

25TH
ANNUAL REPORT
[2013-14]



H. S. INDIA LIMITED



COMPANY INFORMATION

BOARD OF DIRECTORS

Pushendra Bansal	Chairman & Joint Managing Director
Ramesh Bansal	Managing Director
Pradeep Dhawan	Director
Bapi Datta	Director
Sanjay Mangal	Director (Ceased w.e.f. 04.04.2014)
Manbir Singh Chhabra	Additional Director (Appointed w.e.f. 03.12.2013 and ceased w.e.f. 04.04.2014)
Nimish Shah	Additional Director (Appointed w.e.f. 04.04.2014)

COMPANY SECRETARY & COMPLIANCE OFFICER

Hitesh G. Limbani

AUDITORS

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

BANKERS

Syndicate Bank
Punjab National Bank
State Bank of India
Kotak Mahindra Bank Ltd.
Axis Bank Ltd.

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

NOTICE

NOTICE is hereby given that the **25th ANNUAL GENERAL MEETING** of **H. S. INDIA LIMITED** will be held at 'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai – 400 053, Maharashtra on Thursday, the 11th day of September, 2014 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:**1. Adoption of Financial Statement:**

To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.

2. Appointment of Director:

To appoint a Director in the place of Mr. Pushpendra Bansal (DIN – 00086343), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Auditor:

To appoint M/s. PARY & Co., Chartered Accountants, Surat as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:**4. Appointment of Mr. Nimish Shah as an Independent Director:**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Nimish Shah (DIN- 01042136), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 4th April, 2014 and who hold office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 161 (1) of the Companies Act, 2013 ('the Act') and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.”

5. Appointment of Mrs. Sangeeta Bansal as a Director, liable to retire by rotation:

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

“RESOLVED THAT Mrs. Sangeeta Bansal (DIN- 01571275), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013

from a member of the Company proposing her candidature for the office of Director, be and is hereby appointed as a Non-executive Director of the Company, liable to retire by rotation.”

6. Appointment of Mr. Pradeep Dhawan as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Pradeep Dhawan (DIN-00519455), be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.”

7. Appointment of Mr. Bapi Datta as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Bapi Datta (DIN-00611440), be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.”

8. Re-appointment of Mr. Ramesh Bansal as a Managing Director for further period of 5 years:

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Ramesh R Bansal (DIN: 00086256) as Managing Director of the Company, for a period of 5 (five) years with effect from 1st August, 2014, on the following terms and conditions:

- (a) Duration : 5 Years (1st August, 2014 to 31st July, 2019)
- (b) Basic Salary: ₹ 15,000 (Rupees Fifteen Thousand) per month with such annual increments each year as considered by the Board.
- (c) Perquisites and Allowances : In addition to the salary as outlined above, the Managing Director shall be entitled to perquisites/allowances as under:
 - (i) Contribution to Provident Fund, Pension/Superannuation or Annuity Funds: As per the Rules framed under the Company's relevant scheme.

- (ii) Gratuity: As per Rules of the Company and applicable statutory provisions from time to time.
- (iii) Leave Encashment: Leave with full pay and allowance as per Rules of the Company. Accumulation/encashment of unavailed earned or privilege leave will be permissible in accordance with the Rules specified by the Company.
- (iv) Car/Communication Facilities: The following shall not be included in the computation of perquisites-
 - (a) Provision of Company's car(s) with driver for official use.
 - (b) Provision of free telephone(s) and/or other communication facilities or reimbursement of telephone/communication expenses at residence including payment of local calls and long distance official calls.

Explanation(s):

- (a) The said perquisites and allowances shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per the Income Tax Act, 1961 or any rules there under as are in force from time to time.
- (b) The Company's contribution to or provision for provident fund, pension/superannuation or annuity funds, to the extent these either singly or put together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.
- (c) For the purpose of gratuity, pension and other benefits, the services of Mr. Ramesh Bansal will be considered with effect from the date of payment of remuneration.
- (d) The Company shall reimburse travelling, entertainment and other business promotion expenses actually and properly incurred, by Mr. Ramesh Bansal, in the course of the legitimate business of the Company in accordance with rules and regulations of the Company in force from time to time or as may be approved by the Board. Expenses relating to spouse accompanying on any official domestic and overseas trip or other facilities, if any, shall be dealt with in accordance with the practices and policies of the Company as applicable from time to time.

FURTHER RESOLVED THAT the Board of Directors is entitled to revise the remuneration payable to Mr. Ramesh Bansal as Managing Director at any time, such that the aggregate of the salary (inclusive of annual increments, If any) in any financial year shall not exceed the overall ceiling laid down in Sections 197 of the Act read with the Schedule V of the Companies Act, 2013, including any statutory modification(s), re-enactment thereof or any amendment thereto.

FURTHER RESOLVED THAT notwithstanding the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Ramesh Bansal as Managing Director of the Company, remuneration payable to him shall be within the limits of Schedule V to the Companies Act, 2013, as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or

desirable to give effect to this resolution or otherwise considered by it in the best interest of the Company.”

9. To authorise Board of Directors to borrow money under Section 180(1) (c) of the Companies Act, 2013:

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

“RESOLVED THAT in supersession of earlier resolution passed by the members at their Extraordinary General Meeting of the Company held on 30th April, 2007 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) (‘the Act’) and other applicable provisions, if any, of the Act and the Articles of Association of the Company, the Consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporate, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may at any time exceed the aggregate of the Paid up Capital of the Company and its Free Reserves (reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of Rs. 225 crore (Rupees Two Hundred Twenty Five Crore only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution.”

10. To approve creation of charge/security over the assets/undertaking of the Company in respect of borrowings:

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

“RESOLVED THAT in supersession of earlier resolution passed by the members at their Extraordinary General Meeting of the Company held on 30th April, 2007 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) (‘the Act’) and other applicable provisions, if any, of the Act, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company, both present and future and /or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures or any other securities or otherwise, in foreign currency

or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution.”

11. To adopt new Articles of Association of the Company:

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

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new draft Articles as contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Article of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution”.

NOTES:

- (a) A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- (b) Members may please note that no gifts will be distributed at meeting, in compliance with Section 118(10) of the Companies Act 2013 and the Secretarial Standard issued by the Institute of Company Secretaries of India.
- (c) The register of members and share transfer books of the Company will remain closed from Thursday, 4th September, 2014 to Thursday, 11th September, 2014, both days inclusive.
- (d) Corporate Members intending to send authorised representative(s) to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the meeting.
- (e) Members are requested to:

- (i) Intimate to the Company's Registrar & Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd., 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072./their Depository Participant ("DP"), changes, if any, in their registered addresses and their E-mail ID at an early date.
- (ii) Quote their Registered Folio Numbers and/or DP Identity and Client Identity number in their correspondence.
- (iii) Bring their copy of Annual Report and the Attendance Slip with them at the Annual General Meeting. As a measure of economy, extra copies of the Annual Report will not be available at the meeting.
- (iv) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business is annexed hereto.
- (f) Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
- (g) A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
- (h) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Sharepro Services (India) Pvt. Ltd.
- (i) Pursuant to the provisions of Section 72 of the Companies Act, 2013, members holding shares in physical mode are advised to file a Nomination Form in respect of their shareholding. Any member wishing to avail of this facility may submit the prescribed statutory form SH-13 to the Company's Share Transfer Agent, H S India Limited, Investor Relation Centre, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021.
- (j) Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment and re-appointment at the meeting are annexed.
- (k) Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- (l) The members, whose names appear in the Register of members/list of Beneficial owners as on Thursday, 14th August, 2014, i.e. the cut-off date taken by the Company for dispatch of the Annual Report & Notice (including Notice for e-voting) calling the AGM.
- (m) Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the members have been provided e-voting facility to exercise their right to vote at the General Meeting by electronic means. The Company is offering e-voting option to all the members. For this purpose, the Company has

signed an Agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable Shareholders cast their votes for all the items of business in the Notice electronically.

(n) The Instructions for e-voting as under:

(A)(1) In case of members receiving e-mail from NSDL:

- a. Open e-mail and open PDF file viz. "HSIL e-voting.pdf" with your client ID or Folio No. as password. The PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
- b. Launch internet browser by typing the URL <http://www.evoting.nsdl.com>.
- c. Click on "Shareholder-login".
- d. Enter user ID and password as initial password noted in step (a) above. Click "Login".
- e. The password change menu appears. Change the password with a new password of your choice with minimum 8 digits/characters or combination thereof. Please make a note of your new password. It is strongly recommended not to share your password with any other persons and take utmost care to keep your password confidential.
- f. Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
- g. Select E Voting Event Number (EVEN) of H S India Limited.
- h. Now you're ready for "e-voting" as "Cast Vote" page opens.
- i. Cast your vote by selecting appropriate option and click on "submit" and also "confirm" when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Once you have voted on the Resolution, you will not be allowed to modify your vote.
- l. Institutional members and bodies corporate (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (pdf/jpg format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorised Signatory (ies) who are authorised to vote to the scrutinizers through e-mail at csmanishpatel@gmail.com with a copy marked to evoting@nsdl.co.in.

(2) In case of members received physical copy of Notice by post/courier [Shareholders whose e- mail IDs are not registered with the company/Depository Participant(s)]:

(i) User ID and password are provided in the attendance slip;

(ii) Please follow all steps from Sr. No. (a) To (l) as mentioned in (1) above, to cast your vote.

(B) The e-voting period starts from Friday, 5th September, 2014 at 9:00 a.m. and ends on the close of Sunday, 7th September, 2014 at 6:00 p.m. The e-voting module will be disabled by NSDL for voting thereafter.

(C) If you are already registered with NSDL for e-voting you can use your existing user ID and password for casting your vote.

(D) In case of any Queries, you may refer the "Frequently Asked Questions (FAQs)" for members and e-voting user manual for members available at the "downloads" section of NSDL website at www.evoting.nsdl.com.

(E) The results of the voting on the Resolutions will be announced by the Company either at the Annual general Meeting of the Company on Thursday, 11th September, 2014 at the

meeting venue or after the meeting (In case a poll is held at the meeting). The result is being communicated to the stock exchange where the shares of the Company are listed. The result will also be put on the Company's website www.hsindia.in.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF
THE COMPANIES ACT, 2013**

ITEM NO. 4

Mr. Nimish Shah (DIN- 01042136) was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 161 (1) of the Companies Act, 2013 with effect from 4th April, 2014. He holds office only up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Nimish Shah as a candidate for the office of an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2019 and shall not retire by rotation.

Mr. Nimish Shah is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

The Company has also received a declaration from Mr. Nimish Shah that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement. Mr. Nimish Shah possesses appropriate skills, experience and knowledge, inter alia, in the field of Air Conditioning services.

In the opinion of the Board, Mr. Nimish Shah fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Nimish Shah is independent of the management.

Copy of the draft letter for appointment of Mr. Nimish Shah as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Nimish Shah is considered to be interested or concerned in the above resolution.

ITEM NO. 5

In terms of the provisions of Section 149(1) of the Companies Act, 2013 read with amended Clause 49 of the Listing Agreement, the Company should have at least one woman Director in the Board of Directors.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Sangeeta Bansal (DIN-01571275) for the office of Director of the Company, liable to retire by rotation.

In the opinion of the Board, Mrs. Sangeeta Bansal fulfils the conditions for her appointment as a Non-Executive Promoter Director of the Company as specified in the Companies Act, 2013 and the Listing Agreement.

Mrs. Sangeeta Bansal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Copy of the draft letter for appointment of Mrs. Sangeeta Bansal as a Non Executive Promoter Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Mrs. Sangeeta Bansal is related to Mr. Pushendra Bansal.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mrs. Sangeeta Bansal and Mr. Pushendra Bansal are considered to be interested or concerned in the above resolution.

ITEM NO. 6

Mr. Pradeep Dhawan (DIN-00519455) is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made there under, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Pradeep Dhawan as an Independent Director for a term of five consecutive years up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2019.

Mr. Pradeep Dhawan is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

In the opinion of the Board, Mr. Pradeep Dhawan fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Pradeep Dhawan is independent of the management.

Copy of the draft letter for appointment of Mr. Pradeep Dhawan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Pradeep Dhawan is considered to be interested or concerned in the above resolution.

ITEM NO. 7

Mr. Bapi Datta (DIN-00611440) is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made there under, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Bapi Datta as an Independent Director for a term of five consecutive years up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2019.

Mr. Bapi Datta is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

In the opinion of the Board, Mr. Bapi Datta fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Bapi Datta is independent of the management.

Copy of the draft letter for appointment of Mr. Bapi Datta as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Bapi Datta is considered to be interested or concerned in the above resolution.

ITEM NO. 8

The Board of Directors of the Company (the 'Board'), at its meeting held on 30th May, 2014 has, subject to the approval of members, re-appointed Mr. Ramesh Bansal as a Managing Director, for a further period of 5 (five) years from the expiry of his present term, which expired on 31st July, 2014.

Mr. Ramesh Bansal satisfy all the conditions set out in Schedule V to the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Mr. Ramesh Bansal is related to Mr. Pushendra Bansal.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Ramesh Bansal and Mr. Pushendra Bansal are considered to be interested or concerned in the above resolution.

ITEM NO. 9 & 10

In terms of the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up capital and its free reserves (section 180(1)(c)) nor the Board can create security or create mortgages, charges and hypothecations over the assets of the Company which would be required to secure aforesaid borrowings (section 180(1)(a)).

The above Section 180 of the Companies Act, 2013 corresponds to Section 293 of Companies Act, 1956 under which the consent of the Company was required by ordinary resolution.

Accordingly, the shareholders of the Company had accorded consent by ordinary resolutions to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of Rs. 225 crore (Rupees Two Hundred Twenty Five Crore only) and to create security or create mortgages, charges and hypothecations over the assets of the Company to secure above borrowings, at an Extraordinary General Meeting of the Company held on 30th April, 2007.

However, the Ministry of Corporate Affairs, New Delhi vide its General Circular No. 4/2014 dated 25th March, 2014 has stated that such ordinary resolutions passed under old Companies Act, 1956 for borrowing money in excess of limits and to create security on undertaking of the Company, shall remain valid up to one year from the commencement of the Companies Act, 2013 i.e. up to 11th September, 2014.

Therefore, it is proposed to reconfirm the limit of such borrowing power of Rs. 225 crore (Rupees Two Hundred Twenty Five Crore only) by way of passing Special Resolution.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is considered to be interested or concerned in the above resolution.

ITEM NO. 11

The Article of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956 and further amendments were made from time to time over the past several years. The references to specific sections of the Companies Act, 1956 in the exiting Article of Association may no longer be in conformity with the Companies Act, 2013.

Considering that substantive sections of the Companies Act which deal with the general working of the companies stand notified, it is proposed to wholly replace the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed there under and adoption of specific sections from Table "F" to Schedule I to the Companies Act, 2013 which set out the model Article of Association for a Company limited by shares.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is considered to be interested or concerned in the above resolution.

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

Place: Surat
Date: August 14, 2014

HITESH LIMBANI
Company Secretary
ACS-31531

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

Annexure to Annual General Meeting Notice

INFORMATION ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49(V)(G)(I) OF THE LISTING AGREEMENT)									
Name of Director	Date of Birth	Date of Appointment	Expertise in Specific Functional Area	Qualifications	Directorship in other Public Limited Company	Membership of committee in other Public Limited Company	Other Informations	Remarks	
Mr. Pushpendra Radheshyam Bansal	15/09/1960	28/10/2005	Construction and Hospitality business	Civil Engineer	1. Srijan Holdings Ltd.	—	Chairman and Joint Managing Director	Retiring by rotation at the forthcoming Annual General Meeting	
					2. Lords Inn Hotels and Developers Ltd.		Shares held : 2851198		
					3. Lords Ishwar Hotels Ltd.		Relative of Mr. Ramesh Bansal & Mrs. Sangeeta Bansal		
Mr. Ramesh Radheshyam Bansal	04/10/1950	29/09/2005	Export - Import & Hospitality business	B.Sc	Global Granimarmo Ltd.	—	Managing Director	Approval of Re-appointment as a Managing Director at the forthcoming Annual General Meeting	
Mr. Pradeep Om Prakash Dhawan	27/01/1955	02/07/2001	Hospitality business	Graduate from catering college	—	—	Non-Executive Independent Director	—	
Mr. Bapi Datta	24/10/1958	31/07/2009	Construction business	B.Sc. (Hons.) and Civil Engineer	—	—	Non-Executive Independent Director	—	
Mr. Nimishbhai Kanubhai Shah	02/08/1966	04/04/2014	Technical advise in air conditioning engineering	Mechanical Engineer	—	—	Non-Executive Independent Director	—	
Mrs. Sangeeta Pushpendra Bansal	13/12/1963	11/09/2014	Hospitality business	M.Phil.	Srijan Holdings Ltd.	—	Non-Executive Promoter Director	Appointing as a Non-Executive Promoter Director at the forthcoming Annual General Meeting	
							Shares held : 2838000		
							Relative of Mr. Pushpendra Bansal		

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the 25th Annual Report of your Company together with the Audited Financial Statements and Auditors' Report for the year ended 31st March, 2014.

FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
Net Income	2020.76	1966.36
Net Operating Profit	464.42	469.56
Less: Interest & Finance Charges	115.41	127.67
Less: Depreciation	135.42	151.83
Net Profit Before Tax	213.59	190.06
Less : Provision for Taxation		
- Net Current Tax	67.00	54.00
- Deferred Tax	(24.20)	(104.00)
Net Profit After Tax	170.79	240.06

The Net Income of your Company for the year 2013-14 was increased to ₹ 2020.76 lacs as against ₹ 1966.36 lacs of the previous year. Net profit before tax of the Company was increased to ₹ 213.59 lacs as against ₹ 190.06 lacs of the previous year.

DIVIDEND:

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

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) the Directors have selected such accounting policies and applied that consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of

the state of affairs of the Company at the end of the financial year ended 31st March, 2014 and of the profit of the Company for the year.

- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- (iv) The Directors have prepared the accounts for the financial year ended 31st March, 2014, on a 'going concern' basis.

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

In accordance with the requirement of section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of the particulars in the Report of Board of Directors) Rules, 1988, your Directors furnish hereunder the additional information as required.

A. Conservation of Energy:

Your Company has made all possible efforts to closely monitor power consumption on daily basis so as to reduce wastage. The Company is also trying to find ways and means to reduce power consumption and thus reduce the overall energy cost.

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

B. Technology Absorption:

The project of your Company has no technology absorption, hence no particulars are offered.

C. Total Foreign Exchange Earning and Outgo:

Particulars	2013-2014 Amount (₹)	2012-2013 Amount (₹)
a. Total Foreign Exchange used	17,14,929	25,22,470
b. Total Foreign Exchange earned	75,19,555	56,82,165

DIRECTORS:

Mr. Pushpendra Bansal, Director liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Nimish Shah was appointed as an Additional Independent Director of the Company w.e.f 4th April, 2014 and holds office upto the date of this forthcoming Annual General Meeting.

Mr. Sanjay Mangal and Mr. Manbir Singh Chhabra had resigned from the Directorship of the Company with effect from 4th April, 2014. The Board of Directors places on record its feeling of appreciation for the valuable contribution made by them during their tenure.

Mr. Ramesh Bansal, whose term of appointment is going to expire on 31st July, 2014, has been reappointed by the Board in their meeting held on 30th May, 2014 as Managing Director of the Company for a further period of 5 years w.e.f. 1st August, 2014.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mrs. Sangeeta Bansal is proposed to be appointed as a director of the Company from the date of this Annual General Meeting of the Company and liable to retire by rotation.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Nimish Shah, Mr. Pradeep Dhawan and Mr. Bapi Datta are proposed to be appointed as Independent Directors of the Company for a period of 5(five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.

Their particulars are enclosed as an Appendix to the Notice convening the Twenty Fifth Annual General Meeting.

AUDITORS:

M/s. PARY & Co., Chartered Accountants (FR. No.-007288C), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from all of them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

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

CORPORATE GOVERNANCE:

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

INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENTS:

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

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

For and on behalf of the Board of Directors

Place: Surat
Date : August 14, 2014

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director
DIN-00086343

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

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE & DEVELOPMENTS:**

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the service sectors in India. Tourism has now become a significant industry in India. Tourism in India is an employment generator and a significant source of foreign exchange for the country, apart from being an economic activity that helps local and host communities. As per the World Travel & Tourism Council (WTTC), the tourism industry in India is likely to generate US \$121.4 billion of economic activity by 2015, and the hospitality sector has the potential to earn US \$24 billion in foreign exchange by 2015. According to recent estimates, there is almost a 2:1 demand-supply ratio for rooms in India, demonstrating the untapped potential that continues to exist in this industry.

Government of India increased spend on advertising campaigns (including for the campaigns 'Incredible India' and 'Athithi Devo Bhava' - Visitors are like God) to reinforce the rich variety of tourism in India. The ministry promoted India as a safe tourist destination and undertook various measures, such as stepping up vigilance in key cities and at historically important tourist sites.

India's rapid economic growth has already set the stage for fundamental changes in the country's population. With more disposable income, the demand for travel and tourism has also grown. Although, currently domestic tourists constitute a very small chunk of the total tourist pie, the segment is growing.

OPPORTUNITIES, THREATS, RISK AND CONCERNS:

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

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

According to WTTC, the Travel and Tourism Industry globally is expected to grow by 4.3% in 2014. This continues to be higher than the growth rates of other industries. With the rapid growth in domestic tourism and India becoming a preferred travel destination for international tourists and the proposed new visa policy, the outlook for the travel and tourism industry will be positive in 2014. Despite this, with the increase in the supply of hotel rooms and falling Average Room Rates (ARR), margins will continue to be under pressure. Escalating real estate prices, increasing cost of energy, inadequate infrastructure development and lack of trained manpower are some of the challenges that will need to be addressed urgently.

With a newly elected government at the centre and focus of the Prime Minister on infrastructure development, creating new theme based tourist destinations, the travel and tourism industry is expected to receive a major boost. The industry is therefore expected to witness investor interest.

FINANCIAL AND OPERATIONAL PERFORMANCE:

The Net Income of your Company for the year 2013-14 was increased to ₹ 2020.76 lacs as against ₹ 1966.36 lacs of the previous year. Net profit before tax of the Company was increased to ₹ 213.59 lacs as against ₹ 190.06 lacs of the previous year.

FUTURE PROSPECTS

Travel & Tourism's contribution to the world economy has grown for the fourth consecutive year and is expected to show even stronger growth in 2014.

The Government of India has contributed significantly to the growth and development of the industry by providing policy and infrastructural support such as simplification of visa procedures and tax holidays for hotels. Further, the tourism policy of the government aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies.

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

ADEQUACY OF INTERNAL CONTROL SYSTEM:

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

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

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

HUMAN RESOURCE DEVELOPMENT:

The manpower employed in your Company for 2013-14 was 193 employees.

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

Your Company has a team of able and experienced industry professionals. Your company always believe to invest in human resources by means of providing various facilities, with a view to strengthen its presence in existing business and for taking advantage of the emerging growth opportunities in the hospitality sector. Your Company seeks regular feedback from its employees to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Critical human resource issues are analysed, corrective actions initiated and

results monitored regularly. In order to preserve competent employees and to provide homely environment, your Company has arranged monthly staff function, religious programs, picnic tours, etc.

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

CAUTIONARY STATEMENT:

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

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

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

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

6 (Six) Board Meetings were held during the financial year 2013-14. The dates on which the said meetings were held are as follows:

1.	May 30, 2013	2.	July 11, 2013	3.	July 31, 2013
4.	October 31, 2013	5.	December 03, 2013	6.	February 13, 2014

The last Annual General Meeting of the Company was held on August 30, 2013.

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

Name	Designation	Category	Attendance Particulars		No. of Equity Shares Held
			Board Meetings	Last AGM	
Mr. Pushendra Bansal	Chairman & Joint Managing Director	ED	6	Yes	28,51,198
Mr. Ramesh Bansal	Managing Director	ED	6	No	Nil
Mr. Nimish Shah *	Additional Director	NED (I)	2	No	Nil
Mr. Pradeep Dhawan	Director	NED (I)	6	No	4,115

Mr. Bapi Datta	Director	NED (I)	6	No	Nil
Mr. Sanjay Mangal@	Director	NED (I)	5	Yes	87,000
Mr. Manbir Singh Chhabra#	Additional Director	NED (I)	2	--	Nil

ED – Executive Director / *NED (I)* – Non Executive Independent Director

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

Name of the Director	No. of other Public Limited Company in which Director	No. of Committees in which Member (other than H. S. India Ltd.) \$	No. of Committees in which Chairman (other than H. S. India Ltd.) \$
Mr. Pushendra Bansal	3	--	--
Mr. Ramesh Bansal	1	--	--
Mr. Nimish Shah *	--	--	--
Mr. Pradeep Dhawan	--	--	--
Mr. Bapi Datta	--	--	--
Mr. Sanjay Mangal @	2	3	--
Mr. Manbir Singh Chhabra#	--	--	--

*Ceased as a Director w.e.f. 11.07.2013 and appointed as an Additional Director w.e.f. 04.04.2014.

@Ceased as a Director w.e.f. 04.04.2014.

Appointed as an Additional Director w.e.f. 03.12.2013 and ceased w.e.f. 04.04.2014.

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

The number of directorship excludes directorship of private companies, foreign companies, companies incorporated under Section 25 of the Companies Act, 1956 and alternate directorship.

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

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

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

Code of Conduct

The Board has laid down a code of conduct for Board Members and senior management staff of the Company. The Board Members and senior management staff have affirmed compliance with the said Code of Conduct. The Annual report of the Company contains certificate duly signed by the Managing Director (CEO) in this regard.

Note on Directors seeking appointment/re-appointment:

Mr. Pushendra Bansal, Director liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Nimish Shah was appointed as an Additional Independent Director of the Company w.e.f 4th April, 2014 and holds office upto the date of this forthcoming Annual General Meeting.

Mr. Sanjay Mangal and Mr. Manbir Singh Chhabra had resigned from the Directorship of the Company with effect from 4th April, 2014. The Board of Directors places on record its feeling of appreciation for the valuable contribution made by them during their tenure.

Mr. Ramesh Bansal, whose term of appointment is going to expire on 31st July, 2014, has been reappointed by the Board in their meeting held on 30th May, 2014 as Managing Director of the Company for a further period of 5 years w.e.f. 1st August, 2014.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mrs. Sangeeta Bansal is proposed to be appointed as a director of the Company from the date of this Annual General Meeting of the Company and liable to retire by rotation.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Nimish Shah, Mr. Pradeep Dhawan and Mr. Bapi Datta are proposed to be appointed as an Independent Directors of the Company for a period of 5(five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.

Their particulars are enclosed as an Appendix to the Notice convening the Twenty Fifth Annual General Meeting.

3. AUDIT COMMITTEE:

The Audit Committee of the Company has been re-designed in accordance with provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

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

During the financial year 2013-14, the Audit Committee met 4 (Four) times on May 30, 2013, July 31, 2013, October 31, 2013 and February 13, 2014. The Committee, at these meetings reviewed the financial reporting system and unaudited financial results for the first three quarters.

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

Name	Designation	Category	No. of Meeting attended
Mr. Pradeep Dhawan	Chairman	NED (I)	4
Mr. Nimish Shah *	Member	NED (I)	1
Mr. Ramesh Bansal	Member	ED	4
Mr. Sanjay Mangal @	Member	NED (I)	3

* Ceased as a Director / Member w.e.f. 11.07.2013 and appointed as an Additional Director / Member w.e.f. 04.04.2014
@ Ceased as a Director / Member w.e.f. 04.04.2014.

The Company Secretary acts as a Secretary to the Committee.

4. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY KNOWN AS REMUNERATION COMMITTEE):

Remuneration Committee has been re-designated as "Nomination and Remuneration Committee".

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. Pradeep Dhawan	Chairman	NED (I)
Mr. Nimish Shah *	Member	NED (I)
Mr. Bapi Datta	Member	NED (I)
Mr. Sanjay Mangal @	Member	NED (I)

* Ceased as a Director / Member w.e.f. 11.07.2013 and appointed as an Additional Director / Member w.e.f. 04.04.2014

@ Ceased as a Director / Member w.e.f. 04.04.2014.

During the year, No Nomination and Remuneration Committee meeting was held.

Presently, the Company is not paying any sitting fees to its Non-Executive Directors for attending meetings of the Board, Audit Committee and other Committees. However, during the year ended March 31, 2014, your Company has paid remuneration to its Executive Directors as under:

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

5. STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY KNOWN AS SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE):

Shareholders / Investors Grievance Committee has been re-designated as "Stakeholders Relationship Committee".

The Stakeholders Relationship Committee was constituted for redressal of stakeholders complaints like transfer of shares, non-receipt of annual report, non-receipt of dividend, etc. During the year, one Stakeholders Relationship Committee meeting was held on July 31, 2013.

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

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

* Ceased as a Director / Member w.e.f. 11.07.2013 and appointed as an Additional Director / Member w.e.f. 04.04.2014

@ Ceased as a Director / Member w.e.f. 04.04.2014.

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

During the year, the company has not received any shareholders'/investors' complaints. There was no outstanding complaint as on March 31, 2014.

6. GENERAL BODY MEETINGS

(A) General Meeting

(i) Annual General Meeting:

Details	Date	Time	Venue
Annual General Meeting 2012-13	August 30, 2013	10.00 A.M.	'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai - 400 053 Maharashtra
Annual General Meeting 2011-12	September 25, 2012		
Annual General Meeting 2010-11	September 29, 2011		

(ii) Extraordinary General Meeting:

During the year, No Extraordinary General Meeting was held.

(B) Postal Ballot

During the year, No Postal Ballot was conducted.

(C) Special Resolution

A. At the 23rd Annual General Meeting of the Company held on September 25, 2012, two Special Resolutions were passed –

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

B. At the 24th Annual General Meeting of the Company held on August 30, 2013, one Special Resolutions was passed –

- (i) For Investment in Equity Shares of Lords Oriental Resorts Developers (Silvassa) Pvt. Ltd. and Lords Varam Hotels Pvt. Ltd.

7. DISCLOSURES

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

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

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI, ROC, Stock Exchange or any statutory authority, on any matter related to capital markets, during the last 3 financial years: NIL
- (iii) The Company has complied with all mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement.
- (iv) Pursuant to sub-clause V of the Clause 49 of the Listing Agreement, the Board has received CEO and CFO certificate for the Financial Year ended March 31, 2014

8. MEANS OF COMMUNICATION

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

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

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

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

9. GENERAL SHAREHOLDER INFORMATION

1.	Annual General Meeting		
	Date and Time	: September 11, 2014 at 9:30 a.m.	
	Venue	: 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai-400053	
2.	Financial Calendar 2014-15	Financial Calendar	Financial reporting by
		For the quarter ending June, 2014	mid of August, 2014
		For the quarter ending September, 2014	mid of November, 2014
		For the quarter ending December, 2014	mid of February, 2015
		For the quarter ending March, 2015	mid of May, 2015
		Annual General Meeting for 2014-15	end of September, 2015
3.	Book closure date	: 04.09.2014 to 11.09.2014 (both days inclusive)	
4.	Dividend Payment Date	: No Dividend has been recommended.	
5.	Registered Office of the company	: A-1, Manish Kaveri, Building No. 18, Manish Nagar, J. P. Road, Andheri (West), Mumbai – 400 053, Maharashtra. E-mail: hsindialimited@gmail.com Website : www.hsindia.in	
6.	Listing on Stock Exchanges	: Bombay Stock Exchange Limited, Mumbai	
7.	Annual listing & Custodial fees	: Duly paid for the year 2014-15	
8.	Stock Code		
	(a) Trading Symbol at	: Bombay Stock Exchange Limited, Mumbai	
	(b) Demat ISIN Numbers in NSDL & CDSL	Equity Shares INE731B01010	532145/HOTLSILV
9.	Stock Market Data	: The Bombay Stock Exchange Ltd.	
		High (₹)	Low (₹)
	April 2013	5.29	4.77
	May 2013	5.70	4.94
	June 2013	4.80	4.38
	July 2013	4.25	3.86
	August 2013	4.25	3.81
	September 2013	4.25	4.00
	October 2013	4.45	3.90
	November 2013	4.85	3.82
	December 2013	4.49	3.90
	January 2014	4.71	3.33
	February 2014	4.00	2.93
	March 2014	4.36	3.54

10.	Share Price Performance compared with broad based indices																																																															
		H. S. India Limited	BSE																																																													
	As on 1st April, 2013	4.80	18864.75																																																													
	As on 31st March, 2014	3.73	22386.27																																																													
	Change (%)	-22.29%	18.67%																																																													
11.	A. Distribution of Shareholding as on 31st March, 2014:																																																															
	<table border="1"> <thead> <tr> <th>No. of Equity Shares held</th> <th>No. of Shareholders</th> <th>% of Shareholders</th> <th>No. of Shares held</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>1 – 500</td> <td>1794</td> <td>66.15</td> <td>388126</td> <td>2.39</td> </tr> <tr> <td>501-1000</td> <td>407</td> <td>15.01</td> <td>359609</td> <td>2.21</td> </tr> <tr> <td>1001-2000</td> <td>206</td> <td>7.60</td> <td>331057</td> <td>2.04</td> </tr> <tr> <td>2001-3000</td> <td>86</td> <td>3.17</td> <td>219009</td> <td>1.35</td> </tr> <tr> <td>3001-4000</td> <td>34</td> <td>1.25</td> <td>116841</td> <td>0.72</td> </tr> <tr> <td>4001-5000</td> <td>37</td> <td>1.36</td> <td>173300</td> <td>1.07</td> </tr> <tr> <td>5001-10000</td> <td>62</td> <td>2.29</td> <td>444945</td> <td>2.74</td> </tr> <tr> <td>10001 & above</td> <td>86</td> <td>3.17</td> <td>14205513</td> <td>87.48</td> </tr> <tr> <td>GRAND TOTAL</td> <td>2712</td> <td>100.00</td> <td>16238400</td> <td>100.00</td> </tr> <tr> <td>Physical Mode</td> <td>223</td> <td>8.19</td> <td>815789</td> <td>5.02</td> </tr> <tr> <td>Electronic Mode</td> <td>2489</td> <td>91.81</td> <td>15422611</td> <td>94.98</td> </tr> </tbody> </table>				No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding	1 – 500	1794	66.15	388126	2.39	501-1000	407	15.01	359609	2.21	1001-2000	206	7.60	331057	2.04	2001-3000	86	3.17	219009	1.35	3001-4000	34	1.25	116841	0.72	4001-5000	37	1.36	173300	1.07	5001-10000	62	2.29	444945	2.74	10001 & above	86	3.17	14205513	87.48	GRAND TOTAL	2712	100.00	16238400	100.00	Physical Mode	223	8.19	815789	5.02	Electronic Mode	2489	91.81	15422611	94.98
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B. Category of Shareholders as on 31st March, 2014:				
Category Code	Category of Shareholders	No. of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
(A)	Shareholding of Promoter & promoter Group			
(1)	Indian	7	6333752	39.00
(2)	Foreign	0	0	0.00
	Sub-Total (A)	7	6333752	39.00
(B)	Public Shareholding			
(1)	Institutions	1	250849	1.55
(2)	Non-Institutions			
	- Bodies Corporates	89	628486	3.87
	- Individuals	2605	8908548	54.86
	- Independent Director	2	91115	0.56
	- NRI's/OBC's/Foreign National	8	25650	0.16
	Sub-Total (B)	2705	9904648	61.00
(C)	Shares held by Custodians and against which Depository Receipt has been issued			
		0	0	0.00
	Sub-Total (C)	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	2712	16238400	100.00

12.	Dematerialization of Shares	: As on March 31, 2014, 1,54,22,611 equity shares constituting 94.98% of the Equity Share Capital of the Company stand dematerialized.
13.	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments	: The Company has not issued GDRs/ADRs. As on March 31, 2014, no Warrants/Convertible Instruments outstanding for conversion.
14.	Hotel Location	: Lords Plaza Opp. Linear Bus Stand, Ring Road, Surat – 395 003. e-mail : hsindialimited@gmail.com
15.	Address for Correspondence	: For Shares held in Physical and Demat Form: M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. Unit: (H. S. India Limited) <u>Registered Office:</u> 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072. e-mail : sharepro@shareproservices.com Tel. No. 022-67720300 / 400 Fax No. 022-28591568 <u>Investor Relation Centre:</u> 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021. Tel. No. 022-66134700.

10. RECONCILIATION OF SHARE CAPITAL AUDIT:

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

11. OBSERVANCE OF SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA:

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

To,
The Members of
H. S. INDIA LIMITED

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchange, the Board members and the senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended March 31, 2014.

For H. S. INDIA LIMITED

Place: Surat
Date : August 14, 2014

RAMESH BANSAL
Managing Director/CEO
DIN - 00086256

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
H. S. INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by H. S. INDIA LIMITED for the period ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records and other documents maintained by the Shareholders'/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PARY & CO.
Chartered Accountants
FRN: 007288C

AKASH GAGLANI
Partner
Membership No.: 114255
9005, World Trade Center, Ring Road, Surat – 395002
(Gujarat)

Place: Surat
Date : August 14, 2014

Independent Auditor's Report

To,
The Members of
H. S. INDIA LIMITED

Report On the Financial Statement

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

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

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

Opinion:

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

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

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

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order - CARO") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act and further to the Annexure referred to in paragraph 1 above, we report as that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Forming an Opinion and Reporting on Financial Statements

For PARY & CO.
Chartered Accountants
FRN: 007288C

AKASH GAGLANI
Partner
Membership No.: 114255
9005, World Trade Center, Ring Road, Surat – 395002
(Gujarat)

Place : Surat
Date : May 30, 2014

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of H S INDIA LIMITED; on the accounts of the company for the year ended 31st March, 2014:

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) During the year, the company has not disposed off substantial part of fixed assets.
- II. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- III. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has accepted unsecured loans to the tune of ₹ 4,69,70,039/- from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) Rate of Interest and other terms and conditions of unsecured loans accepted by the company, are not *prima-facie* prejudicial to the interest of the company.
(c) Payment of Principal Portion of Unsecured Loans with Interest thereon is regular and satisfactory.
(d) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- V. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act; to the best of our knowledge and belief and according to the information and

explanations given to us have been entered in the register required to be maintained under that section.

b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act which exceeds Rs. 5,00,000/- in respect of any party during a financial year have been made at prices which are; prima-facie, reasonable having regards to the prevailing market prices for similar transactions with other parties at relevant time.

- VI.** The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- VII.** As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- VIII.** As per information & explanation given by the management, 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 and hence comment on maintenance of records is not applicable to the company.
- IX.** (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- X.** The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI.** Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- XII.** According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII.** The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- XIV.** According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Hence comment on maintenance of records for the same is not applicable in this case.
- XV.** According to the information and explanations given to us, the company had given guarantee for loans taken by others from banks or financial institutions during the period under consideration, the terms & conditions of the same were prima facie not prejudicial to the interest of the company. However, the Loan was repaid and hence guarantee was released.

- XVI.** Based on our audit procedures and on the basis of information given by the management, we report that the company has not raised any term loans during the year. The existing Term Loan/s has/have been applied for the purpose for which it was/were intended.
- XVII.** Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have, prima-facie, been used for long-term investment by the Company and vice-versa.
- XVIII.** Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- XIX.** The Company has no outstanding debentures during the period under audit.
- XX.** The Company has not raised any money by public issue during the year.
- XXI.** Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Forming an Opinion and Reporting on Financial Statements

For PARY & CO.
Chartered Accountants
FRN: 007288C

AKASH GAGLANI

Partner

Membership No.: 114255

9005, World Trade Center, Ring Road, Surat – 395002

(Gujarat)

Place : Surat

Date : May 30, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	Note No.	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share Capital	1	162,384,000		162,384,000	
(b) Reserves and Surplus	2	78,449,645		61,370,686	
			240,833,645		223,754,686
2 Non- Current Liabilities					
(a) Long-term borrowings	3	-		47,763,651	
(b) Deferred tax liabilities (Net)	4	29,240,000		31,660,000	
(c) Other long-term liabilities	5	500,000		500,000	
			29,740,000		79,923,651
3 Current Liabilities					
(a) Short-term borrowings	6	46,970,039		1,647,016	
(b) Trade payables	7	11,068,904		9,771,055	
(c) Other current liabilities	8	12,271,391		34,569,161	
(d) Short-term provisions	9	10,564,769		11,996,595	
			80,875,103		57,983,827
TOTAL			351,448,748		361,662,164
II ASSETS					
1. Non-Current Assets					
(a) Fixed assets					
(i) Tangible assets	10A	221,888,432		234,168,590	
(ii) Intangible assets	10B	-		-	
(iii) Capital work-in-progress	10C	-		-	
(b) Non-current investments	11	35,139,260		35,139,260	
(c) Long-term loans and advances	12	56,285,920		50,517,621	
			313,313,612		319,825,471
2. Current assets					
(a) Inventories	13	7,915,957		9,616,437	
(b) Trade receivables	14	5,862,912		4,887,568	
(c) Cash and cash equivalents	15	13,785,037		11,448,106	
(d) Short-term loans and advances	16	10,771,230		15,884,582	
			38,135,136		41,836,693
TOTAL			351,448,748		361,662,164
III The significant accounting policies and accompanying notes 1 - 34 form an integral part of the financial statements					

As per our report of even date

For PARY & Co.

Chartered Accountants

Firm Reg. No. 007288C

For and on behalf of the Board of Directors

AKASH GAGLANI
Partner
Membership No. 114255

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director
DIN - 00086343

RAMESH BANSAL
Managing Director
DIN -00086256

Place : Surat
Date: May 30, 2014

HITESH LIMBANI
Company Secretary
ACS - 31531

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	PARTICULARS	Note No.	2013-14	2012-13
			₹	₹
I	Revenue from operations	17	199,768,739	194,262,750
II	Other Income	18	2,306,938	2,373,343
III	Total Revenue (I + II)		202,075,677	196,636,093
IV	Expenses			
	Cost of Materials Consumed	19	49,471,596	47,198,985
	Employee benefit expense	20	28,398,258	28,526,219
	Finance Costs	21	11,541,210	12,767,012
	Depreciation and amortization expense		13,541,979	15,182,821
	Other expenses	22	77,763,675	73,955,242
	Total Expenses		180,716,718	177,630,279
V	Profit before exceptional and extraordinary items and tax (III-IV)		21,358,959	19,005,814
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		21,358,959	19,005,814
VIII	Extraordinary items		-	-
IX	Profit before tax (VII-VIII)		21,358,959	19,005,814
X	Tax expense:			
	(a) Current tax expense		6,700,000	5,400,000
	(b) Less: MAT credit		-	-
	(c) Net current tax expense		6,700,000	5,400,000
	(d) Deferred tax		(2,420,000)	(10,400,000)
XI	Profit/(Loss) for the period		17,078,959	24,005,814
XII	Earnings per equity share:			
	(1) Basic		1.05	1.48
	(2) Diluted		1.05	1.48
XIII	The significant accounting policies and accompanying notes 1 - 34 form an integral part of the financial statements			

As per our report of even date

For PARY & Co.

Chartered Accountants

Firm Reg. No. 007288C

For and on behalf of the Board of Directors

AKASH GAGLANI

Partner

Membership No. 114255

PUSHPENDRA BANSAL

Chairman & Jt. Managing Director

DIN - 00086343

RAMESH BANSAL

Managing Director

DIN - 00086256

Place : Surat

Date: May 30, 2014

HITESH LIMBANI

Company Secretary

ACS - 31531

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014		31.03.2013	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit as per Statement of Profit & Loss		21,358,959		19,005,814
Adjustments for:				
Depreciation	13,541,979		15,182,821	
Increase/(Decrease) in Short Term Provisions	315,451		469,572	
Interest paid	11,541,210		12,767,012	
(Profit)/Loss on sale of Fixed Assets	-		274,807	
		25,398,640		28,694,212
Operating Profit Before Working Capital Changes		46,757,599		47,700,026
Working Capital Changes:				
(Increase)/Decrease in inventories	1,700,480		221,185	
(Increase)/Decrease in trade receivables	(775,343)		241,622	
(Increase)/Decrease in loans & advances	(2,192,044)		(7,008,624)	
Increase/(Decrease) in trade payables	1,297,850		2,756,207	
Increase/(Decrease) in other current liabilities	(22,297,770)		1,991,027	
		(22,266,827)		(1,798,583)
Cash Generated from Operations		24,490,772		45,901,443
Taxes Paid (Net)		(6,910,182)		(4,613,594)
Net Cash Flow from Operating Activities		17,580,590		41,287,849
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets / capital work-in-progress		(1,261,821)		(4,712,101)
Sale of fixed assets		-		575,000
Net Cash Flow From Investing Activities		(1,261,821)		(4,137,101)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of long-term borrowings		(47,763,651)		(22,000,553)
Increase/(Decrease) in short-term borrowings (net)		45,323,023		299,111
Interest paid		(11,541,210)		(12,767,012)
Net Cash Flow From Financing Activities		(13,981,838)		(34,468,454)
Net Increase in Cash and Cash Equivalents (A+B+C)		2,336,931		2,682,294
Opening Cash & Cash Equivalents		11,448,106		8,765,812
Closing Cash & Cash Equivalents (Refer Note 15)		13,785,037		11,448,106

As per our report of even date

For PARY & Co.

Chartered Accountants

Firm Reg. No. 007288C

For and on behalf of the Board of Directors

AKASH GAGLANI

Partner

Membership No. 114255

PUSHPENDRA BANSAL

Chairman & Jt. Managing Director

DIN - 00086343

RAMESH BANSAL

Managing Director

DIN -00086256

Place : Surat

Date: May 30, 2014

HITESH LIMBANI

Company Secretary

ACS - 31531

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

SIGNIFICANT ACCOUNTING POLICIES**A. Basis of preparation of Financial Statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards (AS) notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, (as amended)] (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956.

B. Revenue Recognition

Revenue is recognised on rendering of services and/or sales of goods, net of returns and trade discounts. Sales of goods are recognised on transfer of significant risks and rewards of the ownership to the buyer, which generally coincides with the delivery of the goods to the customers. Revenue excludes VAT, Luxury Tax, Service Tax, etc.

C. Use of Estimates

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

D. Fixed Assets

- (i) Fixed assets are stated at acquisition cost net of recoverable taxes, less accumulated depreciation and impairment loss.
- (ii) All costs, including financing costs till commencement of commercial activity attributable to the fixed assets are capitalised.
- (iii) Assets which are not ready for use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

E. Depreciation, Amortisation and Impairment

Depreciation on fixed assets is charged on Straight Line Method with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. The company is following policy to depreciate fixed assets only up to 95% unless it is sold or discarded.

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

F. Inventories

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

G. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as a part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

H. Investments

Long term Investments are stated at cost. Diminution in the value of investments is provided for by reducing the value of investments and charging the same to the Statement of Profit & Loss only if such diminution is other than temporary.

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

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

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

J. Employee's Benefits

- (i) Contributions to Provident Fund, Gratuity Fund and Family Pension Fund are charged to the Statement of Profit & Loss for the year in which related service is rendered.
- (ii) Gratuity is charged to revenue on actuarial valuation as provided by Life Insurance Corporation of India under the Employees Group Gratuity policy with them.
- (iii) Provision for Leave encashment is made on the basis of actual leave outstanding at the end of the year based on the present pay structure.

K. Foreign Exchange Transactions

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

L. Taxes on Income

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

M. Cash and Cash Equivalents

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

**Significant Accounting Policies & Notes on Financial Statement
for the Year ended on 31st March, 2014**

NOTE '1'	As at 31.03.2014	As at 31.03.2013
SHARE CAPITAL	₹	₹
-Authorised Share Capital		
17,000,000 Equity Shares of ₹ 10/- each (Previous year 17,000,000 Equity Shares of ₹ 10/- each)	170,000,000	170,000,000
TOTAL	<u>170,000,000</u>	<u>170,000,000</u>
-Issued, Subscribed and Paid up Share Capital		
16,238,400 Equity Shares of ₹ 10/- each fully paid up (Previous year 16,238,400 Equity Shares of ₹ 10/- each fully paid up)	162,384,000	162,384,000
TOTAL	<u>162,384,000</u>	<u>162,384,000</u>

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number of shares	Amount ₹	Number of shares	Amount ₹
As at the beginning of the year	16,238,400	162,384,000	16,238,400	162,384,000
Add: Shares issued during the year	-	-	-	-
Less: Shares cancelled during the Year	-	-	-	-
As at the end of the year	<u>16,238,400</u>	<u>162,384,000</u>	<u>16,238,400</u>	<u>162,384,000</u>

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

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

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

Name of Shareholders	As at 31.03.2014		As at 31.03.2013	
	Number of shares	% of holding	Number of shares	% of holding
Sangeeta Bansal	2,838,000	17.48%	2,838,000	17.48%
Pushpendra Bansal	2,851,198	17.56%	2,258,158	13.91%

NOTE '2'	As at 31.03.2014	As at 31.03.2013
RESERVES AND SURPLUS	₹	₹
Securities Premium Reserve		
Opening and Closing Balance	21,752,000	21,752,000
General Reserve		
Opening Balance	30,000,000	-
Add : Transfer from Profit and Loss Account	2,500,000	30,000,000
Less : Appropriations	-	-
Closing Balance	<u>32,500,000</u>	<u>30,000,000</u>
Surplus in Statement of Profit and Loss		
Opening Balance	9,618,686	15,612,872
Add: Surplus during The Year	17,078,959	24,005,814
	<u>26,697,645</u>	<u>39,618,686</u>
Less: Appropriation		
Transfer to General Reserve	<u>2,500,000</u>	<u>30,000,000</u>
Closing Balance	24,197,645	9,618,686
TOTAL	<u>78,449,645</u>	<u>61,370,686</u>

**Significant Accounting Policies & Notes on Financial Statement
for the Year ended on 31st March, 2014**

NOTE `3' LONG-TERM BORROWINGS	As at	As at
	31.03.2014	31.03.2013
	₹	₹
Term Loan from Banks		
-Secured	-	47,763,651
TOTAL	-	47,763,651

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

	As at 31.03.2014		As at 31.03.2013	
	₹		₹	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan from banks				
a) Term Loan from Bank	-	-	47,763,651	22,000,000
	-	-	47,763,651	22,000,000

(ii) Term Loan from Bank was secured by 1st & exclusive charge by way of registered mortgage over Hotel Land & Building (both present and future) and hypothecation of all movable assets (both present and future) including Plant & Machinery, Furniture and other Misc. fixed Assets and further by way of personal guarantee of Director. The same has been repaid in current Financial Year.

NOTE `4' DEFERRED TAX LIABILITIES (NET)	As at	As at
	31.03.2014	31.03.2013
	₹	₹
Deferred Tax Liabilities		
On Depreciation of fixed assets (A)	30,020,000	32,050,000
Deferred Tax Assets		
On Disallowance under Income Tax Act, 1961 (B)	780,000	390,000
Net Deferred tax liabilities (A-B)	29,240,000	31,660,000

**NOTE `5'
OTHER LONG-TERM LIABILITIES**

Security Deposit		
-Unsecured	500,000	500,000
TOTAL	500,000	500,000

**NOTE `6'
SHORT-TERM BORROWINGS**

Loan repayable on demand		
From Bank		
-Secured (Refer Footnote)	-	1,647,016
Other short-term loans		
From Related Parties		
-Unsecured	46,970,039	-
TOTAL	46,970,039	1,647,016

Footnote:

Secured Loan from bank for the previous year consisted Cash Credit facility, which was discontinued during the year. Earlier it was secured by way of hypothecation of operating supplies, stores, food and beverages and receivables.

**Significant Accounting Policies & Notes on Financial Statement
for the Year ended on 31st March, 2014**

NOTE '7'	As at	As at
TRADE PAYABLES	31.03.2014	31.03.2013
	₹	₹
Micro Small & Medium Enterprise (Refer Footnote)	-	-
Others	11,068,904	9,771,055
TOTAL	11,068,904	9,771,055

Footnote:

The Company has initiated the process of obtaining details from Sundry Creditors who are registered under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent that the Company has received information, it has evaluated that there are no amounts due to the Creditors who are registered under the said Act beyond the period of 45 days.

NOTE '8'		
OTHER CURRENT LIABILITIES		
Current Maturities of Long-term borrowings (Refer Note - 3, Footnote i)	-	22,000,000
Interest Accrued but not due on borrowings	-	923,278
Advances from Customers	2,012,085	874,228
Statutory Dues	6,244,875	6,403,298
Director Remuneration	93,450	245,185
Payable to Employees	3,825,850	4,123,172
Other Current Liabilities	95,131	-
TOTAL	12,271,391	34,569,161

NOTE '9'		
SHORT-TERM PROVISIONS		
Provision for Employee Benefits	1,474,892	1,210,841
Other Provisions:		
Provision for Taxation	8,988,379	10,735,656
Provision for Others	101,498	50,098
TOTAL	10,564,769	11,996,595

NOTE '11'		
NON-CURRENT INVESTMENTS		
<i>Trade Investments</i>		
Investment in Equity Instruments		
Associate Companies		
Unquoted (fully paid up)		
Kesar Motels Pvt. Ltd. of ₹ 100/- each	35,100,000	35,100,000
87,750 Shares, (Previous Year 87,750 Shares)		
Other Investments		
Investment in Equity Instruments		
Unquoted (fully paid up)		
Japan Market Co-operative Service Society Ltd. of ₹ 50/- each	39,260	39,260
260 Shares, (Previous Year 260 Shares)		
TOTAL	35,139,260	35,139,260

NOTE '12'		
LONG-TERM LOANS AND ADVANCES		
<i>Unsecured, considered good:</i>		
Capital Advances	52,000,000	47,000,000
Security Deposits	4,285,920	3,517,621
TOTAL	56,285,920	50,517,621

NOTE '13'		
INVENTORIES		
(At lower of cost and net realisable value, as verified, valued and certified by the management)		
Traded Goods		
Wine & Liquor	4,242,036	4,696,557
Stores & Spares		
Provision, Stores, Food and Beverages	401,129	410,567
Other Consumables and Operating Supplies	3,272,792	4,509,313
TOTAL	7,915,957	9,616,437

Significant Accounting Policies & Notes on Financial Statement for the Year ended on 31st March, 2014

Note- '10'
FIXED ASSETS (Amount in ₹)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		AS ON 01/04/2013	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31/03/2014	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31/03/2014	AS ON 31/03/2013
A	TANGIBLE ASSETS:								
1	Freehold Land	21,767,000	-	-	21,767,000	-	-	21,767,000	21,767,000
2	Borewell	74,330	-	-	74,330	1,212	-	50,862	52,074
3	Building	122,941,245	704,304	-	123,645,549	2,007,748	-	104,742,649	106,046,093
4	Plant & Machineries	102,332,738	473,482	-	102,806,230	4,871,445	-	53,236,059	57,634,012
5	Motor Car	4,125,908	-	-	4,125,908	391,961	-	1,792,691	2,184,652
6	Computer	3,163,601	28,900	2,208,946	983,555	197,366	2,208,946	516,953	685,419
7	Electrical Installations	33,866,897	48,875	-	33,915,772	2,396,578	-	18,462,654	20,810,357
8	Furniture & Fixtures	39,268,271	6,250	-	39,274,521	3,675,669	-	21,319,564	24,988,983
	TOTAL - A	327,539,990	1,261,821	2,208,946	326,692,865	13,541,979	2,208,946	221,898,432	234,188,590
	PREVIOUS YEAR	339,454,369	5,081,782	16,996,141	327,539,990	15,182,821	16,146,334	234,168,590	245,119,456
B	INTANGIBLE ASSETS:								
	TOTAL - B	-	-	-	-	-	-	-	-
	PREVIOUS YEAR	-	-	-	-	-	-	-	-
C	CONSTRUCTION WIP:								
	TOTAL - C	-	1,035,365	1,035,365	-	-	-	-	-
	PREVIOUS YEAR	369,661	-	369,661	-	-	-	-	-

**Significant Accounting Policies & Notes on Financial Statement
for the Year ended on 31st March, 2014**

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE `14` TRADE RECEIVABLES		
<i>Unsecured, considered good:</i>		
More than six months	499,326	552,873
Others	5,163,586	4,334,695
TOTAL	<u>5,662,912</u>	<u>4,887,568</u>
NOTE `15` CASH AND CASH EQUIVALENTS		
Cash on Hand	3,316,270	2,871,218
Balance with Banks -In Current Accounts	10,468,767	8,576,888
TOTAL	<u>13,785,037</u>	<u>11,448,106</u>
NOTE `16` SHORT TERM LOANS AND ADVANCES		
<i>Unsecured, considered good:</i>		
Advance to Related parties	2,100,306	6,598,942
Advance to Others	32,078	32,078
Advances to Suppliers	1,307,984	120,128
Prepaid Expenses	72,378	185,973
Advances to Employees	904,944	798,803
Balance with Statutory Authorities	6,353,540	8,148,658
TOTAL	<u>10,771,230</u>	<u>15,884,582</u>
NOTE `17` REVENUE FROM OPERATION		
Revenue From Operations		
Room Sale	91,462,100	85,558,832
Food & Beverage Sale	34,658,362	39,071,806
Wine & Liquor Sale	70,284,258	67,035,130
Other Services	3,364,019	2,596,982
TOTAL	<u>199,768,739</u>	<u>194,262,750</u>
NOTE `18` OTHER INCOME		
Interest Income - From Bank	745,601	283,686
Other non-operating income	1,561,337	2,089,657
TOTAL	<u>2,306,938</u>	<u>2,373,343</u>
NOTE `19` COST OF MATERIAL CONSUMED		
Stock at Commencement	5,107,124	5,082,862
Add: Purchases	49,007,637	47,223,247
	54,114,761	52,306,109
Less : Stock at Close	4,643,165	5,107,124
TOTAL	<u>49,471,596</u>	<u>47,198,985</u>

**Significant Accounting Policies & Notes on Financial Statement
for the Year ended on 31st March, 2014**

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE `20`		
EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages, Bonus etc.	22,311,670	21,353,361
P.F., E.S.I.C. and Other Statutory Funds	1,887,348	2,728,159
Workmen and Staff Welfare Expenses	4,199,240	4,444,699
TOTAL	28,398,258	28,526,219
NOTE `21`		
FINANCE COSTS		
Interest Expense		
Interest on Term Loan	9,232,124	12,668,616
Interest on Working Capital	95,489	98,396
Interest - Other (Refer Footnote)	2,213,597	-
TOTAL	11,541,210	12,767,012
Footnote:		
Interest - Other includes interest paid on short term unsecured loan from related party.		
NOTE `22`		
OTHER EXPENSES		
Power and Fuel	17,842,207	16,691,784
Repairs To - Building	13,271,073	15,168,884
- Machinery	3,680,512	2,558,751
- Others	3,033,226	3,002,839
Renewal & Replacements	946,539	43,974
Rent	-	90,000
Insurance	622,897	357,086
Rates and Taxes	6,408,706	6,446,487
Linen, Uniform & Washing	3,608,300	2,791,034
Housekeeping Expenses	6,306,539	4,480,320
Advt., Publicity & Promotional Expenses	3,751,973	3,441,887
Commission Expense	1,558,467	1,920,462
Travelling & Conveyance	1,761,904	1,696,025
Freight, Cartage & Transportation	3,635,811	4,519,207
Management & Franchise Fees	2,400,000	2,474,160
Legal & Professional Fees	3,195,369	2,739,748
Payment to Auditor (Refer Footnote i)	112,360	112,360
Directors Remuneration	1,980,000	1,980,000
Loss on Assets discarded	-	274,807
Miscellaneous Expense (Refer Footnote ii)	3,647,792	3,165,427
TOTAL	77,763,675	73,955,242
Footnote:		
(i) Payment to Auditors:		
As auditors - statutory audit	44,944	44,944
For taxation matters	33,708	33,708
For other services	33,708	33,708
TOTAL	112,360	112,360
(ii) Miscellaneous expense under the head Other Expense above includes balances written off ₹ 51,017/- (P.Y. ₹ 6,900/-)		
NOTE `23`		
ADDITIONAL INFORMATION		
Value of imports calculated on CIF basis:		
Capital goods	1,714,929	2,522,470
TOTAL	1,714,929	2,522,470
Earnings in foreign exchange :		
Income from operations:		
Payment Received from Foreign Customers	7,519,555	5,682,165
TOTAL	7,519,555	5,682,165

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

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

	Provisions, Stores, Food & Beverages (₹)	Wine & Liquor (₹)	Total (₹)	Other Consumables (₹)	Total (₹)
Opening Stock	4,10,567 (4,11,272)	46,96,557 (46,71,590)	51,07,124 (50,82,862)	45,09,313 (47,54,760)	96,16,437 (98,37,622)
Add:- Purchases	1,08,92,674 (1,25,78,626)	3,81,14,963 (3,46,44,621)	4,90,07,637 (4,72,23,247)	14,71,496 (28,02,152)	5,04,79,133 (5,00,25,399)
Total	1,13,03,241 (1,29,89,898)	4,28,11,520 (3,93,16,211)	5,41,14,761 (5,23,06,109)	59,80,809 (75,56,912)	6,00,95,570 (5,98,63,021)
Less:- Closing Stock	4,01,129 (4,10,567)	42,42,036 (46,96,557)	46,43,165 (51,07,124)	32,72,792 (45,09,313)	79,15,957 (96,16,437)
Consumption during the year	1,09,02,112 (1,25,79,331)	3,85,69,484 (3,46,19,654)	4,94,71,596 (4,71,98,985)	27,08,017 (30,47,599)	5,21,79,613 (5,02,46,584)

(Figures in brackets represent figures for the year 2012-13)

- | | 2013-14
₹ | 2012-13
₹ |
|--|--------------|--------------|
| 25. Estimated amount of Contracts remaining to be executed on capital account
(Net of Advances) | 3,00,00,000 | 2,00,00,000 |
| 26. Contingent Liabilities not provided for in respect of : | | |
| a) Corporate Guarantee given to Bank of India on behalf of
M/s. Kesar Motels Pvt. Ltd. | -- | 9,55,00,000 |
| 27. There is no amount due and outstanding to "Investors Education and Protection Fund." | | |
| 28. Income from operations represents invoiced value of goods sold and services rendered exclusive of applicable taxes. | | |
| 29. In the opinion of Board of Directors of the Company, all the current assets, loans and advances have value on realisation of an amount at least equal to the amount at which they are stated in the Balance Sheet. | | |
| 30. As per Accounting Standard -15 – Accounting for Employees benefits as defined in the accounting standard, the summarised components of net benefit expense recognised in the Statement of profit and loss and the funded status and the amount recognised in the balance sheet are given herein below: | | |

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

I. Change in Benefit Obligation	2013-14	2012-13
	₹	₹
Liability at the beginning of the year	20,84,587	16,01,668
Interest Cost	1,66,767	1,28,133
Current Service Cost	3,56,181	3,99,967
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Benefit Paid	(3,46,306)	(6,490)
Actuarial (gain)/loss on obligation	1,24,164	(38,691)
Curtailments and Settlements	-	-
Liability at the end of the year	23,85,393	20,84,587
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	26,19,798	19,93,790
Expected Return on Plan Assets	2,24,320	1,79,030
Contribution	3,27,708	4,53,468
Benefit Paid	(3,46,306)	(6,490)
Actuarial gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	28,25,520	26,19,798
Excess of Obligation over Plan Assets	(4,40,127)	(5,35,211)
III. Actual Return on Plan Assets		
Expected Return on Plan Assets	2,24,320	1,79,030
Actuarial gain/(loss) on Plan Assets	-	-
Actual Return on Plan Assets	2,24,320	1,79,030
IV. Amount Recognized in the Balance Sheet		
Liability at the end of the year	23,85,393	20,84,587
Fair Value of Plan Assets at the end of the year	28,25,520	26,19,798
Difference	(4,40,127)	(5,35,211)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(4,40,127)	(5,35,211)
V. Expenses Recognised in the Income Statement		
Current Service Cost	3,56,181	3,99,967
Interest Cost	1,66,767	1,28,133
Expected Return on Plan Assets	(2,24,320)	(1,79,030)
Net Actuarial (gain)/loss to be Recognised	1,24,164	(38,691)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Effect of Curtailments and Settlements	-	-
Expenses Recognised in Statement of Profit and Loss	4,22,792	3,10,379

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

	2013-14 ₹	2012-13 ₹
VI. Balance Sheet Reconciliation		
Opening Net Liability	(5,35,211)	(3,92,122)
Expenses as above	4,22,792	3,10,379
Employers Contribution	(3,27,708)	(4,53,468)
Effect of Curtailments and Settlements	-	-
Amount Recognised in Balance Sheet	(4,40,127)	(5,35,211)
VII. Actuarial Assumptions		
Discount Rate Current	8%	8%
Salary Escalation	7%	7%

Note:

- I. Employer's contribution, Benefits Paid and Past Service Cost includes payments made by the Company directly to its past employees.
- II. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- III. The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

31. Earning Per Share:

Earning per Share is calculated in accordance with Accounting Standard 20 – 'Earning per Share' – (AS- 20), notified by the Company's (Accounting Standards) Rules, 2006

Particulars	2013-14 ₹	2012-13 ₹
a. Profit after Tax	1,70,78,959	2,40,05,814
b. Average No. of Equity Shares Basic & Diluted	1,62,38,400	1,62,38,400
c. Earning Per Share Basic & Diluted	1.05	1.48

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

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

(A) Nature of Relationship

- (I) Enterprises in which Key Management Personnel have significant influence, with whom the company had transactions:
 - Kesar Motels Pvt. Ltd.
 - Lords Inn Hotels and Developers Ltd.
 - Sai Ram Krupa Hotels Pvt. Ltd.
 - Lords Oriental Resorts Developers (Silvassa) Pvt. Ltd.
 - Lords Sai Ma Hotels Pvt. Ltd.
 - Lords Ishwar Hotels Ltd.
 - Lords Institute of Management Pvt. Ltd.
 - Sahyaadri Health Tourism Pvt. Ltd.

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2014**

(II) Key Management Personnel:
Pushpendra Bansal
Ramesh Bansal

(B) Transactions with Related Parties

(Amount in ₹)

Sr. No.	Nature of Transaction (Excluding Reimbursement)	Associates	Key Management Personnel	Total
1	Interest Paid/ (Received)	22,13,597 (Nil)	Nil (Nil)	22,13,597 (Nil)
2	Receiving of services	26,96,640 (26,96,640)	19,80,000 (19,80,000)	46,76,640 (46,76,640)
3	Deputation of employees	Nil (1,62,000)	Nil (Nil)	Nil (1,62,000)
4	Rendering of Services & Payment of Taxes	27,86,940 (46,70,110)	Nil (Nil)	27,86,940 (46,70,110)
5	Amount Received on Current A/c (Net)	4,69,70,039 (Nil)	Nil (Nil)	4,69,70,039 (Nil)
6	Amount Given on Current A/c (Net)	Nil (48,52,977)	Nil (Nil)	Nil (48,52,977)

(C) Balance as at 31.03.2014

7	Investment	3,51,00,000 (3,51,00,000)	Nil (Nil)	3,51,00,000 (3,51,00,000)
8	Trade & Other Receivable	83,731 (18,50,668)	Nil (Nil)	83,731 (18,50,668)
9	Due from/(to) on Current A/c	4,69,70,039 (45,00,000)	Nil (Nil)	4,69,70,039 (45,00,000)
10	Trade & Other Payables	5,53,773 (1,72,483)	93,450 (2,45,185)	6,47,223 (4,17,668)

(Figures in brackets are for previous year)

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

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

For and on behalf of the Board of Directors

AKASH GAGLANI
Partner
Membership No. 114255

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director
DIN – 00086343

RAMESH BANSAL
Managing Director
DIN - 00086256

Place : Surat
Date : May 30, 2014

HITESH LIMBANI
Company secretary
ACS - 31531

H S INDIA LIMITED

CIN: L55100MH1989PLC053417

Reg. Off.: A-1, Manish Kaveri, Building No. 18, Manish Nagar, J. P. Road, Andheri (W), Mumbai – 400 053, Maharashtra
 Tel: 022-26396768, Fax: 022-26396768, Email: hsindialimited@gmail.com, Website: www.hsindia.in

FORM NO. MGT-11
PROXY FORM

DPID:-----
 Regd. Folio No.-----

CLIENT ID:-----

I/We being the member(s) of ----- shares of the above named Company hereby appoint:

1. Name:-----
 Address:-----
 E-mail Id: -----
 Signature: ----- or failing him/her
2. Name:-----
 Address:-----
 E-mail Id: -----
 Signature: ----- or failing him/her
3. Name:-----
 Address:-----
 E-mail Id: -----
 Signature: ----- or failing him/her

as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Thursday, the 11th September, 2014 at 09.30 a.m. and any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.	Resolution
Ordinary Business	
1	Adoption of financial statement
2	Appointment of Director
3	Appointment of auditor
Special Business	
4	Appointment of Mr. Nimish Shah as an Independent Director
5	Appointment of Mrs. Sangeeta Bansal as a Director, liable to retire by rotation
6	Appointment of Mr. Pradeep Dhawan as an Independent Director
7	Appointment of Mr. Bapi Datta as an Independent Director
8	Re-appointment of Mr. Ramesh Bansal as a Managing Director for further period of 5 years
9	To authorise Board of Directors to borrow money under Section 180(1) (c) of the Companies Act, 2013
10	To approve creation of charge / security over the assets/undertaking of the Company in respect of borrowings
11	To adopt new Articles of Association of the Company

As witness my / our hand(s) this _____ day of _____ 2014

Signature of Shareholder:----- Signature of Proxy:-----

Affix
1 Rupee
Revenue
Stamp

NOTE:

The proxy form duly stamped, completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the aforesaid meeting. The Proxy need not be a member of the Company.

H S INDIA LIMITED

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 Tel: 022-26396768, Fax: 022-26396768, Email: hsindialimited@gmail.com, Website: www.hsindia.in

ATTENDANCE SLIP

(Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall)

DPID _____
 Regd. Folio No. _____

CLIENT ID _____

I hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company held on Thursday, 11th September, 2014 at 9.30 a.m. at 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai - 400 053.

Name of Shareholder/Proxy _____ Signature of Shareholder/Proxy _____

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

-----Cut here-----

H S INDIA LIMITED

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20% DISCOUNT COUPON

Dear Shareholders,

The Company is pleased to issue this coupon, which will entitle you to avail of discount on rooms and at the restaurant located in the hotel. The Company will not make cash refunds against any coupon or part use thereof and will not be able to extend the validity of the coupon nor issue duplicate coupon in case of lost / defaced coupon. This coupon is not valid for consumption of cigarettes and for the purpose of banquets.

Please detach the coupon for the part used & submit while your bill is being prepared.

Lords Plaza SURAT	Lords Plaza SURAT	Lords Plaza SURAT	Lords Plaza SURAT	Lords Plaza SURAT	Lords Plaza SURAT
Bill Value up to ₹ 500	Bill Value up to ₹ 500	Bill Value up to ₹ 500	Bill Value up to ₹ 500	Bill Value up to ₹ 500	Bill Value up to ₹ 500
Discount – 20% On published tariff	Discount – 20% On published tariff	Discount – 20% On published tariff	Discount – 20% On published tariff	Discount – 20% On published tariff	Discount – 20% On published tariff
Valid up to 31-03-15	Valid up to 31-03-15	Valid up to 31-03-15	Valid up to 31-03-15	Valid up to 31-03-15	Valid up to 31-03-15