(a) Present Value of Plan Assets as at 1st April, 2010	—	—	—	—
(b) Expected Return on Plan Assets	—	—	—	—
(c) Actuarial (Gain)/Loss	—	—	—	—
(d) Employers' Contributions	—	—	—	—
(e) Benefits Paid	—	—	—	—
(f) Present Value of Obligation as at 31st March, 2011	—	—	—	—

Notes to the Accounts — (Contd.)

	Gratuity		Leave Encashment	
	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets				
(a) Present Value of Defined Benefit Obligation as at 31st March, 2011	134.58	121.14	13.43	24.12
(b) Fair Value of Plan Assets as at 31st March, 2011	77.20	54.48	1.91	—
(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2011)	57.37	66.66	11.52	24.12
Expenses Recognized in the Profit and Loss Account				
(a) Service Cost	23.35	23.95	18.95	27.18
(b) Interest Cost	9.37	6.14	1.93	0.88
(c) Expected Return on Plan Assets	—	—	—	—
(d) Curtailment Cost/(Credit)	(11.28)	8.05	(31.57)	(16.55)
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Net Actuarial (Gain)/Loss	—	—	—	—
(g) Total Expenses reconginzed in the Profit and Loss A/c	21.45	38.14	(10.69)	11.51
Actuarial Assumptions				
Retirement age	58 Years	58 Years		
Discount rate	7 to 8%	7 to 8%		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult		
Withdrawal rate	1.30%	1.30%		
Salary escalation	5 to 10%	5 to 10%		

6. (a) **Finance Lease:**

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.129.06 lacs (previous year Rs. 113.86 lacs) upto March 2011 against which the future obligations aggregate to Rs. 42.46 lacs (previous year Rs.21.42 lacs) excluding the lease charge Rs. 8.57 lacs (previous year Rs. 1.37 lacs) and the same are payable as under:

Period	2010-2011		2009-2010	
	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)
Not later than 1 year	16.12	15.03	16.12	15.03
Later than 1 year but not later than	34.91	27.43	6.67	6.39

(b) **Operating Lease:**

The Company has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

Period	2010-11 Minimum Lease Payment (Rs. in lacs)	2009-10 Minimum Lease Payment (Rs. in lacs)
Not later than 1 year	—	159.00
Later than 1 year but not later than	—	305.00
Later than 5 years	—	22.75

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Notes to the Accounts — (Contd.)

7.	Employee's Remuneration & Benefits includes Remuneration paid to the Managing Director and Joint Managing Director		2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
	Salary		54.00	54.00
	Contribution to Provident Fund		6.48	6.48
	Other Perquisites		14.10	14.10
			74.58	74.58
			2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
8.	Payments to Auditors			
	Audit Fee		4.50	4.00
	Certification charges		1.50	0.47
			6.00	4.47
			2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
9.	Earning per Share:			
	Weighted average number of equity shares (Basic)	Nos	86,445,060	86,445,060
	Weighted average number of equity shares (Diluted)	Nos	86,445,060	86,445,060
	Net profit after taxation	(Rs. in lacs)	769.35	307.12
	Earning per share-Basic	Rs.	0.89	0.36
	Earning per share-Diluted	Rs.	0.89	0.36
	Nominal value per equity share	Rs.	2	2
			2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
10.	The deferred tax (asset)/liability as on 31 March 2011 is as follows:			
	Deferred tax asset due to			
	Items covered under section 43B of Income-tax Act, 1961		(16.68)	(34.33)
	Deferred tax liability due to Depreciation		313.71	431.66
	Net deferred tax liability		297.03	397.33
11.	Provision for current tax during the year has been made on regular basis after considering the MAT credit entitlements of earlier years which have been set off.			
12.	Amalgamation expenses are written off over a period of five years.			
13.	The Company's operations at Vashi and Pune Nagar Road were discontinued during the year ended 31 March 2011. Loss of Rs. 267.19 lacs charged to the profit and loss account due to discontinuance of operations is on account of write off of cost of improvements and other assets on the leased premise at this unit as shown below:			
			2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
	Cost of improvement on leased premises and electrical installations		456.19	299.23
	Depreciation upto 31 March 2011		189.00	37.19
	Net Loss on discontinuance of operations		267.19	262.04

Notes to the Accounts — (Contd.)

14. (a) Particulars of Sundry Debtors and Loans and Advances for debts due from companies under the same management are as follows:

	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Sundry Debtors:		
Graviss Holdings Private Limited	291.18	208.24
Rich Graviss Products Private Limited	2.69	1.80
Graviss Foods Private Limited	3.45	0.42
	297.32	210.46
Loans and Advances:		
Security Deposits:		
Graviss Holdings Private Limited	200.00	200.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	1,004.00	1,004.00

(b) Confirmations of balances from some of sundry debtors and creditors have not been received.

15. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

A. List of Related Parties (relied on the details provided by the management):

i Shareholders/Directors

Mr Ravi Ghai, Mr Gaurav Ghai, Mr. RKP Shankardass.

ii Other related parties where the common control exists

Graviss Holdings Pvt Ltd., Graviss Foods Pvt Ltd., Graviss Catering Pvt. Ltd, Rich Graviss Products Private Limited, Mahaniya Investments Pvt Ltd., Graviss Hotels & Resorts Limited, Crossword Beverages Pvt. Ltd.,* Great Indian Cigar Co. Pvt. Ltd.*

*Idar Hotels Pvt. Ltd., *Gaylord Pvt. Ltd., *Oregon Realtys Pvt Ltd,* Perfect Livestock Pvt. Ltd.,

Satinetta Finelease & Investments Pvt. Ltd., Kwalita Walls Fanatasy Ltd.

(*no transactions during the year)

iii Managing and Joint Managing Director

Mr Ravi Ghai and Mr Gaurav Ghai

B. Transactions with Related Parties:

	(Rs. in lacs)	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Sale			
Other related parties where the common control exists		917.39	1,040.17
ii Expenditure and other services fees paid			
Shareholders/Directors/Managing Director	12.50		—
Other related parties where the common control exists	106.47	118.97	123.24
iii Managerial Remuneration			
Managing Director and Joint Managing Director		74.58	74.58
iv Loans/Advances/Deposits given			
Other related parties where the common control exists		10,577.25	8,721.29
v Debtors			
Other related parties where the common control exists		297.32	210.46
vi Outstanding payables			
Other related parties where the common control exists		2.28	5.75

16. As the turnover of the Company consists of sale of food and beverages, quantitative details of the turnover and food and beverages consumed are not available and hence have not been given.

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Notes to the Accounts — (Contd.)

17. Value of raw materials and stores consumed:

	2010-2011		2009-2010	
	% of total consumption	Amount (Rs. in lacs)	% of total consumption	Amount (Rs. in lacs)
Raw Materials:				
Imported	—	—	—	—
Indigenous	100	1,145.05	100	929.20
Stores:				
Imported	—	—	3	2.31
Indigenous	100	44.65	97	74.67

2010-2011
(Rs. in lacs) 2009-2010
(Rs. in lacs)

18. Value of imports (CIF value):

(a) Stores, Supplies and Spare Parts for Machinery	—	2.31
(b) Capital Goods	57.09	29.67

19. Earnings in Foreign Exchange:

(a) Sale of Rooms and Food and Beverages Income	1,966.99	2,102.54
(b) Encashment of Foreign Exchange	57.84	65.98

20. Expenditure in Foreign Currencies:

(a) Travelling - Directors	52.16	24.90
(b) Travelling - Others	16.06	8.55
(c) Agency Commission	28.90	9.66
(d) Consultants Fees	106.46	20.87
(e) Franchise Fees	168.88	137.93
(f) Others	3.53	16.90

21. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.

22. The Company has granted 50,000 share options under the Company's Employees Stock Option Scheme 2007. Since the employee to whom the said options were granted, resigned from the services of the company during the year, the options are not exercisable.

23. The Company has an investment in the equity shares of Graviss Catering Private Limited, a subsidiary, of Rs. 7.65 lacs and has also granted interest free loans to the said subsidiary of Rs. 369.07 lacs. The accumulated losses of the said subsidiary exceed its net worth. In the opinion of the management, having regard to the long term interest of the Company in the said subsidiary there is no diminution, other than temporary, in the value of investments and the Company is also hopeful of recovering the loan.

The Company has an investment in the equity shares of Graviss Hotels and Resorts Limited, a subsidiary, of Rs. 5 lacs and also has granted interest free loan to the said subsidiary of Rs. 9,204.21 lacs. The said subsidiary has purchased lands at various places for developing hotels and is in the process of construction / development. In the opinion of the management, having regard to the long term interest of the Company in the subsidiary and steps taken by the management to complete the projects, there is no diminution, other than temporary, in the value of investment and company is also hopeful of recovering the loan.

24. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.

25. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's groupings.

Signature to Schedules 'A' to 'M'

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

RAVI GHAI
Chairman and Managing Director

M.V. DOSHI
Director

G. SANKAR
Partner (Membership No. 46050)

HARSH VARMA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Mumbai,
Dated: 29th April, 2011

CHANDA BEHL
Company Secretary

Cash Flow Statement for the Year Ended 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	<u>1,144.06</u>	<u>571.54</u>
Adjusted for:		
Depreciation	520.38	558.51
Amalgamation expenses written off	8.29	8.29
Interest paid	154.19	246.12
Interest received	(25.65)	(17.15)
Dividend received	(168.14)	(229.88)
Foreign Currency Rate Difference	71.24	—
Loss on discontinue of operations	267.19	262.04
Loss on sale of fixed assets	11.23	3.23
	<u>838.73</u>	<u>831.16</u>
Operating profit before working capital changes	<u>1,982.79</u>	<u>1,402.70</u>
Adjustment for:		
(Increase)/Decrease in Sundry Debtors	(69.49)	(8.14)
(Increase)/Decrease in Inventories	4.15	57.38
(Increase)/Decrease in Loans and Advances	(1,680.09)	(617.65)
Increase/(Decrease) in Current Liabilities	6.22	(4.41)
	<u>(1,739.21)</u>	<u>(572.82)</u>
Cash generated from operations	243.58	829.88
Interest paid	(154.19)	(246.12)
Direct Taxes paid...(net of refund)	(206.00)	(83.30)
NET CASH FROM OPERATING ACTIVITIES	<u>(116.61)</u>	<u>500.45</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets	(486.85)	(146.93)
Sale of fixed assets	14.45	6.71
Fixed Assets written off	—	99.86
Investments during the year (net)	1,772.54	988.38
Dividend received	168.14	229.88
Interest received	25.65	17.15
NET CASH USED IN INVESTMENT ACTIVITIES	<u>1,493.93</u>	<u>1,195.05</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from long term borrowings	(781.28)	(1,028.54)
Interim Dividend	(207.47)	(207.47)
Tax on Interim Dividend	(34.46)	(35.26)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,023.21)</u>	<u>(1,271.27)</u>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	<u>354.11</u>	<u>424.24</u>
Cash and cash equivalents - Opening balance	<u>713.98</u>	<u>289.74</u>
Cash and cash equivalents - Closing balance	<u>1,068.09</u>	<u>713.98</u>

Notes: (1) Figures in brackets are outflows/deductions.

(2) Previous year's figures have been regrouped where necessary.

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

RAVI GHAI
Chairman and Managing Director

M.V. DOSHI
Director

G. SANKAR
Partner (Membership No. 46050)

HARSH VARMA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Mumbai,
Dated: 29th April, 2011

CHANDA BEHL
Company Secretary

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

(1) Registration Details

Registration No:	L55101PN1959PLC012763			State Code	11
Balance Sheet Date	31	03	2011	(Refer Code List)	
	Date	Month	Year		

(2) Capital Raised during the year (Amount in Rs. thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Preferential Allotment	NIL

(3) Position of Mobilisation and Deployment of Funds (Amount in Rs. lacs)

SOURCES FUND	Total Liabilities	Share Application Money	Total Assets
	29693	NIL	29693
	Paid-up Capital		Reserves and Surplus
	1729		26768
	Secured Loans		Unsecured Loans
	899		NIL
	Deferred Tax Liability (Net)		
	297		
APPLICATION OF FUNDS	Net Fixed Assets		Expenditure Pending Capitalisation
	14737		NIL
	Investments		Net Current Assets
	2699		12257
	Deferred Tax Assets (Net)		Misllaneous Expenditure
	NIL		NIL
	Accumulated Losses		
	NIL		

(4) Performance of Company (Amount in Rs. lacs)

Turnover	7162	Total Expenditure	6018
(Please tick appropriate box + for Profit, - for Loss)		+/- Profit/Loss after tax	
+/- Profit/Loss before tax	+ 1144	tax	+ 769
Earning per share (Rs.)		Dividend Rate %	12.00
Basic	+ 0.89		
Diluted	+ 0.89		

(5) Generatic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NA
Product Description	HOSPITALITY INDUSTRY

RAVI GHAI
Chairman and Managing Director

HARSH VARMA
Chief Executive Officer

Mumbai,
dated: 29th April, 2011

M. V. DOSHI
Director

AMIT JAIN
Chief Financial Officer

Chanda Behl
Company Secretary

Audit Reports on the Consolidated Financial Statements of Graviss Hospitality Limited To the Board of Directors,

1. We have audited the attached Consolidated Balance Sheet of **GRAVISS HOSPITALITY LIMITED** (the Company) and its Subsidiaries (the Group) as at 31st March, 2011, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary company whose financial statement reflects the Group's share of total assets of Rs.146.07 lacs as at 31st March, 2011, the total revenue of Rs. (0.08) lacs and cash flows amounting to Rs. (1.54) lacs for the year ended on that date is considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiary is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued under Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidation financial statements read with the Significant Accounting Policies and other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

G. SANKAR
Partner
Membership No. 46050

Place: Mumbai
Dated: 29th April, 2011

50TH ANNUAL REPORT

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	1,728.90	1,728.90
Minority Interest		0.00	0.00
Reserves and Surplus	B	26,266.53	25,810.83
		<u>27,995.43</u>	<u>27,539.73</u>
Loan Funds:			
Secured Loans	C	912.05	1,680.48
Unsecured Loans	D	166.55	257.09
		<u>1,078.60</u>	<u>1,937.57</u>
Deferred Tax Liability (Net) (Note '13')		<u>217.37</u>	<u>323.12</u>
TOTAL		<u><u>29,291.40</u></u>	<u><u>29,800.42</u></u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	E	21,869.46	21,601.08
Less: Depreciation		3,510.32	3,173.90
Net Block		<u>18,359.14</u>	<u>18,427.18</u>
Capital Work in Progress	E-1	5,357.78	3,851.77
Investments	F	2,681.13	4,453.69
Current Assets Loans and Advances			
Inventories	G	205.81	209.97
Sundry Debtors		470.11	394.61
Cash and Bank Balances		1,198.82	764.56
Loans and Advances		1,894.15	2,445.92
		<u>3,768.89</u>	<u>3,815.06</u>
Less: Current Liabilities and Provisions	H	746.17	669.75
Current Liabilities		129.37	90.81
Provisions		875.54	760.56
Net Current Assets		<u>2,893.35</u>	<u>3,054.50</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Amalgamation Expenses (Note '15')		—	8.29
Other Expenditure		—	4.99
TOTAL		<u><u>29,291.40</u></u>	<u><u>29,800.42</u></u>
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES	N		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 46050)

Mumbai,

Dated: 29th April, 2011

RAVI GHAI

Chairman and Managing Director

HARSH VARMA

Chief Executive Officer

M.V. DOSHI

Director

AMIT JAIN

Chief Financial Officer

CHANDA BEHL

Company Secretary

GRAVISS HOSPITALITY LIMITED

Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31/03/2011 (Rs. in lacs)	Year ended 31/03/2010 (Rs. in lacs)
INCOME			
Sales and Other Services	I	7,208.46	6,476.25
Other Income	J	237.18	298.23
TOTAL		<u>7,445.64</u>	<u>6,774.48</u>
EXPENDITURE			
Consumption of Food and Beverages	K	1,145.05	929.19
Employees' Remuneration and Benefits	L	1,111.60	1,111.00
Operating and General Expenses	M	3,302.98	3,320.93
TOTAL		<u>5,559.63</u>	<u>5,361.12</u>
PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION		<u>1,886.01</u>	<u>1,413.36</u>
Less:			
Interest		177.95	275.25
Depreciation [Note '4(III)']		531.45	569.54
Amortisation of Amalgamation expenses (Note "15")		8.29	8.29
TOTAL		<u>717.69</u>	<u>853.08</u>
PROFIT BEFORE TAX		<u>1,168.32</u>	<u>560.28</u>
Provision for Tax:			
Current Tax (Note '4XI')	(220.00)		
Deferred Tax Credit/(Debit) (Net)	105.75		
MAT Credit set off-(Note '14')	<u>(255.00)</u>		
		<u>(369.25)</u>	<u>(259.52)</u>
PROFIT AFTER TAX		<u>799.07</u>	<u>300.76</u>
Balance brought forward		689.68	661.65
TOTAL		<u>1,488.75</u>	<u>962.41</u>
APPROPRIATION:			
Interim Dividend		207.47	207.47
Tax on Interim Dividend		34.46	35.26
Proposed Dividend		51.87	—
Tax on Proposed Dividend		8.61	—
Transfer to General Reserve		85.00	30.00
Balance carried to Balance Sheet (Schedule 'B')		1,101.34	689.68
TOTAL		<u>1,488.75</u>	<u>962.41</u>
Basic Earning per Share (Note '12')		0.92	0.35
Diluted Earning per Share (Note '12')		0.92	0.35

NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES N

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 46050)

Mumbai,

Dated: 29th April, 2011

RAVI GHAI

Chairman and Managing Director

HARSH VARMA

Chief Executive Officer

M.V. DOSHI

Director

AMIT JAIN

Chief Financial Officer

CHANDA BEHL

Company Secretary

50TH ANNUAL REPORT

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As at 31/03/2011 Rs. in lacs	As at 31/03/2010 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL		
Authorised:		
230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	2,270.00	2,270.00
	2,500.00	2,500.00
Issued, Subscribed and Paid-up:		
52,610,875 Equity shares of Rs. 2 each for cash (52,610,875)	1,052.22	1,052.22
3,881,665 Equity shares of Rs. 2 each as Bonus Shares from Capital (3,881,665) Redemption and General Reserves Account	77.63	77.63
641,665 Equity shares of Rs. 2 each issued as a result of Amalgamation of (641,665) Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash	12.83	12.83
29,310,855 Equity shares of Rs. 2 each issued as a result of Amalgamation of (29,310,855) Mayfair Banquets Private Limited with the Company for consideration other than cash	586.22	586.22
86,445,060 (86,445,060)	1,728.90	1,728.90
SCHEDULE 'B' – RESERVES AND SURPLUS		
Capital Reserves:		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad- As per last account	7.78	7.78
Warrants Forfeited Account As per last account	850.01	850.01
Share Premium Account: As per last account	13,164.56	13,164.56

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As at 31/03/2011 Rs. in lacs	As at 31/03/2010 Rs. in lacs
General Reserve:		
As per last account	11,170.28	11,140.28
Add: Transferred from Profit & Loss Account	<u>85.00</u>	<u>30.00</u>
	11,255.28	11,170.28
Less: Goodwill on Consolidation adjusted [Note 2a(iii)]	<u>(112.44)</u>	<u>(5.24)</u>
	11,142.84	11,165.04
Foreign Currency Monetary Item Translation Difference Account (Note '7')		
As per last account	<u>(71.24)</u>	<u>(200.87)</u>
Less: Transferred to Exchange difference	<u>71.24</u>	<u>129.63</u>
	<u>-</u>	<u>(71.24)</u>
Profit and Loss Account: As per Account Annexed	<u>1,101.34</u>	<u>689.68</u>
	26,266.53	25,805.83

SCHEDULE 'C' – SECURED LOANS

From Bank:

I. Term Loan from Vijaya Bank

A. Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director:

(i) Term Loan	—	186.01
(ii) Foreign Currency Loan VFRL (US Dollars 1,020,082)	457.51	770.49

B. Secured by First Charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan amount at various locations of the country.

	<u>411.77</u>	<u>702.55</u>
	869.28	1,659.05

II. From others – Banks and Financial Institutions:

Deferred Payment Liabilities
(secured by hypothecation of Vehicles)

	<u>42.77</u>	<u>21.43</u>
	912.05	1,680.48

SCHEDULE 'D' – UNSECURED LOANS

Other Loans and Advances:

From Shareholders	—	55.60
From Others	<u>166.55</u>	<u>201.49</u>
	166.55	257.09

50TH ANNUAL REPORT

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

SCHEDULE - 'E' – FIXED ASSETS

Rs. in lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION (Note '4(III)')				NET BLOCK	
	As at 01/04/2010	Additions	Sales/ Adjustments Reclassification	As at 31/3/2011	Upto 31/03/2010	For the Year	Adjustments	Upto 31/03/2011	As at 31/03/2011	As at 31/03/2010
Licence Fees (Note below)	26.41	—	—	26.41	14.68	5.29	—	19.97	6.44	13.05
Leasehold Land	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Freehold Land	3,291.02	274.44	25.57	3,539.89	—	—	—	—	3,539.89	3,291.02
Buildings	3,230.47	108.78	—	3,339.25	738.79	107.38	—	846.17	2,493.08	2,491.68
Cost of Improvements (Lease Premises)	465.17	—	238.64	226.53	177.17	38.04	137.39	77.82	148.71	288.00
Plant and Machinery	918.30	62.36	90.81	889.85	441.99	71.80	12.25	501.54	388.31	530.97
Furniture, Fittings and Electrical Installations	2,318.98	145.13	149.52	2,314.59	1,319.86	216.61	41.74	1,494.73	819.86	944.80
Hotel and Office Equipment	571.98	98.82	0.38	670.42	205.90	27.79	0.04	233.65	436.77	366.08
Information Technology	254.07	37.77	0.48	291.36	201.24	44.07	0.25	245.06	46.30	51.17
Vehicles	213.06	51.83	8.05	256.84	74.27	20.47	3.36	91.38	165.46	138.79
Advances on capital account::										
Construction Contractors/ Suppliers	39.29	41.99	39.29	41.99	—	—	—	—	41.99	39.29
Total	21,601.08	821.12	552.74	21,869.46	3,173.90	531.45	195.03	3,510.32	18,359.14	18,427.18
Total (previous year)	21,808.85	231.45	439.22	21,601.08	2,670.94	570.37	67.41	3,173.90	18,427.18	

Note: The licence fees is towards obtaining the software licence.

SCHEDULE 'E-1' – Capital work in Progress

	2010-11 Rs. in lacs	2009-10 Rs. in lacs
Advance on Capital Account against Purchase of Land	707.20	987.20
Development Expenses	1,574.76	2,013.45
Other expenditure during Development	1,309.97	851.12
Other Capital Work in Progress	1,765.85	—
TOTAL	5,357.78	3,851.77

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'F' – INVESTMENTS		
I. LONG TERM INVESTMENTS (AT COST)		
In Equity Shares (Non trade):		
Quoted:		
1,910 of Edelweiss Capital Limited of Re. 1 each	3.15	3.15
Unquoted:		
530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20 of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56
In Equity Shares (trade) (unquoted):		
10,000 of Great Indian Cigar Company Private Limited of Rs. 10 each	—	1.00
II. CURRENT INVESTMENT		
In Mutual Funds:		
752,235 units of Rs. 10 each in Reliance Income Fund - IP-DDR	—	98.69
6,810,794 units of Rs. 10 each in Reliance Short Term Fund	—	725.09
806,068 units of Rs. 10 each in IDFC Dynamic Bond Fund	—	84.69
1,498,503 units of Rs. 10 each in IDFC SSF - Plan B	—	151.23
1,000,000 units of Rs. 10 each in IDFC Fixed Maturity Plan- Quarterly Series 55 Plan	—	100.20
844,709 units of Rs. 10 each in ICICI Prudential Income Fund	—	99.36
1,438,777 units of Rs. 10 each in ICICI Prudential Short Term Plan	—	172.67
1,337,967 units of Rs. 10 each in ICICI Prudential Short Term Plan Dividend	—	161.01
2,096 units of Rs. 10 each in ICICI Prudential Flexible Income Plan Premium - Daily Div	2.22	—
1,500,000 units of Rs. 10 each in ICICI Prudential FMP Series 53 -6 Months Plan A Div	150.00	—
3,035,460 units of Rs. 10 each in ICICI Prudential Interval Fund III Quarterly Interval Plan	303.55	—
5,000,000 units of Rs. 10 each in DSP Black Rock FMP 3M Series 28 Dividend Payout	500.00	—
1,018,052 units of Rs. 10 each in Fidelity FMP Series 5 - Plan D Dividend	101.81	—
1,000,000 units of Rs. 10 each in Fidelity FMP Series 3 - Plan F Growth	100.00	—
1,035,862 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - MDR	—	107.86
5,651,107 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - Retail Plan MDR	—	588.44
1,783,172 units of Rs. 10 each in Birla Sun Life Dynamic Bond Fund - Retail Plan MD	—	185.68
95,661 units of Rs. 10 each in Birla Sun Life Short Term Fund	9.72	—
2,007,845 units of Rs. 10 each in Tata Floater Fund	—	201.50
4,844 units of Rs. 10 each in ICICI Inst Short Term Plan DR-F	—	0.58
23 units of Rs. 10 each in ICICI Inst Short Term Plan Daily	—	0.03
91,258 units of Rs. 10 each in Birla Sunlife Short Term Fund	—	9.34
2,277,900 units of Rs. 10 each in Birla Sun Life Short Term FMP Series 5 Div Pay	227.79	—
2,273,653 units of Rs. 10 each in Reliance Interval Fund- Quarterly Plan Series -III Inst. Div Plan	300.12	100.74
4,997,951 units of Rs. 10 each in Reliance Quarterly Interval Fund Series II-Retail Div Plan	500.00	—
3,017,741 units of Rs. 10 each in Reliance Monthly Interval Fund Series - I Inst. Div Plan	302.00	—
176,345 units of Rs. 10 each in Reliance Medium Term Fund DDR	30.15	—
2,444,041 units of Rs. 10 each in Reliance Short Term Fund Retail Plan Dividend Plan	—	260.20
9,439,259 units of Rs. 10 each in HDFC High Interest Fund -Short Term Plan- Dividend	—	1,000.86
2,000,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 8 Dividend	—	200.16
1,500,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 8 Dividend	150.00	—
2,000,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 6 Dividend	—	200.59
	2,681.13	4,453.69
Aggregate value of long term quoted Investments	3.15	3.15
Aggregate value of current quoted Investments	2,677.36	4,448.91
	2,680.51	4,452.07
Aggregate value of unquoted Investments	0.62	1.62
Market value of quoted investments	0.76	1.68
Net Assets Value (NAV) of Mutual Funds	2,694.91	4,448.91

*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman & Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company)

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Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets:		
(a) Inventories - At cost (as valued and certified by the Management):		
(i) Food and Beverages	140.37	130.37
(ii) Stores and Other Operating Supplies	65.44	79.60
	<u>205.81</u>	<u>209.97</u>
(b) Sundry Debtors (Unsecured, considered good): (Note '17a & b')		
Outstanding over six months	23.18	41.49
Other debts	446.93	353.12
	<u>470.11</u>	<u>394.61</u>
(c) Cash and Bank Balances:		
Cash on hand (including Rs. 18.06 lacs for cheques in hand) (as confirmed by the Managing Director)	29.58	30.01
Balances with Scheduled Banks in:		
Current Accounts	549.01	258.59
Dividend Accounts	1.46	7.46
Deposit/Margin Money Accounts (lodged as securities with the banks)	150.62	163.71
Other Deposit Accounts	468.15	304.79
	<u>1,198.82</u>	<u>764.56</u>
Loans and Advances (unsecured, considered good):		
Loans (interest free) to:		
Advances recoverable in cash or in kind for value to be received	620.28	750.30
Security and other Deposits	1,074.16	1,172.83
Advance Income-tax (net of provisions) – (including tax deducted at source)	199.71	267.79
Minimum Alternate Tax (MAT) credit entitlement (Note '14')	—	255.00
	<u>1,894.15</u>	<u>2,445.92</u>
TOTAL	<u><u>3,768.89</u></u>	<u><u>3,815.06</u></u>
SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities:		
Sundry Creditors (Note '6')	646.33	589.23
Other Liabilities	98.38	73.06
Unpaid Dividend	1.46	7.46
	<u>746.17</u>	<u>669.75</u>
Provisions:		
Gratuity (net of funds) (Note '8a')	57.37	68.68
Leave Encashment (Note '8')	11.52	22.13
Proposed Dividend	51.87	—
Tax on Proposed Dividend	8.61	—
	<u>129.37</u>	<u>90.81</u>
TOTAL	<u><u>875.54</u></u>	<u><u>760.56</u></u>

Schedules

forming part of the Consolidated Profit & Loss Account as at 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
SCHEDULE 'I' – SALES AND OTHER SERVICES		
Room Sales	1,939.88	2,103.49
Food and Beverages	4,090.67	3,198.82
Other Services	1,177.91	1,173.94
	7,208.46	6,476.25
SCHEDULE 'J' – OTHER INCOME		
Miscellaneous receipts	27.95	39.86
Dividend Income	168.14	229.88
Interest Income		
(Tax deducted at source – Rs.2.46 lacs) (previous year Rs.1.89 lacs)	25.65	17.15
Luxury Tax refund	—	3.73
Unclaimed Credit balances written off (net)	11.58	4.18
Exchange Rate Difference	0.72	—
Foreign Exchange Commission	3.14	3.43
	237.18	298.23
SCHEDULE 'K' – CONSUMPTION OF FOOD AND BEVERAGES		
Stock at Commencement	130.37	148.75
Purchases during the year	1,155.05	910.81
	1,285.42	1,059.56
Less: Stock at close	140.37	130.37
	1,145.05	929.19
SCHEDULE 'L' – EMPLOYEES' REMUNERATION AND BENEFITS (Note "10")		
Salaries, Wages, Bonus and Gratuity	990.84	989.27
Company's Contribution to Provident and Other Funds	80.49	68.62
Staff Welfare expenses	40.27	53.11
	1,111.60	1,111.00
SCHEDULE 'M' – OPERATING AND GENERAL EXPENSES		
Operating Expenses:		
Power, Fuel and Water	341.04	368.28
Repairs and Maintenance:		
Building	81.26	54.01
Machinery	14.02	23.23
Others	175.38	221.16
Stores and Supplies including Linen and Uniforms	133.02	155.17
Washing and Laundry expenses	92.36	74.35
Business Operating expenses	317.30	240.68
Hall Decoration	159.15	157.33
Music and other Operating expenses	86.43	76.13
General Expenses:		
Rent	86.59	258.70
Rates and Taxes	72.81	79.81
Insurance	31.31	14.85
Hire charges	41.21	28.72
Advertisement and Sales Promotion	168.91	176.85
Commission on Sales	204.44	249.38
Travelling and Conveyance	197.37	150.20
Printing and Stationery	28.50	26.94
Postage and Telephones	61.92	63.83
Other Expenses	108.55	147.96
Payments to Auditors (Note '11')	7.03	4.97
Legal and Professional charges	311.10	147.76
Exchange Rate Difference	63.65	0.42
Franchise and Corporate Service fees	207.18	216.97
Donations	5.62	8.46
Directors Sitting fees	2.80	2.60
Loss on sale of Asset	11.23	3.23
Loss on sale of Investments	25.61	—
Loss on discontinuance of operations (Note '16')	267.19	262.04
Fixed Assets w/off	—	96.97
Bad Debts written off	—	9.93
	3,302.98	3,320.93

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Notes to the Account

SCHEDULE 'N' – NOTES ON ACCOUNTS ON CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

1. Basic of Preparation

The consolidated financial statements relate to Graviss Hospitality Limited and its subsidiary companies as at 31st March, 2011. The Company has prepared consolidated financial statements in accordance with Accounting Standard - 21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

2. Principles of Consolidation:

- (i) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra group balances and intra group transactions and unrealized profits or losses resulting from intra group transactions.
- (ii) The Financial Statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as that of the Company, i.e 31st March, 2011.
- (iii) The excess of the cost to the Company of its investment in the subsidiary companies over the Company's portion of equity is recognized in the financial statements as Goodwill adjusted against General Reserve.

3. Companies included in Consolidation :

Name of Company	Country of Incorporation	Holding %
Graviss Catering Private Limited	India	100
Graviss Hotels & Resorts Limited	India	99.98
Hotel Kankeshwar Private Limited (a subsidiary of Graviss Hotels and Resorts Limited)	India	100

4. Significant Accounting Policies

I SYSTEM OF ACCOUNTING

- (a) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements have been prepared in all material respects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- (b) Financial statements are prepared on historical cost basis and as a going concern.

II USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

III FIXED ASSETS AND DEPRECIATION

- (a) **Fixed Assets**
Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (b) **Depreciation**
Depreciation is charged in the Accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except as follows:
 - Licence Fee is depreciated at the rate of 25%
 - Leased premises are depreciated at the rate of 20%
 - In case of Graviss Catering Private Limited and Graviss Hotels and Resorts Limited depreciation is charged on written down value method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

IV REVENUE RECOGNITION

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- (a) Sales: Revenue is recognized on accrual basis. Sales comprise of sale of goods and services and are net of Value Added Tax and Service Tax.
- (b) Interest: Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.
- (c) Dividends: Revenue is recognized when the right to receive payment is established.

Notes to the Account — (Contd.)**V INVESTMENTS**

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

VI INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

VII FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- (b) Monetary items denominated in foreign currencies (such as cash receivables, payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date.
- (c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account, except as indicated in Note 7 below

VIII BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

IX EMPLOYEE BENEFITS

- (a) Contributions to Provident Fund are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- (b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Met Life Insurance Co. Premium charged by the Met Life Insurance Co, based on actuarial valuation is debited to the Profit and Loss account.
- (c) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

X PROVISIONS & CONTINGENCIES

- (a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- (b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- (c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

XI TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act,1961. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same.

Deferred Tax which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

XII IMPAIRMENT OF ASSET

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

XIII LEASES

Assets acquired under finance leases are capitalized at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.

Operating lease expense is recognized in the Profit and Loss Account on straight line basis over the lease term.

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Notes to the Account — (Contd.)

5. The Company is contingently liable in respect of:
 - (a) Bank Guarantees given to the extent of Rs. 236.66 lacs (previous year Rs. 529.68 lacs).
 - (b) Estimated amount of contracts remaining to be executed on capital account and not provided for is approximately Rs. 2,076 lacs (previous year Rs. 778 lacs).
 - (c) Disputed property tax demand Rs. 259.48 (previous year Rs. 222.41).
6. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
7. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009. Accordingly an amount of Rs. 71.24 lacs (loss) being the balance in Foreign Currency Monetary item Translation difference account as on 31st March 2011 has been transferred to the Exchange Difference Account.
8. Retirement benefit

Disclosure pursuant to Accounting Standard -15 (Revised) Employee Benefits:

The Company has classified the various benefits provided to employees as under:

Defined Contribution Plans:

The company has recongnised contribution to Provident Fund of Rs 83.63 lacs in the Profit & Loss Account.

Defined Benefit Plans:

	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Changes in the Present Value of Obligation				
(a) Present Value of Obligation as at 1st April, 2010	123.16	93.95	24.12	12.61
(b) Interest Cost	9.37	6.25	1.93	0.88
(c) Service Cost	23.35	24.57	18.95	27.18
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(10.03)	(9.34)	—	—
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(11.28)	7.73	(31.57)	(16.55)
(i) Present Value of Obligation as at 31st March, 2011	134.58	123.16	13.43	24.12
Changes in the Fair Value of Plan Assets				
(a) Present Value of Plan Assets as at 1st April, 2010	—	—	—	—
(b) Expected Return on Plan Assets	—	—	—	—
(c) Actuarial (Gain)/Loss	—	—	—	—
(d) Employers' Contributions	—	—	—	—
(e) Benefits Paid	—	—	—	—
(f) Present Value of Obligation as at 31st March, 2011	—	—	—	—
Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets				
(a) Present Value of Defined Benefit Obligation as at 31st March, 2011	134.58	123.16	13.43	24.12
(b) Fair Value of Plan Assets as at 31st March, 2011	77.20	54.48	1.91	—
(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2011)	57.37	68.68	11.52	24.12
Expenses Recognized in the Profit and Loss Account				
(a) Service Cost	23.35	24.57	18.95	27.18
(b) Interest Cost	9.37	6.25	1.93	0.88
(c) Expected Return on Plan Assets	—	—	—	—
(d) Curtailment Cost/(Credit)	(11.28)	7.73	(31.57)	(16.55)
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Net Actuarial (Gain)/Loss	—	—	—	—
(g) Total Expenses recongnized in the Profit and Loss A/c	21.45	38.55	(10.69)	11.51

Notes to the Account — (Contd.)

	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Actuarial Assumptions				
Retirement age	58 Years	58 Years	—	—
Discount rate	7 to 8%	7 to 8%	—	—
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult	—	—
Withdrawal rate	1.30%	1.30%	—	—
Salary escalation	5 to 10%	5 to 10%	—	—

9. (a) Finance Lease:

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.129.06 lacs (previous year Rs. 113.86 lacs) upto March 2011 against which the future obligations aggregate to Rs. 42.46 lacs (previous year Rs.21.42 lacs) excluding the lease charge Rs. 8.57 lacs (previous year Rs. 1.37 lacs) and the same are payable as under:

Period	2010-11		2009-2010	
	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)
Not later than 1 year	16.12	15.03	16.12	15.03
Later than 1 year but not later than 5 years	13.90	27.43	6.67	6.39

(b) Operating Lease:

The Company has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

Period	2010-11 Minimum Lease Payment (Rs. in lacs)	2009-10 Minimum Lease Payment (Rs. in lacs)
Not later than 1 year	—	159.00
Later than 1 year but not later than 5 years	—	305.00
Later than 5 years	—	22.75

10. Employees' Remuneration and Benefits includes Remuneration paid to the Managing Director and Joint Managing Director

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Salary	54.00	54.00
Contribution to Provident Fund	6.48	6.48
Other Perquisites	14.10	14.10
	74.58	74.58

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Notes to the Account — (Contd.)

		2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
11. Payments to Auditors			
Audit Fee		5.53	5.00
Certification charges		1.50	0.47
		7.03	5.47
		2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
12. Earning per Share:			
Weighted average number of equity shares (Basic)	Nos	86,571.572	86,571.572
Weighted average number of equity shares (Diluted)	Nos	86,571.572	86,571.572
Net profit after taxation	(Rs. in lacs)	799.07	300.76
Earning per share-Basic	Rs.	0.92	0.35
Earning per share-Diluted	Rs.	0.92	0.35
Nominal value per equity share	Rs.	2	2
		2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
13. The deferred tax (asset)/liability as on 31 March 2011 is as follows:			
Deferred tax asset due to			
(a) Unabsorbed depreciation and carried forward business loss under the Income-tax Act, 1961		(76.49)	(71.25)
(b) Items covered under section 43B of Income-tax Act, 1961		(16.68)	(34.33)
Deferred tax liability due to			
Depreciation		310.54	428.70
Net deferred tax liability		217.37	323.12
14. Provision for current tax during the year has been made on regular basis after considering the MAT credit entitlements of earlier years which have been set off.			
15. Amalgamation expenses are written off over a period of five years.			
16. The Company's operations at Vashi and Pune Nagar Road were discontinued during the year ended 31 March 2011. Loss of Rs. 267.19 lacs charged to the profit and loss account due to discontinuance of operations is on account of write off of cost of improvements and other assets on the leased premise at this unit as shown below:			
		2010-11 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Cost of improvement on leased premises and electrical installations		456.19	299.23
Depreciation upto 31 March 2011.		189.00	37.19
Net Loss on discontinuance of operations		267.19	262.04

Notes to the Account — (Contd.)

17. (a) Particulars of Sundry Debtors and Loans and Advances for debts due from companies under the same management are as follows:

Sundry Debtors:	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Graviss Holdings Private Limited	291.18	208.24
Rich Graviss Products Private Limited	2.69	1.80
Graviss Foods Private Limited	3.45	0.42
	297.32	210.46
Loans and Advances:		
Security Deposits:		
Graviss Holdings Private Limited	200.00	200.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	1,004.00	1,004.00

(b) Confirmations of balances from some of sundry debtors and creditors have not been received.

18. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

A. List of Related Parties (relied on the details provided by the management):

i Shareholders/Directors

Mr Ravi Ghai, Mr Gaurav Ghai, Mr RKP Shankardass.

ii Other related parties where the common control exists

Graviss Holdings Pvt Ltd., Graviss Foods Pvt Ltd., Rich Graviss Products Private Limited, *Mahaniya Investments Pvt Ltd., Crossword Beverages Pvt. Ltd., Great Indian Cigar Co. Pvt. Ltd.

*Idar Hotels Pvt. Ltd., *Gaylord Pvt. Ltd., *Oregaon Realtys Pvt Ltd,* Perfect Livestock Pvt. Ltd.,

Satinetta Finelease & Investments Pvt. Ltd., Kwaliti Walls Fanatasy Ltd.

(*no transactions during the year)

iii Managing and Joint Managing Director

Mr Ravi Ghai and Mr Gaurav Ghai

B. Transactions with Related Parties:

	(Rs. in lacs)	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
i Sale			
Other related parties where the common control exists		917.39	910.68
ii Expenditure and other services fees paid			
Shareholders/Directors/Managing Director	12.50		13.40
Other related parties where the common	106.47	118.97	142.91
iii Managerial Remuneration			
Managing Director and Joint Managing Director		74.58	74.58
iv Loans/Advances/Deposits given			
Other related parties where the common control exists		1,000.00	1,000.00
v Debtors			
Other related parties where the common control exists		297.32	210.46
vi Outstanding payables			
Other related parties where the common control exists		2.28	5.75

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Notes to the Account — (Contd.)

19. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 – 'Segment Reporting'.
20. The Company has granted 50,000 share options under the Company's Employees Stock Option Scheme 2007. Since the employee to whom the said options were granted, resigned from the services of the company during the year, the options are not exercisable.
21. The accumulated losses of Graviss Catering Private Limited, a subsidiary exceed its net worth. In the opinion of the management, having regard to the long term interest of the Company in the said subsidiary, the going concern assumption is not affected.
22. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.
23. Graviss Hotels and Resorts Limited (subsidiary company) has not commenced commercial operations. The Company proposes to build hotels at various places viz Goa, Alibaug, Jaipur and Shirdi and has acquired lands for the same. The company is in the process of development/construction.
24. "Advances on Capital Account against Purchase of Land" includes an amount of Rs. 175 lacs being the advances paid to a party for purchase of property. Since the party has not fulfilled certain conditions as per the terms of the agreement, the Company has exercised its right to cancel the agreement and is hopeful of recovering the advance paid to the said party. The Company also has the option of recovering the aforesaid amount through the Escrow Agent in the event of the party failing to refund the advance amount.

"Advances on Capital Account against Purchase of Land" includes an amount of Rs. 270 lacs being the advance paid to three parties for purchase of lands against a total consideration of Rs. 2832 lacs. Since the lands were not capable of being developed, the company issued a notice of termination of agreements entered into with the parties and invoked Arbitration. The arbitrator has been appointed and the arbitration proceedings are pending. The company is hopeful of getting decision in its favour and hence considers the advance good of recovery.
25. The Conveyance of the Agricultural lands at Alibaug and Shirdi which were purchased in 2007 for the beneficial interest of the Company in terms of the resolutions of the Board of Directors of the Company, are in the name of Mr Gaurav Ghai the Joint Managing Director of Graviss Hospitality Limited, the holding company and Mr Ravi Ghai, the Chairman and Managing Director of Graviss Hospitality Limited, the holding company respectively.
26. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's groupings.

Signature to Schedules 'A' to 'N'

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Registration No. 109208W

G. SANKAR
Partner (Membership No. 46050)

Mumbai,
Dated: 29th April, 2011

RAVI GHAI
Chairman and Managing Director

HARSH VARMA
Chief Executive Officer

M.V. DOSHI
Director

AMIT JAIN
Chief Financial Officer

CHANDA BEHL
Company Secretary

Consolidated Cash Flow Statement for the Year Ended 31st March, 2011

	As at 31/03/2011 (Rs. in lacs)	As at 31/03/2010 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	1,168.32	565.24
Adjusted for		
Depreciation	531.45	569.54
Amalgamation expenses written off	8.29	8.29
Interest paid	177.95	275.25
Interest received	(25.65)	(17.15)
Dividend received	(168.14)	(229.88)
Loss on discontinuance of operations	267.19	262.04
Foreign Currency Rate Difference	71.24	—
Loss on sale of fixed assets	11.23	3.23
	873.56	871.32
Operating profit before working capital changes	2,041.88	1,436.56
Adjustment for:		
(Increase)/Decrease in Sundry Debtors	(75.49)	(3.63)
(Increase)/Decrease in Inventories	4.15	57.38
(Increase)/Decrease in Loans and Advances	175.57	175.57
Increase/(Decrease) in Current Liabilities	54.44	22.53
	158.67	251.85
Cash generated from operations	2,200.55	1,688.41
Interest paid	(177.95)	(275.25)
Direct Taxes paid...(net of refund)	(206.00)	(85.55)
NET CASH FROM OPERATING ACTIVITIES	1,816.60	1,327.61
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets	(2,262.26)	(968.26)
Other Expenditure	—	(0.50)
Sale of fixed assets	14.45	6.71
Fixed Assets written off	—	99.86
Investments during the year (net)	1,772.57	988.38
Dividend received	168.14	229.88
Interest received	25.65	17.15
NET CASH USED IN INVESTMENT ACTIVITIES	(281.45)	373.22
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from long term borrowings	(858.96)	(1,055.09)
Interim Dividend	(207.47)	(207.47)
Tax on Proposed Dividend	(34.46)	(35.26)
NET CASH USED IN FINANCING ACTIVITIES	(1,100.89)	(1,297.82)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	434.26	403.01
Cash and cash equivalents — Opening balance	764.56	361.55
Cash and cash equivalents — Closing balance	1,198.82	764.56

Notes: (1) Figures in brackets are outflows/deductions.

(2) Previous year's figures have been regrouped where necessary.

Auditors' Report to the Members of Graviss Hospitality Limited

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 46050)

Mumbai,

Dated: 29th April, 2011

RAVI GHAI

Chairman and Managing Director

HARSH VARMA

Chief Executive Officer

M.V. DOSHI

Director

AMIT JAIN

Chief Financial Officer

CHANDA BEHL

Company Secretary

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

(1) Registration Details

Registration No:	L55101PN1959PLC012763		
Balance Sheet Date	31	03	2011
	Date	Month	Year

State Code	11
(Refer Code List)	

(2) Capital Raised during the year (Amount in Rs. lacs)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Preferential Allotment	NIL

(3) Position of Mobilisation and Deployment of Funds (Amount in Rs. lacs)

SOURCES OF FUND	Total Liabilities	Share Application Money	Total Assets
	29291	NIL	29291
Paid-up Capital	1729		Reserves and Surplus
Secured Loans	912		26267
Deferred Tax Liability (Net)	217		Unsecured Loans
			167
APPLICATION OF FUNDS	Net Fixed Assets	Capital work in progress	Net Current Assets
	18359	5,358	2893
Investments	2681		Misllaneous Expenditure
Deferred Tax Assets (Net)	NIL		NIL
Accumulated Losses	NIL		

(4) Performance of Company (Amount in Rs. lacs)

Turnover	7446	Total Expenditure	6277
(Please tick appropriate box + for Profit, - for Loss)		+/- Profit/Loss after tax	
+/- Profit/Loss before tax	+ 1168		+ 799
Earning per share (Rs.)		Dividend Rate %	12.00
Basic	+ 0.92		
Diluted	+ 0.92		

(5) Generatic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NA
Product Description	HOSPITALITY INDUSTRY

RAVI GHAI
Chairman and Managing Director

M.V. DOHSI
Director

HARSH VARMA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Mumbai,
Dated: 29th April, 2011

CHANDA BEHL
Company Secretary