

GRAVISS HOSPITALITY LTD.

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GRAVISS

HOSPITALITY

QUALITY · PASSION · INNOVATION

GRAVISS HOSPITALITY LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Lajja Shah

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

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030

Contents	Page
Notice	1
Directors' Report	5
Report on Corporate Governance	7
Certification by Joint Managing Director and Chief Financial Officer	13
Auditors' Certificate	14
Management Discussion and Analysis	14
Auditors' Report	15
Annexure to the Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Notes to Accounts	21
Auditors' Report on the Consolidated Financial Statements	34
Consolidated Balance Sheet	36
Consolidated Profit & Loss Account	37
Consolidated Cash Flow Statement	38
Notes to the Accounts of Consolidated Financial Statements	39

GRAVISS HOSPITALITY LIMITED

Notice

NOTICE is hereby given that the 53rd Annual General Meeting of the members of GRAVISS HOSPITALITY LIMITED will be held on Wednesday, 25th June 2014, 12.00 Noon at Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune- 411 026, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet (Consolidated and Standalone) as at 31st March 2014 and Profit and Loss Account for the year ended on that date together with the schedules annexed thereto as well as the reports of the Board of Directors and Auditors' attached thereon.
2. To appoint a Director in place of Mr. Dalip Sehgal (DIN 00217255) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint, M/s. V. Sankar Aiyer & Co., Chartered Accountants (Firm Reg No.109208W) as statutory auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Harindra Singh (holding DIN 00032181), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019."
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Mahendra V. Doshi (holding DIN 00123243), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019."
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. R.K.P. Shankardass (holding DIN 00323991), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Gulshan Bijlani (holding DIN 01987683), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019."

By Order of the Board
For **GRAVISS HOSPITALITY LIMITED**

Lajja Shah
Company Secretary

Dated: April 23, 2014

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 DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED.**
- (b) Members are requested to bring their copy of the Annual Report to the Meeting.
- (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 Monday, June 16, 2014 to Wednesday, June 25, 2014 (both days inclusive).
- (e) As required under Clause 49 of the Listing Agreement particulars of director seeking appointment/re-appointment are annexed to this Notice below.
- (f) 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.
- (g) 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.
- (h) It is requested that the queries be mailed to Registrars and Share Transfer Agents:

53RD ANNUAL REPORT

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

- (i) Electronic copy of the Annual Report (including Notice of the 53rd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form) for 2014 is being sent to all the members whose email-ID's are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For the members who have not registered their email address, physical copies of the Annual Report (alongwith Notice for the 53rd Annual General Meeting) for 2014 is being sent in the permitted mode.

- (j) Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate, for its shareholders to enable them to cast their votes electronically at the 53rd Annual General Meeting(AGM) through e-voting service provided by Central Depository Services(India) Limited. E-Voting is optional. The procedure and instructions for the same are as follows:

- i. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- ii. Now click on "Shareholders" tab to cast your votes
- iii. Now, select the Electronic Voting Sequence Number - "EVSN" alongwith "Graviss Hospitality Limited" from the drop down menu and click on "SUBMIT"
- iv. Now, fill up the following details in the appropriate boxes:

User-ID	For Members holding shares in Demat Form: (a) For NSDL:- 8 Character DP ID followed by 8 Digits Client ID (b) For CDSL:- 16 digits beneficiary ID For Members holding shares in Physical Form: • Folio Number registered with the Company
Password	Your Unique password is printed on the Attendance Slip
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while E voting

- v. After entering these details appropriately, click on "SUBMIT".
- vi. Members holding shares in Physical form will then reach directly to the voting screen.
- vii. Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- ix. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- x. For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- xi. On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
- xii. Click on the Resolution File Link if you wish to view the entire Annual General Meeting Notice.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xv. Corporate/Institutional Members (corporate/FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to helpdesk.evoting@cdslindia.com and the Scrutinizer's email id manish.baldeva@mgconsulting.in. The file scanned image of the Board Resolution should be in the naming format "Corporate name _EVSN".
- xvi. If you wish to provide feedback on the e-voting system click on 'Suggestions'. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com or lajja.shah@gravissgroup.com.
- xvii. The E-voting period commences on 22nd June 2014 (9.00 a.m.) and ends on 24th June 2014 (6.00 p.m.).
- xviii. Manish Ghia, Practising Company Secretary (Membership No. FCS 6252) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- xix. The Scrutinizer shall within a period of 3 working days from the conclusion of the e-voting period unblock the votes and make the Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xx. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizers Report shall be placed on the Company's website www.gravissgroup.com within 2 days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

By Order of the Board
For **GRAVISS HOSPITALITY LIMITED**

Lajja Shah
Company Secretary

Dated: April 23, 2014

Registered Office:

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

Explanatory Statement in Respect of the Special Business

[Pursuant to section 102 of the Companies Act, 2013]

ITEM No. 4:

Mr. Harindra Singh is a Non-Executive Independent Director of the Company. He joined the Board of Directors in April 2007.

Mr. Singh aged 53 years has Bachelor of Science in Chemistry, Diploma in Hotel Management and Diploma in Advertising and Public relations. He has over 25 years experience in the field of Marketing communication business solutions and event and Sport Marketing Management. He is promoter and Managing Director of Percept Advertising Limited. He does not hold by himself or for any other person on a beneficial basis any shares in the Company.

Mr. Singh retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act,1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Singh being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March 2019. A notice has been received from a member proposing Mr. Singh as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Singh fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management. Copy of the draft letter for appointment of Mr. Singh as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Board therefore recommends this resolution in relation to appointment of Mr. Singh as an Independent Director, for the approval by the shareholders of the Company.

ITEM NO. 5:

Mr. Mahendra V. Doshi is a Non-Executive Independent Director of the Company. He joined the Board of Directors in September 2006.

Mr. Mahendra V. Doshi, aged 65 years has passed his Masters in Business Administration (MBA). He has over 36 years experience in the field of finance, capital market, business administration. He is currently the Chairman of LKP Group of Companies. He does not hold by himself or for any other person on a beneficial basis any shares in the Company.

Mr. Doshi retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act,1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Doshi being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March 2019. A notice has been received from a member proposing Mr. Doshi as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Doshi fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management. Copy of the draft letter for appointment of Mr. Doshi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Board therefore recommends this resolution in relation to appointment of Mr. Doshi as an Independent Director, for the approval by the shareholders of the Company.

ITEM NO. 6:

Mr. Mr. R.K.P. Shankardass is a Non-Executive Independent Director of the Company. He joined the Board of Directors in March 1980.

Mr. R.K.P. Shankardass aged 83 years has been associated with the Company since more than three decades. He is a lawyer practicing in Supreme Court. He has represented many matters involving courts outside India. Mr. R.K.P. Shankardass is on the Board of the following Company.

Mr. Shankardass retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act,1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Shankardass being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March 2019. A notice has been received from a member proposing Mr. Shankardass as a candidate for the office of Director of the Company.

53RD ANNUAL REPORT

In the opinion of the Board, Mr. Shankardass fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management. Copy of the draft letter for appointment of Mr. Shankardass as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Board therefore recommends this resolution in relation to appointment of Mr. Shankardass as an Independent Director, for the approval by the shareholders of the Company.

ITEM NO. 7:

Mr. Gulshan Bijlani is a Non-Executive Independent Director of the Company. He joined the Board of Directors in April 2007.

Mr. Bijlani aged 62 years has back ground of production of Motion Pictures and is associated with film production industry.

Mr. Bijlani retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act,1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Bijlani being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March 2019. A notice has been received from a member proposing Mr. Bijlani as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Bijlani fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management. Copy of the draft letter for appointment of Mr. Bijlani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Board therefore recommends this resolution in relation to appointment of Mr. Bijlani as an Independent Director, for the approval by the shareholders of the Company.

Details of the Directors seeking appointment/re-appointment at this Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Re-appointment of Mr. Dalip Sehgal (Item No.2)

Name of the Director	Mr. Dalip Sehgal
Date of Birth	27 th December,1958
Date of Appointment	21 st October 2011
Areas of Expertise	Marketing, General Management
List of Other Public Companies incorporated in India, in which directorships held.	Graviss Hotels and Resorts Ltd Safari Industries (India) Ltd
List of Chairmanships/memberships of committees of the Board of other Public Companies incorporated in India in which Directorships held	NONE
No. of shares held in the Company prior to the appointment/re-appointment	NONE

By Order of the Board
For **GRAVISS HOSPITALITY LIMITED**

Lajja Shah
Company Secretary

Dated: April 23, 2014

Registered Office:

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

GRAVISS HOSPITALITY LIMITED

Directors' Report

The Members of Graviss Hospitality Limited

Your Directors are pleased to present their 53rd Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2014:

1. SNAP SHOT OF FINANCIAL RESULTS: (Consolidated)

(Rs. in Lacs)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income	5,098	5,602
Profit before Interest & Depreciation	385	598
Interest	52	43
Depreciation	453	502
Profit before Taxation	(120)	53
Provision for Taxation		
Current tax	(1)	(200)
Deferred Tax Credit	15	45
Previous year	—	(13)
Profit for the year	(107)	(115)
Balance brought forward from last period	1,000	1,434
Balance carried forward	894	1,000

2. OPERATIONAL PERFORMANCE:

During the financial year ended 31st March 2014, the total revenue was Rs. 5,098 Lacs as compared to Rs. 5,602 Lacs. The Net loss after tax stood at Rs.107 Lacs as against Loss of Rs. 115 Lacs during the previous year.

3. DIVIDEND:

During the year under review, your company had not declared any Dividend for the financial year ended 31st March 2014.

4. DIRECTORS:

Impending notification of Section 149 and other applicable provisions of the Companies Act,2013,your Directors are seeking appointment of Mr. Harindra Singh, Mr. Mahindra V.Doshi, Mr. R.K.P. Shankardass and Mr. Gulshan Bijlani as Independent Directors for five consecutive years for a term upto 31st March 2019. Details of their proposal for appointment are mentioned in the explanatory statement under Section 102 of the Companies Act, 2013 of the Notice of the 53rd Annual General Meeting.

A brief resume of the Director reappointed 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, 2014 and of the Loss (Consolidated) of the Company for the year ended 31st March 2014;
- (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:

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 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 for inspection by any shareholders in the head office of the company and the subsidiary companies concerned.

53RD ANNUAL REPORT

8. 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.

9. FIXED DEPOSITS:

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

10. 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.

11. 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 Joint Managing Director has been obtained.

12. 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 2014-2015.

13. PARTICULARS OF EMPLOYEES:

During the year under review, None of the employees of the Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

14. 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 2013-2014	Previous year 2012-2013
CIF Value of Imports	91	19
Expenditure in Foreign Currency	279	356
Earnings in Foreign Exchange	1356	1636

15. 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 Agreements with the stock exchanges.

16. 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.

17. 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

Mumbai
Dated: April 23, 2014

DALIP SEHGAL
Director

GAURAV GHAI
Joint Managing Director

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 Eight 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.

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	—	0
Mr. Gaurav Ghai	Joint Managing Director	Promoter, Executive, Non-Independent	—	1	0
Mr. Mahendra Doshi	Director	Non-Executive, Independent	6	3	7
Mr. R.K.P. Shankardass	Director	Non-Executive, Independent	—	—	1
Mr. Harindra Singh	Director	Non-Executive, Independent	1	1	2
Mr. Gulshan Bijlani	Director	Non-Executive, Independent	—	1	2
Mr. Arun Todarwal	Director	Non-Executive, Non Independent	7	1	8
Mr. Dalip Sehgal	Director	Non-Executive, Non Independent	2	—	1

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. 25th April, 2013, 31st July, 2013, 30th October, 2013 and 23rd January, 2014. The maximum gap between any two consecutive meetings did not exceed four months. The last Annual General Meeting of the Company was held on 28th June, 2013. 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	2	Absent
Mr. Gaurav Ghai	2	Absent
Mr. Harindra Singh	1	Absent
Mr. Mahendra V. Doshi	4	Present
Mr. R.K.P. Shankardass	1	Absent
Mr. Dalip Sehgal	4	Present
Mr. Gulshan Bijlani	2	Absent
Mr. Arun Todarwal	4	Absent

53RD ANNUAL REPORT

(iii) 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. A Certificate from Mr. Gaurav Ghai, Jt. Managing Director with regard to the compliance of code of conduct by the Board members and the senior management for the year ended 31st March, 2014 is enclosed and forms part of this report.

(iv) Directors seeking re-appointment:

Mr. Dalip Sehgal, Director of the company shall retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

(v) 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, 2014, is as follows:

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

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 25th April, 2013, 31st July, 2013, 30th October, 2013 and 23rd January, 2014 with a gap of not more than four months. The details of the meetings attended by the Members are given below:

Name of the Members	Category	No. of Meetings Attended
Mr. Mahendra Doshi	Non Executive, Independent Chairman	4
Mr. Gulshan Bijlani	Non Executive, Independent	2
Mr. RKP Shankardass	Non Executive, Independent	1
Mr. Harindra Singh	Non Executive, Independent	2
Mr. Arun Todarwal	Non Executive, Non Independent	4
Mr. Dalip Sehgal	Non Executive, 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 all the members as independent directors viz. Mr. Gulshan Bijlani, Chairman, Mr. Harindra Singh, Member and Mr. Mahendra Doshi, Member. The Committee meets at frequent intervals to consider requests for share transfer or to consider shareholders' queries/complaints:

The Meetings of the Committee were held on the following dates:

30.4.2013, 31.05.2013, 30.6.2013, 31.7.2013, 31.08.2013, 30.9.2013, 31.10.2013, 30.11.2013, 31.12.2013, 31.01.2014, 28.02.2014 and 31.3.2014.

GRAVISS HOSPITALITY LIMITED

Name and Designation of Compliance Officer:

Ms. Lajja Shah, Company Secretary

The company received total 61 (Sixty One) investor complaints / request during the year for non receipt of dividend/ annual reports/dematerializations which were resolved and there is no request/queries/complaint pending at the end of the year ended on 31st March 2014.

(iii) Nomination and Remuneration Committee

The Board of Director's at its Meeting held on 23rd April 2014 constituted the Nomination and Remuneration Committee comprising of three non-executive independent directors. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra 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 Meeting Finance, Investment and Banking Operation Committee was held once on 16th December, 2013 during the year.

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 by issuing cheques in their favor. The sitting fees paid to the directors subject to TDS during the year under review are as under:

Name of the Director	Fees for Board meeting (in Rs.)
Mr. R.K.P. Shankardass	20,000
Mr. Gulshan Bijlani	40,000
Mr. Mahendra Doshi	80,000
Mr. Harindra Singh	20,000
Mr. Dalip Sehgal	80,000
Mr. Arun Tadarwal	80,000

(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 nomination and Remuneration committee and 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, 2014 are as under:

S.N.	Particulars	Amount Mr. Ravi Ghai (Rs. In Lacs)	Amount Mr. Gaurav Ghai (Rs. In Lacs)
I	Salary	30.00	24.00
II	Contribution to Provident Fund	3.60	2.88
III	Estimated monetary value of perquisites	11.85	2.25
	Total	45.45	29.13

None of the Directors are related to each other except Mr. Ravi Ghai being the father of Mr.Gaurav Ghai.

(vii) Shares held by Non Executive Directors

Name of the Director	No. of shares held
Mr. R.K.P. Shankardass	42,750
Mr. Gulshan Bijlani	17,350
Mr. Mahendra Doshi	NIL
Mr. Harindra Singh	NIL
Mr. Dalip Sehgal	NIL

53RD ANNUAL REPORT

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
2012-13	52	June, 28 th 2013 at 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026
2011-12	51	June, 27 th 2012 at 2.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026
2010-11	50	June 30 th 2011 at 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*

Date, Day & Time of AGM	Particulars of Special Resolutions passed
June 27, 2013, 1.00 P.M.	N.A.
June 30, 2012, 2.00 P.M.	Re-Appointment of Mr. Ravi Ghai – Chairman & Managing Director and Mr. Gaurav Ghai – Joint Managing Director
June 30, 2011, 1.00 P.M.	N.A.

(iii) *Extra-Ordinary General Meeting*

No extra-ordinary general meeting of the company had been held during the year ended 31st March 2014.

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) **Jt. MD/CFO Certificate:**

Joint Managing Director and Chief Financial Officer of the company have furnished the requisite certificate to the Board of Directors under clause 49(V) 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.

- The Company publishes its quarterly, half-yearly and year to date results in the Maharashtra Times and Economic Times newspapers at Pune.
- These results are not sent individually to its shareholders.
- No presentations have been made to institutional investors or to analysts.
- The Company's website – www.gravissgroup.com.
- Management Discussion and Analysis is given separately in this Annual Report.

7. General Shareholder Information:

(i) *53rd Annual General Meeting:*

Date and Time : 25th June, 2014 at 12.00 Noon
Venue : Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026.

GRAVISS HOSPITALITY LIMITED

(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 16th June, 2014 to 25th June, 2014 (both days inclusive) for the purpose of annual general meeting.

(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 2013-2014 to the Stock Exchanges.

(v) Stock Exchanges

<u>Stock Exchanges</u>	<u>Stock Code</u>	<u>ISIN</u>
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:

Month	High (Rs.)	Low (Rs.)
April 2013	23.20	20.00
May 2013	20.90	18.10
June 2013	18.95	18.05
July 2013	18.95	18.05
August 2013	19.65	15.70
September 2013	19.05	15.50
October 2013	19.05	19.05
November 2013	19.50	19.50
December 2013	20.45	20.45
January 2014	22.45	21.45
February 2014	23.55	22.40
March 2014	22.95	19.00

(vii) Registrar and Share Transfer Agent:

Address:

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

Contact Number: 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.

53RD ANNUAL REPORT

(ix) Shareholding pattern as on March 31, 2014:

Category	No. of Shareholders	No. Of Shares	Percentage of
Promoters Holding			
Indian Promoters	7	5,20,93,529	73.87
Foreign Promoter		Nil	Nil
Persons Acting in Concert		Nil	Nil
Promoters relatives, related firms, trusts & HUFs		Nil	Nil
Non-Promoter Holdings Institutional Investor			
(a) Mutual Funds & UTI		Nil	Nil
(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-government Institutions)	1	1,250	0.00
(i) General Insurance Corporation of India		Nil	Nil
(ii) Nationalised Banks		Nil	Nil
(c) FIs	Nil	Nil	
Others			
Private Corporate Bodies	28	6,19,062	0.88
Indian Public	1304	14,36,325	2.04
N.R.I. & NRN	11	12,103	0.02
OCB's	1	36,16,932	5.13
Foreign Companies	2	1,14,10,943	16.18
Trust	3	13,25,845	1.88
Clearing Member	4	3,146	0.01
Total	1,361	70,519,135	100

Distribution of Shareholding (Rupees) as on March 31, 2014

Shareholding of Nominal Value (Rupees)	No. of Shareholders	% of Total	Share Capital Amount (Rupees)	% of Total
1 - 4000	1214	89.19	12,67,464	0.90
4001 - 8000	48	3.53	2,75,652	0.19
8001 - 10000	48	3.53	4,34,414	0.31
10001 - 20000	20	1.47	2,67,874	0.19
20001 - 999999999	31	2.28	13,87,92,866	98.41
Total	1,361	100	14,10,38,270	100

(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, 65386455 (92.72%) of the equity shares of the company have been dematerialized as on 31st March 2014.

(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.

GRAVISS HOSPITALITY LIMITED

(xiii) Address for Investor Correspondence:

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

Registered Office Dairy Tops, Plot No. J-177, MIDC Bhosari, Pune-411 026, Maharashtra Tel: 020-3068 1102/3068 1139 Fax: 020-2747 7996	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
Administrative Office 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030. Tel: 022 – 4050 1111 Fax: 022 – 2491 5555	Mrs. Lajja Shah Company Secretary & Compliance Officer 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030 Tel: 022 – 4050 1111 Fax: 022 – 2491 5555

(xiv) Unclaimed Dividends:

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 the Directors' Report.

Certification by Joint Managing Director and Chief Financial Officer

We hereby certify that for the financial year ended 31st March, 2014, 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, 2014, 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
Date: 23rd April, 2014

AMIT JAIN
Chief Financial Officer

GAURAV GHAI
Joint Managing Director

53RD ANNUAL REPORT

Declaration by the Joint Managing Director 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, 2014.

Place: Mumbai
Date: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

Management Discussion and Analysis

Industry Structure and Developments

Overview of Tourism and Indian Economy:

The financial year 2013-2014 has been challenging for the world at large. 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 decisions as many new and ongoing hotel projects had stalled during the downturn. The Indian Hospitality industry is beginning to show a few 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 pace. 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 2014. 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 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.

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Graviss Hospitality Limited (the Company) for the year ended 31st March 2014 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 the 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 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 Investor's/Shareholders Grievance & 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. 046050

Place: Mumbai
Dated: 23rd April, 2014

Independent Auditors' Report To the Members of Graviss Hospitality Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **GRAVISS HOSPITALITY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, attention of the members is drawn to Note 27.B.17. In view of the matter stated therein relating to the accumulated losses of two subsidiaries as at 31st March, 2014, keeping in mind the factors stated in the Note, there is no diminution in the value of investments in the subsidiaries and the loans given to the subsidiaries are considered good of recovery.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: Mumbai
Dated: 23rd April, 2014

G. SANKAR
Partner
Membership No. 46050

53RD ANNUAL REPORT

Annexure to the Auditors' Report

Annexure referred to in the Auditor's Report to the Members of Graviss Hospitality Limited on the Financial Statements for the year ended 31st March 2014.

- (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 long term unsecured loans to two companies (wholly owned subsidiary companies), covered in the register maintained under Section 301 of the Companies Act, 1956. (Attention is also invited to Note 27.B.17 to the financial statements. 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 9,063.56 lacs and the year end balance is Rs.9,063.56 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 (sale of goods and purchase of services) in pursuance of contracts or arrangements exceeding the value of rupees five lakhs in respect of two parties in the financial year, have been made at reasonable prices having regard to the explanation that for such transactions comparable quotations are not available since alternative sources of supply are limited with reference to quality, delivery schedules and credit period.
- (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 where applicable.

GRAVISS HOSPITALITY LIMITED

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, 2014, 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 / customs duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute. In case of Income Tax the amount of demand not deposited on account of disputes is Rs.528.25 lacs in respect of AY 2009-10 to 2011-12 and the disputes are pending before the Appellate Tribunal (Rs. 452.22 lacs for AY 2009-10) and Appellate authorities of Income Tax department (Rs. 76.03 lacs for AY 2010-11 and 2011-12). In case of VAT, there is a disputed demand of tax and penalty of Rs. 88 lacs for the year 2010-11 which is contended before the Appellate Tribunal, Delhi.
- (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

Place: Mumbai
Dated: 23rd April, 2014

G. SANKAR
Partner
Membership No. 46050

53RD ANNUAL REPORT

Balance Sheet

as at 31st March, 2014

	Note No.	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	1	1,410.39	1,410.39
Reserves and Surplus	2	23,378.17	23,538.78
		<u>24,788.56</u>	<u>24,949.17</u>
Non-current Liabilities:			
Long-term borrowings	3	134.52	55.70
Deferred Tax Liability (Net)	4	167.03	207.03
		<u>301.55</u>	<u>262.73</u>
Current Liabilities:			
Short-term borrowings	5	528.49	—
Trade payables		324.45	297.12
Other current liabilities	6	343.69	453.63
Short term provisions	7	19.05	15.27
		<u>1,215.68</u>	<u>766.02</u>
TOTAL		<u><u>26,305.79</u></u>	<u><u>25,977.92</u></u>
ASSETS			
Non-current Assets			
Fixed Assets:			
Tangible assets	8	13,831.33	13,881.64
In-tangible assets	9	9.92	1.60
Capital work-in-progress		78.34	124.46
		<u>13,919.59</u>	<u>14,007.70</u>
Non-current investments	10	21.66	21.66
Long-term loans and advances	11	10,832.27	10,122.19
Other non-current assets	12	45.22	8.40
		<u>24,818.74</u>	<u>24,159.95</u>
Current Assets:			
Current Investment	13	0.17	58.17
Inventories	14	218.04	237.81
Trade receivables	15	556.69	546.28
Cash and Bank Balances	16	503.13	827.61
Short-term loans and advances	17	209.02	148.10
		<u>1,487.05</u>	<u>1,817.97</u>
TOTAL		<u><u>26,305.79</u></u>	<u><u>25,977.92</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENT	27		

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

GRAVISS HOSPITALITY LIMITED

Statement of Profit and Loss Account for the year ended 31st March, 2014

	Note No.	For the year 31/03/2014 (Rs. in lacs)	For the year 31/03/2013 (Rs. in lacs)
INCOME			
Revenue from operations	18	4,670.46	5,076.19
Other Income	19	51.02	248.54
TOTAL		4,721.48	5,324.73
EXPENSES			
Purchase of Stock-in-Trade	20	818.90	857.10
Change in Stock-in-Trade	21	19.47	(39.72)
Employee benefits expense	22	1,237.17	1,180.43
Finance costs	23	33.89	27.75
Depreciation and amortisation expenses	24	440.35	499.23
Other expenses	25	2,372.31	2,292.86
TOTAL		4,922.09	4,817.65
PROFIT/(LOSS) BEFORE TAX		(200.61)	507.08
Tax expense:			
Current tax		—	(195.00)
Deferred Tax (Net) (Refer Note "4")		40.00	45.00
PROFIT/(LOSS) FOR THE PERIOD AFTER TAX		(160.61)	357.08
Earning per equity share - Rs.	26		
(a) Basic		(0.23)	0.41
(b) Diluted		(0.23)	0.41
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENT	27		

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

53RD ANNUAL REPORT

Cash Flow Statement for the Year Ended 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation and extraordinary item	(200.61)	507.08
Adjusted for:		
Depreciation/Amortisation	440.35	499.23
Exchange difference on ECB Loan	—	12.14
(Profit)/loss on sale of fixed assets	13.43	17.25
Fixed Assets Written off	50.84	—
Interest income	(10.45)	(92.88)
Dividend income	(0.93)	(85.17)
Interest expense	33.89	27.74
Operating profit before working capital changes	326.52	885.39
Increase/(decrease) in trade payables	27.34	(87.91)
Increase/(decrease) in short-term provisions	3.78	(6.05)
Increase/(decrease) in other current liabilities	(40.11)	(139.25)
Decrease/(Increase) in trade receivables	(10.41)	(12.60)
Decrease/(Increase) in other bank balances	2.63	534.60
Decrease/(Increase) in inventories	19.77	(28.56)
Decrease/(Increase) in long-terms loans and advances	(710.11)	2,213.42
Decrease/(Increase) in short-terms loans and advances	(60.92)	(39.94)
Decrease/(Increase) in other non-current assets	(36.81)	254.57
	(804.84)	2,688.28
Cash generated from operations	(478.32)	3,573.67
Income tax paid	(69.83)	(224.03)
NET CASH FROM OPERATING ACTIVITIES (A)	(548.15)	3,349.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(419.40)	(124.05)
Proceeds from sale of fixed assets	2.89	23.38
Proceeds from sale/maturity of current investments	58.00	1,132.59
Interest received	10.45	92.88
Dividend received	0.93	85.17
NET CASH FROM INVESTING ACTIVITIES (B)	(347.13)	1,209.97
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital		
Proceeds from Long-term borrowings	78.83	—
Repayment of Long-term borrowings	—	(104.66)
Proceeds from Short-term borrowings	528.49	—
Interest paid	(33.89)	(27.74)
Buyback of equity shares	—	(4,300.00)
NET CASH USED IN FINANCING ACTIVITIES (C)	573.43	(4,432.40)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(321.85)	127.21
Net Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period:		
Cash on hand and balances with banks	691.68	564.47
Total (D)	691.68	564.47
Cash and cash equivalents at end of period:		
Cash on hand and balances with banks	369.83	691.68
Total (E)	369.83	691.68
Net Increase/(Decrease) in Cash and Cash equivalents (E-D)	(321.85)	127.21

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '1' – SHARE CAPITAL		
(a) 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	<u>2,270.00</u>	<u>2,270.00</u>
	<u>2,500.00</u>	<u>2,500.00</u>
(b) Issued, Subscribed and fully paid-up:		
70,519,135 Equity shares of Rs. 2 each for cash	1,410.39	1,410.39
<u>70,519,135</u>	<u>1,410.39</u>	<u>1,410.39</u>
(70,519,135)		
(c) Reconciliation of the number of shares		
Opening	70,519,135	86,445,060
Less: Buyback of Shares	—	15,925,925
Closing	<u>70,519,135</u>	<u>70,519,135</u>
(d) Share held by each shareholder holding more than 5% shares		
— Equity shares of Rs. 2 each fully paid		
Graviss Holdings Private Limited - 30.93% (30.93%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited- 32.57% (32.57%)	<u>22,967,844</u>	<u>22,967,844</u>
Dunearn Investments (Mauritius) Pte Limited- 9.96% (9.96%)	7,025,708	7,025,708
Inter Continental Hotels Corporation, USA- 6.22% (6.22%)	<u>4,385,235</u>	<u>4,385,235</u>
NOTE '2' – 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	<u>850.01</u>	<u>850.01</u>
Share Premium Account: As per last account	9,183.07	13,164.55
Less: Buyback of Shares	—	3,981.48
	<u>9,183.07</u>	<u>9,183.07</u>
Capital Redemption Reserve Account As per last account	318.52	—
Add: Transfer from Profit & Loss Account on account of buyback of shares	—	318.52
	<u>318.52</u>	<u>318.52</u>
General Reserve: As per last account	11,320.29	11,320.29
Add: Transferred from Profit & Loss Account	—	—
	<u>11,320.29</u>	<u>11,320.29</u>
Profit and Loss Account:		
Opening balance	1,859.11	1,820.55
Add: Net profit after tax transferred from Statement of Profit and Loss	<u>(160.61)</u>	<u>357.08</u>
Amount available for appropriation	<u>1,698.50</u>	<u>2,177.63</u>
Appropriations:		
Transfer to Capital Redemption Reserve on account of buyback	—	318.52
	<u>—</u>	<u>318.52</u>
Balance in Profit and Loss account	<u>1,698.50</u>	<u>1,859.11</u>
	<u>23,378.17</u>	<u>23,538.78</u>

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '3' – LONG TERM BORROWINGS		
(A) Term loan from Bank		
Vijaya Bank		
Indian Rupees Loan (Secured)	—	20.22
	—	20.22
Axis Bank		
Term Loan (Secured)	115.35	—
Note:		
Term loan from bank carries interest @ 12.85% p.a. The loan is repayable in 59 monthly instalments of Rs. 8.33 lacs each along with interest, from February 2014. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
(B) Deferred payment liabilities:		
(carry interest rates ranging from 10% to 12%, repayable in various EMIs and secured by hypothecation of vehicles)		
	19.17	35.48
	134.52	55.70
NOTE '4' – DEFERRED TAX LIABILITY		
Deferred tax liability:		
Depreciation on fixed assets	207.35	245.64
Deferred tax asset:		
Items covered u/s 43B of the Income Tax Act, 1961	40.32	38.61
	167.03	207.03
NOTE '5' – SHORT TERM BORROWINGS		
Overdraft from Bank:		
Axis Bank	528.49	—
Note:		
Overdraft from bank carries interest @ 12.25% p.a. The loan is repayable on demand. The loan is secured by exclusive first charge by way of hypothecation over entire current assets and first charge on entire movable fixed assets of the company.		
	528.49	—
NOTE '6' – OTHER CURRENT LIABILITIES		
Interest accrued and due on borrowings	—	0.51
Unpaid Dividends (Not due to be deposited into Investor Education and Protection Fund)	3.44	3.45
Interest free deposits and advance from customers	11.12	26.78
Expenses payable	104.05	122.30
Gratuity obligation	74.33	59.61
Statutory dues payable		
– TDS payable	16.64	15.35
– Service Tax payable	—	0.79
– VAT payable	28.53	35.20
– Luxury Tax payable	8.73	13.12
– Advance Income tax (net)	(32.27)	37.56
– Others	12.84	46.40
Current maturities of long term debt: (Refer Note "3" above)		
Term Loans repayable in 12 months		
– Indian Rupee Loan	99.96	77.44
– Deferred Payment Liability	16.32	15.12
	343.69	453.63

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '7' – SHORT-TERM PROVISIONS		
Provision for leave benefits	19.05	15.27
	19.05	15.27

NOTE '8' (Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2013	Additions	Deductions/ Adjustments	As at 31/03/2014	Upto 31/03/2013	For the Year	Deductions/ Adjustments	Upto 31/03/2014	As at 31/03/2014	As at 31/03/2013
Tangible Assets:										
Land.	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Buildings.	3,383.12	157.16	—	3,540.28	1,067.56	114.68	—	1,182.24	2,358.04	2,315.56
Premises	87.32	—	—	87.32	14.76	2.92	—	17.68	69.64	72.56
Plant and Equipment.	819.99	66.98	—	886.97	605.34	46.65	—	651.99	234.98	214.65
Furniture and Fixtures.	2,311.80	93.52	94.56	2,310.76	1,869.16	213.10	43.71	2,038.55	272.21	442.64
Vehicles.	227.69	—	43.35	184.34	82.14	19.14	27.17	74.11	110.23	145.55
Office equipment.	640.93	96.59	0.15	737.37	236.58	31.86	0.02	268.42	468.95	404.35
Computers	338.20	40.14	—	378.34	324.20	9.19	—	333.39	44.95	14.00
TOTAL	18,081.38	454.39	138.06	18,387.71	4,199.74	437.54	70.90	4,566.38	13,831.33	13,881.64
	18,112.04	53.81	84.47	18,081.38	3,746.72	496.86	43.84	4,199.74	13,881.64	

NOTE '9' (Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2013	Additions	Deductions/ Adjustments	As at 31/03/2014	Upto 31/03/2013	For the Year	Deductions/ Adjustments	Upto 31/03/2014	As at 31/03/2014	As at 31/03/2013
Intangible Assets:										
Computer software	28.07	11.13	—	39.20	26.47	2.81	—	29.28	9.92	1.60
TOTAL	28.07	11.13	—	39.20	26.47	2.81	—	29.28	9.92	1.60
	26.41	1.66	—	28.07	24.10	2.37	—	26.47	1.60	

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '10' – NON CURRENT INVESTMENT		
TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):		
Unquoted equity instruments:		
Investment in subsidiaries		
50,000 of Graviss Hotels and 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
NON-TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):		
Unquoted:		
530 Equity shares of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20 Shares of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1,857 Equity shares of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56
Quoted:		
3,820 Equity Shares of Edelweiss Capital Limited of Rs.1 each	3.15	3.15
	21.66	21.66
Aggregate value of unquoted investments	18.51	18.51
Aggregate value of quoted investments	3.15	3.15
Market value of quoted investments	1.09	1.18
*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman and Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company)		
NOTE '11' – LONG-TERM LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD:		
Security Deposits	1,468.71	1,054.72
Loans to subsidiary companies:		
– Graviss Hotels and Resorts Limited	8,867.82	8,502.34
– Graviss Catering Private Limited	195.74	265.13
Capital advance	300.00	300.00
	10,832.27	10,122.19
NOTE '12' – OTHER NON-CURRENT ASSETS:		
Fixed Deposits maturing after one year	—	2.38
Margin Money Deposit with Bank	45.22	6.02
	45.22	8.40
NOTE '13' – CURRENT INVESTMENTS IN MUTUAL FUNDS (Valued at lower of cost and market value):		
176 units of Rs. 10 each in Birla Sun Life Short Term Fund	0.17	0.17
579,861 units of Rs. 10 each in HDFC Quarterly Interval Fund – Plan B Retail Dividend	—	58.00
	0.17	58.17
Aggregate value of current quoted investments	0.17	58.17
Net Assets Value (NAV) of Mutual Funds	0.18	59.22

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '14' – INVENTORIES (Valued at lower of cost and net realisable value):		
Food and Beverages	196.03	215.50
Stores and Other Operating Supplies	22.01	22.31
	218.04	237.81
NOTE '15' – TRADE RECEIVABLES:		
Debts outstanding for a period exceeding six months -(Secured, considered good)	30.39	—
Debts outstanding for a period exceeding six months -(Unsecured, considered good)	18.16	34.49
Other debts	508.14	511.79
	556.69	546.28
NOTE '16' – CASH AND BANK BALANCES:		
Cash and Cash Equivalents		
Current accounts	359.78	673.72
Cheques on hand	—	7.10
Cash on hand	10.05	10.85
Other Bank Balances:		
Unpaid dividend accounts	3.44	3.45
Fixed deposit with banks maturing within one year	129.86	132.49
	503.13	827.61
NOTE '17' – SHORT-TERM LOANS AND ADVANCES:		
(Unsecured, considered good)		
Advances to others:		
Prepaid expenses	77.16	52.66
Loans to employees	32.91	47.14
Balances with statutory/government authorities	1.32	—
Advance to suppliers	46.51	46.36
Other advances	51.12	1.94
	209.02	148.10
NOTE '18' – REVENUE FROM OPERATIONS		
Sales-Room	1,549.36	1,632.04
Sales-Food Beverages	2,736.10	2,964.96
Sales of services	385.00	479.19
	4,670.46	5,076.19
NOTE '19' – OTHER INCOME		
Interest received on deposits with banks	10.45	92.88
Dividend Income	0.93	85.17
Gain/(Loss) on sale of investment	—	(1.03)
Unclaimed Credit balances written brack	2.47	1.49
Foreign exchange commission	2.58	3.94
Miscellaneous receipts	34.59	66.09
	51.02	248.54

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '20' – PURCHASE OF STOCK-IN-TRADE		
Food and Beverages items	818.90	857.10
	818.90	857.10
NOTE '21' – CHANGES IN STOCK-IN-TRADE (Food & Beverages items)		
Opening stock	215.50	175.78
Closing stock	196.03	215.50
(Increase)/Decrease in stock	19.47	(39.72)
NOTE '22' – EMPLOYEE BENEFITS EXPENSE (Refer note "27.B.4")		
Salaries and Wages (including bonus and gratuity)	1,131.34	1,072.83
Contributions to:		
Provident, Family pension and other Funds	66.99	67.35
Staff welfare expenses	38.84	40.25
	1,237.17	1,180.43
NOTE '23' – FINANCE COSTS		
Interest expense (Bank loans)	33.39	26.92
Other borrowing costs	0.50	0.83
	33.89	27.75
NOTE '24' – DEPRECIATION AND AMORTISATION EXPENSES:		
Depreciation of tangible assets	437.54	496.86
Amortisation of intangible assets	2.81	2.37
	440.35	499.23

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
NOTE '25' – OTHER EXPENSES		
Operating Expenses:		
Power, Fuel and Water	309.52	280.17
Repairs and Maintenance:		
Building	48.26	55.85
Machinery	15.99	12.64
Others	131.28	139.01
Stores and Supplies including Linen and Uniforms	104.38	120.09
Washing and Laundry expenses	70.54	69.42
Business Operating expenses	198.37	198.42
Music and other Operating expenses	98.22	105.33
General Expenses:		
Rent	14.70	16.20
Rates and Taxes	120.10	65.60
Insurance	29.20	31.24
Hire charges	6.61	15.33
Advertisement and Sales Promotion	219.59	164.99
Commission on Sales	46.76	54.05
Travelling and Conveyance	228.04	193.19
Printing and Stationery	32.13	22.15
Postage and Telephones	50.25	56.22
Other expenses	172.49	188.37
Payments to Auditors (Note "27.B.5")	8.56	7.49
Legal and Professional charges	234.15	278.19
Exchange Rate Difference	—	12.14
Franchise and Corporate Service fees	165.30	178.62
Directors Sitting fees	3.60	4.20
Loss on sale of Assets	13.43	17.25
Fixed Assets w/off	50.84	—
Bad Debts written off	—	6.70
	2,372.31	2,292.86

NOTE '26' – EARNING PER EQUITY SHARE (Basic and Diluted)

Net profit after Taxation (In Rs.)	(160.61)	357.08
Weighted average number of equity shares	70,519,135	86,226,895
Earnings per equity shares (in Rs.)	(0.23)	0.41
Nominal value per share (Rs.)	2.00	2.00

53RD ANNUAL REPORT

NOTE '27'

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

A. 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 in accordance with the 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 B-13 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 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.

Notes 27 — (Contd.)

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.

B. Other Notes forming part of Financial Statements

1. A Contingent Liabilities:

- (a) Bank Guarantees given to the extent of Rs. 13.61 lacs (previous year Rs. 13.61 lacs).
- (b) Income tax demand of Rs. 528.25 lacs. The Company has received income tax demands for the aforesaid amount in respect of Assessment years 2009-10 to 2011-12 on account of certain disallowances/additions to income and has preferred appeals with the appellate authorities /Tribunal. The Company is hopeful of getting the appellate/Tribunal order in favour and has not made any provision for the same in the financial statements.
- (c) VAT demand and penalty of Rs. 88 lacs for the year 2010-11 which is contended before the Appellate Tribunal, Delhi. The Company is hopeful of getting the Tribunal order in favour and has not made any provision for the same in the financial statements.

B Capital and Other Commitments

- (a) Estimated amount of contracts remaining to be executed on capital account NIL (Previous year NIL).
- (b) Lease commitments are disclosed under Note B-3 below.

Note: Commitments which are material and which will result in a penalty disproportionate to the benefits involved, based on the judgement of the management are only disclosed.

2. 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.58.02 lacs in the Profit & Loss Account.

Defined Benefit Plans:

	Gratuity		Leave Encashment	
	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
Changes in the Present Value of Obligation				
(a) Present Value of Obligation as at 1st April, 2013	168.43	152.52	18.38	23.01
(b) Interest Cost	12.75	11.64	1.47	1.76
(c) Service Cost	22.72	23.87	24.61	17.87
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(18.21)	(13.98)	(2.91)	(4.98)
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(16.24)	(5.63)	(22.00)	(22.19)
(i) Present Value of Obligation as at 31st March, 2014	169.45	168.43	19.55	15.47
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, 2014	169.45	168.43	22.46	18.38
(b) Fair Value of Plan Assets as at 31st March, 2014	95.12	108.83	3.41	3.12
(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2014)	74.33	59.61	19.05	15.27

53RD ANNUAL REPORT

Notes 27 — (Contd.)

	Gratuity		Leave Encashment	
	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
Expenses Recognized in the Profit and Loss Account				
(a) Service Cost	22.72	23.87	24.61	17.87
(b) Interest Cost	12.75	11.64	1.47	1.76
(c) Expected Return on Plan Assets	(11.11)	(10.74)	(0.37)	—
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	0.86	—	—
(f) Net Actuarial (Gain)/Loss	(9.64)	(6.03)	(21.93)	(22.19)
(g) Total Expenses recognized in the Profit and Loss A/c	14.72	19.62	3.78	(2.57)
Actuarial Assumptions				
Retirement age	58 Years	58 Years		
Discount rate	8 to 9%	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%		

3. Finance Lease:

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.132.30 lacs (previous year Rs. 132.30 lacs) upto March 2014 against which the future obligations aggregate to Rs. 40.07 lacs (previous year Rs.60.22 lacs) excluding the lease charge Rs. 4.58 lacs (previous year Rs. 9.62 lacs) and the same are payable as under:

Period	2013-14		2012-13	
	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	19.47	16.32	20.15	15.12
Later than 1 year but not later than 5 years	20.60	19.17	40.07	35.48

4. Employee's Remuneration & Benefits includes

Remuneration paid to the Managing Director and Joint Managing Director

	2013-14 (Rs. in lacs)	2012-13 (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

Notes 27 — (Contd.)

	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
5. Payments to Auditors		
Audit Fee	6.91	5.84
Certification Fee	1.65	1.65
	8.56	7.49

6. (a) Particulars of Trade Receivables and Loans and Advances for debts due from companies under the same management are as follows (related parties):

	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
Trade Receivables (Current):		
Graviss Holdings Private Limited	489.49	462.84
Rich Graviss Products Private Limited	3.04	3.04
Graviss Foods Private Limited	2.78	2.58
	495.31	468.46
Loans and Advances:		
Security Deposits: (Non Current)		
Graviss Holdings Private Limited	600.00	200.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	1,404.00	1,004.00

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

7. 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, Graviss Brands Pvt Ltd., *Gaylord Pvt Ltd., Graviss Hotels & Resorts Limited, Crossword Beverages Pvt. Ltd*, Brown Hills Realty Pvt. Ltd.*

*West Hills Realty Pvt Ltd., *Pure Ice Cream (LLC) *Baskin Robins India Pvt Ltd., *Graviss Food Solution Pvt. Ltd

*Oregon Realty Pvt Ltd., *Perfect Live Stock Pvt Ltd., *Blue Ocean Holding Ltd., *Pure Foods & Ice Cream, *G.L. Ice Creams, *I.K. Ghai Trust,

*I.K. Ghai (Kwality Bombay) Foundation, Ghai Family Trust.

*Satinetta Finelease & Investments Pvt. Ltd., *Kwality Walls Fantasy Ltd. *PIC Gujarat Pvt Ltd. *Ambition Trading Pvt Ltd.

*Vishal Holdings Pvt Ltd., *Mayfair Hospitality Pvt Ltd, *Vanilla Star Jeans (India) Pvt Ltd., *Amphitrite Investments

*Indomark Dairy & Equipments Pvt Ltd. *Kwality Real Estate Pvt Ltd.

(*no transactions during the year)

iii Managing and Joint Managing Director

Mr Ravi Ghai and Mr Gaurav Ghai

53RD ANNUAL REPORT

Notes 27 — (Contd.)

B. Transactions with Related Parties:

	(Rs. In lacs)	2013-14 (Rs. In lacs)	2012-13 (Rs. in lacs)
I Sale			
Other related parties where the common control exists		952.25	1,005.75
II Expenditure and other services fees paid			
Shareholders/Directors/Managing Director	3.60		
Other related parties where the common control exists	89.76	93.36	94.64
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		10,461.35	9,771.46
v Debtors			
Other related parties where the common control exists		495.31	468.46
vi Outstanding payables			
Other related parties where the common control exists		6.07	7.75

8. Value of raw materials and stores consumed:

	2013-14		2012-13	
	% of total consumption	Amount (Rs. in lacs)	% of total consumption	Amount (Rs. in lacs)
Raw Materials:				
Imported	0	—	0	—
Indigenous	100	838.37	100	817.38
Stores:				
Imported	0	—	0	—
Indigenous	100	49.44	100	43.51

	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
9. Value of imports (CIF value):		
Stores, Supplies and Spare Parts for Machinery		
(a) Capital Goods	91.01	18.73]
(b) Raw Material	—	—
10. Earnings in Foreign Exchange:		
(a) Sale of Rooms and Food and Beverages Income	1,311.36	1,571.72
(b) Encashment of Foreign Exchange	44.16	64.28
11. Expenditure in Foreign Currencies:		
(a) Travelling - Directors	81.76	37.02
(b) Travelling - Others	17.28	7.00
(c) Agency Commission	11.09	34.23
(d) Consultants Fees	37.98	105.48
(e) Franchise Fees	121.34	164.59
(f) Others	9.74	7.39

12. Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.

Notes 27 — (Contd.)

13. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with paras 46 and 46A Companies (Accounting Standards) Amendment Rules 2009/2011 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009 and on 29th December, 2011 respectively. Accordingly an amount of Rs. NIL has been charged to Profit & Loss Account.
14. Due to losses, no provision for current tax has been made.
15. Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.
16. 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'.
17. The Company has an investment in the equity shares of Graviss Catering Private Limited, a subsidiary, with a share capital of Rs. 7.65 lacs and has also granted interest free loans to the said subsidiary of Rs. 195.80 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 and considering that the subsidiary is able to get regular orders of decoration and earn sufficient margin to meet the fixed costs, there is no diminution 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, with a share capital of Rs. 5 lacs and also has granted interest free loan to the said subsidiary of Rs. 8,867.82 lacs. The accumulated losses of the said subsidiary exceed its net worth. The said subsidiary had purchased lands at various places for developing hotels. Due to change in the business plans, the subsidiary is exploring to sell these lands alongwith the buildings constructed so far. In the assessment of the management, the market value of the lands acquired would be more than the original cost and hence there is no diminution in the value of investment and company is also hopeful of recovering the loan
18. 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.
19. **Previous year figures:**
Previous year's figures have been reclassified/regrouped wherever necessary to conform to current year's classification / grouping. Figures in brackets are in respect of the previous year.

As per our separate report of even date

Signature to Schedules '1' to '27'

For V. SANKAR AIYAR & CO.

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

53RD ANNUAL REPORT

Independent Auditors' Report

To the Board of Directors of Graviss Hospitality Limited

We have audited the accompanying consolidated financial statements of **GRAVISS HOSPITALITY LIMITED** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

GRAVISS HOSPITALITY LIMITED

Other Matter

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets (net) of Rs. 62.52 lacs as at March 31, 2014, total revenues of Rs. 0.06 (loss) and net cash outflows amounting to Rs. 0.06 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner

Membership No. 46050

Place: Mumbai

Dated: 23rd April, 2014

53RD ANNUAL REPORT

Consolidated Balance Sheet

as at 31st March, 2014

	Note No.	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	1	1,410.39	1,410.39
Minority Interest		0.00	0.00
Reserves and Surplus	2	22,460.91	22,567.59
		<u>23,871.30</u>	<u>23,977.98</u>
Non-current Liabilities:			
Long-term borrowings	3	326.02	227.21
Deferred Tax Liability (Net)	4	121.57	136.57
		<u>447.59</u>	<u>363.78</u>
Current Liabilities:			
Short-term borrowings	5	528.49	—
Trade payables		347.11	323.56
Other current liabilities	6	413.87	613.71
Short-term provisions	7	19.05	15.27
		<u>1,308.52</u>	<u>952.54</u>
TOTAL		<u><u>25,627.41</u></u>	<u><u>25,294.30</u></u>
ASSETS			
Non-current Assets			
Fixed Assets:			
Tangible assets	8	16,195.69	16,240.36
In-tangible assets	9	9.92	1.60
Capital work-in-progress		5,996.33	5,680.62
		<u>22,201.94</u>	<u>21,922.58</u>
Trade receivables:			
Non-current investments	10	3.77	3.77
Long-term loans and advances	11	1,781.58	1,367.59
Other non-current assets	12	96.97	56.52
		<u>24,084.26</u>	<u>23,350.46</u>
Current Assets:			
Current Investment	13	0.17	58.17
Inventories	14	218.04	237.81
Trade receivables	15	562.67	560.19
Cash and Bank Balances	16	513.54	892.37
Short-term loans and advances	17	248.73	195.30
		<u>1,543.15</u>	<u>1,943.84</u>
TOTAL		<u><u>25,627.41</u></u>	<u><u>25,294.30</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENT	28		

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

GRAVISS HOSPITALITY LIMITED

Consolidated Statement of Profit and Loss Account for the year ended 31st March, 2014

	Note No.	Year ended 31/03/2014 (Rs. in lacs)	Year ended 31/03/2013 (Rs. in lacs)
INCOME			
Revenue from operations	18	5,042.59	5,339.41
Other Income	19	55.04	263.05
TOTAL		5,097.63	5,602.46
EXPENSES			
Purchase of Stock-in-Trade	20	831.29	858.96
Changes in Stock-in-Trade	21	19.47	(39.72)
Employee benefits expense	22	1,254.18	1,189.70
Finance costs	23	51.83	42.75
Depreciation and amortisation expenses	24	452.99	502.91
Other expenses	25	2,608.15	2,457.26
TOTAL		5,217.91	5,011.86
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		(120.28)	590.60
Exceptional items	26	—	(573.54)
Prior period items		—	35.37
PROFIT/(LOSS) BEFORE TAX		(120.28)	52.43
Tax expense:			
Current tax		(1.40)	(200.00)
Deferred Tax (Net)		15.00	45.00
Previous years		—	(13.00)
PROFIT/(LOSS) FOR THE PERIOD		(106.68)	(115.57)
Earning per equity share – Rs.			
(a) Basic	27	(0.15)	(0.13)
(b) Diluted		(0.15)	(0.13)
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENT		28	

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
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Lajja Shah
Company Secretary

53RD ANNUAL REPORT

Consolidated Cash Flow Statement for the Year Ended 31st March, 2014

	As at 31/03/2014 (Rs. in lacs)	As at 31/03/2013 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation and extraordinary items	(120.28)	52.43
Adjustments for:		
Depreciation/Amortisation	452.99	502.91
Exchange difference on ECB Loans	—	12.14
(Profit) / loss on sale of fixed assets	13.43	539.64
Fixed Assets written off	50.84	51.15
Interest income	(14.48)	(142.76)
Dividend income	(0.93)	(85.17)
Interest expense	51.83	42.74
Operating profit before working capital changes	433.40	973.08
Increase/(decrease) in trade payables	23.55	(85.51)
Increase / (decrease) in short-term provisions	3.78	(6.05)
Increase / (decrease) in other current liabilities	(130.84)	(114.95)
Decrease / (Increase) in trade receivables	(2.49)	(5.59)
Decrease / (Increase) in other bank balances	2.63	534.60
Decrease / (Increase) in inventories	19.77	(28.56)
Decrease / (Increase) in long-terms loans and advances	(413.98)	50.51
Decrease / (Increase) in short-terms loans and advances	(53.61)	110.63
Decrease / (Increase) in other non-current assets	(40.43)	251.42
	(591.62)	706.50
Cash generated from operations	(158.22)	1,679.58
Income tax paid	(70.23)	(237.58)
NET CASH FROM OPERATING ACTIVITIES (A)	(228.45)	1,442.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(799.50)	(737.80)
Proceeds from sale of fixed assets	2.89	2,579.39
Proceeds from sale/maturity of current investments	58.00	1,132.59
Interest received	14.48	107.39
Dividend received	0.93	85.17
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(723.20)	3,166.74
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital		
Proceeds from Long-term borrowings	98.80	—
Repayment of Long-term borrowings	—	(107.21)
Proceeds from Short-term borrowings	528.49	—
Interest paid	(51.83)	(42.74)
Buyback of equity shares	—	(4,300.00)
NET CASH USED IN FINANCING ACTIVITIES (C)	575.46	(4,449.95)
Net Increase/(Decrease) In cash and cash equivalents (A+B+C)	(376.19)	158.79
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period:		
Cash on hand and balances with banks	756.43	597.64
Total (D)	756.43	597.64
Cash and cash equivalents at end of period:		
Cash on hand and balances with banks	380.24	756.43
Total (E)	380.24	756.43
Net Increase/(Decrease) in cash and cash equivalents (E-D)	(376.19)	158.79

As per our separate report of even date

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

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTE '1' – SHARE CAPITAL		
(a) 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	<u>2,270.00</u>	<u>2,270.00</u>
	<u>2,500.00</u>	<u>2,500.00</u>
(b) Issued, Subscribed and Paid-up:		
70,519,135 Equity shares of Rs. 2 each for cash	1,410.39	1,410.39
<u>70,519,135</u>	<u>1,410.39</u>	<u>1,410.39</u>
(70,519,135)		
(c) Reconciliation of the number of shares		
Opening	70,519,135	86,445,060
Less: Buyback of Shares	—	15,925,925
Closing	<u>70,519,135</u>	<u>70,519,135</u>
(e) Share held by each shareholder holding more than 5% shares		
— Equity shares of Rs. 2 each fully paid		
Graviss Holdings Private Limited - 30.93% (30.93%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited- 32.57% (32.57%)	22,967,844	22,967,844
Dunearn Investments (Mauritius) Pte Limited- 9.96% (9.96%)	7,025,708	7,025,708
Inter Continental Hotels Corporation, USA- 6.22% (6.22%)	4,385,235	4,385,235
NOTE '2' – RESERVES AND SURPLUS		
Capital Reserves:		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad – As per last account	<u>7.78</u>	<u>7.78</u>
Warrants Forfeited Account As per last account	<u>850.01</u>	<u>850.01</u>
	<u>850.01</u>	<u>850.01</u>
Share Premium Account: As per last account	9,183.07	13,164.55
Less: Buyback of Shares	—	3,981.48
	<u>9,183.07</u>	<u>9,183.07</u>
Capital Redemption Reserve Account As per last account	318.52	—
Add: Transfer from Profit & Loss Account on account of buyback of shares	—	318.52
	<u>318.52</u>	<u>318.52</u>
General Reserve: As per last account	11,320.29	11,320.29
Add: Transferred from Profit & Loss Account	—	—
	<u>11,320.29</u>	<u>11,320.29</u>
Goodwill on Consolidation	<u>(112.44)</u>	<u>(112.44)</u>
Profit and Loss Account:		
Opening balance	1,000.36	1,434.45
Add: Net profit after tax transferred from Statement of Profit and Loss	(106.68)	(115.57)
Amount available for appropriation	<u>893.68</u>	<u>1,318.88</u>
Appropriations:		
Transfer to Capital Redemption Reserve on account of buyback	—	318.52
	<u>—</u>	<u>318.52</u>
Balance in Profit and Loss account	<u>893.68</u>	<u>1,000.36</u>
	<u>22,460.91</u>	<u>22,567.59</u>

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTES '3' – LONG TERM BORROWINGS		
(A) Term loan from Bank		
Vijaya Bank		
Indian Rupees Loan (Secured)	—	20.22
	—	20.22
Axis Bank		
Term Loan (Secured)	115.35	—
Note:		
Term loan from bank carries interest @ 12.85% p.a. The loan is repayable in 59 monthly instalments of Rs. 8.53 lacs each along with interest, from the date of loan. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
(B) Unsecured Loans:		
From Graviss Holdings Private Limited (a related party) (interest @ 12.5% p.a. and not repayable within one year)	166.32	166.32
(C) Deferred payment liabilities:		
(carry interest rates ranging from 10% to 12%, repayable in various EMI and secured by hypothecation of vehicles)	44.35	40.67
	326.02	227.21
NOTE '4' – DEFERRED TAX LIABILITY		
Deferred tax liability:		
Depreciation on fixed assets	204.18	242.47
Deferred tax assets:		
Items covered u/s 43B of the Income Tax Act, 1961	82.61	105.90
	121.57	136.57
NOTE '5' – SHORT TERM BORROWINGS		
Overdraft from Bank: (Secured)		
Axis Bank	528.49	—
Note:		
Overdraft from bank carries interest @ 12.25% p.a. The loan is repayable on demand. The loan is secured by exclusive first charge by way of hypothecation over entire current assets and extension of first charge on entire movable fixed assets of the company.		
	528.49	—
NOTE '6' – OTHER CURRENT LIABILITIES		
Interest accrued and due on borrowings	—	0.51
Unpaid Dividends (Not due to be deposited into Investor Education and Protection Fund)	3.44	3.45
Interest free deposits and advance from customers	11.12	109.70
Expenses payable	113.81	123.33
Gratuity obligation	74.33	59.61
Statutory dues payable		
– TDS payable	17.44	20.50
– Service Tax payable	—	0.79
– VAT payable	28.65	35.31
– Luxury Tax payable	8.73	13.12
– Advance Income tax (net)	(43.51)	25.50
– Others	13.20	47.23
Liability for capital expenditure	63.91	79.29
Current maturities of long term debt:		
Term Loans repayable in 12 months		
– Indian Rupee Loan	99.96	77.44
– Deferred Payment Liability	22.79	17.93
	413.87	613.71

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTES '7' – SHORT-TERM PROVISIONS		
Provision for leave benefits	19.05	15.27
	19.05	15.27

Note '8'

(Rs in lacs)

DESCRIPTION	Gross Block				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2013	Additions	Deductions/ Adjustments	As at 31-03-2014	Upto 31-03-2013	For the year	Deductions/ Adjustments	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible Assets:										
Land—Leasehold	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Land—Freehold	2,337.85	—	18.03	2,319.82	—	—	—	—	2,319.82	2,337.85
Buildings.	3,383.12	157.12	—	3,540.24	1,067.56	114.68	—	1,182.24	2,358.00	2,315.56
Premises	87.32	—	—	87.32	14.76	2.92	—	17.68	69.64	72.56
Plant and Equipment.	820.00	66.98	—	886.98	605.35	46.65	—	652.00	234.98	214.65
Furniture and Fixtures.	2,311.80	93.52	94.56	2,310.76	1,869.16	213.10	43.71	2,038.55	272.21	442.64
Vehicles.	245.42	35.95	43.35	238.02	86.10	29.88	27.17	88.81	149.21	159.32
Office equipment.	643.52	96.59	0.15	739.96	236.98	31.98	0.02	268.94	471.02	406.53
Computers	349.28	40.53	—	389.81	330.36	10.97	—	341.33	48.48	18.93
Total	20,450.64	490.69	156.09	20,785.24	4,210.27	450.18	70.90	4,589.55	16,195.69	16,240.37
	21,817.65	53.81	1,420.82	20,450.64	3,870.56	500.54	160.83	4,210.27	16,240.37	

Note '9'

(Rs in lacs)

DESCRIPTION	Gross Block				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2013	Additions	Deductions/ Adjustments	As at 31-03-2014	Upto 31-03-2013	For the year	Deductions/ Adjustments	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
Intangible Assets:										
Computer software	28.07	11.13	—	39.20	26.47	2.81	—	29.28	9.92	1.60
Total	28.07	11.13	—	39.20	26.47	2.81	—	29.28	9.92	1.60
	26.41	1.66	—	28.07	24.10	2.37	—	26.47	1.60	

NOTES '10' – NON CURRENT INVESTMENTS

Non-trade Investments (valued at cost unless stated otherwise):

Unquoted:

530	Equity shares of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20	Shares of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1,857	Equity shares of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56

Quoted:

3820	Equity Shares of Edelweiss Capital Limited of Rs. 1 each	3.15	3.15
		3.77	3.77

Aggregate value of unquoted investments

Aggregate value of quoted investments

Market value of quoted investments

0.62

3.15

1.09

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

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTES '11' – LONG-TERM LOANS AND ADVANCES		
Security Deposits	1,481.58	1,067.59
Capital advance- Unsecured, considered good	300.00	300.00
	<u>1,781.58</u>	<u>1,367.59</u>
NOTES '12' – OTHER NON-CURRENT ASSETS		
Fixed Deposits maturing after one year	—	2.38
Margin Money Deposit with Bank	96.97	54.14
	<u>96.97</u>	<u>56.52</u>
NOTES '13' – CURRENT INVESTMENTS IN MUTUAL FUNDS (valued at lower of cost and market value):		
176 units of Rs. 10 each in Birla Sun Life Short Term Fund	0.17	0.17
579,861 units of Rs. 10 each in HDFC Quarterly Interval Fund – Plan B Retail Dividend	—	58.00
	<u>0.17</u>	<u>58.17</u>
Aggregate value of current quoted investments	0.17	58.17
Net Assets Value (NAV) of Mutual Funds	0.18	59.22
NOTES '14' – INVENTORIES (valued at lower of cost and net realisable value)		
Food and Beverages	196.03	215.50
Stores and Other Operating Supplies	22.01	22.31
	<u>218.04</u>	<u>237.81</u>
NOTES '15' – TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months (Secured, considered good)	30.39	—
Debts outstanding for a period exceeding six months (Unsecured, considered good)	18.16	43.61
Other debts	514.12	516.58
	<u>562.67</u>	<u>560.19</u>
NOTES '16' – CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Current accounts	367.63	729.88
Cheques on hand	—	7.10
Cash on hand	12.61	19.45
Other Bank Balances:		
Unpaid Dividend accounts	3.44	3.45
Fixed Deposit with banks maturing within one year	129.86	132.49
	<u>513.54</u>	<u>892.37</u>

GRAVISS HOSPITALITY LIMITED

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTES '17' – SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances to others:		
Prepaid expenses	77.16	52.69
Loans to employees	51.91	71.14
Balances with statutory/government authorities	1.33	0.01
Advance to suppliers	46.80	49.36
Advance recoverable in cash or kind for value to be received	51.13	1.95
Security and other deposits	20.40	20.15
	248.73	195.30
NOTES '18' – REVENUE FROM OPERATIONS		
Sales-Rooms	1,549.36	1,632.04
Sales-Food and Beverages	2,823.99	2,965.89
Sale of services	669.24	741.48
	5,042.59	5,339.41
NOTES '19' – OTHER INCOME		
Interest received on deposits with banks	14.47	107.39
Dividends income	0.93	85.17
Gain/(Loss) on sale of investments	—	(1.03)
Unclaimed Credit balances written back	2.47	1.49
Foreign Exchange Commission	2.58	3.94
Miscellaneous receipts	34.59	66.09
	55.04	263.05
NOTES '20' – PURCHASE OF STOCK-IN-TRADE		
Food & Beverages items	831.29	858.96
	831.29	858.96
NOTES '21' – CHANGES IN STOCK-IN-TRADE (Food & Beverages items)		
Opening stock	215.50	175.78
Closing stock	196.03	215.50
(Increase) / Decrease in stock	19.47	(39.72)
NOTES '22' – EMPLOYEE BENEFITS EXPENSE (refer to Note "28.B.4")		
Salaries and wages (including bonus and gratuity)	1,148.04	1,080.96
Contributions to:		
Provident, Family Pension and other Funds	67.30	67.78
Staff welfare expenses	38.84	40.96
	1,254.18	1,189.70
NOTES '23' – FINANCE COSTS		
Interest expense (Bank loans)	33.39	26.92
Other borrowing costs	18.44	15.83
	51.83	42.75

53RD ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2014

	As at 31/03/2014 Rs. in lacs	As at 31/03/2013 Rs. in lacs
NOTES '24' – DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of tangible assets	450.18	500.54
Amortisation of intangible assets	2.81	2.37
	<u>452.99</u>	<u>502.91</u>
NOTES '25' – OTHER EXPENSES		
Operating Expenses:		
Power, Fuel and Water	310.50	280.18
Repairs and Maintenance:		
Building	48.26	55.85
Machinery	15.99	12.64
Others	137.37	140.56
Stores and Supplies including Linen and Uniforms	104.38	120.09
Washing and Laundry expenses	71.25	69.42
Business Operating expenses	209.42	202.70
Hall Decoration	124.61	106.62
Music and other Operating expenses	98.22	105.33
General Expenses:		
Rent	16.50	17.98
Rates and Taxes	124.48	65.60
Insurance	30.13	31.71
Hire charges	19.21	23.81
Advertisement and Sales Promotion	219.59	164.99
Commission on Sales	47.08	55.68
Travelling and Conveyance	243.97	200.03
Printing and Stationery	34.65	24.14
Postage and Telephones	51.99	57.08
Other expenses	199.91	211.89
Payments to Auditors (Note 28.B.5)	9.68	8.62
Legal and Professional charges	250.30	283.43
Exchange Rate Difference	—	12.14
Franchise and Corporate Service fees	165.30	178.62
Directors Sitting fees	3.60	4.20
Loss on sale of Assets	13.43	17.25
Fixed Assets w/off	50.84	—
Bad Debts written off	7.49	6.70
	<u>2,608.15</u>	<u>2,457.26</u>
NOTES '26' – EXCEPTIONAL ITEMS		
Fixed Assets written off	—	(51.15)
Loss on sale of assets	—	(522.39)
Profit on sale of fixed assets	—	—
	<u>—</u>	<u>(573.54)</u>
NOTES '27' – EARNINGS PER EQUITY SHARE		
Net profit after Taxation (in Rs.)	(106.68)	(115.57)
Weighted average number of equity shares	70,519,135	86,226,895
Earnings per equity shares (in Rs.)	(0.15)	(0.13)
Nominal value per share (Rs.)	2.00	2.00

GRAVISS HOSPITALITY LIMITED

NOTES 28

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

A. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The consolidated financial statements relate to Graviss Hospitality Limited and its subsidiary companies as at 31st March, 2014. The Company has prepared consolidated financial statements in accordance with Accounting Standard - 21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

b. 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, 2014.
- (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.

c. Companies included in Consolidation

Subsidiaries	Country of incorporation	%Holding
Graviss Catering Private Limited	India	100
Graviss Hotels & Resorts Limited	India	100
Hotel Kankeshwar Private Limited (a subsidiary of Graviss Hotels and Resorts Limited)	India	100

d. 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 in accordance with the 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.

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.

53RD ANNUAL REPORT

Note 28 — (Contd.)

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 B.10 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 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.

B. Other Notes forming part of Financial Statements

1. A Contingent Liabilities

- (a) Bank Guarantees given to the extent of Rs. 53.49 lacs (previous year Rs. 53.49 lacs).
 - (b) Income tax demand of Rs. 528.25 lacs. The Company has received income tax demands for the aforesaid amount in respect of Assessment years 2009-10 to 2011-12 on account of certain disallowances / additions to income and has preferred appeals with the appellate authorities / Tribunal. The Company is hopeful of getting the appellate / Tribunal order in favour and has not made any provision for the same in the financial statements.
 - (c) VAT demand and penalty of Rs. 88 lacs for the year 2010-11 which is contested before the Appellate Tribunal, Delhi.
-

Note 28 — (Contd.)

The Company is hopeful of getting the Tribunal order in favour and has not made any provision for the same in the financial statements

B Capital and Other Commitments

- (a) Estimated amount of contracts remaining to be executed on capital account- NIL (Previous year NIL)
- (b) Lease commitments are disclosed under Note 3 below.

Note: Commitments which are material and which will result in a penalty disproportionate to the benefits involved, based on the judgement of the management are only disclosed.

2. 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 recognised contribution to Provident Fund of Rs.58.23 lacs in the Profit & Loss Account.

Defined Benefit Plans:

Rs in lacs

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Changes in the Present Value of Obligation				
(a) Present Value of Obligation as at 1st April, 2013	168.43	152.52	18.38	23.01
(b) Interest Cost	12.75	11.64	1.47	1.76
(c) Service Cost	22.72	23.87	24.61	17.87
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(18.21)	(13.98)	(2.91)	(4.98)
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(16.24)	(5.63)	(22.00)	(22.19)
(i) Present Value of Obligation as at 31st March, 2014	169.45	168.43	19.55	15.47
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, 2014	169.45	168.43	22.46	18.38
(b) Fair Value of Plan Assets as at 31st March, 2014	95.12	108.83	3.41	3.12
(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2014)	74.33	59.61	19.05	15.27
Expenses Recognized in the Profit and Loss Account				
a) Service Cost	22.72	23.87	24.61	17.87
(b) Interest Cost	12.75	11.64	1.47	1.76
(c) Expected Return on Plan Assets	(11.11)	(10.74)	(0.37)	—
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	0.86	—	—
(f) Net Actuarial (Gain)/Loss	(9.64)	(6.03)	(21.93)	(22.19)
(g) Total Expenses recognized in the Profit and Loss A/c	14.72	19.62	3.78	(2.57)
Actuarial Assumptions				
Retirement age	58 Years	58 Years	—	—
Discount rate	8 to 9%	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%	—	—

3. The Company has taken on finance lease, cost of assets having an aggregate value of Rs.185.98 lacs (previous year Rs. 150.03 lacs) upto March 2014 against which the future obligations aggregate to Rs. 82.20 lacs (previous year Rs.69.30 lacs)

53RD ANNUAL REPORT

Note 28 — (Contd.)

excluding the lease charge Rs. 15.07 lacs (previous year Rs. 10.70 lacs) and the same are payable as under:

Period	2013-14		2012-13	
	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	29.02	22.79	23.62	17.93
Later than 1 year but not later than 5 years	53.18	44.34	45.69	40.67

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

	2013-14 (Rs. in lacs)	2012-13 (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

5. Payments to Auditors

	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
Audit Fee	8.18	7.12
Certification charges and fee	1.50	1.50
	9.68	8.62

6. (a) Particulars of Trade Receivables and Loans and Advances for debts due from companies under the same management are as follows (related parties):

	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
Trade Receivables (Current):		
Graviss Holdings Private Limited	489.49	462.84
Rich Graviss Products Private Limited	3.04	3.04
Graviss Foods Private Limited	2.78	2.58
	495.31	468.46
Loans and Advances:		
Security Deposits: (Non current)		
Graviss Holdings Private Limited	600.00	200.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	1,404.00	1,004.00

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

7. 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, Graviss Brands Pvt Ltd.,*Gaylord Pvt Ltd.,Crossword Beverages Pvt. Ltd.*, Brown Hills Realty Pvt. Ltd.* *West Hills Realty Pvt Ltd., *Pure Ice Cream (LLC) *Baskin Robins India Pvt Ltd., *Graviss Food Solution Pvt. Ltd. *Oregon Realty Pvt Ltd.,*Perfect Live Stock Pvt Ltd.,*Blue Ocean Holding Ltd.,*Pure Foods & Ice Cream,*G.L. Ice Creams, *I.K. Ghai Trust, *I.K. Ghai (Kwality Bombay) Foundation, Ghai Family Trust. *Satinetta Finelease & Investments Pvt. Ltd.,* Kwality Walls Fantasy Ltd. *PIC Gujarat Pvt Ltd. *Ambition Trading Pvt Ltd. *Vishal Holdings Pvt Ltd., *Mayfair Hospitality Pvt Ltd, *Vanila Star Jeans (India) Pvt Ltd., *Amphitrite Investments *Indomark Dairy & Equipments Pvt Ltd. *Kwality Real Estate Pvt Ltd. (* no transactions during the year)

Note 28 — (Contd.)

iii Managing and Joint Managing Director

Mr Ravi Ghai and Mr Gaurav Ghai

B. Transactions with Related Parties:

	(Rs. in lacs)	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
I Sale			
Other related parties where the common control exists		952.25	1,005.78
ii Expenditure and other services fees paid			
Shareholders/Directors/Managing Director	18.60		
Other related parties where the common control exists	104.76	123.36	109.64
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		1,404.00	1,004.00
v Debtors			
Other related parties where the common control exists		495.31	468.46
vi Outstanding payables			
Other related parties where the common control exists		6.07	7.75
8. Provision for current tax during the year has been made on regular basis.			
9. Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.			
10. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with paras 46 and 46A Companies (Accounting Standards) Amendment Rules 2009/2011 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009 and on 29th December, 2011 respectively. Accordingly an amount of Rs. NIL has been charged to Profit & Loss Account.			
11. Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.			
12. 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'.			
13. The accumulated losses of Graviss Catering Private Limited, a subsidiary, are more than the net worth. In the opinion of the management, having regard to the long term interest of the holding Company in the Company and considering that the Company gets regular orders of decoration and earns sufficient margin to meet the fixed costs which will enable the Company to recoup the losses incurred, the going concern assumptions are not affected. The accumulated losses of Graviss Hotels and Resorts Limited, another subsidiary, are more than the net worth. The subsidiary had purchased lands at various places viz. Shirdi, Goa and Alibaug for construction of hotels. Due to change in business plans, the subsidiary is exploring to sell these lands. In assessment of the management, the market value of the lands alongwith buildings constructed so far is more than the book values and therefore the preparation of financial statements of the subsidiary (included in the preparation of the consolidated financial statements) on going concern basis is not affected.			
14. 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.			
15. "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. 2,832 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.			
16. 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.			
17. Previous year figures: Previous year's figures have been reclassified/regrouped wherever necessary to conform to current year's classification / grouping. Figures in brackets are in respect of the previous year.			

As per our separate report of even date

Singnature to Schedules '1' TO '28'

For V. SANKAR AIYAR & CO.

Chartered Accountants

Firm Registration No. 109208W

G. SANKAR

Partner (Membership No. 046050)

Mumbai,

Dated: 23rd April, 2014

GAURAV GHAI
Joint Managing Director

AMIT JAIN
Chief Financial Officer

M.V. DOSHI
Director

Lajja Shah
Company Secretary



Worldclass Banqueting facilities

MUMBAI

WORLI



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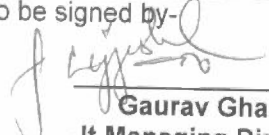
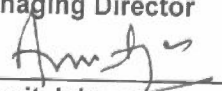
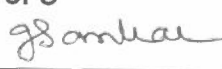

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www.gravissgroup.com

Form A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Graviss Hospitality Ltd
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Matter of Emphasis Without qualifying our opinion, attention of the members is drawn to Note 27.B.17. In view of the matter stated therein relating to the accumulated losses of two subsidiaries as at 31 st March, 2014, keeping in mind the factors stated in the Note, there is no diminution in the value of investments in the subsidiaries and the loans given to the subsidiaries are considered good of recovery.
4.	Frequency of observation	Whether appeared first time: No
5.	To be signed by-	
	 <hr/> Gaurav Ghai Jt Managing Director	
	 <hr/> Amit Jain CFO	
	 <hr/> G Sankar Auditor	
	 <hr/> Mahendra V. Doshi Audit Committee Chairman	