

24th

ANNUAL REPORT

2009-2010

ISHWAR BHUVAN HOTELS LIMITED

ISHWAR BHUVAN HOTELS LIMITED

BOARD OF DIRECTORS

Shri Mehinder Sharma	- Chairman
Shri Pushendra Bansal	- Executive Director
Shri Romesh Koul	- Director
Shri Bharat Varsani	- Director
Shri Amit Garg	- Director
Shri Sanjay Mangal	- Director

AUDITORS

J. M. Pabari & Associates
Chartered Accountants,
302, Helix Complex,
Opp. Surya Hotel,
Sayajigunj,
Baroda – 390 005

COMPANY SECRETARY

Mr. Ranjit Kumar Singh

BANKERS

Bank of Baroda
Citi Bank N.A.
United Bank of India
Axis Bank

REGISTERED OFFICE

Revival Hotel, Near Sayaji Gardens,
Kala Ghoda Chowk, University Road,
Baroda – 390 002

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Saki Vihar,
Saki Naka, Andheri (E),
Mumbai – 400 072

NOTICE

NOTICE is hereby given that the **24th ANNUAL GENERAL MEETING** of **ISHWAR BHUVAN HOTELS LIMITED** will be held at Suruchi Resort, Sakaria – Nimeta, Baroda -390 019 on Friday, the 3rd September, 2010 at 09.30 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Shri Amit Garg, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri Sanjay Mangal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. J. M. Pabari & Associates, Chartered Accountants, Baroda, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. Change of Name of Company:

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESLOVED THAT subject to the approval of the Central Government under section 21 of the companies Act, 1956 the name of the company be changed from 'Ishwar Bhuvan Hotels Limited' to 'LORDS ISHWAR HOTELS LIMITED' and accordingly the name 'Ishwar Bhuvan Hotels Limited' wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the new name 'LORDS ISHWAR HOTELS LIMITED'.”

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
- (b) Register of Members and Share Transfer Books of the company will remain closed from 27th August, 2010 to 3rd September, 2010 (both days inclusive).

- (c) Members are requested to:
- (i) Intimate to the Company's Registrar & Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. – E-2/3, Ansa Industrial Estate, Saki Vihar, Saki Naka, Andheri (E), Mumbai – 400 072/their Depository Participant (“DP”), changes, if any, in their registered addresses at an early date;
 - (ii) Quote their Registered Folio Numbers and/or DP Identity and Client Identity number in their correspondence;
 - (iii) Bring their copy of Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (iv) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
- (d) Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
- (e) Trading in Equity Shares of the Company is available with Bombay Stock Exchange. Members are requested to send equity shares of the Company to their Depository Participants (DPs) for dematerialisation.
- (f) A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.
- (g) A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The company has entered into Hotel Franchise agreement to use the brand name” LORDS”. The name “LORDS” is very popular and well known to the general public. It is therefore appropriate and in the interest of the company to change the name of the company from 'Ishwar Bhuvan Hotels Limited' to 'LORDS ISHWAR HOTELS LIMITED'.

The Registrar of Companies, Gujarat has also made the name 'LORDS ISHWAR HOTELS LIMITED' available for change of name under section 20 of the Companies Act, 1956. Hence your approval is solicited to resolution as appearing in Item No. 5. of the accompanying notice by way of special resolution

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

Registered Office:

Revival Hotel, Near Sayaji Gardens,
Kala Ghoda Chowk, University Road,
Baroda – 390 002

Place: Baroda
Date : 31st July, 2010

By Order of the Board of Directors
ISHWAR BHUVAN HOTELS LIMITED

RANJIT KUMAR SINGH
Company Secretary

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 24th Annual Report of your Company together with the Audited Financial Statements and Report of Auditors thereon for the year ended 31st March, 2010.

FINANCIAL RESULTS**(Rs. in Lacs)**

Particulars	For the year Ended 31.03.2010	For the year Ended 31.03.2009
Net Income	553.90	580.40
Net Profit before tax	84.16	79.44
Less: Provision for Tax	8.92	1.05
Net Profit after tax	75.24	78.39
Add: Profit / (Loss) brought forward	(195.68)	(274.07)
Balance carried over to Balance Sheet	(120.44)	(195.68)

MANAGEMENT DISCUSSION AND ANALYSIS**Financial and Operational Performance**

During the year under review, the Net Income of your Company has decreased from Rs. 580.40 lacs to Rs. 553.90 lacs. The Net Profit of the Company has also decreased from Rs. 78.39 lacs to Rs. 75.24 lacs due to increase in foods & Beverages cost.

Industry Scenario

During the Financial Year 2009-10, inflation rate and food cost has been increased. For the hotel industry, this has a lot of impact. Your hotel is continuously taking effort to attract more tourists by providing better amenities and has increased the gross revenue.

Risk & Concerns

The future of the hospitality industry is very sensitive to the global security environment. The high incidence of multifarious taxes both at the centre and the states also affect the competitiveness of the industry. In addition, increase in fuel price & fluctuation in Currency is also resulted in increase in transportation cost of tourist. Tourism industry is also affected by natural calamity like earthquake, tsunami, storm, etc.

However, Your Company continuously renovates its properties to meet the increasing competition in the market and insured its property against natural and men made disaster.

Future Outlook

Your Company continues to believe that the long-term prospects for the travel and tourism industry in India are attractive. Your Directors look forward to the future with confidence.

Human Resource Development

Your Company has a team of able and experienced industry professionals. Your Company continues to invest in up gradation of the quality of human resource, which makes the decisive difference in this service industry. Your Company continues to provide growth opportunities to internal talent by assigning them higher responsibilities with suitable exposure and training.

The total number of employees in your Company as on 31st March, 2010 was 90.

Adequacy of Internal Control

The Company has proper, strong, independent and adequate internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized recorded and reported correctly.

Cautionary Statement

Certain statements in the Management Discussion and Analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factor that to make differences to company's operations including competition, changes in Government policies and regulations, tax regimes and economic development within India.

DIVIDEND

In view of the carried forward losses, Directors of your Company regret its inability to recommend any Dividend on equity shares for the year under review.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits within the meaning of Companies (Acceptance of Fixed Deposits) Rule, 1975 under section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

During the year under report, the Company had no employees covered under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) that the Directors have selected such accounting policies and applied that consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the profit of the Company for the year.

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010, on a 'going concern' basis.

REPORT ON CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNING AND OUTGO

In accordance with the requirement of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the Report of Board of Directors) Rules, 1988, your Directors furnish hereunder the additional information as required.

A. Conservation of Energy

Your Company made all possible efforts to closely monitor Power consumption on daily basis so as to reduce wastage and cost. The Company is using electricity in place of gas for AC power plant and thus reduce the overall energy cost.

The Company has used Natural Gas through pipelines instead of LPG Cylinders in the Kitchen and other operational areas.

B. Technology Absorption

The project of your Company has no foreign collaboration, hence no particulars are offered.

C. Total Foreign Exchange Earning and Outgo

	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
a. Total Foreign Exchange used	Nil	4,77,940
b. Total Foreign Exchange earned	10,96,953	27,05,187

DIRECTORS

Shri Amit Garg and Shri Sanjay Mangal Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. J. M. Pabari & Associates, Chartered Accountants, Baroda retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

The auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not need any further elucidation.

CORPORATE GOVERNANCE

As per the requirement of the Listing Agreement with Stock Exchanges, your Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance together with a certificate of its compliance from the Statutory Auditors, forms parts of this report.

INDUSTRIAL RELATIONS

During the period under review, the relations with the most valuable human resources of the Company remained cordial and peaceful. Your Directors wish to place on record their appreciation for the devoted services rendered by the staff of the Company.

ACKNOWLEDGMENTS

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by the Financial Institutions, the Bankers and Shareholders. Your Directors also wish to record their recognition of the Customer Support and Patronage by the Corporate Houses in and around Baroda.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Baroda
Date : 31st July, 2010

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Registered Office:
Revival Hotel, Near Sayaji Gardens,
Kala Ghoda Chowk, University Road,
Baroda – 390 002

**ANNEXURE TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**

Pursuant to clause 49 of the Listing Agreement, given below is a report on the corporate governance of the Company.

Mandatory Requirements:

1. COMPANY'S PHILOSOPHY

Your Company strongly believes in adopting and adhering to good corporate governance practices. Company's philosophy of Corporate Governance is to ensure:

- (i) that the Board and top management of the company are fully appraised of the affairs of the company that is aimed at assisting them in the efficient conduct of the company so as to meet company's obligation to the shareholders.
- (ii) that the Board exercise its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- (iii) that all disclosure of information to present and potential investors are maximized.
- (iv) that the decision making process in the organization is transparent and are backed by documentary evidence.

2. BOARD OF DIRECTORS

The present strength of the Board of Directors of the Company is 6(Six) Directors of which 1(One) Director is an Executive Director, 1(one) Director is Non Executive Director, and 4(Four) Directors are Non Executive Independent Directors. The number of Non Executive/Independent Directors is more than 50% of the total number of the Directors with the Chairman being a Non Executive Director.

Number of Board Meetings held and the dates of the Board Meetings:

5 (Five) Board Meetings were held during the financial year 2009-10. The date on which the said meetings were held is as follows:

1	April 29, 2009	2	July 30, 2009	3	August 25, 2009
4	October 30, 2009	5	January 22, 2010		

The last Annual General Meeting of the Company was held on 25th September, 2009.

Details of attendance at the Board meetings, Last Annual General Meeting and Shareholding of each Director are as follows:

		Attendance Particulars		No. of Equity Shares Held
		Board Meetings	Last AGM	
Shri Mehinder Sharma	Non Executive Director and Chairman	1	No	Nil
Shri Pushendra Bansal	Executive Director	3	Yes	2000
Shri Romesh Koul	Non Executive Independent Director	5	No	104100
Shri Bharat Varsani	Non Executive Independent Director	5	Yes	Nil
Shri Amit Garg	Non Executive Independent Director	5	Yes	Nil
Shri Sanjay Mangal	Non Executive Independent Director	5	Yes	Nil

The Following table gives information about the membership of the directors in the Boards and committees of other Public Limited Companies.

Name of the Director	No. of other Public Limited Company in which Director	Committee Membership (other than Ishwar Bhuvan Hotels Ltd.)	No. of Committees in which he is chairman (other than Ishwar Bhuvan Hotels Ltd.)
Shri Mehinder Sharma	4	--	--
Shri Pushendra Bansal	3	--	--
Shri Romesh Koul	2	--	--
Shri Bharat Varsani	-	--	--
Shri Amit Garg	2	--	--
Shri Sanjay Mangal	-	--	--

As per Section 278 of the Companies Act, 1956, Directorship held by Directors mentioned above does not include Directorship of Private Limited Companies which is neither a subsidiary nor a holding Company of public Company, Section 25 – non profit making Companies, Unlimited Companies and companies where the director is an Alternate Director.

The Company has a process to provide, inter-alia, the information to the Board as required under Annexure I to clause 49 of the listing agreement pertaining to Corporate Governance.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 Committees across all the Companies in which they are Directors. All the Directors have made necessary disclosures in this regards to the Company.

Code of Conduct

The Board has laid down a code of conduct for Board Members and senior management staff of the Company. The Board Members and senior management staff have affirmed compliance with the said Code of Conduct.

Note on Directors seeking appointment/re-appointment:

Shri Amit Garg

Shri Amit Garg, aged about 35 years, is Arts Graduate having more than 12 years of practical experience in hotels industry.

He is a Director in Radheshyam Bansal Engineers India Ltd and Lords Inn Hotels & Developers Ltd.

Shri Sanjay Mangal

Shri Sanjay Mangal, aged about 42 years, is Commerce Graduate and has more than 15 years of experience in hotel and construction industry and also in offset printing work.

He is not a Director in any other Company.

3. AUDIT COMMITTEE

During the financial year 2009-10, the Audit Committee met 5 (Five) times on April 29, 2009, July 30, 2009, August 25, 2009, October 30, 2009 and January 22, 2010. The Committee, at these meetings reviewed the financial reporting system and un-audited financial results.

The attendance of each member of the Audit Committee in the Committee meetings is given below:

Name of the Director	No. of Meeting held	No. of Meetings attended
Shri Amit Garg	5	5
Shri Bharat Varsani	5	5
Shri Sanjay Mangal	5	5

At present, all members of the Audit Committee are Non Executive Independent Directors. The Chairman of the Audit Committee is Shri Amit Garg.

4. REMUNERATION COMMITTEE

The listing agreement with the Stock Exchanges provides that a Company may appoint a Committee for recommending managerial remuneration payable to Directors. The present Remuneration committee comprises of Shri Amit Garg, as Chairman with Shri Bharat Varsani and Shri Sanjay Mangal as the other members.

Presently, the Company is not paying any sitting fees to its Non-Executive Directors for attending meetings of the Board, Audit Committee and other Committees. The Company is also not paying any remuneration to its Executive Director.

During the year, no Remuneration Committee meeting was held.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Shareholders'/Investors' Grievance Committee comprising of Shri Amit Garg, as Chairman with Shri Bharat Varsani and Shri Sanjay Mangal as the other members.

The brief terms of reference of the Committee include redressal of investors'/shareholders' complaints and requests like transfer of shares, non-receipt of share certificate(s) after transfer, Annual Report, etc.

The Company Secretary acts as a Compliance Officer of the Company.

During the year, one Shareholders'/Investors' Grievance Committee meeting was held on 25th August, 2009. All Members were present at the Committee Meeting.

During the year, the company has received 3 (three) shareholders'/investors' complaints, which were promptly responded and resolved to the satisfaction of the concerned Shareholders. No complaint is pending to be resolved at the end of the year.

6. GENERAL BODY MEETINGS

Details of the location where the last 3 (three) Annual General Meetings were held and the details of the resolution passed or proposed to be passed by postal ballot.

AGM for the year ended	Date and Time of AGM	Location	Special Resolution
March 31, 2009	September 25, 2009 at 10.00 A.M	Suruchi Resort, Sakaria – Nimeta, Baroda -390 019	None
March 31, 2008	September 20, 2008 at 10.00 A.M	Suruchi Resort, Sakaria – Nimeta, Baroda -390 019	None
March 31, 2007	September 24, 2007 at 10.00 A.M	Suruchi Resort, Sakaria – Nimeta, Baroda -390 019	None

All the resolutions, set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meeting. At the forthcoming AGM, there is no agenda that needs approval by postal ballots. One Extra-ordinary General Meeting of the members as on March 15, 2008 was held during the last three years.

7. DISCLOSURES

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:

None

The Register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in the notes to the accounts forming part of the accounts.

(ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by SEBI, ROC, Stock Exchange or any statutory authority on any matter related to capital markets during the last 3 financial years:

None

(iii) The Company has complied with all mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement.

(iv) The CEO/CFO certification form part of this Annual Report.

8. MEANS OF COMMUNICATION

- a. Half yearly report sent to each household of shareholders : No
- b. Quarterly results : The Company has published quarterly results in the Business Standard (English) and Lok Satta (Gujarati) both at Baroda.
- c. Whether MD&A is a part of Annual Report : Yes
- d. Whether shareholder information section forms part of the Annual Report : Yes

9. GENERAL SHAREHOLDER INFORMATION

1	Annual General Meeting		
	Date and Time	:	September 3, 2010 at 09.30 a.m.
	Venue	:	Suruchi Resort, Sakaria – Nimeta, Baroda -390 019.
2	Financial Calendar 2010-11	:	Financial Reporting will be as follows: For the quarter ending June, 2010 July, 2010 For the quarter ending September, 2010 October, 2010 For the quarter ending December, 2010 January, 2011 For the quarter ending March, 2011 April, 2011 Annual General Meeting for 2010-11 September, 2011
3	Book closure Date	:	27.08.2010 to 03.09.2010 (both days inclusive)
4	Dividend Payment Date	:	No Dividend has been recommended.
5	Registered Office of the company	:	Revival Hotel, Near Sayaji Gardens, Kala Ghoda Chowk, University Road, Baroda – 390 002. ibhlimited@gmail.com
6	Listing on Stock Exchanges	:	Bombay Stock Exchange Limited. Vadodara Stock Exchange Limited.
7	Annual listing & Custodial fees	:	Duly paid for the year 2010-11.

8	Stock Code (a) Trading Symbol at BSE (b) Trading Symbol at VSE (c) Demat ISIN Numbers in NSDL & CDSL	530065 / ISHBHOT 30065/370 INE689J01013		
9	Stock Market Data	The Bombay Stock Exchange Ltd.		
		High (Rs.)	Low (Rs.)	
	April 2009	--	--	
	May 2009	---	--	
	June 2009	3.54	3.54	
	July 2009	3.56	3.55	
	August 2009	3.72	3.72	
	September 2009	--	--	
	October 2009	3.90	3.90	
	November 2009	4.09	4.09	
	December 2009	4.95	3.92	
	January 2010	5.43	5.19	
	February 2010	6.05	5.50	
	March 2010	6.35	6.35	
10	Share Price Performance compared with broad based indices			
		Ishwar Bhuvan Hotels Limited	BSE	
	As on 1 st April, 2009	3.38	9708.50	
	As on 31 st March, 2010	6.35	17527.77	
	Change (%)	87.87%	80.54%	
11. A. Distribution Schedule as on 31st March, 2010				
No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	1276	63.26	389400	7.03
501 - 1000	377	18.69	282600	5.10
1001 - 2000	181	8.97	264200	4.77
2001 - 3000	93	4.61	251700	4.54
3001 - 4000	16	0.79	56700	1.02
4001 - 5000	18	0.89	86200	1.56
5001 - 10000	30	1.49	252800	4.56
10001 & Above	26	1.30	3959000	71.42
Total	2017	100.00	5542600	100.00
Physical Mode	1922	95.29	4041150	72.91
Electronic Mode	95	4.71	1501450	27.09

B. Shareholding Pattern as on 31st March, 2010

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Indian Promoter(s)/ Persons acting in concert	3	0.15	2503400	45.17
Foreign Promoter	NIL	NIL	NIL	NIL
Resident Individuals	1908	94.60	2127300	38.38
Bodies Corporate	16	0.79	270000	4.87
Financial Institutions/ Banks/ Mutual Funds	3	0.15	261700	4.72
NRI's/OBC's/Foreign National	87	4.31	380200	6.86
GRAND TOTAL	2017	100.00	5542600	100.00

12. Dematerialization of Share : As on March 31, 2010, 1501450 equity shares constituting 27.09 % of the Equity Shares Capital of the Company stand dematerialized.

13. Share Transfer System/ Investor Services :

(i)	Total No. of Physical shares transferred during the financial year 2009-10	22,000
(ii)	Details of complaints received & resolved during the financial year 2009-10	3 (Three) complaints were received during the year and the same was resolved. No complaint is pending as on 31/03/2010.

14. Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments. : The Company has not issued GDRs/ADRs/Warrants. There are no outstanding Convertible Instruments.

15. Hotel Location : Revival Hotel, Near Sayaji Gardens, Kala Ghoda Chowk, University Road, Baroda – 390 002.
e-mail : ibhlimited@gmail.com

16. Address for Correspondence : Registrar & Transfer Agent:
M/s. Bigshare Services Pvt. Ltd.
Unit: **(Ishwar Bhuvan Hotels Limited)**

Registered Office:
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai – 400 072.
e-mail : bss@bigshareonline.com
Tel. No. 022-28473747, 28473474, 28470652, 28470653
Fax No. 022-28475207

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
ISHWAR BHUVAN HOTELS LIMITED
Baroda.

1. We have examined the compliance of conditions of Corporate Governance by ISHWAR BHUVAN HOTELS LIMITED for the period ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with all the mandatory conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that, as per the records and other documents maintained by the Shareholders / Investors Grievance Committee, no investor grievance is pending for a period exceeding one month.
5. 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 J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS**

Place: Baroda
Date: 31st July, 2010

**JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W**

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

To,
The Members of
ISHWAR BHUVAN HOTELS LIMITED

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended March 31, 2010.

For ISHWAR BHUVAN HOTELS LIMITED

Place: Baroda
Date : 31st July, 2010

PUSHPENDRA BANSAL
Executive Director/CEO

To,
The Board of Directors
ISHWAR BHUVAN HOTELS LIMITED
Revival Hotel, Near Sayaji Gardens,
Kala Ghoda Chowk, University Road,
Baroda – 390 002

CEO/CFO CERTIFICATION

We hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the Company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year.
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

For ISHWAR BHUVAN HOTELS LIMITED

Place: Baroda
Date : 31st July, 2010

PUSHPENDRA BANSAL
Executive Director/CEO

AUDITORS' REPORT

To,
The Members of
ISHWAR BHUVAN HOTELS LIMITED

1. We have audited the attached Balance Sheet of ISHWAR BHUVAN HOTELS LIMITED as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining - on a test basis - evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in term of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in para 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
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 :
 - (a) 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 the books.
 - (b) The Balance Sheet, the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (c) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub section (3c) of section 211 of the Companies Act, 1956.
 - (d) On the basis of the written representation received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

- (e) In our opinion and to best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
- i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) In case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place: Baroda
Date : 31st July, 2010

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

ANNEXURE TO THE AUDITORS' REPORT

(ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. (a) The Company has maintained properly records showing full particulars, including quantitative details and situations of fixed assets.
(b) During the year under report, all fixed assets have been physically verified by the management under regular programme of verification, which in our opinion is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) During the year under report, the Company has not sold off any of its substantial fixed assets which can affect its going concern status.
2. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) During the year, the Company has not taken any interest free unsecured loans from any party covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) During the year, the Company has not granted any unsecured loan to any party covered under Section 301 of the Companies Act, 1956.
(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties, listed in the register maintained under Section 301 of the Companies Act, 1956, are not, prima-facie prejudicial to the interests of the Company.
(d) No terms with regard to repayment of such loans has been specified. However the company is regular in repaying the loans taken from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(e) There is no overdue amount of loans taken from/granted to companies, firms or other parties, listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regarding to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rs. 5 lacs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rule framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. Maintenance of the cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the Company, The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) In our opinion & information & explanations given to us, the dues in respect of Income-tax, Sales-Tax & Central Excise has not been deposited with the appropriate authorities on account of dispute and the forum where dispute is pending are given below:-

Name of the statute	Nature of Dispute	Amount Rs. in lacs	Period	Forum where dispute is pending	Progress & Remarks
Income Tax Act, 1961	Penalty u/s 271 (1) (c)	0.40	A.Y. 2004-05	CIT (A) Baroda	Appeal is pending
Central Excise & Customs Act	Service Tax & Penalty	6.16	2004-05 & 2005-06	Commissioner (Appeals) Central Excise & Customs, Baroda	Out of total demand of Rs. 8.16 lacs raised, Rs. 2.00 Lacs is paid. Rest Rs. 6.16 Lacs is amount under dispute & pending at appeal level.
Luxury Tax	Luxury Tax, Interest & Penalty	6.62	1999-2000	District Collector office, Entertainment Tax & Luxury Tax, Baroda.	Amount is under dispute.

10. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks and Debenture holders during the year audit under reference.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund, nidhi, mutual benefit fund or society and accordingly clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares and securities, debentures and other investments and accordingly clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. In our opinion, the Company has not given guarantees for loans taken by others and hence, we are not required to report on the terms of such guarantees.
16. In our opinion, the Company has not availed term loans during the year and hence, we were not required to express our opinion, whether the same has been applied for the purpose for which they are raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the company.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties or companies covered in the Register maintained U/s. 301 of the Act.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not raised any money by issue of debentures.
20. According to the information and explanations given to us, during the period covered by our audit report, the company has not made any public issue and accordingly the question of reporting on the disclosure in public issue do not arise.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed during the course of our audit.

FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place: Baroda
Date : 31st July, 2010

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE		AS AT 31.03.2010 (RUPEES)	PREVIOUS YEAR (RUPEES)
<u>SOURCES OF FUNDS</u>				
SHAREHOLDERS' FUNDS:				
Share Capital	A		59,087,500	59,087,500
LOAN FUNDS				
Secured Loans	B	703,696	-	-
Unsecured Loans	C	<u>37,600,000</u>	38,303,696	37,600,000
			<u>97,391,196</u>	<u>96,687,500</u>
<u>APPLICATION OF FUNDS</u>				
FIXED ASSETS:				
Gross Block	D	113,511,410		108,759,737
Less: Depreciation		<u>47,313,258</u>		<u>42,613,767</u>
Net Block			66,198,152	66,145,970
INVESTMENTS	E		10,130,000	8,880,000
CURRENT ASSETS, LOANS & ADVANCES:				
Inventories	F	1,356,047		711,049
Sundry Debtors	G	1,785,976		2,729,744
Cash & Bank Balances	H	2,616,050		5,321,371
Loans & Advances	I	<u>6,942,131</u>		<u>6,562,503</u>
		12,700,204		15,324,667
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities		3,405,687		12,934,355
Provisions	J	<u>275,888</u>		<u>296,684</u>
NET CURRENT ASSETS			9,018,629	2,093,628
PROFIT & LOSS ACCOUNT			12,044,415	19,567,902
			<u>97,391,196</u>	<u>96,687,500</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS				
	R			

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Place: Baroda
Date : 31st July, 2010

RANJIT KUMAR SINGH
Company Secretary

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

	SCHEDULE	YEAR ENDED 31.03.2010 (RUPEES)	PREVIOUS YEAR (RUPEES)
INCOME			
Net Income from Operations	K	55,067,739	57,726,316
Other Income		322,006	313,474
		55,389,745	58,039,790
EXPENDITURE			
Consumption of Foods and Beverages	L	8,199,081	7,140,355
Personnel Cost	M	9,083,753	8,223,390
Upkeep and Service Cost	N	3,369,325	3,343,465
Power and Fuel		6,774,040	7,914,320
Repairs and Maintenance	O	2,749,739	6,985,717
Administrative, Selling and Other Expenses	P	7,546,069	7,785,601
Finance Cost	Q	4,551,986	4,524,185
Depreciation		4,699,491	4,178,409
		46,973,484	50,095,442
PROFIT BEFORE TAXATION		8,416,261	7,944,348
Provision for Taxation		892,774	105,000
PROFIT AFTER TAXATION		7,523,487	7,839,348
Balance as per Last Year		(19,567,902)	(27,407,250)
Add: Profit for the year		7,523,487	7,839,348
LOSS CARRIED TO BALANCE SHEET		(12,044,415)	(19,567,902)
Basic and Diluted Earning Per Share in Rupees face value of Rs. 10/-		1.36	1.41

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS R

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Place: Baroda
Date : 31st July, 2010

RANJIT KUMAR SINGH
Company Secretary

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

	31.03.2010		31.03.2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		8,416,261		7,944,348
Adjustments For :				
Depreciation	4,699,491		4,178,409	
Provision for Employees Benefit	275,888		296,684	
Interest Paid (Net of receipt)	4,551,986		4,524,185	
		9,527,365		8,999,278
Operating Profit Before Working Capital Changes		17,943,626		16,943,626
Working capital changes :				
(Increase)/Decrease in Inventories	(644,998)		(8,147)	
(Increase)/Decrease in Sundry Debtors	943,768		185,993	
(Increase)/Decrease in Loans & Advances	(468,556)		(248,555)	
Increase/(Decrease) in Trade Payables (Including Working Capital Finance)	(9,825,352)		2,592,910	
		(9,995,138)		2,522,201
Cash Generated from Operations		7,948,488		19,465,827
Payment of Direct Taxes		(803,846)		(719,161)
Net Cash Flow from Operating Activities - I		7,144,642		18,746,666
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / Capital Work-in-Progress		(4,751,673)		(6,401,957)
Purchase of Investments		(1,250,000)		(8,880,000)
Net Cash Flow From Investing Activities - II		(6,001,673)		(15,281,957)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of long term borrowings (Net of Proceeds)		703,696		(2,125,431)
Interest Paid (Net of receipt)		(4,551,986)		(4,524,185)
Net Cash Flow From Financing Activities - III		(3,848,290)		(6,649,616)
Net Cash Flow During The Year (A+B+C)		(2,705,321)		(3,184,907)
OPENING CASH AND CASH EQUIVALENTS	5,321,371		8,506,278	
CLOSING CASH AND CASH EQUIVALENTS	2,616,050		5,321,371	
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,705,321)		(3,184,907)

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881WPUSHPENDRA BANSAL
Executive DirectorAMIT GARG
DirectorPlace: Baroda
Date : 31st July, 2010RANJIT KUMAR SINGH
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE	AS AT 31.03.2010 (RUPEES)	PREVIOUS YEAR (RUPEES)			
SCHEDULE - A					
SHARE CAPITAL					
Authorised:					
8,000,000 Equity shares of Rs. 10/- each	80,000,000	80,000,000			
Issued, Subscribed & Paid up:					
5,542,600 (Previous year 5,542,600) Equity shares of Rs. 10/- each	55,426,000	55,426,000			
Add : Forfeited Shares Account	3,661,500	3,661,500			
	<u>59,087,500</u>	<u>59,087,500</u>			
SCHEDULE B					
SECURED LOANS					
Vehicle Loan	703,696	-			
	<u>703,696</u>	<u>-</u>			
SCHEDULE C					
UNSECURED LOANS					
From Shareholder	37,600,000	37,600,000			
	<u>37,600,000</u>	<u>37,600,000</u>			
SCHEDULE E					
INVESTMENTS (At Cost)					
Unquoted (trade)					
	31.03.2010	31.03.09	Face Value (Rs.)		
Kesar Motels Pvt. Ltd.	22200	----	100	8,880,000	5,850,000
Sai Ram Krupa Hotels Pvt. Ltd	12500		10	1,250,000	--
Share Application Money With Kesar Motels Pvt. Ltd.				--	3,030,000
				<u>10,130,000</u>	<u>8,880,000</u>
Aggregate Book Value of Unquoted Investment				10,130,000	5,850,000
SCHEDULE F					
INVENTORIES (At Cost)					
(As verified, valued & certified by the management)					
Stores & Operating Supplies				1,188,735	534,249
Food & Beverages				167,312	176,800
				<u>1,356,047</u>	<u>711,049</u>
SCHEDULE G					
SUNDRY DEBTORS					
(Unsecured, considered good)					
a. Outstanding for more than six months				-	-
b. Other Debts				1,785,976	2,729,744
				<u>1,785,976</u>	<u>2,729,744</u>
SCHEDULE H					
CASH & BANK BALANCES					
Cash on hand				48,757	1,845,077
Balance with Schedule Banks in Current Account				2,567,293	3,476,294
				<u>2,616,050</u>	<u>5,321,371</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE D

FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON 01.04.2009	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2010	AS ON 01.04.2009	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2010	AS ON 31.03.2009
1	FREEHOLD LAND	2,502,000	-	-	2,502,000	-	-	-	2,502,000	2,502,000
2	OFFICE PREMISES	400,000	-	-	400,000	13,360	-	303,649	96,351	109,711
3	BUILDING	53,879,657	-	-	53,879,657	1,799,581	-	21,113,249	32,766,408	34,565,989
4	PLANT & MACHINERIES	47,460,646	1,910,720	-	49,371,366	2,306,368	-	23,696,300	25,675,066	26,070,714
5	VEHICLE	942,046	1,077,629	-	2,019,675	143,626	-	550,529	1,469,146	535,143
6	COMPUTER	1,248,293	110,900	-	1,359,193	62,571	-	429,260	929,933	881,604
7	FURNITURE & FIXTURES	2,327,095	1,652,424	-	3,979,519	373,985	-	1,220,271	2,759,248	1,480,809
		108,759,737	4,751,673	-	113,511,410	4,699,491	-	47,313,258	66,198,152	66,145,970
	PREVIOUS YEAR	102,357,780	6,401,957	-	108,759,737	4,178,409	-	42,613,767	66,145,970	63,922,422

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE	AS AT 31.03.2010 (RUPEES)	PREVIOUS YEAR (RUPEES)
SCHEDULE I		
LOANS & ADVANCES		
(Unsecured, considered good)		
Direct Taxes (Including T.D.S.)	1,012,348	1,201,276
Indirect Taxes	200,000	100,000
Deposits	1,415,968	1,429,968
Advance recoverable in cash or kind for value to be received	4,313,815	4,352,030
	<u>6,942,131</u>	<u>6,562,503</u>
SCHEDULE J		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	2,780,429	8,821,111
Other Liabilities	625,258	4,113,244
	<u>3,405,687</u>	<u>12,934,355</u>
Add: Provision for Employee benefits	275,888	296,684
	<u>3,681,575</u>	<u>13,231,039</u>
SCHEDULE K		
INCOME FROM OPERATIONS		
Room Sale	33,234,639	36,169,521
Banquet Sale	1,397,249	1,872,348
Food & Beverage Sale	19,491,214	17,972,975
Other Services	944,637	1,711,472
	<u>55,067,739</u>	<u>57,726,316</u>
SCHEDULE L		
CONSUMPTION OF FOOD AND BEVERAGES		
Opening Stock	176,800	233,620
Purchases	8,189,593	7,083,535
Less: Closing Stock	167,312	176,800
	<u>8,199,081</u>	<u>7,140,355</u>
SCHEDULE M		
PERSONNEL COST		
Salaries & Wages	7,479,262	6,692,632
Contribution to Provident Fund & other Funds	808,105	843,274
Staff Welfare Expenses	796,386	687,484
	<u>9,083,753</u>	<u>8,223,390</u>
SCHEDULE N		
UPKEEP AND SERVICE COST		
Water Charges	40,920	7,187
Linen, Uniform Washing & Laundry Expenses	989,520	1,194,175
Renewals & Replacement	274,640	89,550
Garden Maintenance	34,077	16,200
Housekeeping Expenses	2,030,168	2,036,353
	<u>3,369,325</u>	<u>3,343,465</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE	AS AT 31.03.2010 (RUPEES)	PREVIOUS YEAR (RUPEES)
SCHEDULE O		
REPAIRS AND MAINTENANCE		
Building	918,770	4,678,470
Plant & Machinery	1,083,043	1,396,784
Others	747,926	910,463
	<u>2,749,739</u>	<u>6,985,717</u>
SCHEDULE P		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Advertisement, Publicity & Promotional Expenses	660,232	601,720
Auditors Remuneration	80,000	60,000
Bank Charges	10,877	24,646
Banquet Expenses	661,737	558,215
Commission	475,495	567,160
Conveyance	54,989	53,400
Decorations	78,955	49,580
Freight, Cartage & Transportation	278,682	260,607
Insurance	77,511	107,065
Legal & Professional Charges	303,801	971,240
Management Fee	1,323,600	1,235,960
Vat / Service Tax / Luxury Tax	809,076	742,152
Miscellaneous Expenses	8,701	8,705
Music & Entertainment	273,426	397,753
Postage, Telephone & Courier Expenses	419,915	420,521
Printing & Stationery	317,516	381,063
Rates, Taxes & Duties	1,183,443	698,295
Traveling	528,113	647,519
	<u>7,546,069</u>	<u>7,785,601</u>
SCHEDULE Q		
FINANCE COST		
Interest	4,512,000	4,512,000
Vehicle Loan	39,986	12,185
	<u>4,551,986</u>	<u>4,524,185</u>

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Place: Baroda
Date : 31st July, 2010

RANJIT KUMAR SINGH
Company Secretary

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE FINANCIAL YEAR
ENDED 31ST MARCH, 2010**

SCHEDULE – R: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

• **Basis of preparation of Financial Statements :**

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

• **Revenue Recognition :**

Revenue is recognised upon rendering the services and items of Income and expenditure are recognised on accrual basis. Income / Sales excludes Luxury Tax & Service Tax.

• **Use of Estimates :**

The preparation of financial statements required estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Financial Statements and the reported amount of Revenues and Expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised

• **Fixed Assets :**

- (i) Fixed Assets are stated at acquisition cost less accumulated Depreciation.
- (ii) Expenditure including cost of financing incurred during the course of construction, installation and commissioning of Building, Plant & Machinery is included in the cost of respective Fixed Assets.
- (iii) Intangible Assets are recorded at cost of Acquisition.

• **Depreciation, Amortisation and Impairment**

Depreciation on fixed assets is charged on Straight Line Method with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Intangibles assets are amortised over the economic useful life estimated by the Management.

Impairment is ascertained at each balance sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

• **Inventories :**

Stock of Food, Beverages and other supplies are valued at cost on first-in-first out basis or net realisable value, whichever is less

• **Borrowing Cost :**

Borrowing cost attributable to the acquisition or construction of qualifying assets are capitalised as a part of such assets. All other borrowing cost is charged to revenue in the year in which they are incurred

• **Investments :**

Long term Investments are stated at cost. Diminution in the value of investments is provided for by reducing the value of investments and charging the same to Profit & Loss Account

• **Contingent Liabilities**

	(2009-10) (Rs. in Lacs)
Contingent Liabilities not provided for in respect of:	
(a) Service Tax matter under appeal (FY : 2004-05 & 2005-06)	
Service Tax demand under dispute	Rs.4.08
Service Tax Penalty	Rs.4.08
Amount Paid	<u>Rs.2.00</u>
Balance Amount under Dispute	6.16
(b) Luxury Tax matter under dispute (FY : 1999-00)	
Luxury Tax demand under dispute	Rs.2.43
Luxury Tax Interest	Rs.0.55
Luxury Tax Penalty	<u>Rs.3.64</u>
Total	6.62
(c) Income – Tax matter under appeal (A Y : 2004-05)	
Penalty u/s 271 (1) (c)	0.40

Note: Future cash outflows in respect of (a) (b) & (c) above are Determinable on receipt of the judgments/decisions pending with various forums/ statutory authorities.

• **Retirement Benefits :**

- (i) Contributions to Provident Fund and Gratuity Fund are charged to Profit and Loss Account.
- (ii) Provision for Gratuity is being made. The arrangement with Life Insurance Corporation for creation of trust is properly done.
- (iii) Provision for Leave Encashment is made on the basis of actual leave outstanding at the end of the year based on the present pay structure.

• **Foreign Exchange Transactions :**

Transactions denominated in foreign currency settled / negotiated during a month are recorded at exchange rate on the date of settlement/ negotiation. Foreign currency transactions remaining not settled / negotiated at the end of each month are converted into rupees at the month end rates. All gains or losses on foreign exchange transaction other than those related to Fixed Assets are recognised in the Profit and Loss Account.

• Taxation :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognised 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.

2. DEFERRED TAXES:

The Company, as on March 31, 2010, has deferred tax assets (primarily representing carry forward of losses and unabsorbed depreciation under tax laws) in excess of the deferred tax liabilities. In the absence of virtual certainty that sufficient future taxable income would be available against which deferred tax assets can be realised, the Company has not recognized the net deferred tax assets as on March 31, 2010.

3. AUDITORS REMUNERATION:

Particulars	<u>2009-10</u> (Rs.)	<u>2008-09</u> (Rs.)
a. Audit Fees	50,000	25,000
b. Fees for other services	30,000	35,000
TOTAL	<u>80,000</u>	<u>60,000</u>

4. As the turnover of the Company includes sales of food & beverages, it is not possible to give quantitative details of the turnover and food and beverages consumption. The Company has been exempted from disclosure of quantitative details in compliance of Para 3(i) (a) of Part II of Schedule VI of the Companies Act, 1956 vide Order No.46/4/2010-CL-III dated 20/01/2010 issued by Ministry of Corporate Affairs, Government of India.

The break up of Consumption of Provisions, Stores & Beverages are as follows:

	<u>(2009-10)</u> (Rs.)	<u>(2008-09)</u> (Rs.)
Opening Stock	1,76,800	2,33,620
Add:- Purchases	81,89,593	70,83,535
Total	83,66,393	73,17,155
Less:- Closing Stock	<u>1,67,312</u>	<u>1,76,800</u>
Consumption during the year	<u>81,99,081</u>	<u>71,40,355</u>

5. The Company has initiated the process of obtaining details from Sundry Creditors who are registered under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent that the Company has received information, it has evaluated that there are no amounts due to the Creditors who are registered under the said Act beyond the period of 45 days.
6. As per Accounting Standard -15 – Accounting for Employees benefits as defined in the accounting standard the summarised components of net benefit expense recognised in the profit and loss account and the funded status and the amount recognised in the balance sheet. The details of Group Gratuity Scheme as approved with LIC are as follows:

(A)	Assumption	Amount (Rs.)	
		As on 31/03/2010	As on 31/03/2009
	Discount Rate	8%	8%
	Salary Rate	7%	7%
(a)	PV of past service benefit	2,99,454	2,25,882
(b)	Current Service Cost	1,05,918	81,476
(c)	Total Service Gratuity	40,65,579	31,45,930
(d)	Accrued Gratuity	36,90,349	2,76,218
(e)	Additional Contribution for exiting Fund	16,288	--
(f)	LCSA	36,90,349	28,69,712
(g)	LIC Premium	8,423	6,546
(h)	Service Tax	868	809
(B)	Total Amount Payable	(b+e+g+h)1,31,497	(a+b+g+h)3,14,713

7. Capital expenditure commitments of Rs. NIL (Pre. Year Rs. NIL)
8. Director's Remuneration Previous Year
Rs. NIL/- Rs. NIL/-
9. C.I.F. Value of Imports: NIL (Pre. Year Rs. 4,77,940/-)
10. The total consumption of items of raw materials, stores and spares are indigenous only.
11. Earning in foreign currency: Rs10,96,953/- (Pre. Year Rs. 27,05,187 /-)
12. Expenditure in Foreign Currency: Rs. NIL (Pre. Year Rs. NIL)
13. In the opinion of the Board, the Current Assets, Loans and Advances would if realised in the ordinary course of business, be of approximately the value at which they are stated in the Balance Sheet.
14. Earning per Share:

Particulars		<u>2009-10</u>	<u>2008-09</u>
a.	Weighted average no. of equity shares of Rs. 10/- each	55,42,600	55,42,600
b.	Net Profit after tax available for equity shareholders (Rs. in Lacs)	75.23	78.39
c.	Basic and diluted earnings per share (in Rupees)	1.36	1.41

15. As required by Accounting Standard – AS 18 “Related Parties Disclosures” issued by the Institute of Chartered Accountants of India are given below:
 - Followings are the bodies in which Directors and/or their relatives, promoters are interested:

- A. ANS Constructions Ltd.
- B. Radheshyam Bansal Engineers India Ltd.
- C. Lords Inn Hotels and Developers Ltd.
- D. Kesar Motels Pvt. Ltd.

- Following is the summary of transactions with the related parties:

PARTICULARS	For the year ending	
	31-03-2010	31-03-2009
Management Fees Paid:		
Lords Inn Hotels and Developers Ltd.	13,23,600	12,35,960
Interest Paid:		
ANS Constructions Ltd.	45,12,000	45,12,000
Unsecured Loan (Re-Payment):		
Radheshyam Bansal Engineers India Ltd.	----	20,67,461
Outstanding Balances:		
ANS Constructions Ltd.	3,76,00,000	3,76,00,000
Lords Inn Hotels and Developers Ltd.	2,37,666	2,34,835
Investment in Equity Shares		
Kesar Motels Pvt. Ltd.	88,80,000	58,50,000
Sai Ram Krupa Hotels Pvt. Ltd	12,50,000	--
Share Application Money:		
Kesar Motels Pvt. Ltd.	----	30,30,000

16. Segment Reporting:

Accounting Standard 17 issued by The ICAI regarding Segment Reporting has been considered by us taking in to account the organisation structure etc. of the company. As the company has no operations any where else than the head office, hence, Geographical Segment is not applicable. Similarly, company is not operating any other business operations thus, disclosure requirements of AS-17 is not applicable to the company.

17. As per Accounting Standard 28, the Company does not have impaired assets as verified by the management during the year under review.

18. Previous year figures have been regrouped and/or rearranged wherever found necessary.

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Place: Baroda
Date : 31st July, 2010

RANJIT KUMAR SINGH
Company Secretary

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details	
Registration Number	L55100GJ1985PLC008264
State Code	04
Balance Sheet	31-03-2010
II. Capital Raised During the Year	(Amount in Rs. Thousand)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilization & Deployment of Funds	(Amount in Rs. Thousand)
Total Liabilities	101073
Total Assets	101073
<i>Sources of Funds</i>	(Amount in Rs. Thousand)
Paid-up Capital	59088
Reserves & Surplus	NIL
Secured Loans	703
Unsecured Loans	37600
<i>Application of Funds</i>	(Amount in Rs. Thousand)
Net Fixed Assets	66198
Investments	10130
Net Current Assets	9019
Miscellaneous Expenditure	NIL
Accumulated Losses	12044
IV. Performance of Company	(Amount in Rs. Thousand)
Turnover	55390
Total Expenditure	46974
Profit Before Tax	8416
Profit After Tax	7524
Earning Per Share (in Rs.)	1.36
Dividend Rate (%)	NIL
V. Generic Names of Principle Product of the Company (As per Monetary terms)	
Item Code No. (ITC Code)	The Company is in the Business of Hotelier and Catering, Which is not covered under ITC (HS) Classification.
Product Description	Hotel & Restaurant

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT ATTACHED
FOR J. M. PABARI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

JAYANT PABARI
(PROPRIETOR)
Membership No. 47580
FR No. 113881W

PUSHPENDRA BANSAL
Executive Director

AMIT GARG
Director

Place: Baroda
Date : 31st July, 2010

RANJIT KUMAR SINGH
Company Secretary

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ISHWAR BHUVAN HOTELS LIMITED

Revival Hotel, Near Sayaji Garden,
Kala Ghoda Chowk, University Road,
Baroda - 390 002.