



**22<sup>nd</sup>**

**ANNUAL REPORT  
2010 - 2011**



**H. S. INDIA LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Pushpendra Bansal	Chairman & Joint Managing Director
Ramesh Bansal	Managing Director
Nimish Shah	Director
Pradeep Dhawan	Director
Bapi Datta	Director

### **AUDITORS**

M/s. PARY & Co.  
Chartered Accountants  
8005/A, World Trade Centre,  
Ring Road, Surat-395 002

### **BANKERS**

Punjab National Bank  
Kotak Mahindra Bank Ltd.  
Axis Bank Ltd.

### **REGISTERED OFFICE**

A-1, Manish Kaveri, Building No. 18,  
Manish Nagar, J. P. Road,  
Andheri (West),  
Mumbai - 400 053.

### **REGISTRAR & SHARE TRANSFER AGENT**

Sharepro Services (India) Pvt. Ltd  
13 AB Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072

## **GREEN INITIATIVE**

The Ministry of Corporate Affairs (“MCA”), Government of India, through its Circular No. 17/2011, dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has taken a 'Green Initiatives in the Corporate Governance' and allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement, etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and circular issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode, you have the benefit of receiving communications promptly and avoiding loss in postal transit, and also save the cost of your Company.

Members, who hold shares in physical form and desire to receive the documents in electronic mode, are requested to provide their details (name, folio no., e-mail id) on the address of the company's Registrar & Share Transfer Agent (Sharepro Services (India) Pvt. Ltd.). Members who hold shares in electronic form are requested to get their details updated with respective Depositories.

### **NOTICE**

NOTICE is hereby given that the **22<sup>nd</sup> ANNUAL GENERAL MEETING** of **H. S. INDIA LIMITED** will be held at 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai - 400 053, on Thursday, the 29<sup>th</sup> September, 2011 at 10.00 a.m. to transact the following business.

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 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 Mr. Pushpendra R. Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Bapi Datta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/S. PARY & CO., Chartered Accountants, Surat 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 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT consent of the Company be and is hereby accorded to dilute its investment holdings of 1,62,715 equity shares of Rs. 100/- each in Kesar Motels Pvt. Ltd. to Sai Ram Krupa Hotels Pvt. Ltd. at the rate to be derived from audited annual accounts of Kesar Motels Private Limited for the year ended 31st March, 2011.

RESOLVED FURTHER THAT Mr. Pradeep Dhawan, Director of the Company, be and is hereby authorised and directed for and on behalf of and in the name of the Company to execute and deliver all necessary documents, deeds, agreements, certificates, etc. as he may consider necessary, desirable or useful for the purpose of giving effect to this resolution.”

#### **NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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 COMMENCEMENT OF THE MEETING.
- (b) The register of members and share transfer books of the Company will remain closed from 24<sup>th</sup> September, 2011 to 29<sup>th</sup> September, 2011, both days inclusive.

- (c) Corporate Members intending to send authorised representative(s) to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the meeting.
- (d) Members are requested to:
- (i) Intimate to the Company's Registrar & Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd, 13 AB Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072./their Depository Participant ("DP"), changes, if any, in their registered addresses and their e-mail id 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.
- (e) 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.
- (f) A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.

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

**ITEM NO. 5**

Due to globalization and modernization in the Indian economy, the company needed more funds for the expansion of the project. Hence, the Board of Directors of the Company has decided to dilute its investment holdings of 1,62,715 equity shares of ₹ 100/- each in Kesar Motels Pvt. Ltd. to Sai Ram Krupa Hotels Pvt. Ltd. at the rate to be derived from audited annual accounts of Kesar Motels Private Limited for the year ended 31<sup>st</sup> March, 2011.

The Directors recommend the resolution for your approval.

None of the Directors except Shri Pushendra Bansal and Shri Ramesh Bansal are considered to be interested or concerned in the resolution.

Place: Surat  
Date : August 29, 2011

By Order of the Board of Directors  
For H. S. INDIA LIMITED

**Registered Office:**

A-1, Manish Kaveri, Building No. 18,  
Manish Nagar, J. P. Road,  
Andheri (West),  
Mumbai - 400 053.

PUSHPENDRA BANSAL  
Chairman & Jt. Managing Director

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report of your Company together with the Audited Financial Statements and Auditors' Report for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

(₹ in Lacs.)

Particulars	For the year ended 31-03-2011	For the year ended 31-03-2010
Net Income	1464.18	1,464.66
Net Operating Profit	418.94	583.83
Less: Interest & Finance Charges	171.11	183.45
Less: Depreciation	105.09	92.57
Less: Earlier Year Expenses	--	41.61
Net Profit Before Tax	142.74	266.20
Less: Provision for Taxation	-	-
- Current Tax	30.00	20.00
- Deferred Tax Liabilities	14.57	13.86
<b>Net Profit after Tax</b>	<b>98.17</b>	<b>232.34</b>

The Net Income of your Company for the year 2010-11 was amounted to ₹ 1464.18 lacs as against ₹ 1464.66 lacs in the previous year. Net profit after tax of the Company was amounted to ₹ 98.17 Lacs as against ₹ 232.34 Lacs in the previous year. Net profit after tax was decreased mainly due to increase in foods & beverages cost and repair & maintenance cost for up keeping the property.

### DIVIDEND

In order to conserve resources to meet expansion project of your Company, Directors have not recommended any dividend on equity shares of the Company.

### 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

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirm that:

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011, 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 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 31<sup>st</sup> March, 2011 and of the profit of the Company for the year.
- (iii) 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) the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011, 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 Rule 2 of 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 has made all possible efforts to closely monitor power consumption on daily basis so as to reduce wastage. The Company is also trying to find ways and means to reduce power consumption 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 technology absorption, hence no particulars are offered.

### C. Total Foreign Exchange Earning and Outgo

Particulars	2010-2011 Amount ( ₹ )	2009-2010 Amount ( ₹ )
a. Total Foreign Exchange used	3,909,626	7,53,945
b. Total Foreign Exchange earned	53,38,092	83,85,045

**DIRECTORS**

Mr. Pushpendra R. Bansal and Mr. Bapi Datta, directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDITORS**

M/s. PARY & Co., Chartered Accountants, Surat 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.

**EXPANSION**

As a part of expansion plan, your Company has added 24 new rooms during the year with total rooms inventory of 134. Your Company has also started phase wise renovation of existing rooms which will be expected to be completed by end of March 2012 to provide high class facilities to its valued customers and exhilarate hospitality standards.

**CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a separate section on Corporate Governance and Management Discussions and Analysis Report together with a certificate from the Company's Auditors confirming compliance is given in the annexure forming part 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.

**ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Financial Institutions, the Bankers, Government authorities, customers, vendors and shareholders during the year under review. Your Directors also wish to record their recognition of the customer support and patronage by the corporate houses in and around Surat.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, which enable the Company to deliver a good all-round record performance.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Surat

Date : August 29, 2011

**Registered Office:**

A-1, Manish Kaveri, Building No. 18,  
Manish Nagar, J. P. Road,  
Andheri (West),  
Mumbai - 400 053.

PUSHPENDRA BANSAL  
Chairman & Jt. Managing Director



**ANNEXURE TO THE DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE & DEVELOPMENTS:**

According to the World Travel & Tourism Council Report, India is ranked 1<sup>st</sup> in South East Asia and ranked 4<sup>th</sup> in the world in respect of Travel and Tourism growth. Indian Travel and Tourism Industry estimated at Rs. 1,970 billion in the financial year 2010 contributed 6% to the overall GDP and is expected to reach Rs. 6,211 billion by 2020, growing at CAGR of 12% per annum. The industry has consistently outperformed other sectors in GDP growth and is expected to continue to do so. The Travel and Tourism Industry is the largest contributor to employment generation and accounts for about 8.40% of the total employment.

The World Travel & Tourism Council has estimated that the foreign tourist arrivals are expected to be increased by 8.20% CAGR over the period 2010-19. The foreign tourist arrivals have increased substantially during the year due to improvement in global economic situation and increased global confidence in the business development in India. Domestic Travel reached 650 million in 2009. With increased disposable income, there is immense potential for growth in domestic tourism.

According to various estimates, the total demand for branded hotels in India as on date is about 2,00,000 rooms whereas the supply is only about 1,20,000 rooms. Therefore, there is a huge gap to be filled. Moreover, increased supply creates its own demand.

One of the long pending requests of the hotel industry is the grant of Infrastructure Status by RBI. The Hotel Industry is highly capital intensive and new hotel especially the super luxury hotels take long time to generate cash surplus. Therefore, it is necessary that the hotel industry should have access to cheaper loans with longer repayment schedules. It is also necessary that the Hotel Industry should have access to foreign currency loans just for new projects but also for refinancing of existing loans. This would be possible, only when the industry is granted Infrastructure status.

**OPPORTUNITIES, THREATS, RISK AND CONCERNS:**

Your Company is in well position to take advantage of the following situations:

- Healthy economy having positive support of Tourism Sector.
- Well framed State & Central Government policies to attract tourists.
- Proximity to Railway & Bus station.
- Healthy Competition in the city.
- Extending the product portfolio by offering various types of facilities.
- Demand between the national and the inbound tourists can be easily managed due to difference in the period of holidays.

Despite the apparent steps taken by the tourism industry in India, some worries still remain. Infrastructure facilities available in the country are not up to the mark and require lot of improvement if we want to sustain present growth of industry. Following are some of risks and concerns envisaged by hotel industry.

- General economic conditions like worldwide slow down in global economies, local market condition, government policies, fluctuation in interest and foreign exchange rates, etc.
- Socio-political risk like threat of terrorist activities, travel advisories from foreign countries, occurrences of infectious diseases, natural calamities, high rate of employee turnover ratio, power & water shortage, etc.,

- Lack of adequate and good quality transport network and infrastructure facilities at public place.
- Increase in rate of taxes, food cost, etc. makes the tour unattractive and expensive, which in turn affect the business of the Company.
- Growing competitive environment both at international and local, could also affect the performance and results of the Company.
- Guest houses replace the hotels. This is a growing trend in the west and is now catching up in India also, thus diverting the hotel traffic.

Your Company has adopts various policies and methods to counter above mentioned risks effectively, as enumerated below:

- Your Company is looking for increasing its presence, first domestically then in future internationally.
- Your Company is also under planning to enter Luxury and leisure segment in addition of having Business Class Segment.
- Your Company is timely renovating and repositioning its property.
- Your Company always endeavours to improve its service standards.

#### **FINANCIAL AND OPERATIONAL PERFORMANCE:**

The Net Income of your Company for the year 2010-11 was amounted to ₹ 1464.18 lacs as against ₹ 1464.66 lacs in the previous year. Net profit after tax of the Company was amounted to ₹98.17 Lacs as against ₹232.34 Lacs in the previous year. Net profit after tax was decreased mainly due to increase in foods & beverages cost and repair & maintenance cost for up keeping the property.

#### **FUTURE OUTLOOK:**

Demand levels of rooms are likely to improve in 2011-12 as economic growth gathers momentum and companies increase spending on travel. In long term, the demand-supply gap in India is very real and that there is need for more hotels in most cities. The shortage is especially true within budget and the mid market segment. There is an urgent need for budget and mid market hotels in the country as travellers look for safe and affordable accommodation. In the long-term the hotel industry in India has latent potential for growth. This is because India is an ideal destination for tourists as it is the only country with the most diverse topography.

However, your Company continues to believe that the long-term prospects for the travel and tourism industry in India are attractive. As mid market faces very little disturbances, your Company at locations where they are targeting the mid-market segment, provide comfort and look as per guests' requirements. Your Directors look forward to the future with confidence.

#### **ADEQUACY OF INTERNAL CONTROL SYSTEM:**

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.

The internal control systems are supplemented by an extensive programme of internal audits reviewed by management and documented policies, guidelines and procedures.

The internal control systems of the Company are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

**HUMAN RESOURCE DEVELOPMENT:**

The manpower employed in your Company for 2010-11 was 181 employees.

The Company depends extensively on its human assets and consider this as one of the most precious asset and not affordable to lose.

Your Company has a team of able and experienced industry professionals. Your company always believe to invest in human resources by means of providing various facilities, with a view to strengthen its presence in existing business and for taking advantage of the emerging growth opportunities in the hospitality sector. Your Company seeks regular feedback from its employees to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Critical human resource issues are analysed, corrective actions initiated and results monitored regularly. In order to preserve competent employees and to provide homely environment, your Company has arranged monthly staff function, religious programs, picnic tours, etc.

Human resource is drawn from diverse academic backgrounds and the Company has placed emphasis on recruiting people with formal training that matches their job profile.

**CAUTIONARY STATEMENT:**

Certain statements made in the Management discussion and analysis report, describing the Company's objectives, projections, estimates, predictions and expectations may be forward looking statements, within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that make differences to Company's operations includes competition, changes in Government policies and regulations, tax regimes and economic development within India. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

**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 in the Company.

**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 apprised 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 5 Directors of which 2 Directors are Executive Directors and 3 Directors are Non Executive Independent Directors, with the Chairman as an Executive Promoter Director. The number of Non Executive/Independent Directors is more than 50% of the total number of the Directors.

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

6 (Six) Board Meetings were held during the financial year 2010-11. The dates on which the said meetings were held are as follows:

1.	April 30, 2010	2.	June 09, 2010	3.	July 30, 2010
4.	August 31, 2010	5.	October 30, 2010	6.	January 31, 2011

The last Annual General Meeting of the Company was held on September 29, 2010.

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

Name	Category	Attendance Particulars		No. of Equity Shares Held
		Board Meetings	Last AGM	
Mr. Pushpendra Bansal	Chairman & Joint Managing Director	6	Yes	5,48,120
Mr. Ramesh Bansal	Managing Director	6	No	1,51,520
Mr. Nimish Shah	Non Executive Independent Director	6	Yes	NIL
Mr. Pradeep Dhawan	Non Executive Independent Director	6	Yes	1000
Mr. Bapi Datta	Non Executive Independent Director	6	No	NIL

Number of other companies or committees of which the Director is a Director/Member/Chairman:

Name of the Director	No. of other Public Limited Company in which Director	No. of Committees in which Member (other than H.S. India Ltd.)	No. of Committees of which he is chairman (other than H.S. India Ltd.)
Mr. Pushpendra Bansal	3	--	--
Mr. Ramesh Bansal	1	--	--
Mr. Nimish Shah	--	--	--
Mr. Pradeep Dhawan	--	--	--
Mr. Bapi Datta	--	--	--

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 a 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.

The Company has not entered into any materially significant transactions during the year under report with promoter directors, senior management staff etc. other than the transaction entered into in the normal course of company's business.

#### **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. The Annual report of the Company contains certificate duly signed by the Managing Director (CEO) in this regard.

#### **Note on Directors seeking appointment/re-appointment:**

##### **PUSHPENDRA BANSAL**

Mr. Pushpendra Bansal aged about 51 years is a civil engineer having wide and enrich experience of more than 30 years in the business of Construction and Hotel. He is senior partner in "AA" class classification of contractor listed with Municipality, Railways and other government bodies. He has completed mega township of KRIBHCO Fertiliser, IFFCO Fertiliser, ONGC, L&T, NTPC, ESSAR, Food Corporation of India and many more. He has also completed mega Hotel Project at Mumbai, Gandhidham, Surat, Baroda etc. He is also sharing his experience in abroad for constructing & developing Motels and Shopping strips Mall.

He is a life member of "ASIAN AMERICAN HOTEL ASSOCIATION OF AMERICA" U.S.A., a biggest Association of Hotel & Motel Industry with 10,000 Members.

Mr. Pushpendra Bansal is related to Mr. Ramesh Bansal.

He is a Director in Srijan Holdings Limited, Lords Ishwar Hotels Limited and Lords Inn Hotels and Developers Limited. He is also Director in Seven other Private Limited Companies.

#### **BAPI DATTA**

Mr. Bapi Datta aged about 53 years is B.Sc. (Hons.) and B.E. (Civil Engg.) from Delhi University. He is an associated member of Institution of Engineers. He has more than 25 years of related experience in design and construction of Flyover, Factory and Residential Complexes, Bridges, Chimney, Power/Boiler House, Water Treatment Plants, Silo and Cooling Tower, etc.

He is not a Director in any other Public Limited Company. He is Director in two Private Limited Companies.

### **3. AUDIT COMMITTEE**

The audit Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process.

During the financial year 2010-11, the Audit Committee met 6 (Six) times on April 30, 2010, June 09, 2010, July 30, 2010, August 31, 2010, October 30, 2010 and January 31, 2011. The Committee, at these meetings reviewed the financial reporting system and unaudited financial results for the first three quarters.

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

<b>Name of the Director</b>	<b>No. of Meeting held</b>	<b>No. of Meeting attended</b>
Mr. Pradeep Dhawan	6	6
Mr. Nimish Shah	6	6
Mr. Ramesh Bansal	6	6

At present, two members of the Audit Committee are Non-executive Independent Directors and one member is an Executive Director.

The Chairman of the Audit Committee is Mr. Pradeep Dhawan.

### **4. REMUNERATION COMMITTEE**

The listing agreement provides that a Company may appoint a Committee for recommending managerial remuneration payable to Directors. The present Remuneration Committee comprises of Mr. Pradeep Dhawan, as Chairman with Mr. Nimish Shah and Mr. Bapi Datta as the other members.

During the year, one Remuneration Committee meeting was held on August 31, 2010. All Members were present at the Committee Meeting.

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. However, during the year ended March 31, 2011, your Company has paid remuneration to its Executive Directors as under:

Name & Designation of Director	Salary (in ₹ )	Perquisites (in ₹ )
Mr. Pushpendra Bansal, Chairman & Jt. Managing Director	14,50,000	Nil
Mr. Ramesh Bansal, Managing Director	90,000	Nil

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Shareholders'/Investors' Grievance Committee comprising of Mr. Pradeep Dhawan, as Chairman with Mr. Nimish Shah and Mr. Bapi Datta 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 dividend, annual report, etc.

Mr. Hitesh Limbani acts as Compliance Officer of the Company.

During the year, one Shareholders'/Investors' Grievance Committee meeting was held on August 31, 2010. All Members were present at the Committee Meeting.

During the year, the company has not received any shareholders'/investors' complaints. Hence, there were no outstanding complaints as on March 31, 2011.

## 6. GENERAL BODY MEETINGS

### (A) General Meeting:

(i) Annual General Meeting:

Details	Date	Time	Venue
Annual General Meeting 2009-10	September 29, 2010	10.00 A.M.	'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai - 400 053
Annual General Meeting 2008-09	September 29, 2009	10.00 A.M.	'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai - 400 053
Annual General Meeting 2007-08	September 25, 2008	10.00 A.M.	201, Shivai Dongre Industrial Easate, 89, Andheri - Kurla Road, Shkinaka, Andheri (E), Mumbai - 400 072

(ii) Extraordinary General Meeting:

During the year, One Extraordinary General Meeting was held on 07<sup>th</sup> July, 2010.

### (B) Postal Ballot

No Postal Ballot was conducted during the year 2010-11.

**(C) Special Resolution**

At the Annual General Meeting of the Company held on September 25, 2008, two Special Resolutions were passed –

- (i) For approval of the Corporate Guarantee granted by the Company; and
- (ii) For the preferential allotment of 54,38,000 equity shares of Rs.10/- each, at a premium of Rs. 4/- per share to the promoters and non-promoters group of the company.

Both the resolutions were passed unanimously by show of hands by the Members of the Company present at the said Annual General Meetings.

**7. DISCLOSURES**

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

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, 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: NIL
- (iii) The Company has complied with all mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement.
- (iv) Pursuant to sub-clause V of the Clause 49 of the Listing Agreement, the Board has received CEO/CFO certificate for the Financial Year ended March 31, 2011.

**8. MEANS OF COMMUNICATION**

The Company regularly published its quarterly, half yearly and annual results in Business Standard and Tarun Bharat. Additionally, the results and other important financial information is also periodically updated on the Company's website viz. [www.hsindia.in](http://www.hsindia.in). Hence, the results are not sent to all Shareholders.

The Bombay Stock Exchange Limited vide introduction of Clause 52 of the Listing Agreement, has introduced the Corporate Filing and Dissemination System (CFDS). It is a single source to view information filed by listed companies. Your Company has filed electronically all disclosures and communications to the BSE through the CFDS portal [www.corpfiling.co.in](http://www.corpfiling.co.in). Hard copies of the said disclosures and correspondence are also filed with the BSE.

The Management Discussion and Analysis Report is appended elsewhere and forms an integral part of the Annual Report.



**9. GENERAL SHAREHOLDER INFORMATION**

1.	Annual General Meeting		
	Date and Time Venue	September 29, 2011 at 10.00 a.m. 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai-400053	
2.	Financial Calendar 2011-12	Financial Calendar	Financial reporting by
		For the quarter ending June, 2011 For the quarter ending September, 2011 For the quarter ending December, 2011 For the quarter ending March, 2012 Annual General Meeting for 2011-12	mid of August, 2011 mid of November, 2011 mid of February, 2012 mid of May, 2012 end of September, 2012
3.	Book closure date	24.09.2011 to 29.09.2011(both days inclusive)	
4.	Dividend Payment Date	No Dividend has been recommended.	
5.	Registered Office of the company	A-1, Manish Kaveri, Building No. 18, Manish Nagar, J. P. Road, Andheri (West), Mumbai - 400 053. Email: <a href="mailto:hsindialimited@gmail.com">hsindialimited@gmail.com</a> Website : <a href="http://www.hsindia.in">www.hsindia.in</a>	
6.	Listing on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai	
7.	Annual listing & Custodial fees	Duly paid for the year 2011-12.	
8.	Stock Code (a) Trading Symbol at (b) Demat ISIN Numbers in NSDL&CDSL	Bombay Stock Exchange Limited, Mumbai Equity Shares INE731B01010	532145/HOTLSILV
9.	Stock Market Data	<b>The Bombay Stock Exchange Ltd.</b>	
		<b>High (₹)</b>	<b>low (₹)</b>
	April 2010	11.60	8.50
	May 2010	12.31	9.31
	June 2010	12.00	9.35
	July 2010	13.34	10.40
	August 2010	12.00	9.55
	September 2010	12.17	9.76
	October 2010	12.00	9.56
	November 2010	12.65	9.01
	December 2010	10.50	8.67
	January 2011	11.39	8.27
	February 2011	10.50	7.55
	March 2011	9.83	7.70
10.	Share Price Performance compared with broad based indices		
		H. S. India Limited	BSE
	As on 1st April, 2010	9.17	17692.62
	As on 31st March, 2011	7.80	19445.22
	Change (%)	- 14.94 %	9.91 %

11. A. Distribution of Shareholding as on 31<sup>st</sup> March, 2011:

No. of Equity Shareheld	No. of Shareholders	% of Shareholders	No. of Share held	% of Shareholding
1-500	1912	66.30	422596	2.60
501-1000	431	14.94	378772	2.33
1001-2000	223	7.73	356150	2.19
2001-3000	76	2.64	194726	1.20
3001-4000	46	1.59	167480	1.03
4001-5000	39	1.35	183237	1.13
5001-10000	68	2.36	494583	3.05
10001 & above	89	3.09	14040856	86.47
<b>GRAND TOTAL</b>	<b>2884</b>	<b>100.00</b>	<b>16238400</b>	<b>100.00</b>
Physical Mode	248	8.60	3772460	23.23
Electronic Mode	2636	91.40	12465940	76.77

B. Category of Shareholders as on 31<sup>st</sup> March, 2011:

Category Code	Category of Shareholders	No. of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
<b>(A)</b>	<b>Shareholders of Promoter &amp; Promoter Group</b>			
(1)	Indian	15	6317860	38.91
(2)	Foreign	0	0	0.00
	<b>Sub-Total (A)</b>	<b>15</b>	<b>6317860</b>	<b>38.91</b>
<b>(B)</b>	<b>Public Shareholding</b>			
(1)	Institutions	1	300000	1.85
(2)	Non-Istitutions			
	- Bodies Corporate	115	822330	5.06
	- Individuals	2740	8768827	54.00
	- Independent Director	1	1000	0.01
	- NRI's/OBC's/Foreign National	12	28383	0.17
	<b>Sub-Total (B)</b>	<b>2869</b>	<b>9920540</b>	<b>61.09</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipt has been issued</b>			
		0	0	0.00
	<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2884</b>	<b>16238400</b>	<b>100.00</b>

12.	Dematerialization of Shares	: As on March 31, 2011, 12465940 equity shares constituting 76.77 % of the Equity Shares Capital of the Company stand dematerialized.
13.	Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments	: The Company has not issued GDRs/ADRs. As on March 31, 2011, no Warrants/Convertible Instruments outstanding for conversion.
14.	Hotel Location	: Lords Plaza Opp. Linear Bus Stand, Ring Road, Surat – 395 003. e-mail : hsindialimited@gmail.com
15.	Address for Correspondence	: For Shares held in Physical and Demat Form: M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. Unit: (H. S. India Limited)  <u>Registered Office:</u> 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072. e-mail : sharepro@shareproservices.com Tel. No. 022-67720300 / 400 Fax No. 022-28591568  <u>Investor Relation Centre:</u> 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021. Tel. No. 022-66134700.

#### 10. RECONCILIATION OF SHARE CAPITAL AUDIT:

In keeping with the requirements of the SEBI and Bombay Stock Exchange Ltd., a secretarial audit by a practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued / paid-up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

#### 11. REPORT ON CORPORATE GOVERNANCE:

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance. A certificate from the Statutory Auditors of the Company on Corporate Governance is attached as an annexure to the report.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
H. S. INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by H. S. INDIA LIMITED for the period ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations 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 with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records and other documents maintained by the Shareholders'/Investors' Grievance Committee.
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 PARY & Co.,  
Chartered Accountants

Place: Surat  
Date: August 29, 2011

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

To,  
The Members of  
H. S. INDIA LIMITED

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchange, 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, 2011.

For, H. S. INDIA LIMITED

Place: Surat  
Date : August 29, 2011

RAMESH BANSAL  
Managing Director/CEO

**AUDITORS' REPORT**

To  
The Members of  
H. S. INDIA LIMITED

1. We have audited the Balance Sheet of **H. S. INDIA LIMITED** as at 31<sup>st</sup> March, 2011 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred in paragraph 3 above, we report that;
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representation received from the Director as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to best of information according to 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 a true and fair view, in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (ii) In the 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 Flows for the year ended on that date.

FOR PARY & CO.  
Chartered Accountants

Place : Surat  
Date : August 29, 2011

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) All the fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. In our opinion, having regards to size of the Company and the nature of its business, the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off substantial part of fixed assets.
- (ii) (a) The inventory of the Company has been physically verified at reasonable intervals during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion, 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) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks were not material.
- (iii) The Company has not granted or taken any loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause (iii) (b), (iii) (c), (iii)(d), (iii)(f) and (iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness was noticed in the internal controls.
- (v) (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, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty,

excise duty and cess were outstanding as at March, 2011 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have been not deposited on account of any dispute.
- (x) In our opinion there are no accumulated losses of the Company. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year
- (xi) 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.
- (xii) According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company, for loans taken by others from banks or financial institution during the year, are not prejudicial to the interest of the Company.
- (xvi) Based on our examination of records and information and explanations given to us, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to information and explanations given to us and an overall examination of the balance sheet and cash flow of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotments of shares during the year.
- (xix) The company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) In our opinion and based on the information and explanations furnished by the Management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

FOR PARY & CO  
Chartered Accountants

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

Place : Surat  
Date : August 29, 2011



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

SCHEDULE		AS AT 31.03.2011 ₹	AS AT 31.03.2010 ₹
<b><u>SOURCES OF FUNDS</u></b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	162,384,000	162,384,000
Reserves & Surplus	2	43,318,527	33,501,809
LOAN FUNDS			
Secured Loans	3	121,246,346	129,766,017
Deferred Tax Liability (Net)	4	22,660,000	21,203,015
		<b>349,608,873</b>	<b>346,854,841</b>
<b><u>APPLICATION OF FUNDS</u></b>			
FIXED ASSETS			
Gross Block	5	330,335,298	242,986,427
Less: Depreciation		79,681,981	69,173,070
Net Block		250,653,317	173,813,357
Add: Construction work-in-Progress (Including Capital Advances)		51,357,109	104,376,014
		302,010,426	278,189,371
INVESTMENTS			
	6	65,125,260	65,086,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	8,604,395	7,800,346
Sundry Debtors	8	6,233,880	5,671,062
Cash and Bank Balances	9	6,521,433	8,643,363
Loans and Advances	10	11,019,597	11,181,807
		32,379,305	33,296,578
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	41,703,613	24,380,808
Provisions		8,202,505	5,336,300
		49,906,118	29,717,108
NET CURRENT ASSETS		(17,526,813)	3,579,470
		<b>349,608,873</b>	<b>346,854,841</b>
SIGNIFICANT ACCOUNTING POLICIES 21 AND NOTES TO THE ACCOUNTS			

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR REPORT ATTACHED  
FOR PARY & CO.  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288CPUSHPENDRA BANSAL  
Chairman & Jt. Managing DirectorPRADEEP DHAWAN  
DirectorPLACE : SURAT  
DATE : AUGUST 29, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	SCHEDULE	YEAR ENDED 31.03.2011 ₹	YEAR ENDED 31.03.2010 ₹
<b>INCOME</b>			
Income from Operations	12	145,079,114	145,631,580
Other Income	13	1,338,849	834,636
		146,417,963	146,466,216
<b>EXPENDITURE</b>			
Consumption of Foods, Beverages and Others	14	32,790,750	26,305,944
Employees Remuneration and Welfare Expenses	15	19,510,827	17,833,404
Power and Fuel	16	9,656,889	11,278,721
Upkeep and Service Cost	17	6,578,163	5,644,615
Repairs and Maintenance	18	12,264,485	7,494,187
Administrative, Selling and Other Expenses	19	23,723,441	19,525,653
Interest and Finance Charges	20	17,110,794	18,345,430
Depreciation		10,508,911	9,257,457
		132,144,260	115,685,411
<b>PROFIT BEFORE EARLIER YEAR ADJUSTMENT</b>		14,273,703	30,780,805
Less: Earlier years Expenses - Interest to Financial Institutions		--	4,160,512
<b>PROFIT BEFORE TAXATION</b>		14,273,703	26,620,293
Less: Provision for Taxation			
- Current Tax		3,000,000	2,000,000
- Deferred Tax Liabilities		1,456,985	1,386,432
<b>PROFIT AFTER TAXATION</b>		9,816,718	23,233,861
PROFIT/(LOSS) BROUGHT FORWARD		11,749,809	(11,484,052)
<b>PROFIT CARRIED TO BALANCE SHEET</b>		21,566,527	11,749,809
<b>Earning per Shares in Rupees</b> (Nominal value of each share Rs. 10/-) Basic and Diluted Earning Per Share (Rs.)		0.60	1.72
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS		21	

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

AS PER OUR REPORT ATTACHED  
FOR PARY & CO.  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288CPUSHPENDRA BANSAL  
Chairman & Jt. Managing DirectorPRADEEP DHAWAN  
DirectorPLACE : SURAT  
DATE : AUGUST 29, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	31-03-2011		31-03-2010	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit as per Profit & Loss Account		14,273,703		26,620,293
Adjustments for:				
Assets Scrapped	--		790,630	
Depreciation	10,508,911		9,257,457	
Provision for Employees Benefit	166,205		2,276	
Interest for earlier years	--		4,160,512	
Interest Paid	17,110,794		18,345,430	
		27,785,910		32,556,305
Operating Profit Before Working Capital Changes		42,059,613		59,176,598
Working Capital Changes:				
(Increase)/Decrease in Inventories	(804,049)		(2,645,812)	
(Increase)/Decrease in Sundry Debtors	(562,818)		(1,409,876)	
(Increase)/Decrease in Loans & Advances	1,740,465		1,178,572	
Increase in Trade Payables				
(Including Working Capital Finance)	17,322,805		2,354,068	
		17,696,403		(523,048)
Cash Generated from Operations		59,756,016		58,653,550
Payment of Direct Taxes		(1,878,255)		(773,487)
Net Cash Flow from Operating Activities		57,877,761		57,880,063
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets/Capital Work-in-Progress		(34,329,966)		(65,655,682)
Sale of Assets Scrapped		--		131,300
Purchase of Investments		(39,260)		(8,610,990)
Net Cash Flow From Investing Activities		(34,369,226)		(74,135,372)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Share Capital		--		30,190,000
Proceeds from Share Premium		--		10,876,000
Proceeds / (refund) of Share Application Money		--		(3,806,600)
Proceeds (Repayment) of long term borrowings(Net)		(8,519,671)		(22,388,782)
Interest Paid (Net of Receipt)		(17,110,794)		(18,345,430)
Interest for earlier years		--		(4,160,512)
Net Cash Flow From Financing Activities		(25,630,465)		(7,635,324)
<b>Net Cash Flow During The Year (A+B+C)</b>		(2,121,930)		(23,890,633)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	8,643,363		32,533,996	
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6,521,433		8,643,363	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(2,121,930)		(23,890,633)

AS PER OUR REPORT ATTACHED  
FOR PARY & CO.  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

PUSHPENDRA BANSAL  
Chairman & Jt. Managing Director

PRADEEP DHAWAN  
Director

PLACE : SURAT  
DATE : AUGUST 29, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

	AS AT 31.03.2011 ₹	AS AT 31.03.2010 ₹
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
17,000,000 Equity Shares of Rs. 10/- each (Previous year 17,000,000 Equity Shares of Rs. 10/- each)	170,000,000	170,000,000
<b>Issued, Subscribed and Paid up :</b>		
16,238,400 Equity Shares of Rs. 10/- each fully paid up (Previous year 16,238,400 Equity Shares of Rs. 10/- each fully paid up) ( Refer Note No. 2 )	162,384,000	162,384,000
	162,384,000	162,384,000
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Share Premium Account	21,752,000	21,752,000
Profit & Loss Account Balance	21,566,527	11,749,809
	43,318,527	33,501,809
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Loans and Advances From Bank (Installments due within 12 months ₹ 3,38,90,000/- Previous year ₹ 3,38,90,000/-) (Includes interest accrued but not due ₹ 31,090/- Previous year ₹ Nil)	120,970,944	129,298,298
Other Loans and Advances ( Refer Note no. 13, 14 & 15 )	275,402	467,719
	121,246,346	129,766,017
<b>SCHEDULE 4</b>		
<b>DEFERRED TAX LIABILITY ( Net )</b>		
Deferred Tax Liability		
- On Depreciation of Fixed Assets	22,934,361	21,526,279
Less : Deferred Tax Assets :		
- On Provision on Employee Benefits	274,361	323,264
	22,660,000	21,203,015

**SCHEDULE 5  
FIXED ASSETS**

(Amount in ₹)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON 01-04-2010	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31-03-2011	AS ON 01-04-2010	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31-03-2011	AS ON 31-03-2010
1	FREEHOLD LAND	21,767,000	--	--	21,767,000	--	--	--	21,767,000	21,767,000
2	BORE WELL	74,330	--	--	74,330	18,620	1,212	--	54,498	55,710
3	BUILDING	78,943,060	38,012,661	--	116,955,721	11,649,528	1,322,421	--	103,983,772	67,293,532
4	PLANT & MACHINERIES	86,207,801	12,172,368	--	98,380,169	31,018,096	4,127,234	--	63,234,839	55,189,705
5	MOTOR CAR	4,125,908	--	--	4,125,908	765,373	391,961	--	2,968,574	3,360,535
6	COMPUTER	2,437,956	62,918	--	2,500,874	1,656,331	241,645	--	602,898	781,625
7	ELECTRICAL INSTALLATIONS	17,118,491	16,797,559	--	33,916,050	7,510,200	1,272,620	--	8,782,820	9,608,291
8	FURNITURE & FIXTURES	32,311,881	20,303,365	--	52,615,246	16,554,922	3,151,818	--	19,706,740	15,756,959
		<b>242,986,427</b>	<b>87,348,871</b>	--	<b>330,335,298</b>	<b>69,173,070</b>	<b>10,508,911</b>	--	<b>79,681,981</b>	<b>173,813,357</b>
	PREVIOUS YEAR	212,374,827	48,966,166	18,354,566	242,986,427	77,348,249	9,257,457	17,432,636	69,173,070	135,026,578
	Construction work in progress (Including Capital Advances)	104,376,014	25,867,256	78,886,161	51,357,109	--	--	--	51,357,109	104,376,014

				<b>AS AT 31.03.2011 ₹</b>	<b>AS AT 31.03.2010 ₹</b>
<b>SCHEDULE 6</b>					
<b>INVESTMENTS - At Cost</b>					
Unquoted (Fully paid up)	No. of Shares		Face Value		
	31.03.11	31.03.10	₹		
Kesar Motels Pvt Ltd	162,715	162,715	100	65,086,000	65,086,000
Japan Market Co-operative Service Society Ltd.	260	--	50	39,260	--
				65,125,260	65,086,000
<b>Aggregate Book Value of unquoted investment</b>				65,125,260	65,086,000
<b>SCHEDULE 7</b>					
<b>INVENTORIES (At Cost)</b>					
(As verified, valued and certified by the management)					
Provision, Stores, Food and Beverages				339,088	338,740
Wine & Liquor				3,997,276	3,279,126
Other Consumables and Operating Supplies				4,268,031	4,182,480
				8,604,395	7,800,346
<b>SCHEDULE 8</b>					
<b>SUNDRY DEBTORS</b>					
(Unsecured, considered good)					
a. Outstanding for more than six months				382,344	855,888
b. Other Debts				5,851,536	4,815,174
				6,233,880	5,671,062
<b>SCHEDULE 9</b>					
<b>CASH AND BANK BALANCES</b>					
Cash Balance on hand				2,103,483	1,088,215
<b>BANK BALANCES</b>					
With Schedule Banks in Current Account				4,218,659	7,252,005
With other Banks					
City Co-op. Banks Ltd.				199,291	303,143
(Max. Balance: ₹ 23,03,113; Previous Year: ₹ 3,83,08,193)					
Kurla Nagrik Sahakari Bank Ltd.					
(Max. Balance: ₹ Nil; Previous Year: ₹ 82,383)				--	--
				6,521,433	8,643,363
<b>SCHEDULE 10</b>					
<b>LOANS AND ADVANCES</b>					
(Unsecured, considered good)					
Deposits				3,004,248	1,487,366
Advance recoverable in cash or kind or for value to be received				1,474,406	4,731,753
Advance Tax Paid				6,540,943	4,962,688
				11,019,597	11,181,807

	<b>AS AT 31.03.2011 ₹</b>	<b>AS AT 31.03.2010 ₹</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Sundry Creditors:		
- Micro, Small & Medium Enterprises ( Refer Note No. 5 )	--	--
- Others	9,362,909	12,748,794
Advance from customers	1,100,216	5,366,547
Other Liabilities	31,240,488	6,265,467
	41,703,613	24,380,808
<b><u>PROVISIONS</u></b>		
Provision for Taxation	7,250,000	4,550,000
Provision for Employee Benefits	952,505	786,300
	8,202,505	5,336,300
	49,906,118	29,717,108
	<b>FOR THE YEAR ENDED 31.03.2011 ₹</b>	<b>FOR THE YEAR ENDED 31.03.2010 ₹</b>
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Rooms, Restaurants, Banquets and Liquor Sale (Refer Note No.3)	142,577,965	142,191,402
Other Operating Income	2,501,149	3,440,178
	145,079,114	145,631,580
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Rent	567,125	576,817
Discount Received	638,400	257,819
Miscellaneous Income	133,324	--
	1,338,849	834,636
<b>SCHEDULE 14</b>		
<b>CONSUMPTION OF FOOD, BEVERAGES AND OTHERS</b>		
Opening Stock	3,617,866	2,608,529
Purchases	33,509,248	27,315,280
	37,127,114	29,923,809
Less: Closing Stock (Refer Note No.3)	4,336,364	3,617,865
	32,790,750	26,305,944

	<b>FOR THE YEAR ENDED 31.03.2011 ₹</b>	<b>FOR THE YEAR ENDED 31.03.2010 ₹</b>
<b>SCHEDULE 15</b>		
<b>EMPLOYEES REMUNERATION AND WELFARE EXPENSES</b>		
Salaries and Wages	15,150,389	14,346,412
Contribution to Provident Fund and other Funds	1,505,151	1,018,964
Staff Welfare Expenses	2,855,287	2,468,028
	<b>19,510,827</b>	<b>17,833,404</b>
<b>SCHEDULE 16</b>		
<b>POWER AND FUEL</b>		
Electricity	6,054,682	6,070,223
Fuel Oil	71,412	30,029
Gas Fuel	3,530,795	5,178,469
	<b>9,656,889</b>	<b>11,278,721</b>
<b>SCHEDULE 17</b>		
<b>UPKEEP AND SERVICE COST</b>		
Water Charges	404,900	181,550
Linen, Uniform and Washing	2,882,772	1,917,917
Renewals and Replacement	316,398	155,836
Garden Maintenance	24,450	24,700
Housekeeping Expenses	2,949,643	3,364,612
	<b>6,578,163</b>	<b>5,644,615</b>
<b>SCHEDULE 18</b>		
<b>REPAIRS AND MAINTENANCE</b>		
Building	8,509,079	3,766,491
Plant and Machinery	2,971,708	2,096,161
Others	783,698	1,631,535
	<b>12,264,485</b>	<b>7,494,187</b>
<b>SCHEDULE 19</b>		
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Insurance	402,075	315,801
Advertisement	1,781,650	1,588,948
Commission	1,245,848	1,482,281
Conveyance	227,629	197,002
Travelling	590,728	627,295
Postage, Telephone and Courier Expenses	333,866	528,744
Printing and Stationery	691,182	697,860
Rates and Taxes	4,845,343	3,302,564



	<b>FOR THE YEAR ENDED 31.03.2011 ₹</b>	<b>FOR THE YEAR ENDED 31.03.2010 ₹</b>
Freight, Cartage and Transportation	2,830,204	2,522,540
Auditors Remuneration	110,300	110,300
Directors Remuneration	1,540,000	1,200,000
Music and Entertainment	228,580	268,392
Decorations	158,936	133,380
Banquet Expenses	1,008,929	923,642
Management and Franchise Fees	2,647,200	2,647,200
Professional Charges	4,115,250	1,708,093
Miscellaneous Expenses	635,721	480,981
Rent	330,000	--
Loss on Assets Scraped	--	790,630
	<b>23,723,441</b>	<b>19,525,653</b>
<b>SCHEDULE 20</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Term Loan	16,862,552	18,229,770
Interest on Cash Credit	174,816	165,192
	<b>17,037,368</b>	<b>18,394,962</b>
Less :- Interest Income ( Including TDS ₹ 6,993/- ; Previous Year ₹ 2,026/- )	48,851	280,627
	<b>16,988,517</b>	<b>18,114,335</b>
Bank Charges	122,277	231,095
	<b>17,110,794</b>	<b>18,345,430</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

**SCHEDULE 21**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS**

**1. Significant Accounting Policies**

**A. 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.

**B. Revenue Recognition**

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

**C. Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

**D. 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 and machinery is included in the cost of respective fixed assets.
- (iii) Intangible assets are recorded at cost of Acquisition less amortisation cost.

**E. 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. The company is following policy to depreciate fixed assets only up to 95% unless it is sold or discarded.

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.

**F. Inventories**

Stock of food, beverages and other supplies are valued at cost (computed on a weighted average basis except wine and liquor which is computed on first in first out basis) or net realisable value, whichever is lower.

**G. Borrowing Costs**

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

**H. 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.

Current Investments are carried at the lower of cost and fair value determined on a category basis.

**I. Contingent Liabilities**

These are disclosed by way of notes to the accounts. Provision is made in respect of those liabilities, which are likely to materialise after the year end, till the finalisation and have material effect on the position stated in the balance sheet.

**J. Employee's Benefits**

- i Contributions to Provident Fund, Gratuity Fund and Family Pension Fund are charged to Profit and Loss Account.
- ii Gratuity is charged to revenue on actuarial valuation by Life Insurance Corporation of India under the Employees Group Gratuity policy with them.
- 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.

**K. 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.

**L. 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. The company has raised funds by way of Preferential Allotment of Equity Shares amounting to ₹ 761.32 lacs in earlier years, out of the above ₹ 761.32 lacs, ₹ 760.49 lacs were utilised up to 31st March 2010 and the balance ₹ 0.83 lacs were utilised in capital expenditure during current financial year.
3. As the Turnover of the Company includes sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumed. The Company has been exempted from giving these particulars vide Order No.46/7/2011-CL-III dated 20.01.2011 issued by Ministry of Corporate Affairs, Government of India. However the said order required the company to disclose certain additional particulars which are given below:

- a) The income from food and beverage is ₹ 3,59,03,350/- (P.Y. ₹ 3,01,99,672/-)
- b) The income from wine and liquor is ₹ 3,83,81,611/- (P.Y. ₹ 2,94,67,395/-).
- c) The income from telex & telephone is ₹ 35,966/- (P.Y. ₹ 75,147/-) included in other services.
- d) The break-up of Consumption of Provisions, Stores, Food, Beverages, Wine & Liquor and other consumables are as follows:

	Provisions, Stores, Food & Beverages (₹)	Wine & Liquor (₹)	Total (₹)	Other Consumables (₹)	Total (₹)
Opening Stock	338740 (309059)	3279126 (2299470)	3617866 (2608529)	4182480 (2546005)	7800346 (5154534)
Add: Purchases	12275326 (10825098)	21233922 (16490183)	33509248 (27315281)	2633979 (10237498)	36143227 (37552779)
Total	12614066 (11134157)	24513048 (18789653)	37127114 (29923810)	6816459 (12783503)	43943573 (42707313)
Less: Closing Stock	339088 (338740)	3997276 (3279126)	4336364 (3617866)	4268031 (4182480)	8604395 (7800346)
Consumption during the year	12274978 (10795417)	20515772 (15510527)	32790750 (26305944)	2548428 (8601023)	35339178 (34906967)

(Figures in brackets represent figures for the year 2009-10)

Further, the Ministry of Corporate Affairs has also granted an exemption under General Notification No. S. O. 301 (E) dated February 8, 2011.

4 Auditors Remuneration:

	<u>2010-11</u>	<u>2009-10</u>
	₹	₹
a. Audit Fees	44,120	44,120
b. Income Tax Matters	33,090	33,090
c. Other Matters	33,090	33,090
	<u>1,10,300</u>	<u>1,10,300</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 are given herein below:

	<b>Gratuity</b>	<b>Gratuity</b>
	<b>2010-11</b>	<b>2009-10</b>
	(₹)	(₹)
<b>I. Change in Benefit Obligation</b>		
Liability at the beginning of the year	965081	1063763
Interest Cost	77206	85101
Current Service Cost	50589	146914
Past Service Cost (Non Vested Benefit)	--	--
Past Service Cost (Vested Benefit)	--	--
Benefit Paid	(168491)	(14193)
Actuarial (gain)/loss on obligation	251570	(316504)
Curtailments and Settlements	--	--
Liability at the end of the year	<u>1175955</u>	<u>965081</u>
<b>II. Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	1139160	1063763
Expected Return on Plan Assets	90828	89590
Contribution	49852	--
Benefit Paid	(168491)	(14193)
Actuarial gain/(loss) on Plan Assets	--	--
Fair Value of Plan Assets at the end of the year	<u>1111349</u>	<u>1139160</u>
Excess of Obligation over Plan Assets	<u>(64606)</u>	<u>--</u>
<b>III. Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	90828	89590
Actuarial gain/(loss) on Plan Assets	--	--
Actual Return on Plan Assets	<u>90828</u>	<u>89590</u>
<b>IV. Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	1175955	965081
Fair Value of Plan Assets at the end of the year	1111349	1139160
Difference	(64606)	174079
Unrecognised Past Service Cost	--	--
Amount Recognised in the Balance Sheet	<u>64606</u>	<u>(174079)</u>
<b>V. Expenses Recognised in the Income Statement</b>		
Current Service Cost	50589	146914
Interest Cost	77206	85101
Expected Return on Plan Assets	(90828)	(89590)
Net Actuarial (gain)/loss to be Recognised	251570	(316504)
Past Service Cost (Non Vested Benefit) Recognised	--	--
Past Service Cost (Vested Benefit) Recognised	--	--
Effect of Curtailments and Settlements	--	--
Expenses Recognised in Profit and Loss Account	<u>288537</u>	<u>(174079)</u>
<b>VI. Balance Sheet Reconciliation</b>		
Opening Net Liability	(174079)	--
Expenses as above	288537	(174079)
Employers Contribution	(49852)	--
Effect of Curtailments and Settlements	--	--
Amount Recognised in Balance Sheet	<u>64606</u>	<u>(174079)</u>
<b>VII. Actuarial Assumptions</b>		
Discount Rate Current	8%	8%
Salary Escalation	7%	7%

- Note:** i) Employer's contribution includes payments made by the Company directly to its past employees.  
 ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market  
 iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

7. There is no amount due and outstanding to "Investors Education and Protection Fund."

	2010-11 ₹	2009-10 ₹
8. CIF Value of Capital Goods imported.	39,09,626	7,53,945
9. Earning in foreign currency on sales (as per RLM-3 submitted to Authorised Dealer as certified by the management but not verified by the Auditors and as per certificate received from HSBC Card, Axis Bank and American Express Card):	53,38,092	83,85,045
10. a) Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)	50,00,000	1,48,67,213
b) Capital Advances ₹ 4,70,00,000/- in the previous year are carried forward in the current year		
11. Contingent Liabilities not provided for in respect of :		
a) Corporate Guarantee given to Bank of India on behalf of M/s. Kesar Motels Private Limited.	9,55,00,000	9,55,00,000
12. Managerial Remuneration:		
i) Managerial remuneration under Section 198 of the Companies Act, 1956 to the Managing Directors.		

Particulars	2010-11 ₹	2009-10 ₹
Salary	15,40,000	12,00,000
Contribution to Provident Fund and other funds	--	--
Perquisites & benefits	--	--
Total	15,40,000	12,00,000

ii) Computation of Net Profit as per Section 349 read with Section 309(5) of the Companies Act, 1956.

	2010-11 ₹	2009-10 ₹
Profit after Taxation as per Profit and Loss Account	9816718	23233861
Add : Provision for Taxation	4456985	3386432
Depreciation	10508911	9257457
Directors remuneration	1540000	1200000
	26322614	37077750
Less : Depreciation under Section 350	10508911	9257457
<b>Net Profit for the purpose of Managerial Remuneration</b>	15813703	27820293

iii) Company has not recommended any commission to the Managing Directors.

13. The Term Loans from Bank are secured by first charge by way of equitable mortgage of Company's all immovable properties, both present and future and first charge by way of hypothecation of Company's all movable, present and future subject to prior charges created and/or to be created in favour of the Company's bankers for securing the borrowing of working capital requirements in the ordinary course of business. The mortgage and hypothecation are ranking pari passu inter se.
14. Cash Credit from Punjab National Bank is secured by way of hypothecation of stocks and related book debts and further hypothecation of building under WIP.
15. Vehicle Loans from Bank and NBFC's are secured by way of hypothecation of the Vehicle.
16. Income from Operations, represents invoiced value of goods sold and services rendered exclusive of applicable taxes.
17. In the opinion of Board of Directors of the Company, all the current assets, loans and advances have value on realization of an amount at least equal to the amount at which they are stated in the Balance Sheet.
18. Earning Per Share:  
Earning Per Share is calculated in accordance with Accounting Standard 20 – 'Earning per Share' – (AS-20), notified by the Company's (Accounting Standards) Rules, 2006

Particulars	2010-11 ₹	2009-10 ₹
a. Profit after Tax	9816718	23233861
b. Average No. of Equity Shares		
Basic & Diluted	16238400	13488271
c. Earning Per Share		
Basic & Diluted	0.60	1.72

19. Related Party Disclosure as required by Accounting Standard-18 issued by the Institute of Chartered Accountants of India:

(A) Nature of Relationship :

- (I) Enterprises in which Key Management Personnel have significant influence:

Kesar Motels Private Limited  
Lords Inn Hotels and Developers Limited  
Sai Ram Krupa Hotels Pvt. Ltd.

- (II) Key Management Personnel

Pushendra Bansal  
Ramesh Bansal

(B) Transactions with Related Parties :

- (I) Investment as Equity Shares  
Kesar Motels Private Limited

₹ Nil  
( P. Y. ₹ 1,99,86,000/-)

(II) Purchase of Goods & Services		
a) Management & Franchise Fees		
Lords Inn Hotels & Developers Limited	₹ 26,47,200/-	(P.Y. ₹ 26,47,200/-)
b) Director Remuneration		
Pushpendra Bansal	₹ 14,50,000/-	(P.Y. ₹ 12,00,000/-)
Ramesh Bansal	₹ 90,000/-	(P.Y. ₹ Nil)
(III) Advances Received against Sale of Investment		
Sai Ram Krupa Hotels Pvt. Ltd.	₹ 2,32,50,000/-	(P.Y. ₹ Nil)
(C) Balance as on 31.03.2011		
(I) Payable		
Lords Inn Hotels and Developers Limited	₹ 56,373/-	( P. Y. ₹ 1,98,540/-)
Sai Ram Krupa Hotels Pvt. Ltd	₹ 2,32,50,000/-	(P.Y. ₹ Nil)
Pushpendra Bansal	₹ 2,32,287/-	( P. Y. ₹ 81,363/-)
Ramesh Bansal	₹ 88,168/-/-	(P.Y. ₹ Nil)
(II) Receivable		
Kesar Motels Private Limited	₹ 94,992/-	(P.Y. ₹ Nil)
Sai Ram Krupa Hotels Pvt. Ltd.	₹ 4,466/-	(P.Y. ₹ Nil)

20. The previous year's figures have been regrouped and/or rearranged wherever necessary.

AS PER OUR REPORT ATTACHED  
FOR PARY & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

PUSHPENDRA BANSAL  
Chairman & Jt. Managing Director

PRADEEP DHAWAN  
Director

Place : Surat  
Date : August 29, 2011



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

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

Registration Details	
Registration Number	L55100MH1989PLC053417
State Code	11
Balance Sheet	31-03-2011
Capital Raised During the Year	(₹ in Thousand)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
Position of Mobilization of Funds	(₹ in Thousand)
Total Liabilities	399,515
Total Assets	399,515
Sources of Funds	(₹ in Thousand)
Paid-up Capital	162,384
Share Application Money	NIL
Reserves & Surplus	43,318
Secured Loans	121,246
Unsecured Loans	NIL
Deferred Tax Liability (Net)	22,660
Application of Funds	(₹ in Thousand)
Net Fixed Assets	302,010
Investments	65,125
Net Current Assets	(17,527)
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL
Performance of Company	(₹ in Thousand)
Turnover	146,418
Total Expenditure	132,144
Profit Before Tax	14,274
Profit After Tax	9,817
Earning Per Share( ₹ )	
- Basic	0.60
- Diluted	0.60
Dividend Rate	NIL
Generic Names of Principle Product of the Company (As per Monetary terms)	
Item Code No. (ITC Code)	The Company is in the Business of Hoteliering and Catering, Which is not covered under ITC (HS) Classification.
Product Description	Hotel & Restaurant

AS PER OUR REPORT ATTACHED  
FOR PARY & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

POOJA MEHTA  
Partner  
Membership No. 109083  
Firm Reg. No. 007288C

PUSHPENDRA BANSAL  
Chairman & Jt. Managing Director

PRADEEP DHAWAN  
Director

Place : Surat

Date : August 29, 2011



**NOTES**

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**BOOK-POST**

If undelivered, please return to :

**H. S. INDIA LIMITED**

A-1, Manish Kaveri,

Building No. 18,

Manish Nagar,

J. P. Road, Andheri (West),

Mumbai - 400 053.