



H. S. INDIA LIMITED

23rd

**Annual
Report**

2011-12

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

NOTICE

NOTICE is hereby given that the **23rd ANNUAL GENERAL MEETING of H. S. INDIA LIMITED** will be held at 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai - 400 053, on Tuesday, the 25th September, 2012 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Nimish Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Pradeep Dhawan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. PARY & Co., Chartered Accountants, Surat as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESSES:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines and clarifications for managerial remuneration issued by the Central Government from time to time and the Ordinary Resolution No. 5 passed by the Members of the Company at the 21st Annual General Meeting held on 29th September, 2010 in respect of re-appointment of Mr. Pushpendra Bansal, as Chairman & Jt. Managing Director of the Company for a further period of 5 years w.e.f. 28th October, 2010 with a remuneration as mentioned in the Explanatory Statement attached hereto, consent of the members of the Company be and is hereby accorded to pay the said remuneration in the event of any loss or inadequate profits in any financial year during the remaining period of 3 years w.e.f. 28th October, 2012."
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines and clarifications for managerial remuneration issued by the Central Government from time to time and the Ordinary Resolution No. 6 passed by the Members of the Company at the 21st Annual General Meeting held on 29th September, 2010 in respect of payment of remuneration to Mr. Ramesh Bansal as Managing Director of the Company w.e.f. 1st October, 2010 as mentioned in the Explanatory Statement attached hereto, consent of the members of the Company be and is hereby accorded to pay the said remuneration in the event of any loss or inadequate profits in any financial year during the remaining period of 2 years w.e.f. 1st October, 2012."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The register of members and share transfer books of the Company will remain closed from 19th September, 2012 to 25th September, 2012, both days inclusive.
- (c) Corporate Members intending to send authorised representative(s) to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the meeting.
- (d) Members are requested to:
- (i) Intimate to the Company's Registrar & Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd., 13 AB Samhita Warehousing Complex, 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.
 - (iv) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
- (e) A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
- (f) A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956****ITEM NO. 5**

At the 21st Annual General Meeting of the Company held on 29th September, 2010, Mr. Pushpendra Bansal has been re-appointed as Chairman and Jt. Managing Director of the Company for a further period of 5 years w.e.f. 28th October, 2010 at a total monthly remuneration of ₹ 1,50,000/- in case of Company having adequate profit during the said period of 5 years.

However, in order to make payment of Managerial Remuneration in the event of loss or inadequate profit in any financial year during remaining period of 3 years, it is required to provide information as per Section II(B) of Part II of Schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION :

- (1) **Nature of industry :** Hotel Industry
- (2) **Date of commencement of Business :** The Company commenced its hotel operations from 1989 onwards.
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus:** Not Applicable

- (4) **Financial performance :**

(₹ in Lacs)

Financial Parameters	2011-12	2010-11	2009-10	2008-09
Total Income	1868.05	1464.67	1464.66	1192.98
Total Expenditure	1682.08	1321.93	1156.85	914.98
Profit Before Tax	190.46	142.74	266.20	278.00
Profit After Tax	143.96	98.17	232.34	68.41

- (5) **Export performance and net foreign exchange collaboration:**

(₹ in Lacs)

Financial Year	Foreign Exchange Earned	Foreign Exchange Used
2011-12	85.69	1.62
2010-11	53.38	39.10
2009-10	83.85	7.54
2008-09	80.09	0.00

- (6) **Foreign investments or collaborators, if any:** No

II. INFORMATION ABOUT THE APPOINTEE :

- (1) **Background Details:** Mr. Pushpendra Bansal aged about 52 years, is a Civil Engineer having wide and enrich experience of more than 30 years in the business of construction and hotel.
- (2) **Past Remuneration:** Remuneration of ₹ 18.00 lacs was paid to Mr. Pushpendra Bansal for the year 2011-12.
- (3) **Job profile and his suitability:** Mr. Pushpendra Bansal is in charge of the overall Operational Management of the Company, subject to superintendence, direction and control of the Board of the Company.
- (4) **Remuneration proposed:** As set out in the Resolution, the remuneration of Mr. Pushpendra Bansal has the approval of Board and Remuneration Committee.
- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of its origin) :** Taking into consideration of size of the Company, the profile of Mr. Pushpendra Bansal, an Indian national, the responsibility shouldered by him, the remuneration package set out in resolution is commensurate with the remuneration package paid to managerial position in other Companies.
- (6) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Apart from Mr. Pushpendra Bansal is a Chairman and Jt. Managing

Director of the Company and receiving managerial remuneration, he holds 22,42,266 Equity Shares of the Company in his individual capacity. Mr. Pushpendra Bansal is a brother of Mr. Ramesh Bansal, Managing Director of the Company.

III. OTHER INFORMATION:

- (1) **Reasons of loss or inadequate profits:** The Company is profit making Company.
- (2) **Steps taken or proposed to be taken for improvement:** The Company has taken a number of initiatives to improve its service standard in order to provide high class facilities to its valued customers and exhilarate hospitality standards.
- (3) **Expected increase in productivity and profits in measurable terms:** The Company's operations continue to remain profitable. Management desires to increase profit by offering various facilities to its valued customers.

IV. DISCLOSURES:

- (1) During the year ended on 31st March, 2012, Remuneration of ₹ 18.00 lacs has been paid to Mr. Pushpendra Bansal, Chairman and Jt. Managing Director of the Company.
- (2) Apart from remuneration payable to Mr. Pushpendra Bansal, Chairman and Jt. Managing Director and Mr. Ramesh Bansal, Managing Director of the company, the Company does not pay any remuneration including bonus, stock options, pension, etc. to the other directors of the Company.
- (3) The Company has not paid fixed component and performance linked incentives to any Directors of the Company.
- (4) The Company has not issued any stock options to any Directors of the Company.

The Directors recommend the resolution for your approval.

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

ITEM NO. 6

At the 21st Annual General Meeting of the Company held on 29th September, 2010, the Company has decided to pay monthly remuneration of ₹ 15,000/- to Mr. Ramesh Bansal, as a Managing Director of the Company w.e.f. 1st October, 2010 in case of Company having adequate profit during the period of his service.

However, in order to make payment of Managerial Remuneration in the event of loss or inadequate profit in any financial year during remaining period of 2 years, it is required to provide information as per Section II(B) of Part II of Schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION:

- (1) **Nature of industry:** Hotel Industry
- (2) **Date of commencement of Business:** The Company commenced its hotel operations from 1989 onwards.

- (3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not Applicable

- (4) Financial performance:

(₹ in Lacs)

Financial Parameters	2011-12	2010-11	2009-10	2008-09
Total Income	1868.05	1464.67	1464.66	1192.98
Total Expenditure	1682.08	1321.93	1156.85	914.98
Profit Before Tax	190.46	142.74	266.20	278.00
Profit After Tax	143.96	98.17	232.34	68.41

- (5) Export performance and net foreign exchange collaboration:

(₹ in Lacs)

Financial Year	Foreign Exchange Earned	Foreign Exchange Used
2011-12	85.69	1.62
2010-11	53.38	39.10
2009-10	83.85	7.54
2008-09	80.09	0.00

- (6) Foreign investments or collaborators, if any: No

II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background Details:** Mr. Ramesh Bansal aged about 62 years, is a Science Graduate having more than 35 years of practical experience in the field of Hotel, Export-Import, Mining, Shipping & Transportation.
- (2) **Past Remuneration:** Remuneration of ₹ 1.80 lacs was paid to Mr. Ramesh Bansal for the year 2011-12.
- (3) **Job profile and his suitability:** Mr. Ramesh Bansal is in charge of the overall administration of the Company, subject to superintendence, direction and control of the Board of the Company.
- (4) **Remuneration proposed:** As set out in the Resolution, the remuneration of Mr. Ramesh Bansal has the approval of Board and Remuneration Committee.
- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of its origin):** Taking into consideration of size of the Company, the profile of Mr. Ramesh Bansal, an Indian national, the responsibility shouldered by him, the remuneration package set out in resolution is commensurate with the remuneration package paid to managerial position in other Companies.
- (6) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Apart from Mr. Ramesh Bansal is a Managing Director of the Company and receiving managerial remuneration, he holds 1,51,520 Equity Shares of the Company in his individual capacity. Mr. Ramesh Bansal is a brother of Mr. Pushpendra Bansal, Chairman & Jt. Managing Director of the Company.

III. OTHER INFORMATION:

- (1) **Reasons of loss or inadequate profits:** The Company is profit making Company.
- (2) **Steps taken or proposed to be taken for improvement:** The Company has taken a number of Initiatives to improve its service standard in order to provide high class facilities to its valued customers and exhilarate hospitality standards.
- (3) **Expected increase in productivity and profits in measurable terms:** The Company's operations continue to remain profitable. Management desires to increase profit by offering various facilities to its valued customers.

IV. DISCLOSURES:

- (1) During the year ended on 31st March, 2012, Remuneration of ₹ 1.80 lacs has been paid to Mr. Ramesh Bansal, Managing Director of the Company.
- (2) Apart from remuneration payable to Mr. Ramesh Bansal, Managing Director and Mr. Pushpendra Bansal, Chairman and Jt. Managing Director of the company, the Company does not pay any remuneration including bonus, stock options, pension, etc. to the other directors of the Company.
- (3) The Company has not paid fixed component and performance linked incentives to any Directors of the Company.
- (4) The Company has not issued any stock options to any Directors of the Company.

The Directors recommend the resolution for your approval.

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

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

Place: Surat
Date : August 24, 2012

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

Registered Office:

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

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the 23rd Annual Report of your Company together with the Audited Financial Statements and Auditors' Report for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
Net Income	1,868.05	1,464.67
Net Operating Profit	498.66	418.20
Less: Interest & Finance Charges	166.16	170.37
Less: Depreciation	146.53	105.09
Net Profit Before Tax & Exceptional Items	185.97	142.74
Add : Exceptional Items	4.49	--
Net Profit Before Tax	190.46	142.74
Less: Provision for Taxation		
- Net Current Tax	56.00	30.00
- Deferred Tax	(9.50)	14.57
Net Profit After Tax	143.96	98.17

The Net Income of your Company for the year 2011-12 was amounted to ₹ 1868.05 lacs as against ₹ 1464.67 lacs in the previous year. Net profit after tax of the Company was amounted to ₹ 143.96 lacs as against ₹ 98.17 lacs in the previous year. Net Income and net profit after tax was increased mainly due to increase in Rooms and Foods & Beverages sale.

DIVIDEND

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2012, 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, 2012 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, 2012, on a 'going concern' basis.

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

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

A. Conservation of Energy

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

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

B. Technology Absorption

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

C. Total Foreign Exchange Earning and Outgo

Particulars	2011-2012 Amount (₹)	2010-2011 Amount (₹)
a. Total Foreign Exchange used	1,62,056	39,09,626
b. Total Foreign Exchange earned	85,68,552	53,38,092

DIRECTORS

Mr. Nimish Shah and Mr. Pradeep Dhawan, directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

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

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

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 24, 2012

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

Registered Office:

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

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

Over the past few quarters, the global economy has been affected by various natural, social and economic headwinds; the earthquake in Japan during March-2011, the floods in Thailand during October-2011 or the civil unrest in the Arab countries and most importantly the ongoing economic crisis in the EU. Despite these upheavals, the international travel and tourism industry is currently on a growth path and is set to cross an all time high of more than 1 billion international travellers in 2012. According to the United Nation World Tourism Council (WTTC) Barometer, foreign tourist arrivals (FTA) in India grew by 8.9% from 5.8 million in 2010 to 6.29 million tourists 2011, while International tourist arrivals grew up by 4.4% from 935 million in 2010 to 980 million in 2011.

However, the pace was significantly slower than the 11.8% (FTA) and 7.0% (international travellers) of the previous year. Growth in arrivals to Africa and the Middle East was weak while arrivals to Europe, Asia, the Pacific and America led the international traveller growth during the year. With strengthening regional business ties, South and South-East of Asia witnessed strong intra-regional demand during the period.

As is the case with industries that depend on discretionary spending, the performance of the hotel industry is intrinsically knit with the economic growth. However, we have in the past witnessed periods of decoupling between the hotel industry and GDP growth; particularly during periods of recession and the early phases of recovery. During the economic down cycle, the faster pace of deceleration in the hotel industry, as witnessed during 2009, can take the industry to deep troughs. While the climb during the initial phases of recovery is faster than the economic revival, a strong underlying economy is a pre-requisite for a sustained recovery.

OPPORTUNITIES, THREATS, RISK AND CONCERNS:

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

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

Despite the apparent steps taken by the tourism industry in India, some worries still remain. Issues like land availability, rising land prices, licensing issues, multiple approvals, complex approval procedures, high financing costs lead to a long development cycle of 3-5 years for a 3-5 star hotels in India which ultimately results in high room tariffs and long gestation periods for achieving break even. There are several other challenges in the sector that needs to be addressed and key among them include talent management, tax and regulatory issues and the infrastructure deficit.

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

The Union Budget 2012-13 has impacted the Indian hospitality industry with hike of a 2% in the service tax from the existing 10%. With the service tax hike and other hikes in indirect taxes, customs and excise duties, the construction and operations of the hotels would become more difficult and expensive. Given the intense competition in the industry, the players will have limited ability to pass on the service tax through higher room rates.

FINANCIAL AND OPERATIONAL PERFORMANCE:

The Net Income of your Company for the year 2011-12 was amounted to ₹ 1868.05 lacs as against ₹ 1464.67 lacs in the previous year. Net profit after tax of the Company was amounted to ₹ 143.96 lacs as against ₹ 98.17 lacs in the previous year. Net Income and net profit after tax was increased mainly due to increase in Rooms and Foods & Beverages sale.

FUTURE PROSPECTS :

The United Nations World Tourism Organisation (UNWTO) expects growth to continue for the tourism sector in 2012, although at slower rate. It forecasts international tourist arrivals to grow in the range of 3% to 4% in 2012. WTTC indicates that this growth will be moderate as the bounce-back for tourism destinations that faced specific challenges last year, will be offset by a weaker performance in other countries. Travel & tourism in China, India, Japan (bounce-back), Latin America and Africa is expected to perform well in 2012. UNWTO predicts that India will receive 25 million foreign tourists by the year 2015.

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 2011-12 was 221 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 number of Non Executive/Independent Directors is more than 50% of the total number of the Directors.

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

5 (Five) Board Meetings were held during the financial year 2011-12. The dates on which the said meetings were held are as follows:

1.	April 30, 2011	2.	July 30, 2011	3.	August 29, 2011
4.	October 31, 2011	5.	January 31, 2012		

The last Annual General Meeting of the Company was held on September 29, 2011.

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

Name	Category	Attendance Particulars		No. of Equity Shares Held
		Board Meetings	Last AGM	
Mr. Pushpendra Bansal	Chairman & Joint Managing Director	3	Yes	22,42,266
Mr. Ramesh Bansal	Managing Director	5	No	1,51,520
Mr. Nimish Shah	Non Executive Independent Director	5	No	Nil
Mr. Pradeep Dhawan	Non Executive Independent Director	5	Yes	1,000
Mr. Bapi Datta	Non Executive Independent Director	5	Yes	Nil

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

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

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

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

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

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

Code of Conduct

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

Note on Directors seeking appointment/re-appointment:

NIMISH SHAH

Mr. Nimish Shah aged about 46 years and having more than 25 years of enrich experience, is an Air Conditioning Engineer by profession and engaged in his private business. He has been instrumental in giving much of his technical advice to the Board in the Hotel operations which has helped in the smooth running of the business.

He is not a Director in any other Company.

PRADEEP DHAWAN

Shri Pradeep Dhawan aged about 57 years and having a experience of more than 3 decades is a graduate from Catering College and has vast experience of more than 28 years in Hotel Industry. He has been influential in giving much of his professional advice in operation of Hotel which has helped in the smooth running of the business.

He is a Director in one private limited Company.

3. AUDIT COMMITTEE

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

During the financial year 2011-12, the Audit Committee met 5 (Five) times on April 30, 2011, July 30, 2011, August 29, 2011, October 31, 2011 and January 31, 2012. The Committee, at these meetings reviewed the financial reporting system and unaudited financial results for the first three quarters.

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

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dhawan	5	5
Mr. Nimish Shah	5	5
Mr. Ramesh Bansal	5	5

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

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

4. REMUNERATION COMMITTEE

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

During the year, No 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, 2012, your Company has paid remuneration to its Executive Directors as under:

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

The brief terms of reference of the Committee include redressal of investors'/shareholders' complaints and requests like transfer of shares, non-receipt of dividend, annual report, etc.

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

During the year, one Shareholders'/Investors' Grievance Committee meeting was held on August 29, 2011. All Members were present at the Committee Meeting.

During the year, the company has not received any shareholders' / investors' complaints. There were no outstanding complaints as on March 31, 2012.

6. GENERAL BODY MEETINGS**(A) General Meeting:**

(i) Annual General Meeting:

Details	Date	Time	Venue
Annual General Meeting 2010-11	September 29, 2011	10.00 A.M.	'Kalash', Dhake Colony, J. P. Road, Andheri (W), Mumbai - 400 053
Annual General Meeting 2009-10	September 29, 2010		
Annual General Meeting 2008-09	September 29, 2009		

(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

The Company has not passed any special resolution in the previous three Annual General Meetings.

7. DISCLOSURES

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

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

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

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

(iv) Pursuant to sub-clause V of the Clause 49 of the Listing Agreement, the Board has received CEO/CFO certificate for the Financial Year ended March 31, 2012.

8. MEANS OF COMMUNICATION

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

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

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

9. GENERAL SHAREHOLDER INFORMATION

1.	Annual General Meeting		
	Date and Time Venue	September 25, 2012 at 10.00 a.m. 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai-400053	
2.	Financial Calendar 2012-13	Financial Calendar	Financial reporting by
		For the quarter ending June, 2012 For the quarter ending September, 2012 For the quarter ending December, 2012 For the quarter ending March, 2013 Annual General Meeting for 2012-13	mid of August, 2012 mid of November, 2012 mid of February, 2013 mid of May, 2013 end of September, 2013
3.	Book closure date	19.09.2012 to 25.09.2012(both days inclusive)	
4.	Dividend Payment Date	No Dividend has been recommended.	
5.	Registered Office of the company	A-1, Manish Kaveri, Building No. 18, Manish Nagar, J. P. Road, Andheri (West), Mumbai - 400 053. Email: hsindialimited@gmail.com Website : www.hsindia.in	
6.	Listing on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai	
7.	Annual listing & Custodial fees	Duly paid for the year 2012-13.	
8.	Stock Code (a) Trading Symbol at (b) Demat ISIN Numbers in NSDL&CDSL	Bombay Stock Exchange Limited, Mumbai Equity Shares INE731B01010	532145/HOTLSILV
9.	Stock Market Data	The Bombay Stock Exchange Ltd.	
		High (₹)	Low (₹)
	April 2011	9.88	7.77
	May 2011	8.65	6.70
	June 2011	9.00	6.45
	July 2011	8.16	6.88
	August 2011	7.81	6.01
	September 2011	8.50	6.42
	October 2011	9.40	6.51
	November 2011	8.74	5.82
	December 2011	6.98	4.70
	January 2012	6.63	5.00
	February 2012	7.06	5.80
	March 2012	8.23	5.70
10.	Share Price Performance compared with broad based indices		
		H. S. India Limited	BSE
	As on 1st April, 2011	8.29	19420.39
	As on 31st March, 2012	7.27	17404.20
	Change (%)	- 12.30 %	-10.38 %

11. A. Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares held	No. of Shareholders	% of Shareholding	No. of Shares held	% of Shareholding
1-500	1870	66.76	408975	2.52
501-1000	416	14.85	366947	2.26
1001-2000	209	7.46	333429	2.05
2001-3000	82	2.93	208089	1.28
3001-4000	36	1.29	128411	0.79
4001-5000	35	1.25	164785	1.02
5001-10000	65	2.32	465599	2.87
10001 & above	88	3.14	14162165	87.21
GRAND TOTAL	2801	100.00	16238400	100.00
Physical Mode	229	8.18	2639070	16.25
Electronic Mode	2572	91.82	13599330	83.75

B. Category of Shareholders as on 31st March, 2012:

Category Code	Category of Shareholders	No. of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
(A)	Shareholders of Promoter & Promoter Group			
(1)	Indian	12	6317860	38.91
(2)	Foreign	0	0	0.00
	Sub-Total (A)	12	6317860	38.91
(B)	Public Shareholding			
(1)	Institutions	1	300000	1.85
(2)	Non-Institutions			
	- Bodies Corporates	98	882660	5.43
	- Individuals	2679	8708078	53.62
	- Independent Director	1	1000	0.01
	- NRI's/OBC's/Foreign National	10	28802	0.18
	Sub-Total (B)	2789	9920540	61.09
(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)	2801	16238400	100.00

12.	Dematerialization of Shares	: As on March 31, 2012, 1,35,99,330 equity shares constituting 83.75 % 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, 2012, 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) Registered Office: 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 Investor Relation Centre: 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. REPORT ON CORPORATE GOVERNANCE:

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
H. S. INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by H. S. INDIA LIMITED for the period ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records and other documents maintained by the Shareholders'/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PARY & Co.,
Chartered Accountants

Place: Surat
Date : August 24, 2012

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

To,
The Members of
H. S. INDIA LIMITED

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchange, the Board members and the senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended March 31, 2012.

For H. S. INDIA LIMITED

Place: Surat
Date : August 24, 2012

RAMESH BANSAL
Managing Director/CEO

AUDITORS' REPORT

To
The Members of
H. S. INDIA LIMITED

1. We have audited the Balance Sheet of H. S. INDIA LIMITED as at 31st March, 2012 the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred in paragraph 3 above, we report that;
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representation received from the Director as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to best of information according to explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For PARY & Co.,
Chartered Accountants

Place: Surat
Date : August 24, 2012

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) All the fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. In our opinion, having regards to size of the Company and the nature of its business, the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off substantial part of fixed assets.
- (ii) (a) The inventory of the Company has been physically verified at reasonable intervals during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks were not material.
- (iii) The Company has not granted or taken any loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness was noticed in the internal controls.
- (v) (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us, no

undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess were outstanding as at March, 2012 for a period of more than six months from the date they become payable.

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

For PARY & Co.,
Chartered Accountants

Place: Surat
Date : August 24, 2012

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

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE NO.	AS AT 31.03.2012		AS AT 31.03.2011	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1. Shareholder's Funds					
(a) Share capital	1	162,384,000		162,384,000	
(b) Reserves and surplus	2	37,364,872		43,318,527	
			199,748,872		205,702,527
2. Non-Current Liabilities					
(a) Long-term borrowings	3	69,764,204		91,764,204	
(b) Deferred tax liabilities (Net)	4	42,060,000		22,660,000	
(c) Other long-term liabilities	5	500,000		530,000	
			112,324,204		114,954,204
3. Current Liabilities					
(a) Short-term borrowings	6	1,347,905		24,333,187	
(b) Trade payables	7	7,014,848		9,362,909	
(c) Other current liabilities	8	32,578,134		36,959,659	
(d) Short-term provisions	9	13,641,367		8,202,505	
			54,582,254		78,858,260
TOTAL			366,655,330		399,514,991
II. ASSETS					
1. Non-Current Assets					
(a) Fixed assets					
(i) Tangible assets	10A	245,119,456		250,653,317	
(ii) Intangible assets	10B	--		--	
(iii) Capital work-in-progress	10C	369,661		3,122,423	
(b) Non-current investments	11	35,139,260		65,125,260	
(c) Long-term loans and advances	12	49,488,723		50,004,248	
			330,117,100		368,905,248
2. Current Assets					
(a) Inventories	13	9,837,622		8,604,395	
(b) Trade receivables	14	5,129,190		6,233,880	
(c) Cash and cash equivalents	15	8,765,812		6,521,433	
(d) Short-term loans and advances	16	12,805,606		9,250,035	
			36,538,230		30,609,743
TOTAL			366,655,330		399,514,991
III. The significant accounting policies and accompanying notes 1 to 36 form an integral part of the financial statements					

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

For and on behalf of the Board of Directors

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

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

RAMESH BANSAL
Managing Director

Place : Surat
Date : August 24, 2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	2011-2012	2010-2011
		₹	₹
I Revenue from operations	17	184,871,803	145,079,114
II Other Income	18	1,933,126	1,387,700
III Total Revenue (I + II)		186,804,929	146,466,814
IV Expenses			
Cost of Materials Consumed	19	46,148,485	32,790,750
Employee benefit expense	20	23,970,776	19,510,827
Finance Costs	21	16,615,676	17,037,368
Depreciation and amortization expense		14,652,932	10,508,911
Other expenses	22	66,820,505	52,345,255
Total Expenses		168,208,374	132,193,111
V Profit before exceptional and extraordinary items and tax (III-IV)		18,596,555	14,273,703
VI Exceptional Items	23	449,790	--
VII Profit before extraordinary items and tax (V-VI)		19,046,345	14,273,703
VIII Extraordinary items		--	--
IX Profit before tax (VII-VIII)		19,046,345	14,273,703
X Tax expense:			
(a) Current tax expense		7,400,000	3,750,000
(b) Less: MAT credit		1,800,000	750,000
(c) Net current tax expense		5,600,000	3,000,000
(d) Deferred tax		(950,000)	1,456,985
XI Profit/(Loss) for the period from continuing operations (IX-X)		14,396,345	9,816,718
XII Profit/(Loss) for the period from discontinuing operations		--	--
XIII Tax expense of discontinuing operations		--	--
XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		--	--
XV Profit for the period (XI + XIV)		14,396,345	9,816,718
XVI Earnings per equity share:			
(1) Basic		0.89	0.60
(2) Diluted		0.89	0.60
XVII The significant accounting policies and accompanying notes 1 to 36 form an integral part of the financial statements			

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

For and on behalf of the Board of Directors

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

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

RAMESH BANSAL
Managing Director

Place : Surat
Date : August 24, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012		31.03.2011	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit as per Statement of Profit & Loss		19,046,345		14,273,703
Adjustments for:				
Depreciation	14,652,932		10,508,911	
Provision for employees benefit	(161,138)		166,205	
Interest paid	16,615,676		17,037,368	
Profit on sale of investment	(449,790)		--	
		30,657,680		27,712,484
Operating Profit Before Working Capital Changes		49,704,025		41,986,167
Working Capital Changes:				
(Increase)/Decrease in inventories	(1,233,227)		(804,049)	
(Increase)/Decrease in trade receivables	1,104,690		(562,818)	
(Increase)/Decrease in loans & advances	1,101,812		3,505,779	
(Increase)/Decrease in trade & other payables	(6,759,586)		18,652,463	
		(5,786,311)		20,791,375
Cash Generated from Operations		43,917,714		62,777,562
Payment of direct taxes		(4,141,858)		(1,878,255)
Net Cash Flow from Operating Activities		39,775,856		60,899,307
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase)/Sale of fixed assets/capital work-in-progress		(6,366,309)		(36,095,280)
(Purchase)/Sale of investments		30,435,790		(39,260)
Net Cash Flow From Investing Activities		24,069,481		(36,134,540)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayment) of long-term borrowings (Net)		(22,000,000)		(8,519,671)
Proceeds/(Repayment) of short-term borrowings (Net)		(22,985,282)		(1,329,658)
Interest paid		(16,615,676)		(17,037,368)
Net Cash Flow From Financing Activities		(61,600,958)		(26,886,697)
Net Cash Flow During The Year (A+B+C)		2,244,379		(2,121,930)
OPENING CASH AND CASH EQUIVALENTS	6,521,433		8,643,363	
CLOSING CASH AND CASH EQUIVALENTS	8,765,812		6,521,433	
Net Increase/(Decrease) in Cash and Cash Equivalents		2,244,379		(2,121,930)

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

For and on behalf of the Board of Directors

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

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

RAMESH BANSAL
Managing Director

Place : Surat
Date : August 24, 2012

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

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

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

B. Revenue Recognition

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

C. Use of Estimates

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

D. Fixed Assets

- (i) Fixed assets are stated at acquisition cost less accumulated depreciation.
- (ii) Expenditure including cost of financing incurred during the course of construction, installation and commissioning of building, plant and machinery is included in the cost of respective fixed assets.
- (iii) 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. All other borrowing costs are charged to revenue in the year in which they are incurred.

H. Investments

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

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

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

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 Statement of Profit and Loss.
- ii Gratuity is charged to revenue on actuarial valuation by Life Insurance Corporation of India under the Employees Group Gratuity policy with them.
- iii Provision for Leave encashment is made on the basis of actual leave outstanding at the end of the year based on the present pay structure.

K. Foreign Exchange Transactions

Transactions denominated in foreign currency settled / negotiated during 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 recognized in the Statement of Profit and 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 recognized 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, 2012**

NOTE '1'	As at 31.03.2012	As at 31.03.2011
SHARE CAPITAL	₹	₹
- Authorised Share Capital		
17,000,000 Equity Shares of ₹ 10/- each	170,000,000	170,000,000
(Previous year 17,000,000 Equity Shares of ₹ 10/- each)		
TOTAL	170,000,000	170,000,000
- Issued, Subscribed and Paid up Share Capital		
16,238,400 Equity Shares of ₹ 10/- each fully paid up	162,384,000	162,384,000
(Previous year 16,238,400 Equity Shares of ₹ 10/- each fully paid up)		
TOTAL	162,384,000	162,384,000

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

Particulars	As at 31.03.2012		As at 31.03.2011	
	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	--	--	--	--
Total	16,238,400	162,384,000	16,238,400	162,384,000
Less: Buy Back of shares / Reduction in Capital	--	--	--	--
As at the end of the year	16,238,400	162,384,000	16,238,400	162,384,000

(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:

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	% of holding	Number of shares	% of holding
Sangeeta Bansal	2,838,000	17.48%	2,838,000	17.48%
Pushpendra Bansal	2,242,266	13.81%	548,120	3.38%
Radheshyam Bansal	--	--	1,694,146	10.43%

NOTE '2'

	As at 31.03.2012	As at 31.03.2011
	₹	₹
RESERVES AND SURPLUS		
Securities Premium Reserve		
Opening and Closing Balance	21,752,000	21,752,000
Surplus in Statement of Profit and Loss		
Opening Balance	21,566,527	11,749,809
Add: Surplus during The Year	14,396,345	9,816,718
	35,962,872	21,566,527
Less: Deferred Tax Liability for earlier years (Refer Footnote)	20,350,000	--
Closing Balance	15,612,872	21,566,527
TOTAL	37,364,872	43,318,527

Footnote:

Deferred Tax resulting from timing difference in taxable and accounting income to the extent of unabsorbed depreciation was not accounted in the earlier years, the same is now directly debited to the brought forward surplus in the statement of Profit and Loss.

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

NOTE `3` LONG-TERM BORROWINGS	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Term Loan from Banks - Secured	69,764,204	91,764,204
TOTAL	69,764,204	91,764,204

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

	As at 31.03.2012 ₹		As at 31.03.2011 ₹	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan from banks				
a) Term Loan from Punjab National Bank	69,764,204	22,000,000	91,764,204	26,308,469
b) Vehicle Loan	--	183,792	183,792	548,962
	<u>69,764,204</u>	<u>22,183,792</u>	<u>91,947,996</u>	<u>26,857,431</u>

(ii) Maturity Profile :

	(Amount in ₹)			
	2012-13	2013-14	2014-15	2015-16
a) Term Loan from Punjab National Bank	22,000,000	22,000,000	24,000,000	23,764,204
b) Vehicle Loan	183,792	--	--	--

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

(iv) Vehicle Loans from Bank and NBFC's are secured by way of hypothecation of the Vehicle.

NOTE `4` DEFERRED TAX LIABILITIES (NET)	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Deferred Tax Liabilities On Depreciation of fixed assets (A)	42,300,000	22,934,361
Deferred Tax Assets On Provision for Employee Benefits (B)	240,000	274,361
Net Deferred tax liabilities (A-B)	42,060,000	22,660,000

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

Security Deposit - Unsecured	500,000	530,000
TOTAL	500,000	530,000

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

Loan repayable on demand From Bank - Secured (Refer Footnote)	1,347,905	1,083,187
Other Short-term loans From Related Parties - Unsecured	--	23,250,000
TOTAL	1,347,905	24,333,187

Footnote:

Secured Loan consist of Cash Credit facility from Punjab National Bank. The facility is 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, 2012**

NOTE `7'	As at 31.03.2012	As at 31.03.2011
TRADE PAYABLES	₹	₹
Micro Small & Medium Enterprise	--	--
Others		
Related Party	437,343	56,373
Others	6,577,505	9,306,536
TOTAL	7,014,848	9,362,909
NOTE `8'		
OTHER CURRENT LIABILITIES		
Current Maturities of Long-term borrowings (Refer Note-3, Footnote i)	22,183,792	26,857,431
Interest Accrued but not due on borrowings	33,277	1,541,524
Advances from Customers	978,190	1,138,947
Statutory Dues	5,311,826	4,099,986
Director Remuneration	379,266	320,455
Payable to employees	3,691,783	3,001,316
TOTAL	32,578,134	36,959,659
NOTE `9'		
SHORT-TERM PROVISIONS		
Provision for Employee Benefits	791,367	952,505
Other Provisions:		
Provision for Taxation	12,850,000	7,250,000
TOTAL	13,641,367	8,202,505
NOTE `11'		
NON-CURRENT INVESTMENTS		
<i>Trade Investments</i>		
Investment in Equity Instruments		
Associate Concern		
Unquoted (fully paid up)		
Kesar Motels Pvt. Ltd. of ₹ 100/- each	35,100,000	65,086,000
87,750 Shares (Previous Year 1,62,715 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	65,125,260
NOTE `12'		
LONG-TERM LOANS AND ADVANCES		
<i>Unsecured, considered good:</i>		
Capital Advances	47,000,000	47,000,000
Security Deposits	2,488,723	3,004,248
TOTAL	49,488,723	50,004,248
NOTE `13'		
INVENTORIES		
(At lower of cost and net realisable value, as verified, valued and certified by the management)		
Wine & Liquor	4,671,590	3,997,276
Provision, Stores, Food and Beverages	411,272	339,088
Other Consumables and Operating Supplies	4,754,760	4,268,031
TOTAL	9,837,622	8,604,395

Note - '10'
FIXED ASSETS

Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01.04.2011	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2012	AS ON 01.04.2011	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
A	TANGIBLE ASSETS:										
1	Freehold Land	21,767,000	--	--	21,767,000	--	--	--	--	21,767,000	21,767,000
2	Borewell	74,330	--	--	74,330	19,832	1,212	--	21,044	53,286	54,498
3	Building	116,955,721	5,769,254	--	122,724,975	12,971,949	1,919,260	--	14,891,209	107,833,766	103,983,772
4	Plant & Machineries	98,380,169	1,866,038	225,068	100,021,139	35,145,330	4,726,689	--	39,871,919	60,149,220	63,234,839
5	Motor Car	4,125,908	--	--	4,125,908	1,157,334	391,961	--	1,549,295	2,576,613	2,968,574
6	Computer	2,500,874	487,377	--	2,988,251	1,897,976	257,571	--	2,155,547	832,704	602,898
7	Electrical Installations	33,916,050	276,690	--	34,192,740	8,782,820	2,397,865	--	11,180,685	23,012,055	25,133,230
8	Furniture & Fixtures	52,615,246	944,780	--	53,560,026	19,706,740	4,958,474	--	24,665,214	28,894,812	32,908,506
	TOTAL - A	330,335,298	9,344,139	225,068	339,454,369	79,681,981	14,652,932	--	94,334,913	245,119,456	250,653,317
	PREVIOUS YEAR	242,986,427	87,348,871	--	330,335,298	69,173,070	10,508,911	--	79,681,981	250,653,317	173,813,357
B	INTANGIBLE ASSETS:										
	TOTAL - B	--	--	--	--	--	--	--	--	--	--
	PREVIOUS YEAR	--	--	--	--	--	--	--	--	--	--
C	CONSTRUCTION WIP:										
		3,122,423	3,821,163	6,573,925	369,661	--	--	--	--	369,661	3,122,423
	TOTAL - C	3,122,423	3,821,163	6,573,925	369,661	--	--	--	--	369,661	3,122,423
	PREVIOUS YEAR	54,376,014	22,632,570	73,886,161	3,122,423	--	--	--	--	3,122,423	54,376,014

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

NOTE `14`	As at 31.03.2012	As at 31.03.2011
TRADE RECEIVABLES	₹	₹
More than six months		
<i>Unsecured, considered good:</i>	464,247	382,344
Others		
<i>Unsecured, considered good:</i>	4,664,943	5,851,536
TOTAL	<u>5,129,190</u>	<u>6,233,880</u>
NOTE `15`		
CASH AND CASH EQUIVALENTS		
Cash on Hand	1,424,172	2,102,713
Balance with Banks		
<i>-In Current Accounts</i>	7,341,640	4,418,720
TOTAL	<u>8,765,812</u>	<u>6,521,433</u>
NOTE `16`		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Advance to Related parties	339,908	108,350
Advance for Capital Expenses	94,023	1,624,111
Advances to Suppliers	728,689	109,984
Prepaid Expenses	142,383	128,001
Advances to Employees	817,802	738,646
Balance with Statutory Authorities	10,682,801	6,540,943
TOTAL	<u>12,805,606</u>	<u>9,250,035</u>
NOTE `17`		
REVENUE FROM OPERATION		
Revenue From Operations		
Room Sale	81,412,699	68,293,004
Food & Beverage Sale	35,523,467	35,903,350
Wine & Liquor Sale	65,130,773	38,381,611
Other Services	2,804,864	2,501,149
TOTAL	<u>184,871,803</u>	<u>145,079,114</u>
NOTE `18`		
OTHER INCOME		
Interest Income		
- From Bank	163,755	48,851
- From Others	13,256	--
Other non-operating income	1,756,115	1,338,849
TOTAL	<u>1,933,126</u>	<u>1,387,700</u>
NOTE `19`		
COST OF MATERIAL CONSUMED		
Stock at Commencement	4,336,364	3,617,866
Add: Purchases	46,894,983	33,509,248
	<u>51,231,347</u>	<u>37,127,114</u>
Less : Stock at Close	5,082,862	4,336,364
TOTAL	<u>46,148,485</u>	<u>32,790,750</u>

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

NOTE `20'	As at 31.03.2012	As at 31.03.2011
EMPLOYEE BENEFIT EXPENSE	₹	₹
Salaries, Wages, Bonus etc.	18,214,397	15,150,369
Contribution to P.F., E.S.I.C. and Other Statutory Funds	2,140,004	1,505,151
Workmen and Staff Welfare Expenses	3,616,375	2,855,267
TOTAL	23,970,776	19,510,827
NOTE `21'		
FINANCE COSTS		
Interest Expense		
Interest on Term Loan	16,402,957	16,726,920
Interest on Working Capital	157,229	174,816
Interest on Car Loan	55,490	135,632
TOTAL	16,615,676	17,037,368
NOTE `22'		
OTHER EXPENSES		
Power and Fuel	12,527,452	9,656,889
Repairs To - Building	14,973,823	8,509,079
- Machinery	2,573,323	2,971,708
- Others	1,345,731	783,698
Renewal & Replacements	633,142	316,398
Rent	430,596	330,000
Insurance	355,204	402,075
Rates and Taxes	6,247,231	4,845,343
Linen, Uniform & Washing	2,499,458	2,882,772
Housekeeping Expenses	3,711,282	2,949,643
Advt., Publicity & Promotional Expenses	3,410,617	1,781,650
Freight, Cartage & Transportation	4,435,319	2,830,204
Management & Franchise Fees	2,651,320	2,647,200
Legal & Professional Fees	2,346,160	4,115,250
Payment to Auditor (Refer Footnote i)	112,360	110,300
Director Remuneration	1,980,000	1,540,000
Miscellaneous Expense (Refer Footnote ii)	6,587,487	5,673,046
TOTAL	66,820,505	52,345,255
Footnote:		
(i) Payment to Auditors:		
As auditors - statutory audit	44,944	44,120
For taxation matters	33,708	33,090
For other services	33,708	33,090
TOTAL	112,360	110,300
(ii) Miscellaneous expense under the head Other Expense above includes balances written off ₹ 4,20,343/- (P.Y. ₹ 1,364/-).		
NOTE `23'		
EXCEPTIONAL ITEMS		
Net gain on sale of investments in Kesar Motels Pvt. Ltd.	449,790	--
TOTAL	449,790	--
NOTE `24'		
ADDITIONAL INFORMATION		
Value of imports calculated on CIF basis:		
Capital goods	162,056	3,909,626
TOTAL	162,056	3,909,626
Earnings in foreign exchange :		
Income from operations		
Payment received from foreign customers	8,568,552	5,338,092
TOTAL	8,568,552	5,338,092

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

25. 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	3,39,088 (3,38,740)	39,97,276 (32,79,126)	43,36,364 (36,17,866)	42,68,031 (41,82,480)	86,04,395 (78,00,346)
Add: Purchases	1,12,51,811 (1,22,75,326)	3,56,43,172 (2,12,33,922)	4,68,94,983 (3,35,09,248)	42,24,071 (26,33,979)	5,11,19,054 (3,61,43,227)
Total	1,15,90,899 (1,26,14,066)	3,96,40,448 (2,45,13,048)	5,12,31,347 (3,71,27,114)	84,92,102 (68,16,459)	5,97,23,449 (4,39,43,573)
Less: Closing Stock	4,11,272 (3,39,088)	46,71,590 (39,97,276)	50,82,862 (43,36,364)	47,54,760 (42,68,031)	98,37,622 (86,04,395)
Consumption during the year	1,11,79,627 (1,22,74,978)	3,49,68,858 (2,05,15,772)	4,61,48,485 (3,27,90,750)	37,37,342 (25,48,428)	4,98,85,827 (3,53,39,178)

(Figures in brackets represent figures for the year 2010-11)

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

	<u>2011-12</u> ₹	<u>2010-11</u> ₹
27. Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)	30,00,000	50,00,000
28. Contingent Liabilities not provided for in respect of:		
a) Corporate Guarantee given to Bank of India on behalf of M/s. Kesar Motels Pvt. Ltd.	9,55,00,000	9,55,00,000
29. There is no amount due and outstanding to "Investors Education and Protection Fund."		
30. Income from operations represents invoiced value of goods sold and services rendered exclusive of applicable taxes.		
31. In the opinion of Board of Directors of the Company, all the current assets, loans and advances have value on realisation of an amount at least equal to the amount at which they are stated in the Balance Sheet.		
32. As per Accounting Standard -15 - Accounting for Employees benefits as defined in the accounting standard, the summarized 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, 2012**

I. Change in Benefit Obligation	2011-12 ₹	2010-11 ₹
Liability at the beginning of the year	11,75,955	9,65,081
Interest Cost	94,076	77,206
Current Service Cost	2,59,779	50,589
Past Service Cost (Non Vested Benefit)	--	--
Past Service Cost (Vested Benefit)	7,615	--
Benefit Paid	(19,903)	(1,68,491)
Actuarial (gain) / loss on obligation	84,146	2,51,570
Curtailments and Settlements	--	--
Liability at the end of the year	<u>16,01,668</u>	<u>11,75,955</u>
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	11,11,349	11,39,160
Expected Return on Plan Assets	1,18,167	90,828
Contribution	7,84,177	49,852
Benefit Paid	(19,903)	(1,68,491)
Actuarial gain/(loss) on Plan Assets	--	--
Fair Value of Plan Assets at the end of the year	<u>19,93,790</u>	<u>11,11,349</u>
Excess of Obligation over Plan Assets	<u>(3,92,122)</u>	<u>64,606</u>
III. Actual Return on Plan Assets		
Expected Return on Plan Assets	1,18,167	90,828
Actuarial gain/(loss) on Plan Assets	--	--
Actual Return on Plan Assets	<u>1,18,167</u>	<u>90,828</u>
IV. Amount Recognised in the Balance Sheet		
Liability at the end of the year	16,01,668	11,75,955
Fair Value of Plan Assets at the end of the year	19,93,790	11,11,349
Difference	(3,92,122)	64,606
Unrecognised Past Service Cost	--	--
Amount Recognised in the Balance Sheet	<u>(3,92,122)</u>	<u>64,606</u>
V. Expenses Recognised in the Income Statement		
Current Service Cost	2,59,779	50,589
Interest Cost	94,076	77,206
Expected Return on Plan Assets	(1,18,167)	(90,828)
Net Actuarial (gain)/loss to be Recognised	84,146	2,51,570
Past Service Cost (Non Vested Benefit) Recognised	--	--
Past Service Cost (Vested Benefit) Recognised	7,615	--
Effect of Curtailments and Settlements	--	--
Expenses Recognized in Statement of Profit and Loss	<u>3,27,449</u>	<u>2,88,537</u>

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

	2011-12 ₹	2010-11 ₹
VI. Balance Sheet Reconciliation		
Opening Net Liability	64,606	(1,74,079)
Expenses as above	3,27,449	2,88,537
Employers Contribution	(7,84,177)	(49,852)
Effect of Curtailments and Settlements	--	--
Amount Recognised in Balance Sheet	<u>(3,92,122)</u>	<u>64,606</u>
VII. Actuarial Assumptions		
Discount Rate Current	8%	8%
Salary Escalation	7%	7%

- Note:**
- Employer's contribution, Benefits Paid and Past Service Cost includes payments made by the Company directly to its past employees.
 - 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.
 - The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

33. Earning Per Share:

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

Particulars	2011-12 ₹	2010-11 ₹
a. Profit after Tax	1,43,96,345	98,16,718
b. Average No. of Equity Shares		
Basic & Diluted	1,62,38,400	1,62,38,400
c. Earning Per Share		
Basic & Diluted	0.89	0.60

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

(A) Nature of Relationship

- Enterprises in which Key Management Personnel have significant influence:
 - 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.
- Key Management Personnel :
 - Pushpendra Bansal
 - Ramesh Bansal

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

B. Transactions with Related Parties

Sr.No.	Particulars	Amount
I	Sale of Investment Sai Ram Krupa Hotels Pvt. Ltd.	₹ 3,04,35,790/- (P.Y. ₹ Nil)
II	Advances Received against Sale of Investment Sai Ram Krupa Hotels Pvt. Ltd.	₹ Nil (P.Y. ₹ 2,32,50,000/-)
III	Receiving of Services	
	Management & Franchise Fees Lords Inn Hotels & Developers Ltd.	₹ 26,51,320/- (P.Y. ₹ 26,47,200/-)
	Director Remuneration	
	Pushpendra Bansal	₹ 18,00,000/- (P.Y. ₹ 14,50,000/-)
	Ramesh Bansal	₹ 1,80,000/- (P.Y. ₹ 90,000/-)
IV	Rendering of Services	
	Lords Sai Ma Hotels Pvt. Ltd.	₹ 1,29,597/- (P.Y. ₹ 8,892/-)
	Kesar Motels Pvt. Ltd.	₹ 37,728/- (P.Y. ₹ 1,16,846/-)
	Lords Ishwar Hotels Ltd.	₹ 26,058/- (P.Y. ₹ 11,300/-)
	Sai Ram Krupa Hotels Pvt. Ltd.	₹ 27,837/- (P.Y. ₹ 61,960/-)

C. Balance as on 31.03.2012

Sr.No.	Particulars	Amount
I	Payable (Net)	
	Lords Inn Hotels and Developers Ltd.	₹ 1,89,761/- (P.Y. ₹ 56,373/-)
	Sai Ram Krupa Hotels Pvt. Ltd.	₹ 1,33,1C1/- (P.Y. ₹ 2,32,50,000/-)
	Pushpendra Bansal	₹ 1,15,810/- (P.Y. ₹ 2,32,287/-)
	Ramesh Bansal	₹ 2,63,456/- (P.Y. ₹ 88,168/-)

**Significant Accounting Policies & Notes on Financial Statement
for the year ended on 31st March, 2012**

Sr.No.	Particulars	Amount
ii	Receiveable (Net)	
	Lords Sai Ma Hotels Pvt. Ltd.	₹ 55,018/- (P.Y. ₹ 8,892/-)
	Lords Oriental Resort Developers (Silvassa) Pvt. Ltd.	₹ 47,266/- (P.Y. ₹ Nil)
	Kesar Motels Pvt. Ltd.	₹ 1,19,789/- (P.Y. ₹ 94,992/-)
	Lords Ishwar Hotels Ltd.	₹ 3,354/- (P.Y. ₹ Nil)
	Sai Ram Krupa Hotels Pvt. Ltd.	₹ Nil (P.Y. ₹ 4,466/-)

35. 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.
36. During the year ended 31st March, 2012 the Revised Schedule VI notified under the Companies Act 1956, has become applicable for preparation and presentation of financial statements. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosure made in the financial statements. The company has regrouped/ reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

For and on behalf of the Board of Directors

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

PUSHPENDRA BANSAL
Chairman & Jt. Managing Director

RAMESH BANSAL
Managing Director

Place : Surat
Date : August 24, 2012

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