



**H. S. INDIA LIMITED**

**24<sup>th</sup>**

**ANNUAL  
REPORT**

**2012 - 13**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Pushendra Bansal	Chairman & Joint Managing Director
Ramesh Bansal	Managing Director
Pradeep Dhawan	Director
Bapi Datta	Director
Nimish Shah	Director (Ceased w.e.f. 11.07.2013)
Sanjay Mangal	Additional Director (Appointed w.e.f. 11.07.2013)

### **AUDITORS**

M/s. PARY & Co.  
Chartered Accountants  
9005, World Trade Centre,  
Ring Road, Surat – 395 002

### **BANKERS**

Punjab National Bank  
State Bank of India  
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,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072

**NOTICE**

**NOTICE** is hereby given that the **24<sup>th</sup> ANNUAL GENERAL MEETING** of **H. S. INDIA LIMITED** will be held at 'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai – 400 053, Maharashtra on Friday, the 30<sup>th</sup> August, 2013 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, 2013 and the Statement of Profit and Loss 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 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** Mr. Sanjay Mangal, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11<sup>th</sup> July, 2013 and who hold office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

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

**“RESOLVED THAT** pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to make investment in Equity Shares of Lords Oriental Resorts Developers (Silvassa) Private Limited and Lords Varam Hotels Private Limited for a sum not exceeding Rs. 10 Crore each aggregating of Rs. 20 Crore, notwithstanding that the aggregate amount of all investments / loans / securities / guarantees together with the proposed investment will exceed sixty percent of the aggregate of paid-up capital and free reserves or hundred percent of free reserves, whichever is higher, of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Principal Officer of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid 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 22<sup>nd</sup> August, 2013 to 30<sup>th</sup> August, 2013, 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) 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.
- (f) 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.
- (g) 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**

Mr. Sanjay Mangal was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 11<sup>th</sup> July, 2013. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Sanjay Mangal as a candidate for the office of the Director of the Company, liable to retire by rotation.

The Directors recommend the resolution for your approval.

None of the Directors except Mr. Sanjay Mangal is considered to be interested or concerned in the above resolution.

**ITEM NO. 6**

Section 372A of the Companies Act, 1956 provides that except with the consent of the Shareholders of the Company in General Meeting, the Board of Directors shall not make loans, guarantees and investments by way of subscription or acquisition of securities of any other Company in excess of 60% of paid-up capital and free reserves or 100% of free reserves, whichever is higher, of the Company.

As a part of expansion/acquisition project, your Company has intended to make investment in equity shares of two Hotel Companies i.e. Lords Oriental Resorts Developers (Silvassa) Private Limited and Lords Varam Hotels Private Limited for a sum not exceeding Rs. 10 Crore each aggregating of Rs. 20 Crore. These investments are proposed to be made out of internal accruals of the Company. The Investments will be made on the terms and conditions most beneficial to the Company and in pursuant to the provisions of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

None of the Directors except Mr. Pushpendra Bansal and Mr. Ramesh Bansal are considered to be concerned or interested in the said resolution.

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

**Place :** Surat

**Date :** July 31, 2013

**Registered Office:**

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

**HITESH LIMBANI**  
Company Secretary

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors are pleased to present the 24<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements and Auditors' Report for the year ended 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS :****(₹ in Lacs)**

<b>Particulars</b>	<b>For the Year ended 31-03-2013</b>	<b>For the Year ended 31-03-2012</b>
Net Income	1966.36	1,868.05
Net Operating Profit	469.56	498.66
Less: Interest & Finance Charges	127.67	166.16
Less: Depreciation	151.83	146.53
Net Profit Before Tax & Exceptional Items	190.06	185.97
Add: Exceptional Items	–	4.49
<b>Net Profit Before Tax</b>	<b>190.06</b>	<b>190.46</b>
Less : Provision for Taxation		
- Net Current Tax	54.00	56.00
- Deferred Tax	(104.00)	(9.50)
<b>Net Profit After Tax</b>	<b>240.06</b>	<b>143.96</b>

The Net Income of your Company for the year 2012-13 was increased to ₹ 1966.36 lacs as against ₹ 1868.05 lacs of the previous year. Net profit after tax of the Company was increased to ₹ 240.06 lacs as against ₹ 143.96 lacs of the previous year.

**DIVIDEND:**

In order to conserve resources, your 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 confirms that :

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2013, 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, 2013 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, 2013, 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.

Your Company is using PNG (Pipelines Natural Gas) in the Kitchen and other operational areas. Your Company is also using power savers in electric panels and in Guest Rooms with CFL fittings.

**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	2012-2013 Amount (₹)	2011-2012 Amount (₹)
a. Total Foreign Exchange used	25,22,470	1,62,056
b. Total Foreign Exchange earned	56,82,165	85,68,552

**DIRECTORS :**

Mr. Pushpendra 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.

Mr. Sanjay Mangal has been appointed as an Additional Director on 11<sup>th</sup> July, 2013 and he holds office till the conclusion of ensuing Annual General Meeting. The Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of Director of the Company, liable to retire by rotation. Resolution seeking approval of the members for the appointment of Mr. Sanjay Mangal as Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

Mr. Nimish Shah had resigned from the Directorship of the Company with effect from 11<sup>th</sup> July, 2013. The Board of Directors places on record its feeling of appreciation for the valuable contribution made by him during his tenure.

**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.

**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 :** July 31, 2013

**PUSHPENDRA BANSAL**  
Chairman & Jt. Managing Director

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

**ANNEXURE TO THE DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS REPORT****BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE & DEVELOPMENTS :**

In India, tourism is the most vibrant sectors and has a strong hold on the economy. India's rich cultural heritage and history, food, friendly people, architectural monuments, hospitality and services are positive strengths for tourism sector, which make it ahead of many of the emerging markets. The sector contributes 6.23 % to the national gross domestic product (GDP) and 8.78 % of the total employment in India. Moreover, India stands 42<sup>nd</sup> in the world rankings in terms of foreign tourist arrivals (FTAs) in the country, according to a report titled 'Competitiveness of Tourism Sector in India with Selected Other Countries of the World by Ministry of Tourism. The World Travel and Tourism Council (WTTC) named India as one of the fastest growing tourism industries for the next 10 to 15 years.

Arrival of foreign tourists in India grew by 2.3% in the first three months of 2013. In order to attract more foreign tourist, the ministry of tourism has posted its advisory on the website [incredibleindia.org](http://incredibleindia.org) indicating that India remains a safe destination for international visitors including women tourists.

**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. Issues like land availability, license process, multiple approvals, high financing costs, etc. lead to a long development cycle of 3-5 years for star category hotels in India which ultimately results in high room tariffs and long gestation periods for achieving break even. There are several other challenges in the sector that needs to be addressed and key among them include talent management, tax and regulatory issues and the infrastructure deficit.

Your Company is taking out all efforts for ensuring market share and be prepared for meeting the challenges. In order to tap market requirement, your company has kept its property well insured and renovated time to time.

However, the Union Budget 2013 has imposed Service tax @ of 4.94 % on food bill of Air Condition Restaurant which may impact on growth of the Indian Hospitality Industry. Increase in crude price is also resulting in increase in food cost and maintenance cost. In the present scenario, operations of star category hotels would become more difficult and expensive. Further, due to neck through competition in the Hotel Industry, the players will have limited possibility to pass on burden of taxes.

**FINANCIAL AND OPERATIONAL PERFORMANCE :**

The Net Income of your Company for the year 2012-13 was increased to ₹ 1966.36 lacs as against ₹ 1868.05 lacs of the previous year. Net profit after tax of the Company was increased to ₹ 240.06 lacs as against ₹ 143.96 lacs of the previous year.

**FUTURE PROSPECTS :**

The tourism sector can be considered as the backbone for allied sectors, like hospitality, civil aviation, and transport. Domestic tourism is very huge in the country, promoted by various intents. Pilgrim and leisure tourism are two very important sectors. The Ministry of Tourism has also played an important role in the development of the industry, initiating advertising campaigns such as the 'Incredible India' campaign, which promoted India's culture and tourist attractions in a fresh and memorable way. The industry has been witnessing an upswing for last few years partially due to an excellent 'Incredible India' campaign and is expected to increase up to US\$ 431.7 billion by the end of 2020. On the other front, India has the potential to develop the rural tourism industry. This can benefit the local community economically and socially, and enable interaction between tourists and locals for a mutually enriching experience.

However, your Company continues to believe that the long-term prospects for the travel and tourism industry in India are more attractive. As mid market faces very little disturbances, your Company is 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 control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction 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 2012-13 was 208 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. Significant factors that make differences to Company's operations include 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 numbers of Non Executive/Independent Directors are more than 50% of the total number of the Directors.

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

5 (Five) Board Meetings were held during the financial year 2012-13. The dates on which the said meetings were held are as follows :

1.	April 30, 2012	2.	July 31, 2012	3.	August 24, 2012
4.	October 31, 2012	5.	January 31, 2013		

The last Annual General Meeting of the Company was held on September 25, 2012.

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

Name	Designation	Category	Attendance Particulars		No. of Equity Shares Held
			Board Meetings	Last AGM	
Mr. Pushpendra Bansal	Chairman & Joint Managing Director	ED	4	Yes	22,58,158
Mr. Ramesh Bansal	Managing Director	ED	5	No	1,51,520
Mr. Nimish Shah *	Director	NED (I)	5	No	Nil
Mr. Pradeep Dhawan	Director	NED (I)	5	No	4,115
Mr. Bapi Datta	Director	NED (I)	5	No	Nil
Mr. Sanjay Mangal #	Additional Director	NED (I)	NA	NA	87,000

ED - Executive Director / NED (I) - Non Executive Independent Director

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 in which Chairman (other than H. S. India Ltd.) §
Mr. Pushpendra Bansal	3	-	-
Mr. Ramesh Bansal	1	-	-
Mr. Nimish Shah *	-	-	-
Mr. Pradeep Dhawan	-	-	-
Mr. Bapi Datta	-	-	-
Mr. Sanjay Mangal #	2	2	-

\* Ceased to be a Director w.e.f. 11<sup>th</sup> July, 2013.

# Appointed as an Additional Director w.e.f. 11<sup>th</sup> July, 2013.

§ In accordance with the Explanation 1 of Clause 49(C)(ii) of the Listing Agreement, Membership/Chairmanship of only Audit Committees and Shareholders'/Investors' Grievance Committees of all Public Limited Company (excluding H. S. India Limited) have been considered.

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 53 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" 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 Eleven other Private Limited Companies.

**BAPIDATTA**

Mr. Bapi Datta aged about 55 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 one Private Limited Company.

**SANJAYMANGAL**

Mr. Sanjay Mangal, aged about 46 years, is commerce graduate. He has vast experience of more than two decades in hotel, construction and offset printing Industry. He has been very much instrumental in giving of his technical advice to the Board in the Hotel operations.

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

**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 2012-13, the Audit Committee met 5 (Five) times on April 30, 2012, July 31, 2012, August 24, 2012, October 31, 2012 and January 31, 2013. The Committee, at these meetings reviewed the financial reporting system and unaudited financial results for the first three quarters.

The details of composition of the Committee and their attendance at the meetings are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meeting attended</b>
Mr. Pradeep Dhawan	Chairman	NED (I)	5
Mr. Nimish Shah *	Member	NED (I)	5
Mr. Ramesh Bansal	Member	ED	5
Mr. Sanjay Mangal #	Member	NED (I)	NA

\* Ceased to be a Member w.e.f. 11<sup>th</sup> July, 2013.

# Appointed as a Member w.e.f. 11<sup>th</sup> July, 2013.

The Company Secretary acts as a secretary to the Committee.

**4. REMUNERATION COMMITTEE**

The listing agreement provides that a Company may appoint a Committee for recommending managerial remuneration payable to Directors. During the year, One Remuneration Committee meeting was held on August 24, 2012.

The details of composition of the Committee and their attendance at the meetings are given below :



Name	Designation	Category	No. of Meeting attended
Mr. Pradeep Dhawan	Chairman	NED (I)	1
Mr. Nimish Shah *	Member	NED (I)	1
Mr. Bapi Datta	Member	NED (I)	1
Mr. Sanjay Mangal #	Member	NED (I)	NA

\* Ceased to be a Member w.e.f. 11<sup>th</sup> July, 2013.

# Appointed as a Member w.e.f. 11<sup>th</sup> July, 2013.

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, 2013, your Company has paid remuneration to its Executive Directors as under :

Name & Designation of Director	Salary (in ₹)	Perquisites (in ₹)
<b>Mr. Pushendra Bansal,</b> Chairman & Jt. Managing Director	18,00,000	Nil
<b>Mr. Ramesh Bansal,</b> Managing Director	1,80,000	Nil

##### 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee was constituted for redressal of investors'/shareholders' complaints like transfer of shares, non-receipt of annual report, non-receipt of dividend, etc.

During the year, one Shareholders'/Investors' Grievance Committee meeting was held on August 24, 2012.

The details of composition of the Committee and their attendance at the meetings are given below :

Name	Designation	Category	No. of Meeting attended
Mr. Pradeep Dhawan	Chairman	NED (I)	1
Mr. Nimish Shah *	Member	NED (I)	1
Mr. Bapi Datta	Member	NED (I)	1
Mr. Sanjay Mangal #	Member	NED (I)	NA

\* Ceased to be a Member w.e.f. 11<sup>th</sup> July, 2013.

# Appointed as a Member w.e.f. 11<sup>th</sup> July, 2013.

Mr. Hitesh Limbani, Company Secretary is a Compliance Officer of the Company.

During the year, the company has received one (1) complaint, which was promptly responded and resolved to the satisfaction of the concerned Shareholder. There were no outstanding complaints as on March 31, 2013.

## **6. GENERAL BODY MEETINGS**

### **(A) General Meeting**

(i) Annual General Meeting :

<b>Details</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Annual General Meeting 2011-12	September 25, 2012	10.00 A.M.	'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai - 400 053
Annual General Meeting 2010-11	September 29, 2011		
Annual General Meeting 2009-10	September 29, 2010		

(ii) Extraordinary General Meeting :

During the year, No Extraordinary General Meeting was held.

### **(B) Postal Ballot**

During the year, No Postal Ballot was conducted.

### **(C) Special Resolution**

At the 23<sup>rd</sup> Annual General Meeting of the Company held on September 25, 2012, two Special Resolutions were passed

- (i) For payment of remuneration to Mr. Pushpendra Bansal, Chairman & Jt. Managing Director, in the event of loss or inadequate profits in any financial year during his remaining period of 3 years w.e.f. 28<sup>th</sup> October, 2012.
- (ii) For payment of remuneration to Mr. Ramesh Bansal, Managing Director, in the event of loss or inadequate profits in any financial year during his remaining period of 2 years w.e.f. 1<sup>st</sup> October, 2012.

**7. DISCLOSURES**

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

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 and CFO certificate for the Financial Year ended March 31, 2013

**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.

All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Financial Result, etc., are also being filed electronically with the new portal "BSE Listing Centre" launched by BSE Ltd.

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	:	August 30, 2013 at 10.00 a.m.
	Venue	:	'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai-400053

2.	Financial Calendar 2013-14	:	<table border="1"> <thead> <tr> <th>Financial Calendar</th> <th>Financial reporting by</th> </tr> </thead> <tbody> <tr> <td>For the quarter ending June, 2013</td> <td>mid of August, 2013</td> </tr> <tr> <td>For the quarter ending September, 2013</td> <td>mid of November, 2013</td> </tr> <tr> <td>For the quarter ending December, 2013</td> <td>mid of February, 2014</td> </tr> <tr> <td>For the quarter ending March, 2014</td> <td>mid of May, 2014</td> </tr> <tr> <td>Annual General Meeting for 2013-14</td> <td>end of September, 2014</td> </tr> </tbody> </table>	Financial Calendar	Financial reporting by	For the quarter ending June, 2013	mid of August, 2013	For the quarter ending September, 2013	mid of November, 2013	For the quarter ending December, 2013	mid of February, 2014	For the quarter ending March, 2014	mid of May, 2014	Annual General Meeting for 2013-14	end of September, 2014																														
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3.	Book closure date	:	22.08.2013 to 30.08.2013 (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: hsindialimited@gmail.com Website : www.hsindia.in																																										
6.	Listing on Stock Exchanges	:	Bombay Stock Exchange Limited, Mumbai																																										
7.	Annual listing & Custodial fees	:	Duly paid for the year 2013-14																																										
8.	Stock Code (a) Trading Symbol at (b) Demat ISIN Numbers in NSDL & CDSL	:	<table border="1"> <tbody> <tr> <td>Bombay Stock Exchange Limited, Mumbai Equity Shares <b>INE731B01010</b></td> <td>532145/HOTLSILV</td> </tr> </tbody> </table>	Bombay Stock Exchange Limited, Mumbai Equity Shares <b>INE731B01010</b>	532145/HOTLSILV																																								
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10.	Share Price Performance compared with broad based indices																																												
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11.	A. Distribution of Shareholding as on 31 <sup>st</sup> March, 2013 :				
	<b>No. of Equity Shares held</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares held</b>	<b>% of Shareholding</b>
	1-500	1814	66.35	392771	2.42
	501-1000	407	14.89	358233	2.21
	1001-2000	204	7.46	328716	2.02
	2001-3000	81	2.96	205692	1.27
	3001-4000	38	1.39	132967	0.82
	4001-5000	38	1.39	177198	1.09
	5001-10000	65	2.38	468414	2.88
	10001 & above	87	3.18	14174409	87.29
	<b>GRAND TOTAL</b>	<b>2734</b>	<b>100.00</b>	<b>16238400</b>	<b>100.00</b>
	Physical Mode	227	8.30	1465529	9.03
	Electronic Mode	2507	91.70	14772871	90.97
	B. Category of Shareholders as on 31 <sup>st</sup> March, 2013 :				
	<b>Category Code</b>	<b>Category of Shareholders</b>	<b>No. of Shareholders</b>	<b>Total Number of Shares</b>	<b>As a Percentage of (A+B+C)</b>
	<b>(A)</b>	<b>Shareholding of Promoter &amp; promoter Group</b>			
	(1)	Indian	10	6333752	39.00
	(2)	Foreign	0	0	0.00
		<b>Sub-Total (A)</b>	<b>10</b>	<b>6333752</b>	<b>39.00</b>
	<b>(B)</b>	<b>Public Shareholding</b>			
	(1)	Institutions	1	300000	1.85
	(2)	Non-Institutions			
		- Bodies Corporates	95	635958	3.92
		- Individuals	2620	8939843	55.05
		- Independent Director	1	4115	0.03
		- NRI's/OBC's/Foreign National	7	24732	0.15
		<b>Sub-Total (B)</b>	<b>2724</b>	<b>9904648</b>	<b>61.00</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>2734</b>	<b>16238400</b>	<b>100.00</b>
12.	Dematerialization of Shares : As on March 31, 2013, 1,47,72,871 equity shares constituting 90.97% of the Equity Share 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, 2013, no Warrants/Convertible Instruments outstanding for conversion.				
14.	Hotel Location : Lords Plaza Opp. Linear Bus Stand, Ring Road, Surat – 395 003. e-mail : <a href="mailto:hsindialimited@gmail.com">hsindialimited@gmail.com</a>				

15.	Address for Correspondence	: For Shares held in Physical and Demat Form: M/S. SHAREPRO SERVICES (INDIA) PVT. LTD. Unit: (H. S. India Limited) <b>Registered Office :</b> 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072. e-mail : <a href="mailto:sharepro@shareproservices.com">sharepro@shareproservices.com</a> Tel. No. 022-67720300 / 400 Fax No. 022-28591568 <b>Investor Relation Centre :</b> 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021. Tel. No. 022-66134700.
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**10. RECONCILIATION OF SHARE CAPITAL AUDIT:**

In keeping with the requirements of the SEBI and Bombay Stock Exchange Ltd., an audit by a qualified practicing Company Secretary 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. OBSERVANCE OF SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA:**

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal and Board's Report. Although these Standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

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, 2013.

For H. S. INDIA LIMITED

Place: Surat  
Date : July 31, 2013

**RAMESH BANSAL**  
Managing Director/CEO

**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, 2013, 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  
Firm Reg. No. 007288C

Place: Surat  
Date: July 31, 2013

Partner  
**AKASH GAGLANI**  
Membership No. 114255

**INDEPENDENT AUDITOR'S REPORT**

**To,  
The Members of  
H. S. India Limited**

**Report on the Financial Statements:**

We have audited the accompanying financial statements of H. S. India Limited (The Company), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013 and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

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

**Auditor's Responsibility:**

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

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so



required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 and taken on record by the board of directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For PARY & Co.**  
Chartered Accountants  
Firm Reg. No. 007288C

Place: Surat  
Date: May 30, 2013

Partner  
**AKASH GAGLANI**  
Membership No. 114255

**ANNEXURE REFERRED TO IN PARAGRAPH 1 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) (a) The Company has granted unsecured loans of ₹ 50,90,591/- to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Rate of Interest and other terms and conditions of unsecured loans given by the company, are not prejudicial to the interest of the company.
- (c) Receipt of the Principal amount and Interest are also regular.
- (d) Reasonable steps have been taken by the company for recovery of Principal and Interest.
- (e) The company has not taken any loans, secured or unsecured, from the companies, firms or other parties covered in the register maintained U/s 301 of the Act, hence this clause and subsequent clauses (f) and (g) are also 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 and services. 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 ₹ 5,00,000/- 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, 2013 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  
Firm Reg. No. 007288C

Place: Surat  
Date: May 30, 2013

Partner  
**AKASH GAGLANI**  
Membership No. 114255

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

	PARTICULARS	Note No.	As at 31/03/13		As at 31/03/12	
			₹	₹	₹	₹
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1.</b>	<b>Shareholders' funds</b>					
	(a) Share Capital	1	162,384,000		162,384,000	
	(b) Reserves and Surplus	2	61,370,686	<b>223,754,686</b>	37,364,872	<b>199,748,872</b>
<b>2</b>	<b>Non- Current Liabilities</b>					
	(a) Long-term borrowings	3	47,763,651		69,764,204	
	(b) Deferred tax liabilities (Net)	4	31,660,000		42,060,000	
	(c) Other long-term liabilities	5	500,000	<b>79,923,651</b>	500,000	<b>112,324,204</b>
<b>3</b>	<b>Current Liabilities</b>					
	(a) Short-term borrowings	6	1,647,016		1,347,905	
	(b) Trade payables	7	9,771,055		7,014,848	
	(c) Other current liabilities	8	34,569,161		32,578,134	
	(d) Short-term provisions	9	11,996,595	<b>57,983,827</b>	13,641,367	<b>54,582,254</b>
	<b>TOTAL</b>			<b>361,662,164</b>		<b>366,655,330</b>
<b>II</b>	<b>ASSETS</b>					
<b>1.</b>	<b>Non-Current Assets</b>					
	(a) Fixed assets					
	(i) Tangible assets	10A	234,168,590		245,119,456	
	(ii) Intangible assets	10B	-		-	
	(iii) Capital work-in-progress	10C	-		369,661	
	(b) Non-current investments	11	35,139,260		35,139,260	
	(c) Long-term loans and advances	12	50,517,621	<b>319,825,471</b>	49,488,723	<b>330,117,100</b>
<b>2.</b>	<b>Current assets</b>					
	(a) Inventories	13	9,616,437		9,837,622	
	(b) Trade receivables	14	4,887,568		5,129,190	
	(c) Cash and cash equivalents	15	11,448,106		8,765,812	
	(d) Short-term loans and advances	16	15,884,582	<b>41,836,693</b>	12,805,606	<b>36,538,230</b>
	<b>TOTAL</b>			<b>361,662,164</b>		<b>366,655,330</b>
<b>III</b>	The significant accounting policies and accompanying notes 1 to 36 form an integral part of the financial statements					

As per our report of even date  
For PARY & Co.

Chartered Accountants  
Firm Reg. No. 007288C

Partner  
**AKASH GAGLANI**  
Membership No. 114255

Place : Surat  
Date: May 30, 2013

For and on behalf of the Board of Directors

**PUSHPENDRA BANSAL**  
Chairman & Jt. Managing Director

**RAMESH BANSAL**  
Managing Director

**HITESH LIMBANI**  
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	PARTICULARS	Note No.	2012-13	2011-12
			₹	₹
I	Revenue from operations	17	194,262,750	184,871,803
II	Other Income	18	2,373,343	1,933,126
III	<b>Total Revenue (I + II)</b>		<b>196,636,093</b>	<b>186,804,929</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	19	47,198,985	46,148,485
	Employee benefit expense	20	28,526,219	23,970,776
	Finance Costs	21	12,767,012	16,615,676
	Depreciation and amortization expense		15,182,821	14,652,932
	Other expenses	22	73,955,242	66,820,505
	<b>Total Expenses</b>		<b>177,630,279</b>	<b>168,208,374</b>
V	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>19,005,814</b>	<b>18,596,555</b>
VI	<b>Exceptional Items</b>	23	-	449,790
VII	<b>Profit before extraordinary items and tax (V-VI)</b>		<b>19,005,814</b>	<b>19,046,345</b>
VIII	<b>Extraordinary items</b>		-	-
IX	<b>Profit before tax (VII-VIII)</b>		<b>19,005,814</b>	<b>19,046,345</b>
X	<b>Tax expense:</b>			
	(a) Current tax expense		5,400,000	7,400,000
	(b) Less: MAT credit		-	1,800,000
	(c) Net current tax expense		5,400,000	5,600,000
	(d) Deferred tax		(10,400,000)	(950,000)
XI	<b>Profit/(Loss) for the period from continuing operations (IX - X)</b>		<b>24,005,814</b>	<b>14,396,345</b>
XII	<b>Profit/(Loss) for the period from discontinuing operations</b>		-	-
XIII	<b>Tax expense of discontinuing operations</b>		-	-
XIV	<b>Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV	<b>Profit for the period (XI + XIV)</b>		<b>24,005,814</b>	<b>14,396,345</b>
XVI	<b>Earnings per equity share:</b>			
	(1) Basic		1.48	0.89
	(2) Diluted		1.48	0.89
XVII	The significant accounting policies and accompanying notes 1 to 36 form an integral part of the financial statements			

As per our report of even date

**For PARY & Co.**

Chartered Accountants

Firm Reg. No. 007288C

Partner

**AKASH GAGLANI**

Membership No. 114255

Place : Surat

Date: May 30, 2013

For and on behalf of the Board of Directors

**PUSHPENDRA BANSAL**  
Chairman & Jt. Managing Director**RAMESH BANSAL**  
Managing Director**HITESH LIMBANI**  
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

PARTICULARS	31/03/13		31/03/12	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit as per Statement of Profit & Loss		19,005,814		19,046,345
Adjustments for:				
Depreciation	15,182,821		14,652,932	
Increase/(Decrease) in Short Term Provisions	469,572		(161,138)	
Interest paid	12,767,012		16,615,676	
(Profit)/Loss on sale of Investment	-		(449,790)	
(Profit)/Loss on sale of Fixed Assets	274,807		-	
		28,694,212		30,657,680
Operating Profit Before Working Capital Changes		47,700,026		49,704,025
Working Capital Changes:				
(Increase)/Decrease in inventories	221,185		(1,233,227)	
(Increase)/Decrease in trade receivables	241,622		1,104,690	
(Increase)/Decrease in loans & advances	(7,008,624)		1,101,812	
Increase/(Decrease) in trade payables	2,756,207		(2,348,061)	
Increase/(Decrease) in other current liabilities	1,991,027		(4,411,525)	
		(1,798,583)		(5,786,311)
Cash Generated from Operations		45,901,443		43,917,714
Taxes Paid (Net)		(4,613,594)		(4,141,858)
Net Cash Flow from Operating Activities		41,287,849		39,775,856
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets / capital work-in-progress		(4,712,101)		(6,366,309)
Sale of fixed assets		575,000		-
Sale of investments		-		30,435,790
Net Cash Flow From Investing Activities		(4,137,101)		24,069,481
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of long-term borrowings		(22,000,553)		(22,000,000)
Increase/(Decrease) in short-term borrowings (net)		299,111		(22,985,282)
Interest paid		(12,767,012)		(16,615,676)
Net Cash Flow From Financing Activities		(34,468,454)		(61,600,958)
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>		<b>2,682,294</b>		<b>2,244,379</b>
OPENING CASH AND CASH EQUIVALENTS		8,765,812		6,521,433
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>11,448,106</b>		<b>8,765,812</b>

As per our report of even date

**For PARY & Co.**

Chartered Accountants

Firm Reg. No. 007288C

Partner

**AKASH GAGLANI**

Membership No. 114255

For and on behalf of the Board of Directors

**PUSHPENDRA BANSAL**

Chairman &amp; Jt. Managing Director

**RAMESH BANSAL**

Managing Director

Place : Surat

Date: May 30, 2013

**HITESH LIMBANI**

Company Secretary

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**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

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**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 on rendering of services and/or sales of goods, net of returns and trade discounts. Sales of goods are recognised on transfer of significant risks and rewards of the ownership to the buyer, which generally coincides with the delivery of the goods to the customers. Revenue 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 net of recoverable taxes, less accumulated depreciation and impairment loss.
- (ii) All costs, including financing costs till commencement of commercial activity attributable to the fixed assets are capitalised.
- (iii) Assets which are not ready for use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**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.

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, other supplies, wine and liquor are valued at cost (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. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit & Loss 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 the Statement of Profit & Loss only if such diminution is other than temporary.



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**Significant Accounting Policies & Notes on Financial Statement**  
**for the year ended on 31<sup>st</sup> March, 2013**

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

**I. Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised in terms of Accounting Standard 29- 'Provisions, Contingent Liabilities and Contingent Assets – (AS-29), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), when there is a present legal obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligations and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non- occurrence of one or more uncertain future events, not wholly within the control of the company, or where any present obligation can't be measured in term of future outflow of resources, or where a reliable estimate of the obligation can't be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resource are provided for. Contingent Assets are not recognised in the financial statements.

**J. Employee's Benefits**

- (i) Contributions to Provident Fund, Gratuity Fund and Family Pension Fund are charged to the Statement of Profit & Loss for the year in which related service is rendered.
- (ii) Gratuity is charged to revenue on actuarial valuation as provided 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 the year are recorded at exchange rate on the date of settlement/ negotiation. Foreign currency transactions remaining not settled / negotiated at the end of the year are converted into rupees at the year end rates. All gains or losses on foreign exchange transaction other than those related to Fixed Assets are recognised in the Statement of Profit & Loss.

**L. Taxes on Income**

- (i) Tax expenses are accounted in the same period to which the revenue and expense relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions' determined in accordance with the prevailing tax laws. The differences between the taxable income and the net profit and loss before tax for the year as per the financial statements are identified and the tax effect of timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date.
- (ii) Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**M. Cash and Cash Equivalents**

Cash comprises of the cash on hand and demand deposits with banks. Cash equivalents are short term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

NOTE '1'	As at 31.03.2013 ₹	As at 31.03.2012 ₹
<b>SHARE CAPITAL</b>		
<b>-Authorised Share Capital</b>		
17,000,000 Equity Shares of ₹ 10/- each (Previous year 17,000,000 Equity Shares of ₹ 10/- each)	170,000,000	170,000,000
<b>TOTAL</b>	<u>170,000,000</u>	<u>170,000,000</u>
<b>-Issued, Subscribed and Paid up Share Capital</b>		
<b>16,238,400 Equity Shares of ₹ 10/- each fully paid up</b> (Previous year 16,238,400 Equity Shares of ₹ 10/- each fully paid up)	162,384,000	162,384,000
<b>TOTAL</b>	<u>162,384,000</u>	<u>162,384,000</u>

**Footnote:****(i) Reconciliation of Equity Shares with voting rights outstanding at the beginning and at the end of the year:**

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number of shares	Amount ₹	Number of shares	Amount ₹
As at the beginning of the year	16,238,400	162,384,000	16,238,400	162,384,000
Add: Shares issued during the year	-	-	-	-
Less: Shares cancelled during the Year	-	-	-	-
As at the end of the year	<u>16,238,400</u>	<u>162,384,000</u>	<u>16,238,400</u>	<u>162,384,000</u>

**(ii) Terms & Rights of Shareholders:**

The Company has one class of equity shares having par value of ₹ 10/- each. Each shareholder is eligible for one vote per Share held.

**(iii) Shareholders holding more than 5% shares in the company:**

Name of Shareholders	As at 31.03.2013		As at 31.03.2012	
	Number of shares	% of holding	Number of shares	% of holding
Sangeeta Bansal	2,838,000	17.48	2,838,000	17.48
Pushpendra Bansal	2,258,158	13.91	2,242,266	13.81

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

NOTE `2' RESERVES AND SURPLUS	As at 31.03.2013 ₹	As at 31.03.2012 ₹
<b>Securities Premium Reserve</b>		
Opening and Closing Balance	21,752,000	21,752,000
<b>General Reserve</b>		
Opening Balance	-	-
Add : Transfer from Profit and Loss Account	30,000,000	-
Less : Appropriations	-	-
Closing Balance	30,000,000	-
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	15,612,872	21,566,527
Add: Surplus during The Year	24,005,814	14,396,345
	39,618,686	35,962,872
Less: Deferred Tax Liability for earlier years	-	20,350,000
	39,618,686	15,612,872
Less: Appropriation		
Transfer to General Reserve	30,000,000	-
Closing Balance	9,618,686	15,612,872
<b>TOTAL</b>	<u>61,370,686</u>	<u>37,364,872</u>

**NOTE `3'  
LONG-TERM BORROWINGS**

<b>Term Loan from Banks</b>		
-Secured	47,763,651	69,764,204
<b>TOTAL</b>	<u>47,763,651</u>	<u>69,764,204</u>

**Footnote:**

**(i) Current and Non Current Components of Long-Term Borrowings:**

	As at 31.03.2013 ₹		As at 31.03.2012 ₹	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
<b>Term Loan from banks</b>				
a) Term Loan from Bank	47,763,651	22,000,000	69,764,204	22,000,000
b) Vehicle Loan	-	-	-	183,792
	47,763,651	22,000,000	69,764,204	22,183,792

**(ii) Maturity Profile :**

	(Amount in ₹)		
	2013-14	2014-15	2015-16
a) Term Loan Bank	22,000,000	24,000,000	23,763,651

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

(iii) Term Loan from Bank is secured by 1st & exclusive charge by way of registered mortgage over Hotel Land & Building (both present and future) and hypothecation of all movable assets (both present and future) including Plant & Machinery, Furniture and other Misc. Fixed Assets. Term Loan is further secured by way of personal guarantee of Director.

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>NOTE `4` DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities		
On Depreciation of fixed assets (A)	32,050,000	42,300,000
Deferred Tax Assets		
On Disallowance under Income Tax Act, 1961 (B)	390,000	240,000
<b>Net Deferred tax liabilities (A-B)</b>	<u>31,660,000</u>	<u>42,060,000</u>
<b>NOTE `5` OTHER LONG-TERM LIABILITIES</b>		
Security Deposit		
-Unsecured	500,000	500,000
<b>TOTAL</b>	<u>500,000</u>	<u>500,000</u>
<b>NOTE `6` SHORT-TERM BORROWINGS</b>		
<b>Loan repayable on demand</b>		
From Bank		
-Secured (Refer Footnote)	1,647,016	1,347,905
<b>TOTAL</b>	<u>1,647,016</u>	<u>1,347,905</u>
<b>Footnote :</b>		
Secured Loan consist of Cash Credit facility from Bank. The facility is secured by way of hypothecation of operating supplies, stores, food and beverages and receivables.		
<b>NOTE `7` TRADE PAYABLES</b>		
Micro Small & Medium Enterprise	-	-
Others	9,771,055	7,014,848
<b>TOTAL</b>	<u>9,771,055</u>	<u>7,014,848</u>

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>NOTE `8'</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term borrowings (Refer Note - 3, Footnote I)	22,000,000	22,183,792
Interest Accrued but not due on borrowings	923,278	33,277
Advances from Customers	874,228	978,190
Statutory Dues	6,403,298	5,311,826
Director Remuneration	245,185	379,266
Payable to Employees	4,123,172	3,691,783
<b>TOTAL</b>	<u>34,569,161</u>	<u>32,578,134</u>
<b>NOTE `9'</b>		
<b>SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits	1,210,841	791,367
<b>Other Provisions :</b>		
Provision for Taxation	10,735,656	12,850,000
Provision for Others	50,098	-
<b>TOTAL</b>	<u>11,996,595</u>	<u>13,641,367</u>
<b>NOTE `11'</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>Associate Companies</b>		
Unquoted (fully paid up)		
Kesar Motels Pvt. Ltd. of ₹ 100/- each 87,750 Shares, (Previous Year 87,750 Shares)	35,100,000	35,100,000
<b>Other Investments</b>		
<b>Investment in Equity Instruments</b>		
Unquoted (fully paid up)		
Japan Market Co-operative Service Society Ltd. of ₹ 50/- each 260 Shares, (Previous Year 260 Shares)	39,260	39,260
<b>TOTAL</b>	<u>35,139,260</u>	<u>35,139,260</u>
<b>NOTE `12'</b>		
<b>LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good :</b>		
Capital Advances	47,000,000	47,000,000
Security Deposits	3,517,621	2,488,723
<b>TOTAL</b>	<u>50,517,621</u>	<u>49,488,723</u>

**Significant Accounting Policies & Notes on Financial Statement for the year ended on 31<sup>st</sup> March, 2013**  
**Note- '10'**

**FIXED ASSETS**

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON 01.04.2012	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2013	AS ON 01.04.2012	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2013	AS ON 31.03.2012
<b>A</b>	<b>TANGIBLE ASSETS :</b>									
1	Freehold Land	21,767,000	-	-	21,767,000	-	-	-	21,767,000	21,767,000
2	Borewell	74,330	-	-	74,330	21,044	1,212	22,256	52,074	53,286
3	Building	122,724,975	216,270	-	122,941,245	14,891,209	2,003,943	16,895,152	106,046,093	107,833,766
4	Plant & Machineries	100,021,139	2,311,599	-	102,332,738	39,871,919	4,826,807	44,698,726	57,634,012	60,149,220
5	Motor Car	4,125,908	-	-	4,125,908	1,549,295	391,961	1,941,256	2,184,652	2,576,613
6	Computer	2,988,251	175,350	-	3,163,601	2,155,547	322,635	2,478,182	685,419	832,704
7	Electrical Installations	34,192,740	216,398	542,241	33,866,897	11,180,665	2,390,994	13,056,540	20,810,357	23,012,055
8	Furniture & Fixtures	53,560,026	2,162,145	16,453,900	39,268,271	24,665,214	5,245,279	14,279,288	24,988,983	28,894,812
	<b>TOTAL - A</b>	<b>339,454,369</b>	<b>5,081,762</b>	<b>16,996,141</b>	<b>327,539,990</b>	<b>94,334,913</b>	<b>15,182,821</b>	<b>93,371,400</b>	<b>234,168,590</b>	<b>245,119,456</b>
	PREVIOUS YEAR	330,335,298	9,344,139	225,068	339,454,369	79,681,991	14,652,932	94,334,913	245,119,456	250,653,317
<b>B</b>	<b>TANGIBLE ASSETS :</b>									
	<b>TOTAL - B</b>	-	-	-	-	-	-	-	-	-
	PREVIOUS YEAR	-	-	-	-	-	-	-	-	-
<b>C</b>	<b>CONSTRUCTION WIP :</b>									
	<b>TOTAL - C</b>	<b>369,661</b>	-	<b>369,661</b>	-	-	-	-	-	<b>369,661</b>
	PREVIOUS YEAR	3,122,423	3,821,163	6,573,925	369,661	-	-	-	369,661	3,122,423

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

NOTE `13'	As at 31.03.2013 ₹	As at 31.03.2012 ₹
<b>INVENTORIES</b>		
(At lower of cost and net realisable value, as verified, valued and certified by the management)		
<b>Traded Goods</b>		
Wine & Liquor	4,696,557	4,671,590
<b>Stores &amp; Spares</b>		
Provision, Stores, Food and Beverages	410,567	411,272
Other Consumables and Operating Supplies	4,509,313	4,754,760
<b>TOTAL</b>	<u>9,616,437</u>	<u>9,837,622</u>
<b>NOTE `14'</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured, considered good:		
More than six months	552,873	464,247
Others	4,334,695	4,664,943
<b>TOTAL</b>	<u>4,887,568</u>	<u>5,129,190</u>
<b>NOTE `15'</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	2,871,218	1,424,172
Balance with Banks		
- In Current Accounts	8,576,888	7,341,640
<b>TOTAL</b>	<u>11,448,106</u>	<u>8,765,812</u>
<b>NOTE `16'</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, considered good :		
Advance to Related parties	6,598,942	339,908
Advance to Others	32,078	-
Advance for Capital Expenses	-	94,023
Advances to Suppliers	120,128	728,689
Prepaid Expenses	185,973	142,383
Advances to Employees	798,803	817,802
Balance with Statutory Authorities	8,148,658	10,682,801
<b>TOTAL</b>	<u>15,884,582</u>	<u>12,805,606</u>
<b>NOTE `17'</b>	<b>2012-13</b>	<b>2011-12</b>
<b>REVENUE FROM OPERATION</b>	<b>₹</b>	<b>₹</b>
<b>Revenue From Operations</b>		
Room Sale	85,558,832	81,412,699
Food & Beverage Sale	39,071,806	35,523,467
Wine & Liquor Sale	67,035,130	65,130,773
Other Services	2,596,982	2,804,864
<b>TOTAL</b>	<u>194,262,750</u>	<u>184,871,803</u>

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

<b>NOTE `18'</b>	<b>2012-13</b>	<b>2011-12</b>
<b>OTHER INCOME</b>	<b>₹</b>	<b>₹</b>
Interest Income		
- From Bank	283,686	163,755
- From Others	-	13,256
Other non-operating income	2,089,657	1,756,115
<b>TOTAL</b>	<b>2,373,343</b>	<b>1,933,126</b>
<b>NOTE `19'</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Stock at Commencement	5,082,862	4,336,364
Add : Purchases	47,223,247	46,894,983
	52,306,109	51,231,347
Less : Stock at Close	5,107,124	5,082,862
<b>TOTAL</b>	<b>47,198,985</b>	<b>46,148,485</b>
<b>NOTE `20'</b>		
<b>EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages, Bonus etc.	21,353,361	18,214,397
Contribution to P.F., E.S.I.C. and Other Statutory Funds	2,728,159	2,140,004
Workmen and Staff Welfare Expenses	4,444,699	3,616,375
<b>TOTAL</b>	<b>28,526,219</b>	<b>23,970,776</b>
<b>NOTE `21'</b>		
<b>FINANCE COSTS</b>		
<b>Interest Expense</b>		
Interest on Term Loan	12,668,616	16,458,447
Interest on Working Capital	98,396	157,229
<b>TOTAL</b>	<b>12,767,012</b>	<b>16,615,676</b>
<b>NOTE `22'</b>		
<b>OTHER EXPENSES</b>		
Power and Fuel	16,691,784	12,527,452
Repairs To - Building	15,168,884	14,973,823
- Machinery	2,558,751	2,573,323
- Others	3,002,839	1,345,731
Renewal & Replacements	43,974	633,142
Rent	90,000	430,596
Insurance	357,086	355,204
Rates and Taxes	6,446,487	6,247,231
Linen, Uniform & Washing	2,791,034	2,499,458
Housekeeping Expenses	4,309,549	3,711,282
Advt., Publicity & Promotional Expenses	3,441,887	3,410,617
Commission Expense	1,920,462	1,520,805
Freight, Cartage & Transportation	4,619,241	4,435,319



**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

	2012-13 ₹	2011-12 ₹
Management & Franchise Fees	2,474,160	2,651,320
Legal & Professional Fees	2,739,748	2,346,160
Payment to Auditor (Refer Footnote i)	112,360	112,360
Director Remuneration	1,980,000	1,980,000
Loss on Assets discarded	274,807	-
Miscellaneous Expense (Refer Footnote ii)	4,932,189	5,066,682
<b>TOTAL</b>	<b>73,955,242</b>	<b>66,820,505</b>

**Footnote :****(i) Payment to Auditors:**

As auditors - statutory audit	44,944	44,944
For taxation matters	33,708	33,708
For other services	33,708	33,708
<b>TOTAL</b>	<b>112,360</b>	<b>112,360</b>

**(ii)** Miscellaneous expense under the head Other Expense above includes balances written off ₹ 6,900/- (P.Y. ₹ 4,20,343/-)

**NOTE `23'****EXCEPTIONAL ITEMS**

Net gain on sale of investments in Kesar Motels Pvt. Ltd.	-	449,790
<b>TOTAL</b>	<b>-</b>	<b>449,790</b>

**NOTE `24'****ADDITIONAL INFORMATION****Value of imports calculated on CIF basis :**

Capital goods	2,522,470	162,056
<b>TOTAL</b>	<b>2,522,470</b>	<b>162,056</b>

**Earnings in foreign exchange :**

Payment Received from Foreign Customers	5,682,165	8,568,552
<b>TOTAL</b>	<b>5,682,165</b>	<b>8,568,552</b>

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

25. The break-up of Consumption of Provisions, Stores, Food, Beverages, Wine & Liquor and other consumables are as follows:

	<b>Provisions, Stores, Food &amp; Beverages (₹)</b>	<b>Wine &amp; Liquor (₹)</b>	<b>Total (₹)</b>	<b>Other Consumables (₹)</b>	<b>Total (₹)</b>
Opening Stock	4,11,272 (3,39,088)	46,71,590 (39,97,276)	50,82,862 (43,36,364)	47,54,760 (42,68,031)	98,37,622 (86,04,395)
Add:- Purchases	1,25,78,626 (1,12,51,811)	3,46,44,621 (3,56,43,172)	4,72,23,247 (4,68,94,983)	28,02,152 (42,24,071)	5,00,25,399 (5,11,19,054)
Total	1,29,89,898 (1,15,90,899)	3,93,16,211 (3,96,40,448)	5,23,06,109 (5,12,31,347)	75,56,912 (84,92,102)	5,98,63,021 (5,97,23,449)
Less:- Closing Stock	4,10,567 (4,11,272)	46,96,557 (46,71,590)	51,07,124 (50,82,862)	45,09,313 (47,54,760)	96,16,437 (98,37,622)
Consumption during the year	1,25,79,331 (1,11,79,627)	3,46,19,654 (3,49,68,858)	4,71,98,985 (4,61,48,485)	30,47,599 (37,37,342)	5,02,46,584 (4,98,85,827)

(Figures in brackets represent figures for the year 2011-12)

26. 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.

	2012-13	2011-12
	₹	₹
27. Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)	2,00,00,000	30,00,000

28. Contingent Liabilities not provided for in respect of:

a) Corporate Guarantee given to Bank of India on behalf of M/s. Kesar Motels Pvt. Ltd.	9,55,00,000	9,55,00,000
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29. There is no amount due and outstanding to "Investors Education and Protection Fund."

30. Income from operations represents invoiced value of goods sold and services rendered exclusive of applicable taxes.

31. In the opinion of Board of Directors of the Company, all the current assets, loans and advances have value on realisation of an amount at least equal to the amount at which they are stated in the Balance Sheet.

32. 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 Statement of profit and loss and the funded status and the amount recognised in the balance sheet are given herein below:

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

<b>I. Change in Benefit Obligation</b>	<b>2012-13</b>	<b>2011-12</b>
	₹	₹
Liability at the beginning of the year	16,01,668	11,75,955
Interest Cost	1,28,133	94,076
Current Service Cost	3,99,967	2,59,779
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	7,615
Benefit Paid	(6,490)	(19,903)
Actuarial (gain)/loss on obligation	(38,691)	84,146
Curtailements and Settlements	-	-
Liability at the end of the year	<u>20,84,587</u>	<u>16,01,668</u>
<b>II. Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	19,93,790	11,11,349
Expected Return on Plan Assets	1,79,030	1,18,167
Contribution	4,53,468	7,84,177
Benefit Paid	(6,490)	(19,903)
Actuarial gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	<u>26,19,798</u>	<u>19,93,790</u>
Excess of Obligation over Plan Assets	<u>(5,35,211)</u>	<u>(3,92,122)</u>
<b>III. Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	1,79,030	1,18,167
Actuarial gain/(loss) on Plan Assets	-	-
Actual Return on Plan Assets	<u>1,79,030</u>	<u>1,18,167</u>
<b>IV. Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	20,84,587	16,01,668
Fair Value of Plan Assets at the end of the year	26,19,798	19,93,790
Difference	(5,35,211)	(3,92,122)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	<u>(5,35,211)</u>	<u>(3,92,122)</u>
<b>V. Expenses Recognised in the Income Statement</b>		
Current Service Cost	3,99,967	2,59,779
Interest Cost	1,28,133	94,076
Expected Return on Plan Assets	(1,79,030)	(1,18,167)
Net Actuarial (gain)/loss to be Recognised	(38,691)	84,146
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	7,615
Effect of Curtailments and Settlements	-	-
Expenses Recognised in Statement of Profit and Loss	<u>3,10,379</u>	<u>3,27,449</u>
<b>VI. Balance Sheet Reconciliation</b>		
Opening Net Liability	(3,92,122)	64,606
Expenses as above	3,10,379	3,27,449
Employers Contribution	(4,53,468)	(7,84,177)
Effect of Curtailments and Settlements	-	-
Amount Recognised in Balance Sheet	<u>(5,35,211)</u>	<u>(3,92,122)</u>
<b>VII. Actuarial Assumptions</b>		
Discount Rate Current	8%	8%
Salary Escalation	7%	7%

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

**Note:**

- I. Employer's contribution, Benefits Paid and Past Service Cost 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.

## 33. 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	2012-13 ₹	2011-12 ₹
a. Profit after Tax	2,40,05,814	1,43,96,345
b. Average No. of Equity Shares Basic & Diluted	1,62,38,400	1,62,38,400
c. Earning Per Share Basic & Diluted	1.48	0.89

34. The Company's only business being hoteliering, and since all the operations are undertaken in India only, segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17) notified by the Companies Accounting Standards Rules, 2006.

35. 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, with whom the company had transactions:
  - Kesar Motels Pvt. Ltd.
  - Lords Inn Hotels and Developers Ltd.
  - Sai Ram Krupa Hotels Pvt. Ltd.
  - Lords Oriental Resorts Developers (Silvassa) Pvt. Ltd.
  - Lords Sai Ma Hotels Pvt. Ltd.
  - Lords Ishwar Hotels Ltd.
  - Lords Institute of Management Pvt. Ltd.

## (II) Key Management Personnel :

- Pushendra Bansal
- Ramesh Bansal

**Significant Accounting Policies & Notes on Financial Statement  
for the year ended on 31<sup>st</sup> March, 2013**

(B) Transactions with Related Parties

(Amount in ₹)

Sr. No.	Nature of Transaction (Excluding Reimbursement)	Associates	Key Management Personnel	Total
1	Receiving of services	26,96,640 (26,51,320)	19,80,000 (19,80,000)	46,76,640 (46,31,320)
2	Deputation of employees	1,62,000 (Nil)	Nil (Nil)	1,62,000 (Nil)
3	Rendering of Services & Payment of Taxes	46,70,110 (19,79,067)	Nil (Nil)	46,70,110 (19,79,067)
4	Sale of Investment	Nil (3,04,35,790)	Nil (Nil)	Nil (3,04,35,790)
5	Finance	48,52,977 (Nil)	Nil (Nil)	48,52,977 (Nil)

(C) Balance as at 31.03.2013

6	Investment	3,51,00,000 (3,51,00,000)	Nil (Nil)	3,51,00,000 (3,51,00,000)
7	Trade & Other Receivable	18,50,668 (2,25,427)	Nil (Nil)	18,50,668 (2,25,427)
8	Loans and Advances	45,00,000 (Nil)	Nil (Nil)	45,00,000 (Nil)
9	Trade & Other Payables	1,72,483 (3,22,862)	2,45,185 (3,79,266)	4,17,668 (7,02,128)

(Figures in brackets are for previous year)

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

As per our report of even date  
**For PARY & Co.**  
Chartered Accountants  
Firm Reg. No. 007288C

For and on behalf of the Board of Directors

Partner  
**AKASH GAGLANI**  
Membership No. 114255

**PUSHPENDRA BANSAL**  
Chairman & Jt. Managing Director

**RAMESH BANSAL**  
Managing Director

Place : Surat  
Date: May 30, 2013

**HITESH LIMBANI**  
Company Secretary







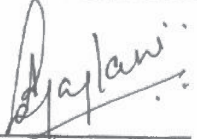
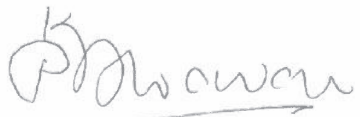
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## FORM A

Covering Letter of the Annual Audit Report for the year 2012-13 to be filed with the Stock Exchange

1	Name of the Company	H S INDIA LIMITED
2	Annual Financial Statements for the year ended	31.03.2013
3	Type of Audit Observation	Un-qualified
4	Frequency of Observation	Not Applicable
5	To be signed by	
	(a) CEO / Managing Director	 <b>Ramesh Bansal</b> Managing Director
	(b) CFO	 <b>Pushendra Bansal</b> Chairman & Jt. Managing Director
	(c) Auditor of the Company	<b>For Pary &amp; Co.</b> <b>Chartered Accountants</b>  <b>Akash Gaglani</b> Partner Membership No. 114255 Firm Reg. No. 007288C
	(d) Audit Committee Chairman	 <b>Pradeep Dhawan</b> Director