

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of BHAGWATI BANQUETS AND HOTELS LIMITED will be held at 10.30 A.M. on Wednesday, 29th September, 2010 at "SINDHUBHAVAN", Plot No.173,100 Ft.Ring Road,Off.S.G.Highway,Judges Bungalow Cross Road,Bodakdev,Ahmedabad – 380 054 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date together with the Schedules and Notes attached thereto, and the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr.Devanand G.Somani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Ramesh K Motiani, who retires and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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 198,269,309,310 and 311 read with Schedule XIII and all other applicable provisions if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment's thereof), the consent of the Company be and is hereby accorded to re-appoint Mr. Narendra G. Somani as Chairman & Managing Director of the Company for a period of three years commencing from 1st October, 2010 upon the terms and conditions setout in the draft agreement to be entered into between the Company and Shri Narendra G Somani, whereof is placed before this meeting and for the purpose of identification, subscribed by the Chairman which agreement is hereby specially sanctioned with liberty to the Board of Directors(hereinafter referred to as " the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary terms and conditions of the said appointment and /or remuneration and /or agreement as may be agreed to between the Board and Shri Narendra G.Somani,provided however that the remuneration payable to Shri Narendra Somani, shall not exceed the maximum limits as specified in Schedule XIII to the Companies Act,1956."

"RESOLVED FURTHER THAT in the event of there being losses or inadequacy of the profits for any financial year, the remuneration payable to Shri Narendra Somani shall be paid in accordance with the terms of the provisions of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri Narendra Somani shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses, incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may be from time to time, be available to other Senior Executives of the company at terms and condition as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT Shri Narendra G.Somani will not be liable to retire by rotation during the tenure of his appointment as Chairman & Managing Director."

"RESOLVED FURTHER THAT Shri Narendra G. Somani, Chairman and Managing Director and Mr. Japan Shah, Company Secretary of the company be and are hereby authorized to file necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all the acts, things, deed which may be necessary in this regard."

7. 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 198,269,309,310 and 311 read with Schedule XIII and all other applicable provisions if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment's thereof), the consent of the Company be and is hereby accorded to re-appoint Mr. Hemant G. Somani as Whole Time Director of the Company for a period of five years commencing from 1st October, 2010 upon the terms and conditions setout in the draft agreement to be entered into between the Company and Shri Hemant G. Somani, whereof is placed before this meeting and for the purpose of identification, subscribed by the Chairman which agreement is hereby specially sanctioned with liberty to the Board of Directors(hereinafter referred to as " the Board" which term shall be

deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary terms and conditions of the said appointment and /or remuneration and /or agreement as may be agreed to between the Board and Shri Hemant G.Somani, provided however that the remuneration payable to Shri Hemant Somani, shall not exceed the maximum limits as specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT in the event of there being losses or inadequacy of the profits for any financial year, the remuneration payable to Shri Hemant Somani shall be paid in accordance with the terms of the provisions of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri Hemant Somani shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses, incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may be from time to time, be available to other Senior Executives of the company at terms and condition as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT Shri Hemant G.Somani will be liable to retire by rotation during the tenure of his appointment as whole time Director."

"RESOLVED FURTHER THAT Shri Narendra G. Somani, Chairman and Managing Director and Mr. Japan Shah, Company Secretary of the company be and are hereby authorized to file the necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all the acts, things, deed which may be necessary in this regard."

8. 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 198,269,309,310 and 311 read with Schedule XIII and all other applicable provisions if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment's thereof), the consent of the Company be and is hereby accorded to re-appoint Mr. Devanand G. Somani as Whole Time Director of the Company for a period of five years commencing from 1st October, 2010 upon the terms and conditions setout in the draft agreement to be entered into between the Company and Shri Devanand G.Somani, whereof is placed before this meeting and for the purpose of identification, subscribed by the Chairman which agreement is hereby specially sanctioned with liberty to the Board of Directors(hereinafter referred to as " the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary terms and conditions of the said appointment and /or remuneration and /or agreement as may be agreed to between the Board and Shri Devanand G.Somani, provided however that the remuneration payable to Shri Devamamd G. Somani, shall not exceed the maximum limits as specified in Schedule XIII to the Companies Act,1956."

"RESOLVED FURTHER THAT in the event of there being losses or inadequacy of the profits for any financial year, the remuneration payable to Shri Devanand G. Somani shall be paid in accordance with the terms of the provisions of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri Devanand G. Somani shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses, incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may be from time to time, be available to other Senior Executives of the company at terms and condition as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT Shri Devanand G.Somani will be liable to retire by rotation during the tenure of his appointment as whole time Director."

"RESOLVED FURTHER THAT Shri Narendra G. Somani, Chairman and Managing Director and Mr. Japan Shah, Company Secretary of the company be and are hereby authorized to file the necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all the acts, things, deed which may be necessary in this regard."

9. 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 198,269,309,310 and 311 read with Schedule XIII and all other applicable provisions if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment's thereof), the consent of the Company be and is hereby accorded to re-appoint Mr. Ramesh K.Motiani as Whole Time Director of the Company for a period of five years commencing from 1st October, 2010 upon the terms and conditions setout in the draft agreement to be entered into between the Company and Shri Ramesh K.Motiani, whereof is placed before this meeting and for the purpose of identification, subscribed by the Chairman which agreement is hereby specially sanctioned with liberty to the Board of Directors(hereinafter referred to as " the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary terms and conditions of the said appointment and /or remuneration and

/or agreement as may be agreed to between the Board and Shri Ramesh K.Motiani ,provided however that the remuneration payable to Shri Ramesh K.Motiani, shall not exceed the maximum limits as specified in Schedule XIII to the Companies Act,1956.”

“**RESOLVED FURTHER THAT** in the event of there being losses or inadequacy of the profits for any financial year, the remuneration payable to Shri Ramesh K.Motiani shall be paid in accordance with the terms of the provisions of Schedule XIII to the Companies Act, 1956.”

“**RESOLVED FURTHER THAT** Shri Ramesh K.Motiani shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses, incurred by him in connection with the Company’s business and such other benefits/amenities and other privileges, as may be from time to time, be available to other Senior Executives of the company at terms and condition as set out in the explanatory statement annexed to the notice.”

“**RESOLVED FURTHER THAT** Shri Ramesh K.Motiani will be liable to retire by rotation during the tenure of his appointment as whole time Director.”

“**RESOLVED FURTHER THAT** Shri Narendra G. Somani, Chairman and Managing Director and Mr. Japan Shah, Company Secretary of the company be and are hereby authorized to file the necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all the acts, things, deed which may be necessary in this regard.”

Registered Office:
“The Grand Bhagwati”
Plot No. 380, Sarkhej Gandhinagar Highway,
Bodakdev, Ahmedabad – 380 054
Place : Ahmedabad
Date : 02.09.2010

By Order of the Board

Japan Shah
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED.

2. The Register of members and the Share Transfer Books of the Company will remain closed from 22nd September, 2010 to 29th September, 2010 (both days inclusive).
3. The dividend, if approved, will be paid to those Shareholders, whose names appear on the Register of Members as on 22nd September, 2010.
4. Members desiring any information as regards accounts are requested to write to the Company atleast 7 days before the Meeting to enable the management to keep the information ready. In respect of shares held in dematerialized form as on 22nd September, 2010, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.
5. Members are requested to notify immediately any change in their address to the Company’s Registrar and Share Transfer Agent, Link Intime India Private Ltd., 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009 or at the Registered Office of the Company.
6. A Member or his Proxy is required to bring a copy of the Annual Report to the Meeting as extra copies will not be distributed.
7. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
8. The Section on General Shareholder Information (“the said Section”) containing information of particular relevance to Shareholders forms part of the Report on Corporate Governance. Attention of all Shareholders is accordingly drawn to the said Section.

By order of the Board

Place : Ahmedabad
Date : 02.09.2010

Japan Shah
Company Secretary

INFORMATION AS REQUIRED UNDER CLAUSE 49(IV) (G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of Director	Mr.Narendra G.Somani	Mr.Devanand G.Somani	Mr. Ramesh K. Motiani	Mr. Hemant G.Somani
Date of Birth	15-02-1966	22-04-1971	22-05-1949	06-05-1976
Date of Appointment	01-11-1999	04-03-2000	22-07-2002	22-07-2002
Qualification	F.Y.B.Com	F.Y.B.Com	9th Pass	F.Y.B.Com
Expertise in specific functional area	Experience of 22 years in food, catering and hospitality	Experience of 15 years in catering and Hotel Industry	Varied experience of more than 35 years in wholesale & retail business	Experience of 14 years in Hospitality Segment
Directorship held in other companies (excluding private & foreign companies)	-Rising Hotels Ltd.	-Rising Hotels Ltd.	NIL	-Rising Hotels Ltd.
Membership/ Chairmanship of committees in other public companies (includes only Audit Committees/ Shareholders/Investors Grievances Committee)	NIL	NIL	NIL	NIL
Membership/ Chairmanship of committees in other public companies (includes only Audit Committees/ Shareholders/Investors Grievances Committee)	NIL	NIL	NIL	NIL
Shareholding in the company	7126289	1033400	491500	726350

EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO. 6 TO 9.

The major terms and conditions of appointment of Mr. Narendra G.Somani, Chairman & Managing Director, Mr.Hemant G.Somani, Whole Time Director, MrDevanad G.Somani, Whole Time Director and Mr. Ramesh K.Motiani, Whole Time Director are given hereunder:

Sr No	Details	Narendra G. Somani	Hemant G. Somani	Devanand G. Somani	Ramesh K. Motiani
1.	Salary	5,00,000/- per month	2,00,000 /-per month	2,00,000/- per month	50,000/- per month
2.	House Accommodation	N.A	House maintenance including allowance for utilities	House maintenance including allowance for utilities	N.A
3.	Medical Benefits	Reimbursement of medical / accident insurance	Reimbursement of medical / accident insurance	Reimbursement of medical / accident insurance	N.A
4.	Lease Travel concession for himself and family	N.A	As per the Rules of the Company	As per the Rules of the Company	N.A

Sr No	Details	Narendra G. Somani	Hemant G. Somani	Devanand G. Somani	Ramesh K. Motiani
5.	Club Fees	N.A	Maximum 2 Clubs	Maximum 2 Clubs	N.A
6.	Contribution to P.F. & Family Benefit Funds	N.A	As per the Rules of the Company	As per the Rules of the Company	As per the Rules of the Company
7.	Car	Business purpose and Reimbursement in Actual basis if no car provided.	Business purpose and Reimbursement in Actual basis if no car provided.	Business purpose and Reimbursement in Actual basis if no car provided.	N.A
8.	Gratuity	N.A	Maximum ceiling as per Payment of Gratuity Act	Maximum ceiling as per Payment of Gratuity Act	N.A
9.	Telephone	Free use for residence and mobile phones	Free use for residence and mobile phones	Free use for residence and mobile phones	Free use for mobile phones
10.	Leave Encashment	N.A	Entitled to leave	Entitled to leave	N.A
11.	I) GENERAL INFORMATION :				
	(a) Nature of Industry	Banquets, Hotels, Conventions and Hospitality Industry	Banquets, Hotels, Conventions and Hospitality Industry	Banquets, Hotels, Conventions and Hospitality Industry	N.A.
	(b) Date or expected date of commencement of Commercial Production:	N.A	N.A	N.A	N.A.
	II) INFORMATION ABOUT THE APPOINTEE:				
	(a) Background Details:	Mr. Narendra Somani age 44 years, a dynamic & mercurial entrepreneur as CMD has created an admired empire in field of food and hospitality industry namely Bhagwati Banquets & Hotels Ltd, well known across the region by brand name.Mr. Narendra G.Somani is one of the promoters of the Company and has over 22 years of experience in the field of food, catering and hospitality.	Mr.Hemant Somani age 34 years has developed the business of the Company in various fields and areas of Hospitality & is also looking after the overall operations of the Company over period of time.	Mr. Devanad Somani age 39 years being Whole Time Director of the Company since the 2005. His cream experience to this industry had made him a key person to look after the project of 5 star hotels at Surat.	N.A.
	(b) Past Remuneration	Rs. 24 Lacs	Rs. 12 Lacs	Rs.12 Lacs	N.A.
	(c) Recognition or Awards	(i) Has been awarded AMA – Zydus Cadila “The Marketing Man of the Year award – 2006” by Ahmedabad Management Association.	N.A	N.A	N.A.

Sr No	Details	Narendra G. Somani	Hemant G. Somani	Devanand G. Somani	Ramesh K. Motiani
	(d) Job profile and his suitability :	(ii) "Sindhu Bhusan Award" as "Young Entrepreneur of the year 2006" by all India Sindhi Association of Industries & Commerce. Mr.Narendra Somani is Managing Director and Chairman of the Company since 1999 and under his guidance group has become synonym with excellence in food & hospitality services it is because of sheer passion, vision, revolutionary business acumen and novel innovations, commitment and hard work of over 20 years.	Mr. Hemant Somani Working as Whole Time Director of the Company since 2002.His contribution to Company has helped in development & expansion of various projects of the Company.	Mr.Devanand Somani working as Whole Time Director of the Company since 2005 .His cream experience to this industry had made him a key person to look after the project of 5 star hotels at Surat.	N.A
	(e) Expected increase in productivity and profit in measurable terms.	The Company will strive to widen its customer satisfaction base, increase market share, develop new quality for the food and services, enter new segments and step up market initiatives and look for overall growth in domestic top line.	The Company will strive to widen its customer satisfaction base, increase market share, develop new quality for the food and services, enter new segments and step up market initiatives and look for overall growth in domestic top line.	The Company will strive to widen its customer satisfaction base, increase market share, develop new quality for the food and services, enter new segments and step up market initiatives and look for overall growth in domestic top line.	N.A
	III) OTHER INFORMATION:				
	(a) Reason for loss and inadequate profits	N.A	N.A	N.A	N.A
	IV) DISCLOSURE :	As mentioned above the re - appointment & remuneration payable to the appointee needs to be approved by the shareholders in a general meeting and accordingly, the resolution is placed before the members. Disclosure regarding remuneration and salary mentioned in the Corporate Governance Report.	As mentioned above the re - appointment & remuneration payable to the appointee needs to be approved by the shareholders in a general meeting and accordingly, the resolution is placed before the members. Disclosure regarding remuneration and salary mentioned in the Corporate Governance Report	As mentioned above the re - appointment & remuneration payable to the appointee needs to be approved by the shareholders in a general meeting and accordingly, the resolution is placed before the members. Disclosure regarding remuneration and salary mentioned in the Corporate Governance Report	N.A

Except Mr. Narendra G.Somani, Chairman & Managing Director, Mr. Hemant G. Somani, Whole Time Director, Mr. Devanand Somani, Whole Time Director of the Company and Mr.Ramesh K.Motiani,Whole Time Director of the Company none of the directors are interested in passing the said special resolution.

The Shareholders are requested to treat this as an extract of the agreement with in the meaning of Section 303 of the Companies Act, 1956.

By Order of the Board

Japan Shah
Company Secretary

Place : Ahmedabad
Date : 02.09.2010

DIRECTORS' REPORT

To,
The Members,
BHAGWATI BANQUETS AND HOTELS LIMITED

Your Directors have pleasure in presenting herewith the Eleventh Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	8862.94	6922.43
Profit from Operations	2032.77	1932.42
Less : Financial Charges	231.26	353.35
Less : Depreciation and Amortization	200.01	286.35
Profit before tax	1601.50	1292.72
Less : Provision for taxation	566.00	213.52
Less : Provision for Fringe Benefit Tax	0.00	4.08
Less : Deferred tax Liability	43.16	110.57
Less : Income Tax for earlier years	16.29	3.43
Add : Excess Provision written back	0.00	0.00
Profit after tax	976.04	961.11
Profit brought forward from previous year	2212.47	1251.35
Less : Proposed Dividend on Equity Shares	292.86	0.00
Less : Dividend Distribution Tax	48.64	0.00
Profit Available for appropriation	2847.01	2212.46

DIVIDEND :

Your directors recommend dividend @ 10% (Rs.1 per share of Rs. 10/- each) for the year ended March 31, 2010 subject to approval of members in the ensuing Annual General Meeting.

PERFORMANCE :

During the year under review, total income increased to Rs. 8862.94 lacs from Rs. 6922.43 lacs in the previous year, registering a growth rate of 28.03 %. The profit before taxes amounts to Rs.1601.50 lacs as against Rs.1292.72 Lacs in the previous year.

Net Profit after tax stood at Rs.976.04 lacs during the year compared to previous fiscal's Rs. 961.11 lacs registering 1.55 % growth.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT :

Necessary measures have been taken to comply with the requirements of the Listing Agreements with the Stock Exchanges where the Company's Shares are listed. The report on Corporate Governance is included as a part of Directors Report. A report on Corporate Governance as stated above, along with a certificate of compliance from the Auditors, forms part of this Annual Report. Management Discussion and Analysis Report has been enclosed herewith as per Annexure "A" and forming part of the Directors' Report.

FUTURE OUTLOOK

The project for which the public issue was made was expected to go for commercial run in 2008-09 but there was considerable delay due to various reasons like increase in size of the project to almost double, water seepage in the basement in the first monsoon due to vicinity of sea, non-availability of skilled labour for the state - of - the - art project, delayed delivery of imported items for the project, delay in availability of power by GEB without which your Company had to suffer a lot.

The Surat project is a massive structure with 6,00,000 sq. ft. built up area with state - of - the - art Banquet Halls of various sizes for conventions and banquets with capacity of 200 to 5000 people and an ultra-modern club. The project will have 170 rooms, auditorium, discotheque, banquet hall & convention centre of 55,000 sq. ft. & party lawns of 75,000 sq. ft. Banquet facilities have already started.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Devanand Somani and Mr. Ramesh Motiani, directors retire at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. All other directors continue to hold their office.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, Board of Directors of the company hereby state & confirm that:

- a) in the preparation of Annual Accounts for the year 2009-10 the applicable Accounting Standards had been followed and there are no material departures;
- b) that they have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true & fair view of the state of affairs of the company at the end of the financial year (31st March, 2010) and of the profit/ loss of the Company for that period .
- c) that they have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting frauds and irregularities.
- d) that they have prepared the Annual Accounts for 2009-10 on a going concern basis.

FIXED DEPOSITS

The Company has not accepted any Deposits from Public and as such, no amount of principal or interest was outstanding as of the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to this Annual Report.

AUDITORS

M/s O. P. Bhandari & Co, Chartered Accountants, Ahmedabad, retire at the ensuing Annual general Meeting and are eligible for reappointment. The Company has received a certificate from them that their appointment if approved by the shareholders would be within the ceiling prescribed under section 224(1B) of the Companies Act, 1956. The members are requested to appoint auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

AUDITORS' REPORT

The Auditors' report for the year ended 31st March, 2010 and the notes forming part of the accounts referred to in the Auditors' Report are self-explanatory and give complete information.

INSURANCE

All insurable interests of the Company including, buildings, furniture and fixtures and other insurable interest are adequately insured.

LISTING

The Equity Shares of the Company are presently listed at the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE). The Company has duly paid the Annual listing fees up to 31st March, 2010 to BSE and NSE. Adequate care is being taken to comply almost all the norms and guidelines as per applicable provisions of the Listing Agreement with the Company.

ACKNOWLEDGMENTS

Your Company and Directors are thankful to State Bank of India for meeting long term and working capital requirements of Company's extended operations and various coming project's implementations.

The Directors are thankful to the Central and State Governments and other Government Agencies & Authorities for their continuous co-operation and assistance.

Directors would like to place on record their deep sense of appreciation and thanks to Shareholders for their valuable trust in the Company's performance and for their support and encouragement, enabling the Company to venture in to various upcoming projects and spread its wings globally, Customers for their confidence in the hospitality services of the Company, Business Associates, Suppliers for their valuable assistance and support and throughout co-operation, Employees for their outstanding performance.

For & on behalf of the Board

Place : Ahmedabad

Date : 02.09.2010

Narendra Somani

Chairman

ANNEXURE TO THE DIRECTORS REPORT

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to section 217(1) (e) of the Companies Act, 1956 read with rules made there under, the company is not required to give the particular of energy, since the hotel industry is not covered under the list of industries required to provide such information.

During the year, Company commissioned a 1.25MW Windmill at Village Panchetiya, district Kutch, Gujarat. The energy generated by wind mill was 2330129KWH.

The statement of particulars with respect to technology absorption and Foreign Exchange earning and outgo pursuant to section 217 (1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 is annexed herewith as Annexure A which forms part of this report.

Particulars pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Directors' Report) Rules, 1988.

TECHNOLOGY ABSORPTION :

a) Research and Development

i) Specific areas in which R & D carried out by the Company:

Your Company continues to test and work with technologies and engage in Research & Development program. Efforts of the Company are directed towards quality control and improvement of in-house expertise.

ii) Benefits derived as a result of the above R & D:

The above R&D activities have resulted in improvement of service quality & cost effectiveness.

b) Technology Absorption and Innovation:

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available. It has resulted in a better quality of product which has been brought to the International Standard, besides improving the productivity and reducing the wastages.

FOREIGN EXCHANGE EARNINGS / OUTGO

Particulars	2009-2010	2008-2009
Earnings-Receipt from sale	Rs. 114.90 Lacs	Rs.101.91 Lacs
Outgo	Rs. 2158.15 Lacs	Rs.105.55 Lacs

PARTICULARS OF EMPLOYEES

The information pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is as under:

Sr. No.	Name	Age	Qualification	Experience Yrs.	Designation / Nature of Duties	Remuneration Rs.	Date of commencement of employment	Particulars of last employment	% of Eq. Shares held
1	Narendra Somani	44	F. Y. Bcom.	23	Chairman Cum Managing Director	24,00,000	1-10-2005	N.A.	26.38

For & on behalf of the Board

Place : Ahmedabad

Date : 02.09.2010

Narendra Somani

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

The economy of India at present is the eleventh largest economy in the world in terms of GDP and the fourth largest by purchasing power parity. India is an emerging economic power with a very large pool of human and natural resources, and a growing large pool of skilled professionals. Economists predict that by 2020, India will be among the leading economies of the world. India has established itself as the world's second fastest growing major economy wherein India's economy for the past 5 fiscal years has managed to sustain an average growth rate of 8%. The average growth by sector like agriculture has been 16%, Industries at 26% and Services at 58% during the last financial year. The Industrial and service sectors have been the major contributor of this growth, signifying the structural transformation in the Indian economy from agricultural to industrial economy. The year 2008 -09 saw a significant slow down in India's GDP at 6.8% because of global economic slowdown but at present the country's trade has grown fast and has increased to 8% presently and looks positive in coming future. As per WTO figures of last two years India accounts for approx 1.5% to 2% of the world trade.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Tourism has the potential to grow at a high rate and ensure consequential development of the infrastructure of the destinations. It has the capacity to capitalize on the country's success in the services sector and provide sustainable models of growth. Overview

Expenditure on tourism induces a chain of transactions requiring supply of goods and services from the related sectors. The consumption demand, emanating from tourist expenditure also induces more employment and generates a multiplier effect on the economy. India's performance in tourism sector has been quite impressive. During the period 2002 to 2009, India witnessed an increase in the Foreign Tourist Arrivals (FTAs) from 2.38 million to 5.11 million.

Due to global slowdown and terrorist activities fall out, growth rate in FTAs during 2009 fell by 3.3 per cent. The year witnessed a contraction in global tourism by 4.3 per cent; the declaration in India was, therefore, less than that of the scale of global slowdown. The growth rate in earnings in 2009 vis-a-vis 2008 was 8.3 per cent. Tourism in India has come into its own as a brand – India Tourism.

There have been several innovative approaches in the Ministry's policy in 2009-10. The creation of niche tourism products like MICE, heliport tourism, medical tourism, wellness tourism, adventure tourism, religious tourism, heritage tourism, cruise tourism and caravan tourism has served to widen the net of this sector.

As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive distinctions.

The Indian tourism sector is seen generating \$42.8 billion by 2017, a 42 percent surge from 2007, according to an industry research note by auditing and consulting firm Deloitte Touché.

OUTLOOK AND OPPORTUNITIES

With new tie ups & globalisation, Expanding new markets have developed; Hotels are now able to increase their revenues due to these sources as food & beverages (F&B), restaurants, spas, health services, clubs and other ancillary services. These services are contributing more than 50% of the overall revenues of hotel chains. With excellent infrastructure projects, Industrialization, and good connectivity especially Air connectivity is giving rise to hospitality industry.

Keeping in line with the opportunities & expanding horizons, your company growth prospects have been positive & on fast track. We till recent years focused on Ahmedabad, but with visible growth and to reach out to our potential customers, we have stabilized our business interests in Rajkot with a star category hotel, we would shortly unveil our unique banqueting five star deluxe hotel, convention center & club project at Surat, which has 172 opulent rooms & 1,00,000 sq/ft of only banquet space which is one of the largest in any hotel category across India. It also has club amenities for guests to rejuvenate & relax. The opening of the Surat Five Star project will be one of the important milestones in the history of this company. It will be Gujarat's largest five-star hotel & completely vegetarian.

We have further developed our world cuisine restaurant & banquet halls concept in city of Jaipur & Surat. We will be expanding the same module in other prospective cities of India in coming future.

We also have expanded our outdoor catering services not only in India but outside India and keep getting prospective inquiries for organizing food & beverages services which has been your company's unique strength.

We have kept our focus clear on our core strength i.e. Banqueting, F & B. We have further consolidated our position and services on management services contracts front with best of places under management contract and keep receiving inquiries fueling further growth in this segment.

We stayed focus of growth areas in places which has high per capita income and high disposable income group. With focused branding exercises outdoor and indoor and taking brand position as unique banqueting hotel group and F&B specialists has helped create good brand awareness in hospitality business.

Your company is on path to grow further with innovative models in hospitality business and increase its presence Pan India.

THREATS, RISKS AND CONCERNS

Hotel business in general is sensitive to fluctuations in the economy. The industry is witnessing heightened competition with the arrival of new players, new products & new systems. As emerging destination on the global travel map, expectation of customers is rising. India, being one of the fastest growing economies of the world in the recent past, continues to attract investment. Apart from that some of the factors like interest rate, foreign exchange rates and other natural and social factors affected the hotel industry. As witnessed in recent past, the hotel sector may be affected by changes in global domestic economies, changes in local market conditions, reduced demand for hotel rooms, government policies and regulations.

Your Company earns its entire revenues from Indian operations. Your Company aims to increase its presence nationally to reduce its over dependence in one market. Continuing its efforts in that direction and to mitigate this risk to an extent, your company is also looking at various other locations for expansion.

The hotel industry needs quality employees and with demand for the same improving across the industry, the Company feels that wage inflation would be a critical factor in determining cost for the Company. Thus, your Company will continue to focus on improving manpower efficiencies and creating a lean organization, while maximizing effectiveness in terms of customer service and satisfaction, which is an area of great importance for your Company.

FINANCIAL REVIEW

Your Company has become a unique name in hospitality segment, with unique models including banqueting, hotel services, out door catering and management services. We are also investing in our upcoming new projects to sustain the future growth and business. We look forward to our future with more enthusiasm and opportunities. During the year under review, total income increased to Rs. 8862.94 lacs from Rs.6922.43 lacs in the previous year, registering a growth of 28.03 %.

Net Profit after tax stood at Rs.976.04 lacs during the year compared to previous fiscal's Rs. 961.11 lacs registering 1.55 % growth

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

The company has reasonable Internal Control System to safeguard all assets of the Company and defects, frauds or irregularities, if any. The internal control system commensurate with the size and nature of the business. The internal control system also ensures protection of assets of the company as well as overall productivity of its operations.

The internal audit programme is finalized in consultation with the Internal Auditors and the audit committee of the Board. The Audit committee of the Board meets periodically to review various aspects of the performance of the company and also review various aspects of the performance of the company and also review the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE

The Company has total strength of 861 employees. Employees are the key to success of any organization especially in a service oriented industry, in which your company has created TEAM TGB culture, true professionals, highly skilled in their respective fields and one of the finest among all service Oriented Industries wherein customer satisfaction and delight is a vital key for the growth of the business and organization. To achieve the same, your company has been consistently investing in training development programmes at all levels encouraging Team Building and Motivation, to not only meet the expectations of the customers but exceeding it. Your company is one of the most preferred Employer in Gujarat in hotel and luxury segment. We consistently focus on upgrading the skills and knowledge level of its human assets to meet the highest standards of service by providing appropriate leadership at all levels. We strongly believe and implement procedures sustaining Quality Human Capital a must for hospitality business.

The industrial relations through out the year continued to remain cordial.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable securities laws and regulations. The actual results may differ from those expected depending upon the economic conditions, changes in Govt. Regulations, and amendments in tax laws and other internal and external factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's Corporate Governance Philosophy was to continuously strive to attain higher level of accountability, transparency, responsibility in all aspects of its operations. The Company remained committed towards protection and enhancement of overall long term value for its entire stakeholder – customer, lenders, employee and society. The Company lays a long term emphasis on Corporate Code of Governance, as a true and effective code of corporate conduct would hold the Company and its stakeholders in a good stead in the coming Years.

Your company has consistently aimed at developing and internalizing such policies and implementing best-in-class actions that make it a good model of corporate governance. To that effect your Company has adopted practice mandated in Clause 49 of listing agreement & has established procedure & systems to be fully compliant with it.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors as per Clause 49 of the listing agreement. The Board comprise of 8 Directors, out of which four Directors are Promoter-Executive Directors and four directors are non-executive directors. All Non - Executive Directors are Independent directors. The Independent Directors take active part at the Board and Committee meetings, which adds value in the decision making process. Half of the Board comprise of non-executive directors. As on 31st March 2010 the details of composition of Board, category of directors as well as their Directorship/membership in other companies/committees are given below:

Sr. No.	Name and Designation of Director	Category	Number of other Directorship and Committee member / Chairmanship*		
			Other Directorships	Committee membership	Committee Chairmanship
1.	Mr. Narendra Somani Chairman & Managing Director	Promoter & Executive	1	NIL	NIL
2.	Mr. Devanand Somani Whole Time Director	Promoter & Executive	1	NIL	NIL
3.	Mr. Hemant Somani Whole Time Director	Promoter & Executive	1	NIL	NIL
4.	Mr. Ramesh Motiani Whole Time Director	Promoter & Executive	NIL	NIL	NIL
5.	Mr. Bakul Parikh Director	Independent Non-Executive	NIL	NIL	NIL
6.	Mr. Mangharam Sumani Director	Independent Non-Executive	NIL	NIL	NIL
7.	Mr. Ganesh K. Director	Independent Non-Executive	NIL	NIL	NIL
8.	Mr. Rajratan Singhvi Director	Independent Non-Executive	1	1	NIL

- *Directorships and Committee member/Chairmanship in other companies mentioned above excludes directorships in private limited companies, unlimited companies, foreign companies and Companies incorporated under section 25 of the Companies Act, 1956.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees and act as a Chairman in more than five committees across all companies in which he is a Director.

Board Meetings:

In 2009 - 2010, the Board of the Company met 9(Nine) times on 30th April 2009, 31st July, 2009, 28th September 2009, 31st October 2009, 30th November 2009, 24th December 2009, 27th January 2010, 15th March 2010 and 29th March 2010. As is evident, the maximum gap between any two Board Meetings is not more than four months.

Attendance of Directors at the Board Meetings and at the last Annual General Meeting held on 29th September 2009 is as under:

Name	Attendance	
	Board Meetings	AGM held on 29.09.2009
Mr. Narendra Somani	9	Yes
Mr. Devanand Somani	9	Yes
Mr. Hemant Somani	9	Yes
Mr. Ramesh Motiani	9	Yes
Mr. Bakul Parikh	9	Yes
Mr. Mangharam Sumani	3	No
Mr. Ganesh K.	3	No
Mr. Rajratan Singhvi	3	Yes

3. COMMITTEES OF BOARD

A. Audit Committee

Audit Committee has been constituted in line with the provisions of Section 292A of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Committee meets at least four times a year and the maximum gap between two meetings is not more than four months. Minutes of the Audit Committee are circulated and discussed at the Board meetings.

At present, the Audit Committee comprises of three Board members, viz Mr. Mangharam Sumani, Mr. Bakul Parikh and Mr. Rajratan Singhvi all being Independent Directors and non-executive directors. Mr. Mangharam Sumani is the Chairman of the Committee. He is a Practicing Chartered Accountant. Mr. Bakul Parikh is a Legal advisor in direct and indirect taxes. Mr. Rajratan Singhvi is also an Account Consultant. All members of the Committee are financially literate as per meaning of explanation to Clause 49(II) (A) of the Listing Agreement.

The Chief Financial Officer is a permanent invitee for the meeting. The Company Secretary is the Secretary of the Committee.

B. TERMS OF REFERENCE:

Terms of reference of Audit Committee are given here in under:

- To oversee the Company's financial reporting, process and disclosures of its financial information.
- To review financial statements and pre-publication announcements before submission to the Board.
- To recommend the appointment of statutory auditors and fixation of their remuneration to review and discuss with the auditors about internal control system, the scope of audit including observations of auditors, major accounting entries, practice and policies, compliance with accounting standards & Listing Agreement, related party transactions.
- To review the Company's risk management policies and discussion with auditors any significant findings and follow up thereon.

MEETINGS AND ATTENDANCE DURING THE YEAR:

During the financial year 2009 -2010, four meetings of the Audit Committee were held on 30th April 2009, 31st July 2009, 31st October 2009 and 27th January 2010. During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory and internal auditors including fixation of audit fee, discussed the internal auditors findings and reviewed the company's financial and risk management policies. Generally all items listed in Clause 49 (IID) of the Listing Agreement are cover in the term of reference. The Audit Committee has been granted powers as prescribed under Clause 49 (IIC).

Necessary information as required by Clause 49(IIE) of the Listing Agreement is reviewed by the Audit Committee.

Details of Attendance at the Audit Committee

Name	Designation	Attendance
Mr. Mangharam Sumani	Chairman	4
Mr. Bakul Parikh	Member	4
Mr. Rajratan Singhvi	Member	4

C. Remuneration Committee:

(i) Brief description of Terms of Reference

The Remuneration Committee has been constituted to recommend and review remuneration package of Executive Directors by reference to performance, experience and responsibilities.

(ii) Composition of the Committee

The Remuneration Committee consists of three non-executive independent directors, to comply with and meet the requirements of the listing agreement and Schedule XIII of the Companies Act, 1956. Mr. Bakul Parikh is the Chairman and Mr. Ganesh K & Mr. Rajratan Singhvi are members of the Remuneration Committee.

(iii) Meetings and attendance

The Committee met once during the financial year 2009 – 2010 on 31st July, 2010.

(iv) Details of Remuneration of Directors

The details of remuneration paid to the directors during the financial year ended on 31st March, 2010 is as under:

Name	Remuneration	Commission	Sitting Fees
Mr. Narendra Somani	24,00,000	NIL	NIL
Mr. Devanand Somani	12,00,000	NIL	NIL
Mr. Hemant Somani	12,00,000	NIL	NIL
Mr. Ramesh Motiani	3,50,000	NIL	NIL
Mr. Mangharam Sumani	NIL	NIL	15,000
Mr. Bakul R. Parikh	NIL	NIL	45,000
Mr. Rajratan Singhvi	NIL	NIL	15,000
Mr. Ganesh K.	NIL	NIL	15,000

Shares held by Non-Executive directors:

All Non-Executive Directors hold Nil Shares of the Company.

D. Shareholders'/Investors' Grievance Committee

The Company specifically looks into redressing complaints of shareholders and investors such as non-receipt of Annual Report, non-transfer of shares non-receipt of dividends, dematerialization of shares etc. The Committee comprising of one executive director and two non-executive independent directors.

Mr. Mangharam Sumani, a non-executive Director is a Chairman of the Committee. And Mr. Ramesh Motiani, Executive Director and Mr. Ganesh K. Non-Executive Director are the members of this Committee. The Committee meets once in every quarter to expedite all matters relating to shareholders / investors grievances received during that period. The Committee reviews summary of share transfers, dematerialization of shares, consolidation or sub-division of shares, complaints received and disposed off etc.

During the financial year 2009-2010, four meetings of the Shareholders' / Investors' Grievance Committee were held. As per Clause 47(a) of the listing Agreement, Mr. Japan Shah is appointed as Company Secretary and Compliance Officer of the Company w.e.f. 30th November 2009.

Details of Shareholders Complaints

The details of complaints received / solved / pending during the year are as under:

Number of Shareholders' Complaints received during the Year	: 3
Number of Complaints not solved to the satisfaction of shareholder	: NIL
Number of pending Complaints	: NIL

4. SUBSIDIARY COMPANIES:

During the year, the audit committee reviewed the financial statements of Lov Kush Properties Pvt Ltd, an unlisted subsidiary company. Copies of the Minutes of the Board Meetings of the subsidiary company were regularly placed before the board of the Company.

5. GENERAL BODY MEETING:**(i) Annual General Meetings**

The last three Annual General Meetings of the Company were held within the statutory time period and the details of the same are as under:

AGM	Financial Year	Venue	Date	Time
10th	2008-2009	Sindhu Bhavan Plot No. 173 100 Ft. Ring Road Off S.G. Highway judges Bungalow Bodakdev Ahmedabad- 380 054	29.09.2009	10.30 A.M.
9th	2007-2008	Sindhu Bhavan Plot No. 173 100 Ft. Ring Road Off S.G. Highway judges Bungalow Bodakdev Ahmedabad- 380 054	24.09.2008	10.00 A.M.
8th	2006-2007	"The Man Party Plot" Opp. Honest, Off S.G. Road, Ahmedabad- 382115	28.09.2007	10:00 A.M.

Special Resolutions:

1. Special Resolution passed under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for revised terms & condition of appointment of Mr.Ramesh K. Motiani, Whole- time Director of the Company at the 10th Annual General Meeting held on 29th September, 2009.
2. Special Resolution passed under the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 for revision of the original project, size and implementation at the 10th Annual General Meeting held on 29th September, 2009.

(ii) POSTAL BALLOT: -

The Company has not put resolution for postal ballot in previous Annual General Meeting. In ensuing Annual General Meeting there is no business requiring postal ballot.

6. DISCLOSURE

- (i) There have been no materially significant transactions, pecuniary transactions or relationships between the Company and Directors, Management, Subsidiary or related parties except those disclosed in the financial statements for the year ended 31st March 2010.
- (ii) There was no instance of non-compliance or penalty, strictures imposed on the Company by Stock exchange or SEBI or any other statutory authority on any matters related to capital markets, during the last three years.
- (iii) No personnel have been denied access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirement of Clause 49 and adopted the following non mandatory requirements:
 - (A) Company has constituted a remuneration committee.
 - (B) Whistle Blower Policy:

Recently, the Secutiry & Exchange Board of India has also prescribed the adoption by all listed Companies, of a Whistle Blower Policy as a non mandatory requirement.The Company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle Blower. The Audit Committee Chairman is authorized to receive Protected Disclosure under this Policy. The Audit Committee is also authorized to supervise the conduct of investigation of any disclosure made whistle blowers in accordance with policy.

No personal have been denied access to the Audit Committee. As of March 31, 2010, no Protected Disclosure has been received under this policy.
- (v) Company has laid down Risk Management and administration Procedure to inform the Board members about the risk areas relating to the Organization and steps to minimize such risks. These procedures are periodically reviewed to ensure the risk control and minimization by means of properly defined framework.
- (vi) In preparing the Annual Accounts in respect of the Financial year ended 31st March, 2010 no accounting treatment was different from that prescribed in the Accounting Standard ; and
- (vii) The Company has a Code of Conduct for prevention of insider trading in the shares of the Company for directors and promoters in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992.

7. MEANS OF COMMUNICATION

Company's quarterly, half yearly and annual results are being published in Economic Times (Gujarati and English) Newspaper. Management Discussion and Analysis Report forms part of this Annual report. The Annual report in respect of each financial year is sent to all shareholders.

8. CODE OF CONDUCT

The Company has a Code of Conduct for Prevention of Insider Trading in place, as prescribed by the Securities and Exchange Board of India. The Code of Conduct is available on the website of the Company: www.thegrandbhagwati.com. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The Annual Report of the Company contains a declaration to this effect signed by the Managing Director of the Company.

9. CEO/CFO CERTIFICATION

The Chief Executives Officer (CEO) and Chief Finance officer (CFO) certification on financial statement pursuant to the provisions of Clause 49 of the Listing agreement is annexed and forms part of the Annual Report of the Company.

10. GENERAL SHAREHOLDER INFORMATION

1. **Financial Year** : 1st April to 31st March
2. **Annual General Meeting** : Date : 29/09/2010
Time : 10.30 A.M.
3. **Venue** : "Sindhuhavan", Plot No. 173, 100 Ft. Ring Road, Off. S.G.Highway,Judges Bunglow Cross Road, Bodakdev Ahmedabad- 380 054.
4. **Financial Calendar:** [Tentative]

Financial Year	: April-March
Financial reporting for the Quarter ending June, 2010	: 2nd week of August, 2010
Financial reporting for the half year ending September, 2010	: 2nd week of November, 2010
Financial reporting for the quarter ending December, 2010	: 2nd week of February, 2011
Financial reporting for the year ending March 31, 2010	: 2nd week of May, 2011
Annual general Meeting for year ending 31.03.2010	: On or before 30th September 2010

5. Face value of the equity share : Rs. 10/- per Share
 6. Book Closure Date : 22nd September, 2010 to 29th September 2010
 (Both days inclusive)

7. Listing on Stock Exchange(s) :

Your Company's Shares are listed on

Sr. No.	Name of Stock Exchange	Address of Stock Exchange
1	Bombay Stock Exchange Limited,	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400 001.
2	National Stock Exchange of India Limited	Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051

1. Annual Listing fees up to the Financial Year 2010-11 have been duly paid to the stock exchanges.

8. Stock Code:

- a) Bombay Stock Exchange Ltd : 532845
 b) National Stock Exchange of India Ltd. : BHAGWATIHO
 c) ISIN with NSDL & CDSL : INE797H01018

9. Market price data:

Market price data of Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2009-2010 are given below:

Month	BSE - Share Price (In Rs. per share)		NSE – Share Price (In Rs. per share)	
	High	Low	High	Low
April, 2009	39.45	22.50	34.00	31.90
May, 2009	47.70	30.00	46.10	43.00
June, 2009	47.90	33.00	35.00	33.50
July, 2009	37.50	29.60	36.00	33.20
August, 2009	43.00	31.35	43.45	40.00
September, 2009	51.35	38.50	48.00	46.00
October, 2009	54.45	41.00	45.65	41.20
November, 2009	50.45	38.00	45.00	44.05
December, 2009	55.00	43.40	52.50	49.00
January, 2010	96.50	50.60	80.90	77.00
February, 2010	84.00	72.25	76.75	74.00
March, 2010	82.40	65.00	70.95	63.50

10. Registrar and Share Transfer Agent

Link Intime India Private Limited
 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad-380009.
 Contact Person : Mr. Hitesh Patel Phone No.: 91-79-26465179 E Mail : ahmedabad@linkintime.co.in

11. Share Transfer System

Share transfers have been normally processed and returned within 21 days from the date of lodgment, provided the necessary documents were in order.

12. Distribution of shareholding as on 31st March, 2010

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 – 500	4169	84.77	616357	2.11
501 – 1000	389	7.91	327138	1.12
1,001 – 2000	149	3.03	237559	0.81
2,001 – 3000	47	0.96	122378	0.42
3,001 – 4000	22	0.45	77641	0.26
4,001 – 5000	15	0.30	68591	0.23
5,001 – 10,000	37	0.75	285681	0.97
10,001 & Above	90	1.83	27551055	94.08
Total	4918	100	29286400	100

13. Categories of Shareholding as on 31st March, 2010

Sr.No.	Category	No. of Shares	% to Share Capital
A.	PROMOTERS SHAREHOLDING		
1.	Promoters and Promotes Group	12637739	43.15
2.	Director and their Relatives	0	00.00
B.	PUBLIC SHAREHOLDING		
1.	Mutual Funds / UTI	2	00.00
2.	Banks/Financial Institutions	0	00.00
3.	Foreign Institutional Investors	34600	00.12
4.	Bodies Corporate	11249811	38.41
5.	NRI's	847132	02.90
6.	Clearing Members	826330	02.82
7.	Indian Public	3690786	12.60
	Total	29286400	100.00

14. Dematerialization of Shares & Facility of simultaneous transfer

Approximately 99.99% of the paid-up equity share capital of the Company has been dematerialized as on 31st March, 2010. Trading in equity shares of the company is permitted only in dematerialized form as per notification issued by SEBI. Shareholders interested in dematerializing their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

15. Company has not issued any ADR/GDR/FCCB/QIPs during financial Year ended as on 31.03.2010.

16. Investors' Correspondence may be addressed to:

Japan Shah, Company Secretary
Bhagwati Banquets and Hotels Ltd.
301, 3rd Floor, Circle P, Prahaladnagar Garden road, SG Road, Ahmedabad -380 051
Phone NO. : 91-79-29296192/93 Fax: 91-9725046192 Email: companysecretary@thegrandbhagwati.com

Or

Link Intime India Private Limited
211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad-380009.
Telefax: 91-79-26465179 Email: ahmedabad@linkintime.co.in

17. Location of Hotels:

The Grand Bhagwati, Plot no. 380, SG Road, Bodakdev, Ahmedabad- 380 054

Hotel Project is in full swing.

B/H City Plus Multiplex, Royal Resort Lane, Mugdalla-Dummas road, Mugdalla, Surat.

Restaurants of Bhagwati Group:

Murugan Express - Iscon Mall, Ahmedabad
Murugan Express - Maninagar, Ahmedabad
Little Italy Restaurant - S.G.Highway, Ahmedabad
TGB World Cuisine & Banquets - Malviyanagar, Jaipur

The Restaurants Managed by Bhagwati Group:

Patang - The revolving restaurant at Ashram Road, Ahmedabad
Karnawati Club - S. G. Highway, Ahmedabad
GCA Club - Motera, Ahmedabad

Note: The Company has discontinued management of Rajpath Club Ltd. with the effect from 15th June, 2010.

18. Compliance Certificate of the Auditors

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause-49 of the Listing Agreement is attached to this report.

For Bhagwati Banquets and Hotels Limited

Place : Ahmedabad
Date : 02/09/2010

Mr. Narendra Somani
Chairman and Managing Director

DECLARATION ON CODE OF CONDUCT

I, Narendra Somani, Chairman - Managing Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause - 49(1)(D) of the Listing Agreement entered into with the Stock Exchange.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

The above report was adopted by the Board at their meeting held on 2nd September, 2010.

For Bhagwati Banquets and Hotels Limited

Place : Ahmedabad

Date : 02/09/2010

Mr. Narendra Somani

Chairman and Managing Director

CERTIFICATE BY CEO/CFO**The Board of Directors****Bhagwati Banquets And Hotels Limited**

Re- Financial Statements for the period ended March 31, 2010: Certification by CFO

We, Joseph C.B.D' Couto, Chief Executive Officer and Vishal Palkhiwala, CFO on the basis of the review of the financial statements for the period ending March 31, 2010 an to the best of our knowledge and belief , certify under Clause 49 of the Listing Agreement that:-

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (3) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period ending March 31,2010, that are fraudulent, illegal or volatile of the Company's Code of Conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- (5) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud, if any, of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Bhagwati Banquets and Hotels Limited

Place : Ahmedabad

Date : 02/09/2010

Mr. Joseph C.B.D' Couto

Chief Executive Officer

Mr. Vishal Palkhiwala

Chief Finance Officer

COMPLIANCE CERTIFICATE

To,

The Members of

BHAGWATI BANQUETS AND HOTELS LIMITED

We have examined the compliance of conditions of corporate governance by **Bhagwati Banquets And Hotels Limited** ("the Company"), for the year ended on 31 March 2010, as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No. 112633W

[O. P. Bhandari]

Proprietor

Membership No. 34409

Place : Ahmedabad.

Date : 02.09.2010

AUDITORS' REPORT

To,
The Members of
BHAGWATI BANQUETS AND HOTELS LIMITED

1. We have audited the attached Balance Sheet of BHAGWATI BANQUETS AND HOTELS LIMITED as at 31st March 2010, and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to paragraph (3) above, we report that;
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No. 112633W

[O. P. Bhandari]
Proprietor
Membership No. 34409

Place : Ahmedabad.
Date : 02.09.2010

ANNEXURE TO THE AUDITORS' REPORT

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

- i.
 - (a) The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, these fixed assets have been physically verified by the management, in accordance with a phased program of verification, which in our opinion, is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of fixed assets during the year, so as to affect its going concern status.
- ii.
 - (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
 - (b) In our opinion and according the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification as compared to the book records.
- iii. In respect of unsecured loans granted to companies covered in the register maintained under section 301 of the Companies Act, 1956 and according to the information and explanations given to us -
 - (a) During the year, the Company has not given unsecured Loans to any parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The rates of interest and other terms and conditions are prima facie not prejudicial to the interests of the company.
 - (c) According the information and explanations given to us, the Company has not taken unsecured loans from any parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (d) The rates of interest and other terms and conditions are prima facie not prejudicial to the interests of the company.
- 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, with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing major weakness on such internal controls.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies act 1956;
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into the Register maintained under of Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section;
 - (b) Transactions are made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant date.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- vii. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
- viii. The maintenance of cost records has not been prescribed by the Central Government under Clause (d) of Sub-Section (1) of Section 209 of the Act. Accordingly, the provisions of clause (viii) of paragraph 4 of the companies (Auditor's Report) Order, 2003 is are not applicable to the company.

- ix. (a) According to the Information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance Fund, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Cess and any other statutory dues with the appropriate authorities.
- (b) According to the Information and explanation given to us, no undisputed amount payable in respect of statutory dues applicable to it were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the Information and explanation given to us, there are no dues of Provident Fund, Employee State Insurance Fund, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Cess and any other statutory dues which have not been deposited on account of any dispute.

Forum Where dispute is pending	Nature of dues	Amount (Rs.)	Financial Year to which amount relates
Income Tax Appellate Tribunal	Income Tax	34,00,000	2000-01
CIT (A)- VI - Ahmedabad	Income Tax	1,99,91,065	2006-07

- x. The Company does not have accumulated losses as at 31st March, 2010. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions or bank.
- xii. In our opinion and according to the explanations given to us, the Company has not granted loans and advance 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 or Mutual Benefit Fund/Society, Accordingly, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion and according to the explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, 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 explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion and according to the explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- xvii. In our opinion and according to the explanations given to us, On the basis of 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. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year covered by our audit report, the Company has not issued any debentures.
- xx. During the year covered by our audit report, the Company has not raised any money by way of a public issue during the year.
- xxi. To the best our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No. 112633W

Place : Ahmedabad.
Date : 02.09.2010

[**O. P. Bhandari**]
Proprietor
Membership No. 34409

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lacs)

PARTICULARS	SCH	As on 31/03/2010	As on 31/03/2009
SOURCES OF FUNDS :			
SHARE HOLDER FUNDS			
a) Share Capital	"A"	2,928.64	2,928.64
b) Reserve & Surplus	"B"	10,745.85	9,852.21
c) Amount for Preferential Convertible Warrants		0.00	620.22
LOAN FUNDS			
Secured Loan	"C"	9,898.34	4,120.31
DEFERRED TAX LIABILITIES			
		392.38	349.22
TOTAL :		23,965.21	17,870.60
APPLICATION OF FUNDS :			
FIXED ASSETS			
	"D"		
Gross Block		5,191.24	4,496.01
Less : Accumulated Depreciation		1,358.00	1,162.65
Net Block		3,833.24	3,333.35
Capital work-in-progress and advances on capital account		15,702.73	7,873.88
INVESTMENTS			
	"E"	540.99	540.95
CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	"F"	1,116.26	710.68
b) Sundry Debtors	"G"	835.09	827.13
c) Cash and Bank Balance	"H"	1,877.02	1,912.74
d) Loans and Advances	"I"	3,517.01	3,271.27
		7,345.39	6,721.83
LESS : CURRENT LIABILITIES AND PROVISIONS			
	"J"	3,635.51	1,153.08
NET CURRENT ASSETS			
		3,709.88	5,568.75
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	"K"	178.36	553.67
Branch Division			
TOTAL :		23,965.21	17,870.60

Significant Accounting Policies and Practices

"S"

Notes forming part of accounts

"T"

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani
Chairman & Managing Director
Mr. Devanand G. Somani
Wholetime Director
Mr. Hemant G. Somani
Wholetime Director
Mr. Vishal Palkhiwala
Chief Finance Officer
Mr. Japan Shah
Company Secretary

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

(Rs. in Lacs)

PARTICULARS	SCH	As on 31/03/2010	As on 31/03/2009
INCOME			
Sales and Services	"L"	8,298.23	6,380.61
Other Income	"M"	564.71	541.82
		8,862.94	6,922.43
EXPENDITURE			
Food and Beverages Consumed	"N"	2,453.57	1,955.05
Employees' Emoluments	"O"	1,020.35	709.10
Upkeep and Service Cost	"P"	1,171.07	852.05
Administrative and Selling Expenses	"Q"	2,185.18	1,473.80
Financial Charges	"R"	231.26	353.35
		7,061.43	5,343.35
PROFIT BEFORE DEPRECIATION		1,801.51	1,579.07
DEPRECIATION AND AMORTISATION		"D"	200.01
PROFIT/(LOSS) BEFORE TAX		1,601.50	1,292.72
Less : Provision for Income Tax		566.00	217.60
Provision for Deferred Tax		43.16	110.58
Income Tax Paid for earlier years		16.29	3.44
Add : Excess Provision Written Back		0.00	0.00
PROFIT/ (LOSS) AFTER TAX		976.04	961.11
PROFIT / (LOSS) B/F		2,212.47	1,251.36
AMOUNT AVAILABLE FOR APPROPRIATION		3,188.51	2,212.46
LESS: APPROPRIATIONS			
Proposed Dividend on Equity Shares		292.86	0.00
Dividend Distribution Tax		48.64	0.00
BALANCE CARRIED TO BALANCE SHEET		2,847.01	2,212.46
Earning Per Share			
Basic		3.33	3.28
Dilluted		3.33	2.61
Significant Accounting Policies and Practices		"S"	
Notes forming part of accounts		"T"	

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani

Chairman & Managing Director

Mr. Devanand G. Somani

Wholetime Director

Mr. Hemant G. Somani

Wholetime Director

Mr. Vishal Palkhiwala

Chief Finance Officer

Mr. Japan Shah

Company Secretary

SCHEDULES TO ACCOUNTS - 31-03-2010

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE "A" : SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
50000000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
29286400 Equity Shares of Rs.10/- each Fully Paid-Up	2,928.64	2,928.64
	2,928.64	2,928.64
SCHEDULE - "B" : RESERVE & SURPLUS		
Securities Premium	7,278.63	7,639.75
General Reserve	620.22	0.00
Profit and Loss Account	2,847.00	2,212.46
	10,745.85	9,852.21
SCHEDULE - "C" : SECURED LOANS		
TERM LOANS		
Foreign Currency Term Loans from Axis Bank Ltd.	0.00	736.89
Term Loans from Axis Bank Ltd.	0.00	970.84
Term Loan from Indian Overseas Bank	0.00	1,985.76
Term Loan From State Bank Of India	3,018.71	200.07
Foreign Currency Term Loans from State Bank Of India	6,623.16	0.00
Cash credit from State Bank Of India	202.10	0.00
Cash credit from Axis Bank Ltd.	0.00	202.34
(Details of security provided to banks have been mentioned in Note No.2 of schedule "U")		
VEHICLE LOANS FROM:-		
Reliance Capital Ltd.	4.48	10.16
ICICI Bank Ltd	2.56	10.72
Kotak Mahindra Bank Ltd	44.50	3.53
Axis Bank Ltd.	2.83	0.00
	9,898.34	4,120.31

SCHEDULE - "D" : FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET	
		As on 1/4/09	Addition during the period	Total 31/03/10	Provided upto 31/03/09	Adjustment during year	For the year	Total 31/03/10	As on 31/03/10	As on 31/03/09
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TANGIBLE ASSETS										
1	Land & Land Development	355.60	0.00	355.60	0.00	0.00	0.00	0.00	355.60	355.60
2	Building	1055.09	155.76	1210.85	220.68	0.00	39.77	260.45	950.40	834.40
3	Electrification	166.67	57.89	224.56	41.45	0.00	9.78	51.23	173.33	125.22
4	Furniture & Fixtures	672.26	211.61	883.88	198.95	0.00	52.22	251.17	632.71	473.32
5	Plant & Machinery	665.01	135.34	800.35	155.65	0.00	36.14	191.78	608.57	509.36
6	Wind Mill	619.21	0.00	619.21	16.35	0.00	32.69	49.04	570.17	602.86
7	Other Equipment	97.27	39.60	136.87	9.10	0.00	5.88	14.99	121.88	88.16
8	Computers & Software	37.18	12.10	49.29	17.17	0.00	6.99	24.16	25.12	20.01
9	Vehicles	111.36	75.96	187.32	27.61	4.67	12.85	35.79	151.53	83.75
10	Television	19.26	0.88	20.14	1.52	0.00	0.94	2.46	17.68	17.74
11	Pick Up Van	17.16	5.09	22.25	4.04	0.00	2.03	6.07	16.19	13.12
12	Scooter	3.86	0.99	4.85	0.71	0.00	0.42	1.13	3.72	3.15
13	Pollution Cont. Plant	6.33	0.00	6.33	0.60	0.00	0.30	0.90	5.43	5.73
TOTAL		3826.25	695.23	4521.49	693.83	4.67	200.01	889.17	3632.32	3132.43
INTANGIBLE ASSETS										
1	Goodwill	669.75	0.00	669.75	468.83	0.00	0.00	468.83	200.93	200.93
CURRENT YEAR		4496.01	695.23	5191.24	1162.65	4.67	200.01	1358.00	3833.25	3333.35
PREVIOUS YEAR		3659.59	836.42	4496.01	876.31	0.00	286.35	1162.65	3333.35	0.00

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE - "E" : INVESTMENTS		
Unquoted Investments-Long Term		
In 100% Subsidiary Company		
31800 Equity Shares of Lov Kush Properties Pvt. Ltd.	500.00	500.00
Other		
100 Equity Shares of Sheetal Ispat Pvt. Ltd.	0.01	0.01
6,99,300 Equity Shares of Ahmedabad Stock Exchange Ltd.	39.96	39.96
Quoted Investments-Current		
Lotus India FMP - 375 days - Series-1 Fund (Details of Units purchased and sold are given in Note No.6 of Schedule "T".)	1.02	0.98
	540.99	540.95
SCHEDULE - "F" : INVENTORIES		
(As per inventory taken, valued and certified by the Management)		
Provision and Stores	680.16	427.44
Cutlery and Crockeries	228.97	159.24
Linen	59.39	32.76
Uniforms	80.84	45.45
Utensils	66.91	45.78
	1,116.26	710.68

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE - "G" : SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	163.03	322.12
Other Debts	672.06	505.01
	835.09	827.13
SCHEDULE - "H" : CASH AND BANK BALANCE		
Cash In Hand (As certified by the Management)	180.23	223.34
Bank Balances in Current Account with		
Scheduled Banks	1,440.05	1,608.90
Other Bank	25.99	10.99
Balance in Fixed Deposit Accounts with Schedule Bank (Pledge with Govt. department/ Bank in current year and previous year)	230.76	69.52
	1,877.02	1,912.74
SCHEDULE - "I" : LOANS AND ADVANCES (Unsecured, considered good)		
Deposits	293.23	241.41
Loans	2,771.29	2,569.34
Advance recoverable in cash or kind or for value to be received	155.36	197.22
Advances to Suppliers	105.95	65.93
Advance Taxes and Tax deducted at source	191.18	197.37
	3,517.01	3,271.27
SCHEDULE - "J" : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Advances	434.48	126.57
Sundry Creditors	715.38	472.00
Sundry Creditors for Capital Goods	1,226.31	20.55
Temporary Bank O/D.	35.38	71.28
Statutory Liabilities	181.44	167.56
PROVISIONS		
Unpaid Dividend	0.39	0.40
Provision for Expenses	134.63	77.13
Provision for Income Tax	566.00	213.52
Provision for Fringe Benefit Tax	0.00	4.09
Proposed Dividend	292.86	0.00
Dividend Distribution Tax	48.64	0.00
	3,635.51	1,153.08

(Rs. in Lacs)

PARTICULARS	31/03/2010	31/03/2009
SCHEDULE - "K" : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenditure		
Opening Balance	9.67	15.13
Addition during the period	0.00	0.00
Less : Written off	9.67	5.47
	0.00	9.66
I.P.O Expenses		
Opening Balance	351.45	468.60
Addition during the period	0.00	0.00
Less : Written off	351.45	117.15
	0.00	351.45
Defferred Revenue Expenditure		
Opening Balance	192.55	57.56
Addition during the period	30.33	153.45
Less : Written off	44.52	18.46
	178.36	192.55
	178.36	553.67
SCHEDULE - "L" : SALES & SERVICES		
Rooms Revenue	1,322.07	829.17
Food & Beverage	2,627.16	2,212.49
Banquets & Catering Services	4,349.00	3,338.96
	8,298.23	6,380.61
SCHEDULE - "M" : OTHER INCOME		
Interest Received	172.44	336.44
Dividend Income	0.39	115.10
Short Term Capital Gain	0.00	19.26
Misc. Income	302.71	38.39
Windmill Energy Income	89.18	32.63
	564.71	541.82
SCHEDULE - "N" : FOOD & BEVERAGES CONSUMED		
Opening Stocks	427.44	312.08
Purchases (Net of Goods Returned)	2,706.29	2,070.42
Less : Closing Stock	680.16	427.44
	2,453.57	1,955.05
SCHEDULE - "O" : EMPLOYEES' EMOLUMENTS		
Salary Wages & Allowances	881.36	607.55
Directors Remuneration	51.50	47.00
Contribution to P F, ESI and other fund	45.63	34.77
leave salary	11.69	0.00
Gratuity	19.42	10.70
Welfare Expenses	10.75	9.09
	1,020.35	709.10

(Rs. in Lacs)

PARTICULARS	31/03/2010	31/03/2009
SCHEDULE - "P" : UPKEEP AND SERVICE COST		
Linen, Uniform, Cleaning and Laundry Expenses	133.66	155.26
Waiter Charges	315.18	204.25
Power and Fuel	413.52	294.30
Hire Charges	79.28	33.76
Repairs and Maintenance		
- Building	22.92	19.71
- Plant and Machinery	62.43	30.97
- Others	113.88	90.32
Other Upkeep Expenses	30.19	23.47
	1,171.07	852.05
SCHEDULE - "Q" : ADMINISTRATIVE AND SELLING EXPENSES		
Advertisement and Publicity Charges	132.24	109.29
Assets Discarded	184.22	92.95
Auditor Remuneration	1.49	1.21
Conveyance and Travelling Expenses	35.35	26.05
Decoration Expenses	210.98	107.87
Donation	17.28	11.46
House Keeping Expenses	113.41	72.71
Insurance Expenses	8.40	7.23
Communication Expenses	34.50	27.06
Preliminary Expenses Written off	0.00	5.47
Deffered Revenue Expenses Written off	44.52	18.46
I.P.O.Expenses Written off	0.00	117.15
Printing and Stationery	47.22	37.24
Legal and Professional Expenses	71.31	44.76
Rates and Taxes	278.72	181.50
Rent	783.98	477.38
Security Expenses	60.01	40.64
Vehicle Running Expenses	63.34	53.28
Miscellaneous Expenses	92.62	42.09
Loss on Sale of Assets	5.57	0.00
	2,185.18	1,473.80
SCHEDULE - "R" : FINANCIAL CHARGES		
Bank Charges	15.29	13.19
Interest to bank	214.94	344.30
Interest to others	1.02	5.68
Mark to Market Losses	0.00	-9.82
	231.26	353.35

SCHEDULE - "S" : SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**1. Basis of preparation of Financial Statements:**

The Financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India ("Indian GAAP") and are in compliance with Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of Companies Act, 1956.

2. Accounting Convention and Revenue Recognition:

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

3. Fixed Assets:

- (i) Fixed Assets are valued at cost less accumulated depreciation.
- (ii) Incidental expenditure directly attributable to construction is accumulated as Capital Work-in-Progress.

4. Depreciation and Amortisation:**Tangible Assets:**

During the year company has provided depreciation as per Straight Line Method at the rate & manner specified in Schedule XIV of the Companies Act.

5. Investments:

Investments are classified into current and long term investment. Investments are stated at cost of acquisition. Provision for diminution in value of Investment is made only if such a decline is other than temporary in the opinion of the management.

6. Valuation of Inventories:

- (i) Stock of food, beverages and other supplies are valued at cost on first-in-first-out basis.
- (ii) Inventory of Cutlery, crockery, linen & uniform are amortised over the period of 24 months.

7. Miscellaneous Expenditure:

- (i) Hitherto the Company was amortizing the share issue expenses and preliminary expenses over a period of five years and the balance of unamortized expenses as on 1st April 2009 was Rs. 351.45 lacs and Rs.9.66 lacs respectively. The Company has changed the basis of amortizing such expenses during the year and amortized the entire unamortized share issue expenses of Rs.351.45 lacs and preliminary expenses of Rs. 9.66 lacs against the Share Premium Account during the year as permissible under Section 78(2) of the Companies Act, 1956. As a result of this change, the profits of the Company for the year ended 31st March 2010 are over stated by Rs.122.62 lacs.
- (ii) Deferred Revenue Expenditure related to windmill has been amortized over a period of 20 years.
- (iii) Deferred Revenue Expenditure other than above (ii) is amortized over a period of 5 years.

8. Revenue Recognition:

- (i) Income from Rooms, Banquets, and Restaurant and Other Services represents invoice value of goods sold and services rendered exclusive of all applicable taxes.
- (ii) Revenue from windmill energy generation is accounted for on the basis of units generated against consumption at the Hotel, taking into consideration the energy charges and fuel charges charged by Torrent Power Ltd according to PPA agreement with them.

9. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transaction.

10. Borrowing Cost:

- (i) Borrowing cost is recognised as expense in the period in which these are incurred.
- (ii) Interest and other borrowing cost on specific borrowings, attributable to qualifying assets are capitalised.
- (iii) Foreign Exchange difference arising on repayment of foreign exchange term loan has been adjusted to interest cost.

11. Provision for Taxation:

- (i) Provision for Income tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

- (ii) The Deferred Tax resulting from timing difference is accounted for using tax rates & tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

12. Employee Benefits:

- (i) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately charged to the profit and loss account and are not deferred.
- (ii) Provident fund is a defined contribution scheme and the company has no further obligation beyond the contributions made to the fund. Contributions are charged to the profit and loss account in the year in which they are accrued.
- (iii) The Company has no other obligation other than the contribution payable.
- (iv) Provision for leave salary has been made as determined by the management.

SCHEDULE - "T" : NOTES TO ACCOUNTS

1. Contingent Liabilities:

Contingent Liabilities not provided for are as under:

Particulars	2009-10	2008-09
1. Bank Guarantee issued to Custom department for import purpose	3,11,61,769	5,10,776

2. Secured Loans:

Term loans and working capital loans from State Bank of India are secured by

- (i) Exclusive charge on the entire block of fixed & movable assets (present and future) including 1.25 MW Wind mill at village Panchetiya, under district Kutch and hypothecation of the current assets and receivables of the company's existing hotel at Ahmedabad and proposed Surat project.
- (ii) Corporate Guarantee of Lov Kush Properties Pvt. Ltd. (100% Subsidiary of the company)
- (iii) All Term loans and working capital loans are secured by personal guarantee of all executive directors.
- (iv) All vehicles loans are secured by hypothecation of vehicle.

3. Deployment of Proceeds:

The company has raised Rs. 9200.00 Lacs through public issue of equity shares, the proceeds of which have been utilised as follows:

Particulars	Rs. (In lacs)
	Amount
Capital Expenditure for Surat hotel Project	7,827.92
Other general corporate purpose	786.33
Initial Public Issue Expenses	585.75
Total	9,200.00

4. Share Warrants:

During the Year none of the warrant holders have exercised the option to convert the warrant into equity shares and not paid the balance amount payable on conversion. Accordingly 75,63,600 convertible warrants have lapsed and stand cancelled. The amount for preferential convertible warrants of Rs. 620.22 lacs is transferred to General Reserve.

5. Capital Work in Progress and advances on capital account of Rs. 15702.73 Lacs includes the cost incurred for Surat Hotel Project Rs. 14992.83 Lacs and balance for expansion on Projects at Ahmedabad, Rajkot and Jaipur.
6. During the year the company had purchased and sold following mutual fund units:

Particulars	As on 01.04.2009	Purchased During the year	Sold During the year	As on 31.03.2010
Religare Ultra Short term fund	9825	402	0.00	10227

7. Segment Reporting

Since the company has only one segment, there is no separate reportable segment as required in AS-17 issued by the Institute of Chartered Accountants of India.

8. Deferred Tax:

As per Accounting Standard 22 on Accounting for taxes on income issued by the Institute of Chartered Accountants of India, the company has accounted for deferred tax during the year.

(Rs. in Lacs)

	Opening Bal. as on 01.04.09	Charged/(credited) during the year	Balance as on 31.03.10
Timing Differences due to Depreciation	349.22	43.16	392.38
TOTAL	349.22	43.16	392.38

9. Related Party Disclosures:

(a) Related Parties and their Relationship:

Sr. No.	Name of Related Party	Relationship
1	New Ramesh Kirana Stores	Associate Party
2	Bhagwati Caterers Pvt. Ltd.	Associate Party
3	TGB Foods P. Ltd	Associate Party
4	Bhagwati Eateries P. Ltd	Associate Party
5	Devanand G. Somani HUF	Associate Party
6	Narendra G. Somani	Key Management Personnel
7	Devanand G. Somani	Key Management Personnel
8	Hemant G. Somani	Key Management Personnel
9	Ramesh K. Motiani	Key Management Personnel
10	Harshita D. Somani	Relative of Key Management Personnel

(b) Transaction with Related Parties:

(Rs. In Lacs)

Sr. No.	Nature of transaction	Associate parties	Key Management Personnel	Relative of Key Mgt. Personnel	Total
1.	F & B Purchase	395.47	0.00	0.00	395.47
2.	Rent	2.40	7.20	2.40	12.00
3.	Director's Remuneration	0.00	51.50	0.00	51.50
4.	Commercial Transactions	(0.55)	2.72	(1.67)	0.50
5.	Purchase of Fixed Assets	0.00	11.80	0.00	11.80

10. Employee Benefits

Consequent upon adoption of Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by the institute of chartered Accountants of India, as required by the standards, the following disclosures are made:

(Amount: Rs. In lacs)

Particulars	2009-10	2008-09
1. Expenses recognized in the statement of Profit and Loss account for the year ended 31.03.2010		
Current Service Cost	5.51	Nil
Interest Cost	0.84	Nil
Expected return on plan assets	-1.39	Nil
Net Actuarial (gain) / Loss recognised in the year	14.10	Nil
Expenses recognised in statement of profit and Loss	19.06	Nil

(Amount: Rs. In lacs)

Particulars	2009-10	2008-09
2. The Amounts to be recognised in the balance sheet and statements of Profit and Loss Account		
Present Value of obligations as at the end of year	30.15	10.49
Fair value of plan assets as at the end of the year	16.59	15.47
Funded status : Surplus / (Deficit)	-13.55	4.98
Net Asset / (Liability) recognised in balance sheet	-13.55	4.98
3. Changes in present value of obligation		
Present value of obligations as at beginning of year	10.48	Nil
Interest cost	0.84	Nil
Current service cost	5.51	Nil
Benefits paid	-0.78	Nil
Actuarial (gain) / Loss on obligations	14.1	10.49
Present value of obligations as at 31.03.2009	30.15	10.49
4. Actuarial Table showing changes in the fair value of Plan Assets		
Fair Value of plan assets at beginning of year	15.47	Nil
Expected return on plan assets	1.39	Nil
Contributions	0.52	15.47
Benefits Paid	-0.79	Nil
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair Value of plan assets at the end of year	16.59	15.47
5. Assumptions used to determine the benefit obligations:		
Discounting Rate	8.00%	8.00%
Expected rate of increase in salary	4.00%	4.00%
Expected rate of return on Plan Assets	9-9.55%	9-9.55%
Mortality Table L.I.C(1994-96) ULTIMATE		

11. Earning Per Share:

(a) Basic Earning Per Share

Particulars	2009-10	2008-09
A Profit / Loss after tax (Rs in Lacs)	976.04	961.10
B Weighted Average No. Of Equity Shares	29286400	29286400
C Nominal Value of Shares (Rs.)	10	10
Earnings Per Share: (Basic)		
Before Extraordinary item (Rs.)(A/B)	3.33	3.28
After Extraordinary item (Rs.)(A/B)	3.33	3.28

(b) Diluted Earning Per Share

Particulars	2009-10	2008-09
A Profit / Loss after tax (Rs in Lacs)	976.04	961.10
B Weighted Average No. Of Equity Shares	29286400	29286400
C Nominal Value of Shares (Rs.)	10	10
Earnings Per Share: (Diluted)		
Before Extraordinary item (Rs.)(A/B)	3.33	2.61
After Extraordinary item (Rs.)(A/B)	3.33	2.61

12. Particulars of Directors' Remuneration:

A) Computation of net profit for calculation of Managerial Remuneration

Details of Payments and Provisions on account of Remuneration to Managerial personnel in accordance with Sec 349 and Sec 350 of the Companies Act, 1956, included in the Profit and Loss account, are as under

Particulars	Amount (Rs.)
Net Profit Before Tax	1601.50
Add: Director's Remuneration	51.50
Loss on Sale of Fixed Assets	5.57
Net Profit as per Sec 349 of the Companies Act, 1956	1658.57

B) Details of managerial remuneration paid:

Name	Designation	2009-10	2008-09
a) Narendra G. Somani	Chairman and Managing Director	24.00	24.00
b) Devanand G. Somani	Whole-time Director	12.00	11.50
c) Hemant G. Somani	Whole-time Director	12.00	11.50
d) Ramesh K. Motiani	Whole-time Director	3.50	0.00
Total		51.50	47.00

13. Auditors' Remuneration:

(Rs.in Lacs)

Particulars	2009-10	2008-09
a. Audit Fees	1.00	0.75
b. Tax Audit	0.25	0.15
b. Taxation Matters	0.00	0.10
c. Certification Matters	0.10	0.10
d. Service Tax	0.13	0.11
Total	1.48	1.21

14. Details of Foreign Currency Transactions are as under:

(Rs. In Lacs)

Particulars	2009-10	2008-09
a) C.I.F. Value of Import	2158.15	105.55
b) Earning in Foreign Exchange	114.90	101.91

15. Since the business of the company is by way of Food and Beverages, the quantity wise details of purchase, consumption, turnover, stock etc. are not furnished as the items are so large in number that it is not practicable.

16. The company had not received any intimation from "suppliers" regarding their status under the Micro, Small & Medium Enterprise Act, 2006, and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid or payable as required under said Act, have not been given.

17. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

18. Figures of previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of current year.

19. The schedules and notes form an integral part of the accounts.

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani

Chairman & Managing Director

Mr. Devanand G. Somani

Wholetime Director

Mr. Hemant G. Somani

Wholetime Director

Mr. Vishal Palkhiwala

Chief Finance Officer

Mr. Japan Shah

Company Secretary

ADDITIONAL INFORMATION AS REQUIRED UNDER PART VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**1 REGISTRATION DETAILS**

Registration No.	U55100GJ1999PLC036830	State Code	04
Balance Sheet Date	31-03-2010		

2 CAPITAL RAISED DURING THE YEAR (Rs. In Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS(Rs. In Thousands)

Total Liabilities	2,396,521	Total Assets	2,396,521
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SOURCES OF FUNDS (Rs.in Thousands)

Paidup Capital	292,864	Reserves & Surplus	1,074,585
Secured Loans	989,834	Unsecured Loans	NIL

Deferred Tax Liability

APPLICATION OF FUNDS (Rs. In Thousands)

Net Fixed Assets and Intangible Assets	1,953,597	Investment	54,099
Net Current Assets	370,988	Misc Expenditure	17,836
Accumulated Loses	NIL		

4 PERFORMANCE OF COMPANY (Rs. In Thousands)

Turnover	886,294	Total Expenditure	726,144
Profit/(Loss) Before Tax	160,150	Profit/(Loss) After Tax	97,604
Earning Per Share(Basic)	3.33	Earning Per Share (Diluted)	3.33
Dividend Rate(%)	10%		

5 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As monetary terms)

Item Code No.(ITC Code)	N A
Product Description	Hotels, Banquet Halls & Catering

As per our Report of Even Date

For, O. P. Bhandari & Co.
Chartered Accountants
Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani *Chairman & Managing Director***Mr. Devanand G. Somani** *Wholetime Director***Mr. Hemant G. Somani** *Wholetime Director***Mr. Vishal Palkhiwala** *Chief Finance Officer***Mr. Japan Shah** *Company Secretary*

CASH FLOW STATEMENT

(Rs. In Lacs)

	For the Year Ended on 31/03/10	For the Year Ended on 31/03/09
A. Cash Flow arising from Operating Activities		
Profit before tax	1,601.50	1,292.72
Adjustment for :		
Depreciation & Amortisation	200.01	286.35
Interest received	(172.44)	(336.44)
Dividend Received	(0.39)	(115.10)
Profit on Sale of Investment	0.00	(19.26)
Loss on Sale fixed assets	5.57	0.00
Miscellaneous Expenditure Written Off	44.52	141.08
Interest to banks	214.94	344.30
Provision Written back		
Operating Profit Before WC changes	1,893.72	1,593.65
Adjustment for Working Capital changes		
Inventories	(405.59)	(146.33)
Receivables	(7.96)	221.44
Loans & Advances	(251.93)	(2,389.89)
Current Liabilities	1,792.53	(53.28)
Net Cash from Working Capital changes	1,127.05	(2,368.06)
Taxes paid (including fringe benefit tax)	(227.70)	(482.66)
Net Cash Flow from Operating Activities	2,793.07	(1,257.07)
B. Cash Flow from Investing Activities		
Interest received	172.44	336.44
Dividend Received	0.39	115.10
Profit on Sale of Investment	0.00	19.26
Purchase of Fixed Assets	(712.07)	(836.42)
Addition to work in progress	(7,828.85)	(5,007.48)
Sale of Fixed Assets	6.60	0.00
Sale / (Purchase) of Investments	(0.04)	2,441.12
Addition to Miscellaneous Expenditure	(30.33)	(153.45)
Net Cash from Investing Activities	(8,391.87)	(3,085.43)
C. Cash Flow from Financing Activities		
Secured Loan	5,778.03	2,164.93
Unsecured Loan	0.00	0.00
Equity contribution	0.00	0.00
Amount for Preferential Convertible Warrants	0.00	0.00
Share Application Money	0.00	0.00
Share Premium	0.00	0.00
Interest to banks	(214.94)	(344.30)
Dividends Paid (including distribution tax)	0.00	(342.64)
Net Cash from Financing Activities	5,563.09	1,477.99
Net Increase(Decrease) in Cash or Cash Equivalents	(35.72)	(2,864.51)
Opening Cash or Cash Equivalents	1,912.75	4,777.26
Closing Cash or Cash Equivalents	1,877.02	1,912.75

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani

Chairman & Managing Director

Mr. Devanand G. Somani

Wholetime Director

Mr. Hemant G. Somani

Wholetime Director

Mr. Vishal Palkhiwala

Chief Finance Officer

Mr. Japan Shah

Company Secretary

CONSOLIDATED AUDITORS' REPORT

To,
The Board of Directors,
BHAGWATI BANQUETS & HOTELS LTD.

1. We have audited the attached Consolidated Balance sheet of Bhagwati Banquets & Hotels Ltd. and its subsidiaries as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash flow Statement for the year then ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of Bhagwati Banquets And Hotels Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements of the subsidiary of the Company in accordance the requirements of Accounting Standard – 21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Bhagwati Banquets & Hotels Ltd and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Bhagwati Banquets & Hotels Ltd. and its subsidiaries, we are of the opinion that the attached consolidated financial statements gives true and fair view in conformity with accounting principle generally accepted in India.
 - a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of Bhagwati Banquets & Hotels Ltd Group as at 31st March, 2010.
 - b) In case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In case of the Consolidated Cash Flows Statement for the year ended on that date.

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No. 112633W

[O. P. Bhandari]
Proprietor
Membership No. 34409

Place : Ahmedabad.
Date : 02.09.2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lacs)

PARTICULARS	SCH	As on 31/03/2010	As on 31/03/2009
SOURCES OF FUNDS :			
SHARE HOLDER FUNDS			
a) Share Capital	"A"	2,928.64	2,928.64
b) Reserve & Surplus	"B"	10,348.40	9,554.12
c) Amount for Preferential Convertible Warrants		0.00	620.22
LOAN FUNDS			
Secured Loan	"C"	9,898.34	4,120.31
Unsecured Loan	"D"	10.25	10.25
DEFERRED TAX LIABILITIES			
		392.38	349.22
TOTAL :		23,578.01	17,582.76
APPLICATION OF FUNDS :			
FIXED ASSETS			
	"D"		
Gross Block		5,700.78	5,005.55
Less : Accumulated Depreciation		1,755.45	1,460.74
Net Block		3,945.33	3,544.80
Capital work-in-progress and advances on capital account		15,702.73	7,873.88
INVESTMENTS	"E"	40.99	40.95
CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	"F"	1,116.26	710.68
b) Sundry Debtors	"G"	835.09	827.13
c) Cash and Bank Balance	"H"	1,877.09	1,912.81
d) Loans and Advances	"I"	3,517.01	3,271.27
		7,345.46	6,721.89
LESS : CURRENT LIABILITIES AND PROVISIONS	"J"	3,635.85	1,153.36
NET CURRENT ASSETS		3,709.61	5,568.53
MISCELLANEOUS EXPENDITURE	"K"	179.35	554.59
(To the extent not written off or adjusted)			
Branch Division			
TOTAL :		23,578.01	17,582.76

Significant Accounting Policies and Practices

"S"

Notes forming part of accounts

"T"

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

Mr. Narendra G. Somani*Chairman & Managing Director***Mr. Devanand G. Somani***Wholetime Director***Mr. Hemant G. Somani***Wholetime Director***Mr. Vishal Palkhiwala***Chief Finance Officer***Mr. Japan Shah***Company Secretary***[O. P. BHANDARI]**

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. in Lacs)

PARTICULARS	SCH	As on 31/03/2010	As on 31/03/2009
INCOME			
Sales and Services	"L"	8,298.23	6,380.61
Other Income	"M"	564.71	541.82
		8,862.94	6,922.43
EXPENDITURE			
Food and Beverages Consumed	"N"	2,453.57	1,955.05
Employees' Emoluments	"O"	1,020.35	709.10
Upkeep and Service Cost	"P"	1,171.07	852.05
Administrative and Selling Expenses	"Q"	2,185.18	1,473.80
Financial Charges	"R"	231.26	353.35
		7,061.43	5,343.35
PROFIT BEFORE DEPRECIATION			
DEPRECIATION AND AMORTISATION	"D"	299.38	385.71
PROFIT/(LOSS) BEFORE TAX			
		1,502.14	1,193.37
Less : Provision for Income Tax		566.00	217.60
Provision for Deferred Tax		43.16	110.58
Income Tax Paid for earlier years		16.29	3.44
Add : Excess Provision Written Back		0.00	0.00
PROFIT/ (LOSS) AFTER TAX			
		876.68	861.76
PROFIT / (LOSS) B/F			
		1,914.38	1,052.63
AMOUNT AVAILABLE FOR APPROPRIATION			
		2,791.05	1,914.38
LESS : APPROPRIATIONS			
Proposed Dividend on Equity Shares		292.86	0.00
Dividend Distribution Tax		48.64	0.00
BALANCE CARRIED TO BALANCE SHEET			
		2,449.55	1,914.39
Earning Per Share			
Basic		2.99	2.94
Dilluted		2.99	2.34

Significant Accounting Policies and Practices

"S"

Notes forming part of accounts

"T"

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani*Chairman & Managing Director***Mr. Devanand G. Somani***Wholetime Director***Mr. Hemant G. Somani***Wholetime Director***Mr. Vishal Palkhiwala***Chief Finance Officer***Mr. Japan Shah***Company Secretary*

CONSOLIDATED SCHEDULES TO ACCOUNTS - 31-03-2010

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE "A" : SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
50000000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
29286400 Equity Shares of Rs.10/- each Fully Paid-Up	2,928.64	2,928.64
	2,928.64	2,928.64
SCHEDULE - "B" : RESERVE & SURPLUS		
Securities Premium	7,278.63	7,639.75
General Reserve	620.22	0.00
Profit and Loss Account	2,449.55	1,914.37
	10,348.40	9,554.12
SCHEDULE - "C" : SECURED LOANS		
TERM LOANS		
Foreign Currency Term Loans from Axis Bank Ltd.	0.00	736.89
Term Loans from Axis Bank Ltd.	0.00	970.84
Term Loan from Indian Overseas Bank	0.00	1,985.76
Term Loan From State Bank Of India	3,018.71	200.07
Foreign Currency Term Loans from State Bank Of India	6,623.16	0.00
Cash credit from State Bank Of India	202.10	0.00
Cash credit from Axis Bank Ltd.	0.00	202.34
(Details of security provided to banks have been mentioned in Note No.2 of schedule "U")		
VEHICLE LOANS FROM:-		
Reliance Capital Ltd.	4.48	10.16
ICICI Bank Ltd	2.56	10.72
Kotak Mahindra Bank Ltd	44.50	3.53
Axis Bank Ltd.	2.83	0.00
	9,898.34	4,120.31
SCHEDULE - "D" : UNSECURED LOAN		
Loan from Directors	10.25	10.25
	10.25	10.25

SCHEDULE - "E" : FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET	
		As on 1/4/09	Addition during the period	Total 31/03/10	Provided upto 31/03/09	Adjustment during year	For the year	Total 31/03/10	As on 31/03/10	As on 31/03/09
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TANGIBLE ASSETS										
1	Land & Land Development	368.32	0.00	368.32	0.00	0.00	0.00	0.00	368.32	368.32
2	Building	1055.09	155.76	1210.85	220.68	0.00	39.77	260.45	950.40	834.40
3	Electrification	166.67	57.89	224.56	41.45	0.00	9.78	51.23	173.33	125.22
4	Furniture & Fixtures	672.26	211.61	883.88	198.95	0.00	52.22	251.17	632.71	473.32
5	Plant & Machinery	665.01	135.34	800.35	155.65	0.00	36.14	191.78	608.57	509.36
6	Wind Mill	619.21	0.00	619.21	16.35	0.00	32.69	49.04	570.17	602.86
7	Other Equipment	97.27	39.60	136.87	9.10	0.00	5.88	14.99	121.88	88.16
8	Computers & Software	37.18	12.10	49.29	17.17	0.00	6.99	24.16	25.12	20.01
9	Vehicles	111.36	75.96	187.32	27.61	4.67	12.85	35.79	151.53	83.75
10	Television	19.26	0.88	20.14	1.52	0.00	0.94	2.46	17.68	17.74
11	Pick Up Van	17.16	5.09	22.25	4.04	0.00	2.03	6.07	16.19	13.12
12	Scooter	3.86	0.99	4.85	0.71	0.00	0.42	1.13	3.72	3.15
13	Pollution Cont. Plant	6.33	0.00	6.33	0.60	0.00	0.30	0.90	5.43	5.73
TOTAL		3838.98	695.23	4534.21	693.83	4.67	200.01	889.17	3645.04	3145.15
INTANGIBLE ASSETS										
1	Goodwill	669.75	0.00	669.75	468.83	0.00	0.00	468.83	200.93	200.93
2	Goodwill on consolidation	496.82	0.00	496.82	298.09	0.00	99.36	397.46	99.36	198.73
CURRENT YEAR		5005.55	695.23	5700.78	1460.74	4.67	299.38	1755.45	3945.34	3544.80
PREVIOUS YEAR		4169.13	836.42	5005.55	1075.03	0.00	385.71	1460.74	3544.80	0.00

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE - "F" : INVESTMENTS		
Unquoted Investments-Long Term		
Other		
100 Equity Shares of Sheetal Ispat Pvt. Ltd.	0.01	0.01
6,99,300 Equity Shares of Ahmedabad Stock Exchange Ltd.	39.96	39.96
Quoted Investments-Current		
Lotus India FMP - 375 days - Series-1 Fund (Details of Units purchased and sold are given in Note No.6 of Schedule "U")	1.02	0.98
	40.99	40.95
SCHEDULE - "G" : INVENTORIES		
(As per inventory taken, valued and certified by the Management)		
Provision and Stores	680.16	427.44
Cutlery and Crockeries	228.97	159.24
Linen	59.39	32.76
Uniforms	80.84	45.45
Utensils	66.91	45.78
	1,116.26	710.68

(Rs. in Lacs)

PARTICULARS	As on 31/03/2010	As on 31/03/2009
SCHEDULE - "H" : SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	163.03	322.12
Other Debts	672.06	505.01
	835.09	827.13
SCHEDULE - "I" : CASH AND BANK BALANCE		
Cash In Hand (As certified by the Management)	180.25	223.36
Bank Balances in Current Account with		
Scheduled Banks	1,440.10	1,608.95
Other Bank	25.99	10.99
Balance in Fixed Deposit Accounts with Schedule Bank (Pledge with Govt. department/ Bank in current year and previous year)	230.76	69.52
	1,877.09	1,912.81
SCHEDULE - "J" : LOANS AND ADVANCES (Unsecured, considered good)		
Deposits	293.23	241.41
Loans	2,771.29	2,569.34
Advance recoverable in cash or kind or for value to be received	155.36	197.22
Advances to Suppliers	105.95	65.93
Advance Taxes and Tax deducted at source	191.18	197.37
	3,517.01	3,271.27
SCHEDULE - "K" : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Advances	434.48	126.57
Sundry Creditors	715.38	472.00
Sundry Creditors for Capital Goods	1,226.31	20.55
Temporary Bank O/D.	35.38	71.28
Statutory Liabilities	181.44	167.56
PROVISIONS		
Unpaid Dividend	0.39	0.40
Provision for Expenses	134.96	77.41
Provision for Income Tax	566.00	213.52
Provision for Fringe Benefit Tax	0.00	4.09
Proposed Dividend	292.86	0.00
Dividend Distribution Tax	48.64	0.00
	3,635.85	1,153.36

(Rs. in Lacs)

PARTICULARS	31/03/2010	31/03/2009
SCHEDULE - "L" : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenditure		
Opening Balance	9.78	15.25
Addition during the period	0.00	0.00
Less : Written off	9.67	5.47
	0.11	9.78
I.P.O Expenses		
Opening Balance	351.45	468.60
Addition during the period	0.00	0.00
Less : Written off	351.45	117.15
	0.00	351.45
Deffered Revenue Expenditure		
Opening Balance	193.36	58.23
Addition during the period	30.39	153.59
Less : Written off	44.52	18.46
	179.23	193.36
	179.35	554.59
SCHEDULE - "M" : SALES & SERVICES		
Rooms Revenue	1,322.07	829.17
Food & Beverage	2,627.16	2,212.49
Banquets & Catering Services	4,349.00	3,338.96
	8,298.23	6,380.61
SCHEDULE - "N" : OTHER INCOME		
Interest Received	172.44	336.44
Dividend Income	0.39	115.10
Short Term Capital Gain	0.00	19.26
Misc. Income	302.71	38.39
Windmill Energy Income	89.18	32.63
	564.71	541.82
SCHEDULE - "O" : FOOD & BEVERAGES CONSUMED		
Opening Stocks	427.44	312.08
Purchases (Net of Goods Returned)	2,706.29	2,070.42
Less : Closing Stock	680.16	427.44
	2,453.57	1,955.05
SCHEDULE - "P" : EMPLOYEES' EMOLUMENTS		
Salary Wages & Allowances	881.36	607.55
Directors Remuneration	51.50	47.00
Contribution to P F, ESI and other fund	45.63	34.77
Leave salary	11.69	0.00
Gratuatity	19.42	10.70
Welfare Expenses	10.75	9.09
	1,020.35	709.10

(Rs. in Lacs)

PARTICULARS	31/03/2010	31/03/2009
SCHEDULE - "Q" : UPKEEP AND SERVICE COST		
Linen, Uniform, Cleaning and Laundry Expenses	133.66	155.26
Waiter Charges	315.18	204.25
Power and Fuel	413.52	294.30
Hire Charges	79.28	33.76
Repairs and Maintenance		
- Building	22.92	19.71
- Plant and Machinery	62.43	30.97
- Others	113.88	90.32
Other Upkeep Expenses	30.19	23.47
	1,171.07	852.05
SCHEDULE - "R" : ADMINISTRATIVE AND SELLING EXPENSES		
Advertisement and Publicity Charges	132.24	109.29
Assets Discarded	184.22	92.95
Auditor Remuneration	1.49	1.21
Conveyance and Travelling Expenses	35.35	26.05
Decoration Expenses	210.98	107.87
Donation	17.28	11.46
House Keeping Expenses	113.41	72.71
Insurance Expenses	8.40	7.23
Communication Expenses	34.50	27.06
Preliminary Expenses Written off	0.00	5.47
Deffered Revenue Expenses Written off	44.52	18.46
I.P.O.Expenses Written off	0.00	117.15
Printing and Stationery	47.22	37.24
Legal and Professional Expenses	71.31	44.76
Rates and Taxes	278.72	181.50
Rent	783.98	477.38
Security Expenses	60.01	40.64
Vehicle Running Expenses	63.34	53.28
Miscellaneous Expenses	92.62	42.09
Loss on Sale of Assets	5.57	0.00
	2,185.18	1,473.80
SCHEDULE - "S" : FINANCIAL CHARGES		
Bank Charges	15.29	13.19
Interest to bank	214.94	344.30
Interest to others	1.02	5.68
Mark to Market Losses	0.00	-9.82
	231.26	353.35

SCHEDULE - "T" : SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. BASIS OF ACCOUNTING

The consolidated Financial statements of Bhagwati Banquets And Hotels Limited ("the Company") and its Wholly-owned subsidiary (collectively referred to as "the Group") are prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standard 21 on Consolidation of Financial Statements, issued by the Institute of Chartered Accountants of India to the extent possible in the same format as that adopted by the Company for its separate financial statements.

a) PRINCIPLES OF CONSOLIDATION:

- (i) The financial statements of the Company and its subsidiary company is combined on line-by-line basis together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - (ii) The difference between the costs of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period not exceeding 5 years beginning first full year of operation under consolidation.
 - (iii) The subsidiaries considered in the consolidated financial statement is Lov Kush Properties Pvt. Ltd. in which its parent company holds 100% voting rights.
- b) Company holds certain rights in immovable property by virtue of equity shares held in an associate enterprise as stated in schedule D. Since the equity shares so held do not really present financial investment simplicities but rather the means to acquire are hold the properties for use in Company's operations, the cost of acquisition of the shares is treated as cost of fixed assets and is dealt with in accordance with Accounting Standard-10. Accordingly the requirements of Accounting Standard -13 on Accounting for investments and Accounting Standard-23 on Accounting for Investment in Associates in consolidated financial statements are considered to be not applicable. Even otherwise, the actual effect on the consolidated financial statement will not be contextually significant.

2. Accounting Convention and Revenue Recognition:

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

3. Fixed Assets:

- (i) Fixed Assets are valued at cost less accumulated depreciation.
- (ii) Incidental expenditure directly attributable to construction is accumulated as Capital Work-in-Progress.

4. Depreciation and Amortisation:

Tangible Assets:

During the year company has provided depreciation as per Straight Line Method at the rate & manner specified in Schedule XIV of the Companies Act.

5. Investments:

Investments are classified into current and long term investment. Investments are stated at cost of acquisition. Provision for diminution in value of Investment is made only if such a decline is other than temporary in the opinion of the management.

6. Valuation of Inventories:

- (i) Stock of food, beverages and other supplies are valued at cost on first-in-first-out basis.
- (ii) Inventory of Cutlery, crockery, linen & uniform are amortised over the period of 24 months.

7. Miscellaneous Expenditure:

- (i) Hitherto the Company was amortizing the share issue expenses and preliminary expenses over a period of five years and the balance of unamortized expenses as on 1st April 2009 was Rs. 351.45 lacs and Rs.9.66 lacs respectively. The Company has changed the basis of amortizing such expenses during the year and amortized the entire unamortized share issue expenses of Rs.351.45 lacs and preliminary expenses of Rs. 9.66 lacs against the Share Premium Account during the year as permissible under Section 78(2) of the Companies Act, 1956. As a result of this change, the profits of the Company for the year ended 31st March 2010 are stated more by Rs.122.62 lacs.
- (ii) Deferred Revenue Expenditure related to windmill has been amortized over a period of 20 years.
- (iii) Deferred Revenue Expenditure other than above (iii) is amortized over a period of 5 years.

8. Revenue Recognition:

- a. Income from Rooms, Banquets, and Restaurant and Other Services represents invoice value of goods sold and services rendered exclusive of all applicable taxes.
- b. Revenue from windmill energy generation is accounted for on the basis of units generated against consumption at the hotel, taking into consideration the energy charges and fuel charges charged by Torrent Power Limited as per the Purchase of Power Agreement entered into with them.

9. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transaction.

10. Borrowing Cost:

- (i) Borrowing cost is recognised as expense in the period in which these are incurred.
- (ii) Interest and other borrowing cost on specific borrowings, attributable to qualifying assets are capitalised.
- (iii) Foreign Exchange difference arising on repayment of foreign exchange term loan has been adjusted to interest cost.

11. Provision for Taxation:

- (i) Provision for Income tax and fringe benefit tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.
- (ii) The Deferred Tax resulting from timing difference is accounted for using tax rates & tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

12. Employee Benefits:

- a. Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately charged to the profit and loss account and are not deferred.
- b. Provident fund is a defined contribution scheme and the company has no further obligation beyond the contributions made to the fund. Contributions are charged to the profit and loss account in the year in which they are accrued.
- c. The Company has no other obligation other than the contribution payable.
- d. Provision for leave salary has been made as determined by the management.

SCHEDULE - "U" : NOTES TO ACCOUNTS**1. Contingent Liabilities:**

Contingent Liabilities not provided for are as under:

Particulars	2009-10	2008-09
1. Bank Guarantee issued to Custom department for import purpose	3,11,61,769	5,10,776

2. Secured Loans:

Term loans and working capital loans from State Bank of India are secured by

- (i) Exclusive charge on the entire block of fixed & movable assets (present and future) including 1.25 MW Wind mill at Kutchh and hypothecation of the current assets and receivables of the company's existing hotel at Ahmedabad and proposed Surat project.
- (ii) Corporate Guarantee of Lov Kush Properties Pvt. Ltd.(100% Subsidiary of the company)
- (iii) All Term loans and working capital loans are secured by personal guarantee of all executive directors.
- (iv) All vehicles loans are secured by hypothecation of vehicle.

3. Initial Public Offer:

The company had raised Rs. 9200.00 Lacs through public issue of equity shares in the financial year 2007-08. The proceeds of which have been utilised as follows: Rs. (In lacs)

Particulars	Amount
Capital Expenditure for Surat Project	7,827.92
Other General Corporate Purposes	786.33
Initial Public Issue Expenses	585.75
Total	9,200.00

4. Share Warrants:

During the Year none of the warrant holders have exercised the option to convert the warrant into equity shares and not paid the balance amount payable on conversion. Accordingly 75,63,600 convertible warrants have lapsed and stand cancelled. The amount for preferential convertible warrants of Rs. 620.22 lacs is transferred to General Reserve.

5. Capital Work-in-Progress and advances on capital account of Rs. 15702.73 lacs includes the cost incurred for Surat Hotel Project Rs. 14992.83 lacs and Balance for expansion Projects at Ahmedabad, Rajkot and Jaipur.
6. During the year the company has purchased and sold following mutual fund units:

Particulars	As on 01.04.2009	Purchased During the year	Sold During the year	As on 31.03.2010
Religare Ultra Short term fund	9825	402	0.00	10227

7. Segment Reporting

Since the company has only one segment, there is no separate reportable segment as required in AS-17 issued by the Institute of Chartered Accountants of India.

8. Deferred Tax:

As per Accounting Standard 22 on Accounting for taxes on income issued by the Institute of Chartered Accountants of India, the company has accounted for deferred tax during the year. (Rs. In Lacs)

	Opening Bal. as on 01.04.09	Charged/(credited) during the year	Balance as on 31.03.10
Timing Differences due to Depreciation	349.22	43.16	392.38
TOTAL	349.22	43.16	392.38

9. Related Party Disclosures:
(a) Related Parties and their Relationship:

Sr. No.	Name of Related Party	Relationship
1	New Ramesh Kirana Stores	Associate Party
2	Bhagwati Caterers Pvt. Ltd.	Associate Party
3	TGB Foods P. Ltd	Associate Party
4	Bhagwati Eateries P. Ltd	Associate Party
5	Devanand G. Somani HUF	Associate Party
6	Narendra G. Somani	Key Management Personnel
7	Devanand G. Somani	Key Management Personnel
8	Hemant G. Somani	Key Management Personnel
9	Ramesh K. Motiani	Key Management Personnel
10	Harshita D. Somani	Relative of Key Management Personnel

(b) Transaction with Related Parties:

(Rs. In Lacs)

Sr. No.	Nature of transaction	Associate parties	Key Management Personnel	Relative of Key Mgt. Personnel	Total
1.	F & B Purchase	395.47	0.00	0.00	395.47
2.	Rent	2.40	7.20	2.40	12.00
3.	Director's Remuneration	0.00	51.50	0.00	51.50
4.	Commercial Transactions	(0.55)	2.72	(1.67)	0.50
5.	Purchase of Fixed Assets	0.00	11.80	0.00	11.80

10. Employee Benefits

Consequent upon adoption of Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by the institute of chartered Accountants of India, as required by the standards, the following disclosures are made:

(Amount: Rs. In lacs)

Particulars	2009-10	2008-09
1. Expenses recognized in the statement of Profit and Loss account for the year ended 31.03.2010		
Current Service Cost	5.51	Nil
Interest Cost	0.84	Nil
Expected return on plan assets	-1.39	Nil
Net Actuarial (gain) / Loss recognised in the year	14.10	Nil
Expenses recognised in statement of profit and Loss	19.06	Nil
2. The Amounts to be recognised in the balance sheet and statements of Profit and Loss Account		
Present Value of obligations as at the end of year	30.15	10.49
Fair value of plan assets as at the end of the year	16.59	15.47
Funded status : Surplus / (Deficit)	-13.55	4.98
Net Asset / (Liability) recognised in balance sheet	-13.55	4.98
3. Changes in present value of obligation		
Present value of obligations as at beginning of year	10.48	Nil
Interest cost	0.84	Nil
Current service cost	5.51	Nil
Benefits paid	-0.78	Nil
Actuarial (gain) / Loss on obligations	14.1	10.49
Present value of obligations as at 31.03.2009	30.15	10.49
4. Actuarial Table showing changes in the fair value of Plan Assets		
Fair Value of plan assets at beginning of year	15.47	Nil
Expected return on plan assets	1.39	Nil
Contributions	0.52	15.47
Benefits Paid	-0.79	Nil
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair Value of plan assets at the end of year	16.59	15.47
5. Assumptions used to determine the benefit obligations:		
Discounting Rate	8.00%	8.00%
Expected rate of increase in salary	4.00%	4.00%
Expected rate of return on Plan Assets	9-9.55%	9-9.55%
Mortality Table	L.I.C(1994-96) ULTIMATE	

11. Earning Per Share:**(a) Basic Earning Per Share**

Particulars	2009-10	2008-09
A Profit / Loss after tax (Rs in Lacs)	976.04	961.10
B Weighted Average No. Of Equity Shares	29286400	29286400
C Nominal Value of Shares (Rs.)	10	10
Earnings Per Share: (Basic)		
Before Extraordinary item (Rs.)(A/B)	3.33	3.28
After Extraordinary item (Rs.)(A/B)	3.33	3.28

(b) Diluted Earning Per Share

Particulars	2009-10	2008-09
A Profit / Loss after tax (Rs in Lacs)	976.04	961.10
B Weighted Average No. Of Equity Shares	29286400	29286400
C Nominal Value of Shares (Rs.)	10	10
Earnings Per Share: (Diluted)		
Before Extraordinary item (Rs.)(A/B)	3.33	2.61
After Extraordinary item (Rs.)(A/B)	3.33	2.61

12. Particulars of Directors' Remuneration:

A) Computation of net profit for calculation of Managerial Remuneration

Details of Payments and Provisions on account of Remuneration to Managerial personnel in accordance with Sec 349 and Sec 350 of the Companies Act, 1956, included in the Profit and Loss account, are as under

(Rs. In Lacs)

Particulars	Amount (Rs.)
Net Profit Before Tax	1502.14
Add: Director's Remuneration	51.50
Loss on Sale of Fixed Assets	5.57
Net Profit as per Sec 349 of the Companies Act, 1956	1559.21

B) Details of managerial remuneration paid:

Name	Designation	2009-10	2008-09
a) Narendra G. Somani	Chairman and Managing Director	24.00	24.00
b) Devanand G. Somani	Whole-time Director	12.00	11.50
c) Hemant G. Somani	Whole-time Director	12.00	11.50
d) Ramesh K. Motiani	Whole-time Director	3.50	0.00
Total		51.50	47.00

13. Auditors' Remuneration:

(Rs.in Lacs)

Particulars	2009-10	2008-09
a. Audit Fees	1.00	0.75
b. Tax Audit	0.25	0.15
b. Taxation Matters	0.00	0.10
c. Certification Matters	0.10	0.10
d. Service Tax	0.13	0.11
Total	1.48	1.21

14. Details of Foreign Currency Transactions are as under:

(Rs. In Lacs)

Particulars	2009-10	2008-09
a) C.I.F. Value of Import	2158.15	105.55
b) Earning in Foreign Exchange	114.90	101.91

15. Since the business of the company is by way of Food and Beverages, the quantity wise details of purchase, consumption, turnover, stock etc. are not furnished as the items are so large in number that it is are not practicable.

16. The company had not received any intimation from "suppliers" regarding their status under the Micro, Small & Medium Enterprise Act, 2006, and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid or payable as required under said Act, have not been given.

17. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

18. Figures of previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of current year.

19. The schedules and notes form an integral part of the accounts.

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani *Chairman & Managing Director*

Mr. Devanand G. Somani *Wholetime Director*

Mr. Hemant G. Somani *Wholetime Director*

Mr. Vishal Palkhiwala *Chief Finance Officer*

Mr. Japan Shah *Company Secretary*

CONSOLIDATED CASH FLOW STATEMENT

(Rs. In Lacs)

	For the Year Ended on 31/03/10	For the Year Ended on 31/03/09
A. Cash Flow arising from Operating Activities		
Profit before tax	1,502.14	1,292.72
Adjustment for :		
Depreciation & Amortisation	299.38	385.71
Interest received	(172.44)	(336.44)
Dividend Received	(0.39)	(115.10)
Profit on Sale of Investment	0.00	(19.26)
Loss on Sale fixed assets	5.57	0.00
Miscellaneous Expenditure Written Off	44.52	141.08
Interest on borrowings	214.94	344.30
Provision Written back	0.00	0.00
Operating Profit Before WC changes	1,893.72	1,693.01
Adjustment for Working Capital changes		
Inventories	(405.59)	(146.33)
Receivables	(7.96)	221.44
Loans & Advances	(251.93)	(2,389.89)
Current Liabilities	1,792.58	2.78
Net Cash from Working Capital changes	1,127.10	(2,312.01)
Taxes paid (including fringe benefit tax)	(227.70)	(482.66)
Net Cash Flow from Operating Activities	2,793.12	(1,101.65)
B. Cash Flow from Investing Activities		
Interest received	172.44	336.44
Dividend Received	0.39	115.10
Profit on Sale of Investment	0.00	19.26
Purchase of Fixed Assets	(712.07)	(836.42)
Addition to work in progress	(7,828.85)	(5,007.48)
Sale of Fixed Assets	6.60	0.00
Sale / (Purchase) of Investments	(0.04)	2,441.12
Addition to Miscellaneous Expenditure	(30.39)	153.59
Net Cash from Investing Activities	(8,391.93)	(2,778.39)
C. Cash Flow from Financing Activities		
Secured Loan	5,778.03	2,164.93
Unsecured Loan	0.00	0.10
Equity contribution	0.00	0.00
Amount for Preferential Convertible Warrants	0.00	0.00
Share Application Money	0.00	0.00
Share Premium	0.00	0.00
Interest on borrowings	(214.94)	(344.30)
Dividends Paid (including distribution tax)	0.00	(342.64)
Net Cash from Financing Activities	5,563.09	1,478.09
Net Increase(Decrease) in Cash or Cash Equivalents	(35.72)	(2,401.95)
Opening Cash or Cash Equivalents	1,912.81	4,777.33
Closing Cash or Cash Equivalents	1,877.09	1,912.81

As per our Report of Even Date

For, O. P. Bhandari & Co.

Chartered Accountants

Firm Regn. No.-112633W

[O. P. BHANDARI]

Proprietor

Mem. No. 34409

Date : 02/09/2010

Place : Ahmedabad

Mr. Narendra G. Somani

Chairman & Managing Director

Mr. Devanand G. Somani

Wholetime Director

Mr. Hemant G. Somani

Wholetime Director

Mr. Vishal Palkhiwala

Chief Finance Officer

Mr. Japan Shah

Company Secretary

SECTION 212
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

1. Name of the Subsidiary Company	Lov Kush Properties Pvt. Ltd.
2. The financial year of the Subsidiary Company ended on	31 March 2010
3 a) Numbers of shares held by Bhagwati Banquets & Hotels Limited in the subsidiaries as at the end of the financial year of the subsidiaries companies	The entire issued capital consisting of 31,800 equity share of Rs.10 each fully paid up.
b) Extent of interest of Bhagwati Banquets & Hotels Limited in the capital of Subsidiary Company as at the end of the financial year of the Subsidiary Company	100%
4. The net aggregate of profits/losses of the subsidiary company for its financial year so far as they are concern the members of Bhagwati Banquets and Hotels Ltd.	
a) Dealt with in the accounts of Bhagwati Banquets and Hotels Ltd. for the year ended 31st March, 2010	Not Applicable (The Company has not carried any business activity during previous year ended on 31st March, 2010)
b) Not dealt with in the accounts of Bhagwati Banquets and Hotels Ltd. for the year ended 31st March, 2010	Not Applicable (The Company has not carried any business activity during previous year ended on 31st March, 2010)
5. The net aggregate of profit/losses of the subsidiary company for its previous financial year so far as they are concern the members of Bhagwati Banquets and Hotels Ltd.	
a) Dealt with in the accounts of Bhagwati Banquets and Hotels Ltd. for the year ended March 31, 2010.	Not Applicable (The Company has not carried any business activity during previous year ended on 31st March, 2010)
b) Not dealt with in the accounts of Bhagwati Banquets and Hotels Ltd. for the year ended March 31, 2010.	Not Applicable (The Company has not carried any business activity during previous year ended on 31st March, 2010)

Mr. Narendra G. Somani *Chairman & Managing Director*

Mr. Devanand G. Somani *Wholetime Director*

Mr. Hemant G. Somani *Wholetime Director*

Mr. Vishal Palkhiwala *Chief Finance Officer*

Mr. Japan Shah *Company Secretary*

Date : 02/09/2010

Place : Ahmedabad

BHAGWATI BANQUETS AND HOTELS LIMITED

Regd. Office : "The Grand Bhagwati", Plot No. 380, S. G. Highway, Bodakdev, Ahmedabad-380054.

ATTENDANCE SLIP

ELEVENTH ANNUAL GENERAL MEETING - Wednesday, 29th September, 2010 at 10.30 A.M.

Folio No./DP ID : _____ Client ID : _____

No. of Shares held : _____

I certify that I am a registered equity shareholder / Proxy for the registered equity shareholder of the company. I hereby record my presence at the 11th Annual General Meeting of the Company which will be held at at "SINDHUBHAVAN", Plot No.173,100 Ft.Ring Road,Off.S.G.Highway,Judges Bunglow Cross Road,Bodakdev,Ahmedabad – 380 054, on Wednesday, the 29th day of September 2010, at 10:30 a.m.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

Note : (Please fill in this Attendance slip and hand it over at the entrance of the meeting hall.)

Tear Here

BHAGWATI BANQUETS AND HOTELS LIMITED

Regd. Office : "The Grand Bhagwati", Plot No. 380, S. G. Highway, Bodakdev, Ahmedabad-380054.

PROXY FORM

ELEVENTH ANNUAL GENERAL MEETING - Wednesday, 29th September, 2010 at 10.30 A.M.

I/ We _____ of _____ of being
a member/members of the above named Company hereby appoint _____ of
_____ or failing him/her _____ of
_____ in my/ our absence to attend and vote for me/us and on my/our behalf at the 11th
Annual General Meeting of the Company to be held on 29th September,2010 at 10.30 A.M. and any adjournment thereof.

Signature (s) _____

Affix 1
Rupee
Revenue
Stamp

Date : _____

LF No./DP ID : _____ Client ID : _____

No. of Shares held : _____

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.