SAYAJI HOTELS LIMITED

TWENTY EIGHTH
ANNUAL REPORT 2010-11

BOARD OF DIRECTORS

Shri Razak D. Dhanani	-	Chairman
Shri Sajid R. Dhanani	-	Managing Director
Shri R. Sharma	-	Nominee TFCI (up to 20th Agust,2010)
Shri B. M. Gupta	-	Nominee –TFCI (from 20th August, 2010)
Shri Y.S. Mehta	-	Nominee – MPFC
Shri T. S. Bhattacharya	-	Director
CA. T.N. Unni	-	Director
Capt. Salim Sheikh	-	Director
Shri Munawar Garbadawala	-	Director

STATUTORY AUDITORS

- M/s. Shah Gandhi & Shah,.
  Chartered Accountants
  221, Phoenix Complex, Nr. Suraj Plaza,
  Sayajigunj, Vadodara – 390 005.
  Phone : 0265 - 3010788

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

- Link Intime India Pvt. Limited.
  C-13, Pannalal Silk Mills Compound,
  L.B.S. Marg, Bhandup (W), Mumbai-400078
  e-mail: mumbai@linkintime.co.in
  Phone(022) 25963838, Fax: 25946969

BANKERS

- State Bank of India
- State Bank of Mysore
- Axis Bank Ltd.

REGISTERED OFFICE

- Opp. Rajshree Talkies,
  Near Kala Ghoda, Sayajigunj, Vadodara – 390005
  Phone : 0265-2363030, Fax : 0265-2226134
  E-mail : bkpshl@yahoo.com

CORPORATE OFFICE

- H/1, Scheme No. 54, Vijay Nagar, Near Maghdoot Garden,
  Indore – 452010 (Madhya Pradesh)
  Phone : 0731-4006666, Fax : 0731-4026685
  E-mail : cs@sayajiindore.com

HOTELS

- Opp. Rajshree Talkies, Near Kala Ghoda, Sayajigunj,
  Vadodara – 390005 (Gujarat)
- H/1, Scheme No. 54, Vijay Nagar, Near Maghdoot Garden,
  Indore – 452010 (Madhya Pradesh)
- Survey No. 135, 136, Mumbai Bangalore Highway,
  Opp. B. U. Bhandari Workshop, Waked, Pune - 411057

CORPORATE IDENTITY NUMBER (CIN)

- L51100GJ1982PLC005131

CONTENTS

Date	:	September 30, 2011
Day	:	Friday
Time	:	12.30 P.M.
Venue	:	Sayaji Hotel, Vadodara
Book Closure Date	:	From September 26, 2011 to September 30, 2011.

NOTICE

NOTICE is hereby given that the **Twenty Eighth Annual General Meeting** of the Members of **Sayaji Hotels Limited** will be held on **Friday, 30th day of September 2011** at **12.30 P.M.** at the Registered Office of the Company at "Sayaji Hotel", Opp. Rajshree Talkies, Near Kala Ghoda, Sayajigunj, Vadodara–390005 (Gujarat), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the year ended on March 31, 2011 and the Profit and Loss Account as at that date together with the reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. T.S. Bhattacharya, who retires by rotation and is eligible, for re-appointment.
3. To appoint Director in place of Shri Razak D. Dhanai, who retires by rotation and is eligible, for re-appointment.
4. To appoint M/s Shah Gandhi & Shah Chartered Accountants, (M.No. 126862W) the retiring Auditors, as the Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors.

SPECIAL BUSINESS

5. **To Consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution.**

For approval of the alteration in Articles of Association of the Company

RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956 and subject to all the relevant rules and regulations, guidelines as may be issued by the Central Government and/or SEBI, under the listing agreement, the Articles of Association of the Company be and is hereby amended by inclusion of the following new Clauses, definition in the Clause 2, Clause 13A 15A, 15B, 15C, 19A, 19B, 24A, 27A, 58A, 62A, 89A, 94A, 113A, 116A, 128A, 163A and 214A, after the relevant existing Clause No. 13, 15, 19, 24, 27, 58, 62, 89, 94, 113, 116, 128, 163 and 214 of the Articles of Association of the Company.

Beneficial Owner

(ba) Beneficial Owner means the Beneficial Owner as defined in Section 2(1)(a) of the Depositories Act.

Depository Act

(ia) Depository Act shall mean the Depositories Act, 1996 and shall include any statutory modification(s) or reenactment(s) thereof, for the time being in force.

Depositories

(ib) Depositories means a Depositories as defined in Section 2(1)(e) of the Depositories Act.

Registered Owner

(aba) Registered Owner means a registered Owner as defined in section 2(1)(J) of the Depositories Act.

SEBI

(ada) SEBI means the Securities and Exchange Board of India.

Security

(afa) Security means such securities as may be specified by SEBI from time to time.

(am) Voting/participation in general meeting though electronic mode means video conference facility i.e. audio-visual electronic Communication facility employed which enables all the persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

13A. Powers of the Company

(1) Subject to the provisions of the SEBI (Issue of Capital and Disclosure Requirement)) Regulations 2009 as may be applicable from time to time and with the consent of the Members of the Company at a General Meeting by way of Special Resolution, the Board of directors of the Company or a Committee thereof duly authorised by the Board of directors may issue and allot Warrants Convertible into the Equity Shares on such rates, terms and conditions to the existing shareholders, general public, or on preferential basis to the promoters, directors, bodies corporate, banks, financial institutions, OCBs, NRIs or such other persons from time to time on receipt of at least 25% of the face value of the Warrants, as it may think fit. The Board of directors of the Company shall be authorized to make provisions as to the allotment and issue of Warrants and in particular may determine to whom the same shall be offered, whether at par or at premium, subject to the provisions of the Companies Act, 1956 and all the applicable provisions of the SEBI ICDR Regulations 2009.

(2) The Company may, by special resolution, authorize the Board to convert warrants into the equity shares at such rates (including premium), terms and conditions as may be determined by the Board and in accordance with the guidelines issued by the SEBI, Stock Exchange, Central Govt. or other authorities either on single trench or otherwise as per the sole discretion of the Board.

15A. Power to issue shares with differential rights

Notwithstanding any thing contained in these articles the Company shall have the powers to issue shares with differential rights as to dividend, voting or otherwise to i.e. to the extent permissible under the provisions of the Companies Act, 1956 or any Rules framed there under.

15B. Powers to issue of shares with non-voting right

Subject to the provisions of the Companies Act, 1956 and all other provisions of law, as may be in force from time to time, the Company may issue shares, either equity or any other kind, with Non - voting rights and the resolution authoring such issue shall prescribe the terms and conditions of the issue.

15C. Power to convert and/or issue of share

The Directors shall have power at their discretion to convert the unissued equity shares into Redeemable Preference shares and vice-versa and the company may, subject to sanction of three-fourth majority of the existing shareholders, issue any part or parts of unissued shares (either equity of preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of the company) upon such terms and conditions and with rights and privileges annexed thereto as the Directors at their discretion may think fit and proper but subject to the provisions of Sections 86 and 88 of the Act and in-particular the Directors may issue such shares with such preferential, qualifying right to dividends and for the distribution of the assets of the company, the Director may subject to the aforesaid sections determine from time to time.

19A. Allotment of securities deal with a depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details of allotment of relevant securities thereof the depository immediately on the allotment of such securities.

19B. Certificate number and distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity for having certificate number/distinctive numbers for securities issued by the Company shall apply to securities held by a depository.

24A. Dematerialisation of securities

1. Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize/ rematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

2. Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository, such a person who is a beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in a manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required security certificates. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

3. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

4. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of affecting transfer of ownership of the security on behalf of the beneficial owner.

   (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other in respect of the securities held by it. .

   (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and, benefits and be subject to all the liabilities, in respect of his securities which are held by a depository.

27A. Buy back of Shares

The Company may from time to time by Special Resolution, Buy Back its Equity Shares to the extent permissible under the provisions of Section 77A of the Companies Act, 1956 or any rules framed there under.

58A. Transfer of securities in demat form

(a) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository,

(b) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronics or fungible form in a depository, the provisions of the Depository Act shall apply.

62A. Register and index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under the Depository Act shall be deemed to be the register and issued index of members and Security holders for the purpose of these Articles.

89A. Providing facility to the members for participating in the General Meetings by way of Video Conference/Audio-Video electronic communication:

Subject to the provisions of the Companies Act 1956 the Company shall provide platform to the members and proxy holders for participating in the general meetings by way of video conferencing, audio-video electronic mode as may be applicable from time to time. For this purpose, the company shall also comply with the following requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding general meeting. Electronic mode means video conference facility i.e. audio-visual electronic Communication facility employed which enables all the persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

(a) The notice of the meeting must inform shareholders regarding availability of participation through video conference, and provide necessary information to enable shareholders to access the available facility of video conferencing.

(b) The chairman of the meeting and Secretary shall assume the responsibilities:

(i) To safeguard the integrity of the meeting via video conferencing

(ii) To ensure proper video conference equipment/ facilities.

(iii) To prepare the minutes of the meeting.

(iv) To ensure that no one other than the concerned shareholder or proxy to the shareholders is attending the meeting through electronic mode.

(v) If a statement of a participant in the meeting, via video conferencing is interrupted or garbled. The Chairman of the meeting or Secretary shall request for a repeat or reiteration, and if need be, the Chairman or Secretary shall repeat what he heard the participant was saying for confirmation or correction.

(c) As per provisions of section 166 of the Companies Act,1956 practically the place of the Annual General Meeting shall either at the registered office of the company or at place within the city, town or the village in which registered office of the company is situated.

(d) As per provisions of section 174 of the Companies Act, 1956 there shall be at least five members have to be personally present and shall be the quorum for the general meeting.

(e) In a general meeting, where shareholders are allowed to participate through electronic mode, the quorum as required under section 174 of the Companies Act, 1956 as well as chairman of the meeting shall have to be physically present at the place of the meeting.

(f) To provide larger participation and for curbing the cost borne by the shareholders to attend general meetings, the company may provide video conferencing connectivity during such meetings at least five places in India, these places would be situated all over India in such a way that it covers top five states/UTs based on maximum number of members or at least 1000 members, whichever is more, residing as per the address registered with the depositories.

94A. Service of documents

Notwithstanding anything to the contrary contained in the Act or these Article, where securities are held in depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

113A. Restriction on voting

No member shall be entitled to exercise any voting rights in the meeting or through the video conferencing/ Audio-Visual electronic communication or electronic mode as may be permissible in respect of shares registered in his name on which any call or other sums presently payable by him have not been paid on in regard to which the company has exercised any rights of lien.

(a) Save as otherwise provided in Article 79 above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of Securities held by it.

(b) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be the member of the Company. The beneficial owners of Securities shall be entitled to all rights and benefits and be subject to all the Liabilities in respect of their Securities which are held by the Depository.

116A. Passing of resolution by postal ballot

Notwithstanding any thing contained in Article of Association of the Company, the Company do adopt the mode of passing the resolution by the members of the Company by means of a Postal Ballot and/or other ways as may be prescribed by Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:

(a) “Postal Ballot” includes voting by share holders by postal or electronic mode instead of voting personally by presenting for transacting business in a general meeting of the company;

(b) “Requisite majority” with regard to Special Resolution means votes cast in favour of the business is three times more than the votes cast against, with regard to ordinary resolution, votes cast in favour is more than the votes cast against.

(c) "Voting by electronic mode" means a process for recording votes by the members using a computer based machine to display an electronic ballot and to record the vote and also the number of votes polled in favour or against such that the entire voting gets registered and counted in a electronic registry in a centralized server;

(d) Words and expression used herein but not defined shall, unless the contest otherwise requires, bear the meaning, if any, as assigned to than under the Act and Information Technology Act, 2000.

(e) The company may issue notices either,-

(i) Under registered Post Acknowledgement Due; or

(ii) Through any other secured mode of posting provided by Department of Post; or

(iii) Through electronic mail provided the company has obtained e-mail address of its member for sending the notices through e-mail, after giving an advance opportunity to the member to register his e-mail address and changes therein from time to time with the concerned depository; and

(f) The notice shall clearly mention that whether the company is providing voting through postal ballot or by electronic mode. If the company is opting for providing voting by electronic mode, then the notice shall clearly indicate the process and manner for voting by electronic mode provided by the agency.

(g) The company shall cause an advertisement to be published in a leading English newspaper and in one vernacular Newspaper circulating in the State in which the registered office of the company is situated, about having dispatched the ballot papers duly specifying therein, inter alia, the following matters:

(i) The date of completion of dispatch of notices;

(ii) The date of commencement of voting through postal ballot or by electronic mode;

(iii) The date of end of voting through postal ballot or by electronic mode;

(iv) The notice shall further state that any postal ballot received from member beyond the said date will not be valid.

(v) That member, who have not received postal ballot forms may apply to the company and obtain a duplicate thereof.

(h) The following businesses/ resolution shall be passed through postal ballot.

1. Alteration in the object clause of memorandum;

2. Alteration of Articles of association in relation to insertion of provision defining private company;

3. Buy-back of own shares by the company under sub-section (1) of section 77A;

4. Issue of shares with differential voting right as to voting or dividend or other wise under sub-clause (ii) of clause (a) of section 86;

5. Change in place of registered office out side local limits of any city, town or village as specified in sub-section (2) of section 146;

6. Sale of whole or substantially the whole of undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 293;

7. Giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of section 372A;

8. Election of a director under proviso to sub-section (1) of section 252 of the Act;

9. Variation in the right attached to a class of shares or debentures or other securities as specified under section 106.

(i) Procedure to be followed for conducting business through Postal Ballot:-

1. The company may make a note below the notice of General Meeting for understanding of member that the transaction(s) at SI. No. requires consent of shareholders through postal ballot;

2. The board of director shall appoint one scrutinizer, who is not in employment of the company, may be a retired judge or any person of repute who, in the opinion of the board can conduct the postal ballot voting process in a fair and transparent manner;

3. The scrutinizer shall submit his report as soon as possible after the last date of receipt of postal ballots;

4. The scrutinizer will be willing to be appointed and he is available at the Registered office of the company for the purpose of ascertaining the requisite majority.

5. The scrutinizer shall maintain a register to record the consent or otherwise received, including electronic media, mentioning the particular of name, address, folio number,

number of shares, nominal value of shares, whether the shares have voting, differential voting or non-voting right and the scrutinizer shall also maintained record for postal ballot which are received in defaced or mutilated form. The Postal ballot and all other papers relating to postal ballot will be under the safe custody of the scrutinizer till the Chairman considers, approves and sign the minutes of the meeting. Thereafter, the scrutinizer shall return the ballot papers and other related papers/ Register to the company so as such ballot papers and other related papers/register safely till the resolution is given effect to;

6. The consent or otherwise received after thirty days from the completion of dispatch of notice shall be treated as if reply from the member has not been received;

(j) Any business that can be transacted by the company in General Meeting; and

(k) Particularly, resolution relating to such businesses as the Central Government may by Notification, declare to be conducted only by Postal Ballot. The Company shall comply with the procedure for such Postal Ballot and/or other ways prescribed by the Central Government in this regard.

128A. Chairman of any Meeting to be the Judge of validity of any vote

Subject to the provision of the Act and these Article the Chairman of any meeting shall be the sole judge of validity of every vote tendered at such meeting or through the video conferencing/Audio-Visual electronic communication or electronic mode as may be permissible. Subject as aforesaid the Chairman present at the meeting and at the time of taking of a poll shall be the sole judge of the Validity of every vote tendered at such poll.

163A. Meeting of the Board of Directors and committees thereof through the Video Conferencing or Audio Visual mode:

The Meeting of the Board of directors and/or Committee of the directors may be called and hold through the video conferencing and/or Audio Visual communication from time to time as per the rules and regulation as may be provided by the Central Government from time to time. For this purpose, the company shall also comply with the following requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding meeting of Board/committee of directors:-

(a) Electronic mode means video conference facility i.e. audio-visual electronic communication facility employed which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

(b) Every director of the company must attend the meeting of Board/Committee of director personally at least one meeting in a financial year of the company.

(c) The Chairman of the meeting and secretary shall assume the following responsibilities.

(i) To safeguard the integrity of the meeting via video conferencing.

(ii) To ensure proper video conferencing equipment /facilities.

(iii) To prepare the minutes of the meeting

(iv) To ensure that no one other than the concerned director or other authorized participants are attending the meeting through electronic mode.

(v) If a statement of a participant in the meeting via video conferencing is interrupted or garbled, the Chairman or Secretary shall repeat or reiteration, and if need be, the Chairman or Secretary repeat what he heard the participant was saying for confirmation or correction.

(d) The notice of the meeting must inform directors regarding availability of participation through video conference, and provide necessary information to enable directors to access the available facility of video conferencing..

(e) The notice of the meeting shall also seek confirmation from the director as whether he will attend the meeting physically or through electronic mode and shall also contain the contact number(s) / e-mail addresses of the secretary/ designated officer to whom the director shall confirm in this regard.

(f) In the absence of any confirmation from the Director, it will be presumed that he will physically attend the Board meeting.

(g) At the start of the scheduled meeting through electronic mode, a roll call shall be made by the Chairman/ Secretary. Every director and authorized participant shall state, for the record, the following:-

i. Full Name

ii. Location

iii. That he can completely and clearly see and communicate with each of other participants.

iv. And will ensure that no one other than concerned director or authorized participant is attending the meeting through electronic mode.

(h) Thereafter, the Chairman/ Secretary shall confirm the participant of the directors in the meeting who are not physically present. After the roll call, the Chairman or

Secretary may certify the existence of a quorum. It is clarified that a director participating in a meeting through use of video conferencing shall be counted for the purpose of quorum. A roll call should also be made at the conclusion of the meeting or at re-commencement of the meeting after every break to ensure presence of quorum throughout the meeting.

(i) The place where the Chairman or Secretary is sitting during the Board meeting shall be taken as place of meeting in terms of section 288 of the Act, and all recordings will be made at this place. The other statutory registers which are required to be placed in the Board meeting as per the provision of the Act, shall be placed before the Chairman for compliance of the Act. The statutory registers required to be signed by the other director shall be deemed to have been signed by directors participating through electronic mode if they have given their consent to this effect in that meeting.

(j) If a motion is objected to and there is a need to vote, the Chairman / Secretary should call the roll and the vote of each director who should identify himself.

(k) In the end of the meeting, Chairman of the meeting shall announce the summary of the decisions taken in that meeting in respect of each agenda item and names of the directors who have consented or dissented to those decision. Video recording of that part of the meeting shall be preserved by the company for one year from the conclusion of that meeting.

(l) In the minutes, Chairman shall also confirm the mode of attendance of every director of the company during last three meeting whether personally or through electronic mode.

(m) Draft minutes of the meeting shall be circulated in soft copy not later than 7days of the meeting for comments/ confirmation to the directors who attended the meeting to dispel all doubts on matters taken up during the meeting. Thereafter, the minutes shall be entered in the minutes books as prescribed under section 193 of the Act, the minutes shall also disclose the particulars of the directors who attended the meeting through electronic mode.

214A. REGISTERS TO BE MAINTAINED BY THE COMPANY

The company shall duly keep and maintain at the Registered Office, Registers in accordance with Section 49 (7), 58A, 143, 150, 151, 152(2), 157, 159, 161, 301, 303, 307, 356, 357, 358, 358. 359, 360, 370 and 372 of the Act and Rule 7 (2) of the Companies (issue of share Certificates (Rules, 1960). Company may also place the same at the website of the company for inspection of the members participated through video conferencing/ Audio-Visual electronic communication or electronic mode as may be permissible. The Auditor Report shall be read before the company in general meeting and shall be open to inspection by the member of the company

RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956 and subject to all the relevant rules and regulations, guidelines as may be issued by the Central Government and/or SEBI, under the listing agreement, the Articles of Association of the Company be and is hereby amended by substitution of the existing Article No. Definition Clause 2(k), 93(1), 98, 119, 123, 124, 127, 164, 165, 188, 192, 195, 196, 210 and 212 of the Articles of Association of the Company be the following new Articles in their places.

(k) **DIVIDEND** includes interim dividend and bonus.

93(1) A general meting of the Company may be called by giving not less then 21 days notice in writing and/or bay way of electronic mode, email as may be prescribed by Central Government.

98. Quorum for the meeting at the time of commencement

At least Five members entitled to vote and present in person shall be a Quorum for General Meeting no business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds with the business. The members participating through video conferencing/Audio-Visual electronic communication shall not be counted for the purpose of determining quorum for the meeting.

119. Resolution how decided?

At any General Meeting provisions of Section 177 to 185 of the Act shall applied provided that in case of equality of votes, whether at a show of hands or on a poll, or through the voting by video conferencing/or electronic vote, the Chairman of the meeting at which the show of hands take place at the meeting or by the members by show of hands through the video conferencing/ Audio-Visual electronic communication/ electronic vote/poll at which the poll of demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

123. No voting by member not personally present/or though video conferencing on a show of hand except by proxy

No member not personally present or participating through the video conferencing/ Audio-Visual electronic communication or electronic mode as may be permissible shall be entitled to vote on a show of hands unless such member is a Corporation present by attorney or proxy or a company present by representative duly authorized under provisions of the Act in which case such attorney proxy or representative may vote on a show of hands as if he were an individual member of the company.

124. Instrument appointing a proxy to be deposited at the office

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is Signed, or a notary certified copy of that Power of Attorney or Authority as the case may be shall be deposited at the registered office or send by mailed the scanned copy thereof at the notified email ID by the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports ID vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

127. Time for objection to votes

Any objection as to the admission or rejection of a vote, either on a show of hand or a poll made in due time snail be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive. No objections shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all the purposes, Whether given personally or through the video conferencing/ Audio-Visual electronic communication or electronic mode as may be permissible.

164. Notice of the Board Meeting

Notice in writing of every meeting of the Board together with the agenda of the business shall be given to every Director by email or electronic communication for the time being in India and at his usual address in India to every other Director. Such notice shall be sent by registered air mail post or by cable or email or fax so as to reach the addressee thereof in the normal course at least seven days before the date of the Meeting unless all the directors agree by prior consent accorded in writing or by email or by fax or by a cable of such meeting being held on shorter notice.

165. Quorum

(a) The quorum for the meeting of the Board shall be one third of the number of the Board of Directors or two whichever is more. The participation of director through the video conferencing/Audio-Visual electronic communication or electronic mode shall not be counted for the purpose of quorum.

188. Dividend to be paid to all the shareholders in paripassu manner

All the dividend shall be paid to the shareholders in paripasue manner irrespective of the date of the amount paid on the sharers and the shareholders shall be entitled for obtaining dividend and other corporate benefits like, bonus, rights, etc, in the same manner as the existing equity shareholders of the Company.

192. Dividend how remitted/paid to shareholders

All dividends and other dues to members shall be deemed to be payable at the registered office of the company, unless otherwise directed any dividend interest or other money payable in cash in respect of share may be paid by cheque. Demand Draft, electronic payment through the banking channel as per the SEBI/Stock Exchange guidelines or warrants and intimation thereof shall be sent through the post/email to the registered address of the holder. If in the case of joint holders whose the first named in the register in respect of the joint holding or to such person and at such address as the holder or Joint holders, as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the order of the persons to whom it is sent.

Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post or by electronic payment to the registered address of the members of person entitled or in the case of Joint holders, to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant, electronic payment shall be made payable to the order of the person to whom it is sent. The company shall not be liable or responsible for any cheque or warrant or wrong credit of the dividend amount in the bank account in case of electronic payment is made or lost in transit or for any dividend lost by the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means. No unclaimed dividend shall be forfeited by the Board and the company shall comply with the provision of Section 205(A) of the companies Act, in respect of such dividends.

195. Dividend to be paid within thirty days

Subject to the provisions of Section 205 of Act and the rules made there under, the profits of the company subject to any special rights relating thereto creditor authorised to be created by these Articles and subject to the provisions of these Articles shall be division of the Shares held by them respectively and subject to the provisions of the Act may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within thirty days form the date of the declaration to the Shareholders entitled to the payment of the same.

196. Unpaid dividend to be transferred to special dividend account

No unclaimed or unpaid dividend shall be forfeited by the board subject to the provisions of section 205 A of the Act, when a dividend is declared but not paid or claimed as the case may be, within 30 days from the date of declaration, the total amount of unpaid or unclaimed dividend shall be transferred to a special account within seven days from the date of period 30 days.

210. Service of documents/notice by post/e-mail

Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by property addressing, prepaying and posting a letter containing the document or notice, providing that where a member has intimated to the company In advance that documents or notices should be sent to him by registered post with or without acknowledgment due and has deposited with the company a sum sufficient to defray the expenses of doing so, service of the documents or notice shall not be deemed to be effected unless as it sent In the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of a meeting at the operation of forty eight hours after the letter containing the document or notice Is posted and In any other case, at the tie at which the letter would be delivered In the ordinary course of post. The Company may send notice/letter annual report or any other communication by way of electronic communication/ email and in such case the service of notice shall be deemed to have taken place/effected on click to send option and confirmation for sending has been provided by the email/server.

Document notice advertised on the website of the Company or publication in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement, appear on every member who has no register address In India and has not supplied to the Company and address within India for the service of document on him or the sending or notice to him.

212. Service of document by members to the company

All documents or notices to be served or given by members on or to the company or any office thereof shall be served or given by sending them to the company or officer at the office by registered post or by leaving it at the office or by designated email of the Company.

6. To Consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution.

Re-appointment of Shri Sajid R. Dhanani, Managing Director.

"**RESOLVED THAT** pursuant to the provision of sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto and Ariticles of Association of the Company the consent of the members of the Company be and is hereby accorded to the re-appointment of Shri Sajid R. Dhanani as the Managing Director of the Company for a further period of five years with effect from 1st February 2011, the following terms & conditions including expressly the remuneration and perquisites payable to him.

"**RESOLVED FURTHER THAT** in the event of any statutory amendment or modification of relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.

Revision in terms of remuneration of Shri Sajid R. Dhanani, Managing Director of the Company

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 297, 302, 309, 310, 311 read with the provisions of Schedule XIII of the companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 as may be applicable from time to time (including any Statutory modification or re-enactment thereof for the time being in force, Articles of Association of the Company and subject to the approval of the Central Government the Company hereby approves the revision in the remuneration payable to Shri Sajid R. Dhanani, Managing Director of the Company w.e.f. 16th May, 2011 for the remaining part of his tenure as given herein under.

Particulars	From 1st Feb., 2011 to 15th May, 2011	From 16th May, 2011 to the remaining part of the tenure
Salary	Rs.2,40,000/- per month.	**Rs.6,00,000/- per month**
Commission	Commission based on the net profits of the company computed in the manner laid down in section 309(5)of the Companies Act, 1956 subject to the provisions of section 198,309 and other applicable provisions of the Companies Act, 1956 such commission shall be such percentage of the net profit and such amount as the board of Directors of the Company may determine keeping in view the performance of the Company in each financial year.	

Perquisites and Allowance	1) Which shall be restricted to an amount equal to Rs. 1,60,000/- per month and may be paid under following categories: a. House Rent Allowance b. Medical Reimbursement c. Leave Travel Allowance d. Annual Club maintenance Fees e. Payment of Statutory contribution towards PF, ESIC as may be applicable f. Other allowance g. Conveyance allowance h. Driver's Salary	(I) Perquisites and Allowance: Which shall be evaluated as per the Income Tax Act and relevant rules thereunder: **CATEGORY: A** 1. The Company shall provide rent free/leased residential accommodation to the managing director, subject to expenses on the leased accommodation not exceeding 50% of the salary. 2. Re-imbursement of medical expenses / premium of medical insurance of the Managing Director and his family, the total cost of which to the Company shall not exceed Rs. 50,000/- per annum. 3. Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company. 4. Club Fees: subject to a maximum of two clubs, this will not include admission and life membership. 5. Personal accident insurance premium not exceeding Rs. 25,000/- p.a. 6. Other allowances. **NOTE:** For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee. **CATEGORY B:** 1. Provident Fund: Employer's Contribution to the Employee Provident Fund as per the Rules of the Company. 2. Gratuity: As per rules of the company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time. 3. Leave encashment: up to 15 days salary for every completed year of service for the accumulated leaves not availed by the Managing Director. Provided that the above said perquisites shall not be counted for the purpose of Calculation of the remuneration payable to the Managing Director.

		CATEGORY C: 1. Car: The Company shall provide car with driver for the Company's business activities and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him. 2. Telephone & Cell: Free use of telephone, internet connection, data cable, at his residence and Cell phone, provided that the personal long distance calls on the telephone shall be billed by the Company to the Managing Director.

"**RESOLVED FURTHER THAT** in case of absence or inadequacy of net profits in any financial year, the Company shall pay managerial remuneration by way of salary, perquisites, dearness allowance and any other allowances as per Part II of schedule XIII of the Companies Act, 1956 with the approval of Central Government

RESOLVED FURTHER THAT Shri Sajid R. Dhanani the Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Managing Director shall not be paid any sitting fee for attending any meeting of the Board of Directors or a Committee thereof.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised with liberty and powers to the Board of Directors to reduce, alter or vary the terms and conditions of remuneration in such manner as the Board may deem fit as may be approved by the Central Government and acceptable to the Managing Director of the Company.

7. **To Consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution.**

"**RESOLVED THAT** pursuant to the provisions of Sections 314(1b) of the companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 as may be applicable from time to time (including any Statutory modification or re-enactment thereof for the time being in force), Articles of Association of the Company, and such other consents and approvals as may be required, the consents of the Company be and is hereby accorded for revision in the remuneration/salary and allowances payable to Shri Sujit Desai, Manager (Trainee) a relative of Directors of the company from Rs.50,000 P.M. to Rs. 100,000/- P.M. including all per perquisites, allowances and benefits payable to other employees of his grade."

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised with liberty and powers to decide the break up of the remuneration within the above said limit of Rs.1,00,000 P.M. and to do all such matters, acts and deeds as may be considered to implement the above said resolution.

By Order of the Board of Directors

Indore, 3rd September 2011

Sajid R. Dhanani
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Company has already notified closure of Register of Members and Share Transfer Books from 26th Sept., 2011 to 30th Sept., 2011 (both days inclusive)

3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.

4. (a) Members are requested to notify immediately any change of address;

    (i) To their Depository Participants (DPs) in respect of their electronic share accounts;

    and

    (ii) To the Company to its Share Transfer Agents in respect of their physical shares folios, if any.

    (b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.

    (c) Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:

      (i) Change in the residential status on return to India for permanent settlement.

      (ii) The particulars of NRE Account with Bank in India, if not furnished earlier.

5. Relevant documents referred into the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M. up to the date of meeting.

6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.

7. Members desires of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.

8. The Company has connectivity with the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/Investors having their depository account. The ISIN for the Equity Shares of the Company is INE318C01014 In case of any query/ difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L.B.S, Marg, Bhandup, (W) Mumbai 400078.

9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.

10. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company is not having any amount due for transfer to the Central Government.

11. There is no instance which require to transfer of undelivered shares to the separate escrow account as required under the Listing Agreement.

12. The SEBI has mandated the submission of PAN by every participant in securities market, members holding shares in electronic form are therefore, requested to submit the PAN to their depository participant with whom they are maintaining their D-mat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, M/s Link Intime India Pvt. Ltd.

13. Pursuant to the Clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto.

14. The Ministry of Corporate Affairs ("MCA") Govt. of India by its Circular Nos. 17/2011 dt. 21.04.2011 & 18/2011 dt. 29.04.2011, has allowed companies to send annual report and other communication through electronic mode at the Registered email address of the members/ beneficiaries, keeping in view of the underline them and the circulars issued by MCA, we propose to send future communications in electronic mode. Members who hold shares in physical form and desired to receive the documents in electronic mode are requested to please promptly provide their details (name, LF No., email ID to the Registrar and Share Transfer agent of the Company.

Accordingly, your Company proposes to henceforth affect electronic delivery of communication/ documents including the Annual Reports and such other necessary communication/documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP).

E-mail addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered e-mail address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members who wish to inform any updations/changes of their e-mail address, are requested to promptly update the same with their DP.

The annual report and other communications/documents sent electronically would also be displayed on the Company's website: www.sayajihotels.com as a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, as the case may be, in the interest of the environment.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation of Appointee	Age / Qualifications Year	Expertise/ Experience	Date of appointment	No. of Other Directorship	No of shares held & %age
Mr. T.S. Bhattacharya NED/Independent	63 Years	38 years	30/04/2009	5	Nil
Shri Razak D. Dhanai Promoter/Chairman	79 years	55 years	16/02/1987	5	50600 & 0.29%
*Shri Sajid R. Dhanani Promoter/MD	46 years	26 years	16/02/1987	6	2435511 & 13.90%

* Proposed for re-appointment as the Managing Director of the Company

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS

ITEM NO. 5:

In view of the latest amendments made by the Ministry of Corporate Affairs for providing facilities for participation of the members in the general meeting and directors in the Board and Committee Meeting through the Video Conferencing and audio visual electronic mode as well as provided opportunity to cast the votes in postal ballot through electronic notice, providing notice and the annual report to the members by way of electronic communication, i.e. email etc., needs to be incorporated in the Articles of Association. In addition to that it is requiredto incorporate other provisions to incorporate other changes which took place in the past several years like, addition of certain new definition in the Clause 2, incorporating provisions of SEBI ICDR Regulations for isuanc of shares and warrants on preferential basis, powers to the Board for issuance shares with differential voting rights, non voting rights, convertion of warrants, demerilisation of shares, buy back of shares, service of document to or by the Company.

In addition to above it is required to substitute certain clauses of the Articles with the new clauses to tune the same with the new amendments like dividend, time for payment of dividend, rights to receive dividend, quorum for the Board and general meeting, manner to decide resolution, method for vioting, appointment of proxy, manner for taking objecton of voting.

Therefore it is required to make suitable amendments in the Articles of Association of the Company to bring them with the provisions of the Companies Act 1956 and the rules made their under.

Your directors at their meeting held on 3rd Sept., 2011 have considered and approved the above said amendment and proposes pass the suitable resolution as set out in Item No. 5 of the notice.

Pursuant to the provisions of section 31 of the Companies Act, 1956 and subject to all the relevant rules and regulations, guidelines as may be issued by the Central Government and/or SEBI, under the listing agreement, the Articles of Association of the

Company is going to amended by inclusion of the following new Clauses, definition in the Clause 2, Clause 13A 15A, 15B, 15C, 19A, 19B, 24A, 27A, 58A, 62A, 89A, 94A, 113A, 116A, 128A, 163A and 214A, after the relevant existing Clause No. 13, 15, 19, 24, 27, 58, 62, 89, 94, 113, 116, 128, 163 and 214 of the Articles of Association of the Company.

A draft amended copy of the Articles of Association is available for inspection till the date of the Annual General Meeting.

None of the director of the Company is concerned or interested in the proposed resolution.

Item No 6:

The Members are aware that Shri Sajid R. Dhanani, was previously re-appointed as Managing Director of the Company for a further period of five years with effect from 1st February, 2006 and the consent of the members was obtained at their Extra Ordinary General Meeting held on 3rd May 2006. His tenure was expired on 31-01-2011.

The Members of the Board recalled that Shri Sajid R. Dhanani has been ably managing all the Projects of the Company located at Indore, Baroda and Pune. His expertise in the field of Hotel Management and Financial Operations has benefited the Company tremendously.

Therefore the Board of Directors at their Board Meeting held on 29th January, 2011, have re-appointed Shri Sajid R. Dhanani as the Managing Director of the Company for a further period of five years with effect from 1st February, 2011 to 31st January, 2016 on the terms and conditions as shown in the above said resolution.

The Remuneration committee of the Board and the Board at their meting held on dated 13th May, 2011 has further considered that Shri Sajid R. Dhanani has wide and rich experience in the field of the hotels and the restaurants, thus to enable him to focus on the increasing operational and managerial tasks of the company in a broader way. Since the salary structure of the managerial personnel has undergone a major change in the hotel industry, so that his remuneration structure may also be revised which would be comparable with the remuneration being paid by other hotel companies in the similar position. In view of the economic performance of the company this will be helpful for the Company to achieve the desired business, growth and to make the Company competitive in the present corporate scenario

w. e. f. 16th May, 2011, for the remaining part of his tenure and the revised remuneration is subject to the provision of Section 198, 269, 302, 309, 310, 311, the limit laid down under Schedule XII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government.

As per Section II[1(B)] of PART II of schedule XIII of the Companies Act 1956, the following information as given below to the shareholders:

I. General Information:

(1) Nature of Industry. : Hotel & Restaurant

(2) Date or expected date of commencement of commercial production: N.A.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A

(4) Financial performance based on given indicators.

i) Sales : Rs. 819.75 million (31.03.10)

ii) Profit/Loss After Tax:(Rs. (4.66 million) (31.03.10)

(5) Export performance and net foreign exchange collaborations:

Foreign Currency Earning : Rs. 64.306 million (31.03.10)

Foreign Exchange Outgo : Rs. 10.454 million (31.03.10)

(6) Foreign Investments or collaborators, if any: Clearwater Capital Partners (Cyprus) Limited (Dt. 18.05.2006)

II. Information about the appointee:

(1) Background details. :

i) Name : Mr. Sajid R. Dhanani

ii) Age : 46 years

iii) Qualification : Diploma in Hotel Management.

iv) Experience : 26 years experience in hotel industry.

(2) Past remuneration. : Rs. 400,000/- Month

(3) Recognition or awards. : Nil

(4) Job profile and his suitability :

Mr. Sajid R. Dhanani is responsible for the day to day operations & management of the company under the overall superintendence, direction and control of the Board of Directors. He is 46 years old, holds Gratution Degree in Commerce and has over 26 years experience in hotel industry.

(5) Remuneration proposed: As given in Resolution.

(6) 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 his origin): The proposed remuneration is in line with the industry trends for similar size of business units.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any : Promoter and Son of Chairman Mr. Abdul Razak Dhanani

III. Other information:

(1) Reasons of loss or inadequate profits.

The Company has launched one new Hotel in the previous year. In the initial stage expenses are typically higher due to higher set-up and interest costs.

(2) Steps taken or proposed to be taken for improvement.

Company is trying to grow our sales revenue and reducing higher cost.

(3) Expected increase in productivity and profits in measurable terms : the company expects sales to increase to Rs. 300.00 million in 2011-12 and net profit of Rs. 100.00 million.

IV. Disclosures:

(1) The shareholders of the company shall be informed of the remuneration package of the managerial person : is given in annual report.

(2) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the annual report:-

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;

(ii) Details of fixed component and performance linked incentives along with the performance criteria;

(iii) Service contracts, notice period, severance fees;

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

The Resolution regarding re-appointment and revision in remuneration of Shri Sajid R. Dhanani at Item No. 6 is recommended by the Board for approval by the Members.

This may also be considered as abstracts for the terms and conditions for appointment of the Managing Director as required u/s 302 of the Companies Act, 1956.

Necessary relevant documents and a copy of the application made to the Central Government are available at the Registered Office of the Company for inspection during the normal business hours till the conclusion of the Annual General Meeting.

Except Shri Sajid R. Dhanani, being the appointe and Shri Abdul Razak D.Dhanani, none of the directors of the Company are concerned or interested in the above said resolution

Item No.7:

As the members are aware that Shri Sujit Desai (relative of Mr. Abdul Razak Dhanani, Chairman and Shri Sajid R. Dhanani, Managing Director) was appointed by the Board at their meeting held on 29th January, 2010 as the Manager (Training) w. e. f. from 1st November 2009 and approved by the Members at their meeting held on 30th September, 2010.

Shri Sujit Desai, aged 48 years is a qualified executive and, having practical experience of more than 7 years in this field. His dynamic education background and experience will strengthen the management in controlling activities of the Company in more proper manner.

In terms of the provisions of section 314(1b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the central government has considered and increased the remuneration payable u/s 315(1b) from Rs. 50,000 p.mn. to Rs. 2,50,000 p.m. without approval of the Central Government by is Notification G.S.R. 357(E) dated 2nd May, 2011

The remuneration committee of the Board has considered and the Board has also approved for increase in the salary/ remuneration payable to him from Rs.50,000 p.m. to Rs.1,00,000 p.m. w.e.f. 1st August, 2011 and that they proposed increased salary is required approval of members by way of Special resolution. Accordingly your directors recommend to pass mention in the item no. 8 of the Notice towards increasing the remuneration from present levels to up to not exceeding Rs.1,00,000/- (inclusive of all perquisites and allowances) per month with effect from 01st day of August 2011.

Accordingly, consent of the shareholders is being sought for increase of remuneration of Shri Sujit Desai. Your Directors recommend the resolution for approval of the shareholders.

Except, Sri Abdul Razak Dhanai and Sri Sajid R. Dhanani, being the relative of the proposed appointee, none of the Directors of the Company is concerned or interested in the above said resolution.

By Order of the Board of Directors

Indore, 3rd September 2011 **Sajid R. Dhanani**
Managing Director

DIRECTORS' REPORT

The Board presents the Twenty Eighth Annual Report together with the Audited Statement of Accounts and the Auditor's Report of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS **(Figures in Rs. million)**

Particulars	Financial Year 2010-11	Financial Year 2009-10
Income	**1125.84**	**819.75**
Less: Operating Expenses	788.96	588.91
Profit/(Loss) before Financial Charges and Depreciation.	**336.88**	**230.84**
Less: Financial Charges	167.23	129.39
Profit/(Loss) before Depreciation	**169.65**	**101.45**
Less: Depreciation	122.53	94.37
Profit/(Loss) before Tax	**47.12**	**7.08**
Less: Provision for taxation	23.39	11.74
Add: Mat Credit Entitlement	9.39	1.09
Profit after tax	**33.12**	**(3.57)**
Balance brought forward from previous year	95.32	98.89
Balance carried to Balance Sheet	**128.44**	**95.32**
EPS (in Rs.)	**1.89**	**Nil**
Cash EPS (in Rs.)	**9.68**	**7.41**

REVIEW OF OPERATIONS

The overall performance of the Company has improved during the year under review, in line with the overall global economic recovery. The total income stood at Rs. **1125.8** million, compared to Rs. **819.75** million in the previous year.

Operating Profit (EBIDTA) for the year stood at Rs. **336.88** million, an increase of 45.94% from Rs. **230.84** million in 2009-2010.

In order to conserve the resources and to be able to plough them back for future growth, your Directors have not recommended any dividend for the financial year 2010-2011.

SUBSIDIARY COMPANIES

The Financial Statements for the year ended March 31, 2011 of Barbeque-Nation Hospitality Ltd. and Malwa Hospitality Pvt. Ltd., both subsidiaries of your company, are consolidated in the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to general exemption granted in terms of General Circular No.2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, regarding compliance with Section 212(8) of the Companies Act, 1956, the Board of directors of the Company has resolved for taking advantage for the general exemptions provided by the Central Government from requirement for attachment of the financial statement of the subsidiary companies and has resolved to that effect at the Board meeting held on 3rd Sept., 2011. Therefore the Company has not attached Balance Sheet, Profit and Loss Account and other documents of its subsidiary companies with the Annual Report of the Company.

However, the Company will make available these documents upon request by any member of the Company interested in obtaining the same. Further, these documents will also be available at the Registered Office of the Company for inspection by any member of the Company. As required under the aforesaid circular, a summarized statement of financial position of the subsidiaries has been appended to this Annual Report.

The Consolidated Accounts, prepared in accordance with the Accounting Standard 21 and Clause 32 of the Listing Agreement form part of this Annual Report. The relevant statement as required under Section 212 of the Companies Act, 1956 about the subsidiary companies is also given elsewhere in this Annual Report.

COURSE OF BUSINESS AND OUTLOOK

The annexed Management Discussion and Analysis forms a part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year 2010-11 as well as the future outlook.

Tourism and Hospitality industry is growing and bound to grow stronger in India owing mainly to its strong economic conditions and further due to the splendid historical architecture, rich heritage and ancient culture along with beautiful beaches and rural tourism, and the inherently rooted concept of hospitality in form of "Ätithi Devo Bhava".

Your Company owns and operates three hotels at the locations viz. Baroda, Indore and Pune besides operating 18 restaurants in different parts of India under same Management with its own and subsidiary company. The Company expects to start 15 more restaurants during the current financial year. Now, with the economy showing signs of strengthening, business and leisure travel is picking up and your Company is poised to benefit from this trend.

In the hotel segment, the company has undertake various expansion projects which inter alia includes tie-up for operating a 4-5 star hotel to be constructed by a jointly promoted company Winner Hotels Pvt. Ltd., at Bhopal capital of Madhya Pradesh and setting up a 2-3 star budget Hotel at Indore under the subsidiary company Malwa Hospitality Pvt. Ltd. Both of these hotels will start operations sometime at the end of financial year 2011-2012.

PUNE HOTEL

Your Company launched the Final phase of its Pune hotel during the FY11. The project comprising of 243 rooms has many unique features. Your Company has endeavored to offer a number of new features to discerning customers – a luxurious Audi Q7 to receive the guests from Airport to the hotel and to drop them back at Airport; all 243 rooms equipped with an Apple iTouch device, which becomes the single centralized control for all gadgets within the room. Further, each of the floors is intended to be a hotel in itself – one floor is designed for single female traveler; one floor is dedicated to European guests and one for Oriental visitors and so on. The hotel has received a good response and is expected to meet the growing requirement of quality accommodations at reasonable price in this fast growing city.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

As the members are aware that the Company has converted 75 FCCBs@100000 US$ into 46,68,000 Equity Shares at a price of Rs. 75.00/- per equity shares on dated 10th May 2010 as per the FCCBs Offer Circular.

M/s Clearwater Capital Partners (Cyprus) Limited (CCPCL) were the holder of the said FCCBs and they had exercised their right to convert those FCCBs into Equity Shares of the company at a Conversion Price of Rs.75/-(Rupees Seventy Five Only) per Equity Share. The exchange rate of US$ to rupee was Rs. 46.68 to one US$, being the Federal Reserve Bank of New York's US$ to Rupee Exchange Rate on July 26, 2006 i.e. the date mentioned in the FCCBs Offer Circular as the applicable date.

The above equity shares are ranking pari-passu with the existing equity shares of the company in all respect and entitled to receive the dividend same as of the old equity shares of the company."

DIRECTORS

Shri T. S. Bhattacharya and Shri Razak D. Dhanani, Directors retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

The Board has re-appointed Shri Sajid R.Dhanani as the Managing Director of the Company w.e.f. 1st Feb., 2011 for a further period of 5 years and proposes to pass suitable resolutions as set out in the notice of the Annual General Meeting.

AUDITORS

M/s Shah Gandhi & Shah, Chartered Accountants, (Firm Registration No 126862W) Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act 1956.

FIXED DEPOSITS

The Company has renewed/accepted deposits by private placement and offers from friends, relatives and associates under Section 58A of the Companies Act, 1956 in terms of Rule 4A of Companies (Acceptance of Deposit) Rules, 1975. The Company having unclaimed Deposits of Rs. 2,30,000/- (Two Lacs Thirty Thousand only).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at March 31, 2011 and of the Profit of the Company for the year under review;
3. 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; and
4. The Directors have prepared the annual accounts of the Company on going concern basis.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding Compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forming part of the Annual Report is annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Pursuant to Section 217(1)(e) of the Companies Act 1956, read with rules made there under, the Company is not required to give the particulars of the conservation of energy, since the Hotel industry is not covered under the list of Industries required to provide such information.

The Company has not absorbed any new technology during the year under review. The inflow and Outflow of Foreign Exchange during the year under review is as under:

Foreign Exchange Earnings	:	Rs. **115.24** million
Foreign Exchange Outgo	:	Rs. **15.94** million

PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, none of the employee of the Company is drawing such remuneration required to be disclosed as per provision of section 219(1)(b)(iv) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place : Indore **Abdul R. Dhanani**
Date: September 3rd 2011 **Chairman**

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS:

Your Company has been reporting consolidated results taking into account the results of its subsidiaries, (together referred to as "the Consolidated Statements"). This discussion, therefore, covers the financial results and other developments during April, 2010 to March, 2011 in respect of the Consolidated Statements. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which your Company conducts its business, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

INDUSTRY STRUCTURE & DEVELOPMENTS AND OPPORTUNITIES & OUTLOOK

The travel and tourism industry is currently on a recovery path from the impact of the financial and economic crisis of the last two years and is on its way to return to the pre-crisis peak levels. As per World Travel and Tourism Council (WTTC) estimates, the travel and tourism sector, from both direct and indirect activities combined, accounts for 9.2% of global GDP, 4.8% of world exports and 9.2% of world investment.

As per the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum, India is ranked 12th in the region and 68th overall in its Travel and Tourism Competitiveness Index. India is well assessed for its natural resources (ranked 8th) and cultural resources (24th), with many World Heritage sites, both natural and cultural, rich fauna, many fairs and exhibitions and strong creative industries. India also has good air transport (ranked 39th), particularly given the country's stage of development and reasonable ground transport infrastructure (ranked 43rd).

As per statistics updated by the Indian Ministry of Tourism, the Foreign Tourist Arrivals (FTAs) in India for 2010 has been 5.58 million, which is a 9.4% increase over 5.1 million tourists of 2009 – better than the global scenario.

The performance of the hospitality sector in India remained robust during the year under review. In most of the metros, the demand-supply gap ensured high occupancy levels and improved Average Room Rates.

The tourism industry in the country has unlimited opportunities coming its way. India is witnessing rapid development and strong economic growth; and increasing political and economic affluence at the global level.

The current 8% annual growth rate of the Indian Economy, which is likely to continue at that level over the next few years should ensure increased flow of business visitors. Though India accounts for a fraction of global tourist flow at present, its market share is projected to grow steadily in the coming years. The growing economy has also ensured increase in domestic travelers.

Consequently, the outlook for the hospitality sector remains positive.

COMPANY'S OUTLOOK

The Company is fully committed to environmental conservation and social responsibilities. The Hotels operated by the company are pursuing initiatives for the betterment of the communities located in their vicinity.

The Company's most prestigious hotels at Pune and Indore are continually running with good response. The rooms and suites offer premium and distinct luxury experience to the contemporary business travelers. Your Company has initiated aggressive marketing campaign to generate business and this is likely to yield positive results going forward. Indore and Baroda hotels have been fairly steady even in the face of the economic downturn. As the economy seems to be returning to its fast growth trajectory, business for Company's hotels is expected to improve. The Company has also launched a cost optimization drive which is likely to bring in reduction in operating costs.

Demand is expected to grow as the financial year progress. The full opening of the Pune will ensure that the Company has the requisite inventory of rooms to cater to this demand. Room rates which were depressed during the previous financial year should also begin to improve during the year. Margins are likely to be under strain due to high inflation.

Substantial investments in tourism infrastructure are essential for Indian hotel industry to achieve its potential. The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India.

The company has undertaken various expansion projects which inter alia includes tie-up for operating a 4-5 star hotel to be constructed by a jointly promoted company Winner Hotels Pvt.

Ltd., at Bhopal capital of Madhya Pradesh and setting up a 2-3 star budget Hotel at Indore under the subsidiary company Malwa Hospitality Pvt. Ltd. Both of these hotels will start operations sometime at the end of financial year 2011-2012.

The Government of India has recently made a clarificatory amendment to Section 35AD of the Income Tax Act in the Union Budget 2011-12, which now allows new hotels to set off the benefit of investment based deduction against the profit from other existing hotels of the Company. This would reduce the overall cash outflow towards income tax in the initial years of hotel operation.

One of the long pending requests of the Hotel Industry is the grant of Infrastructure Status by RBI. The Hotel Industry is highly capital intensive and new hotels especially the super luxury hotels take long time to generate cash surplus. Therefore, it is necessary that the hotel industry should have access to cheaper loans with longer repayment schedules. It is also necessary that the Hotel industry should have access to foreign currency loans not just for new projects but also for refinancing of existing loans. This would be possible, only when the industry is granted Infrastructure status.

In a challenging environment like this, your Company had to initiate a number of proactive measures aimed at business development and improvement of efficiencies. As a result of these measures, your Company has been able to mitigate the impact of the adverse situation.

BARBEQUE-NATION RESTAURANTS

As the members are aware, your company is engaged in the Hotels and Restaurant business by itself and through its subsidiary company M/s Barbeque-Nation Hospitality Ltd.

Five restaurants which are in the company, situated at (i) Mumbai (ii) Bangalore-Indra nagar (iii) Bangalore-Koramangala (iv) Hyderabad and (v) Gurgaon and another thirteen restaurant which are under the subsidiary company M/s Barbeque-Nation Hospitality Limited Company are running successfully to provide a consistent brand experience to customers with the positive feedback to the upgraded product in new restaurants

To effectively and efficiently cater to the growth plans of the Barbeque-Nation, the promoters are discussing with a few Private Equity players as the Private Equity investor for infusion of equity into a Subsidiary.

OPPORTUNITIES:

1. Following a year of global recovery in 2010, growth is expected to continue for the tourism sector in 2011. United Nations World Trade Organisation (UNWTO) forecasts international tourist arrivals to grow in the range of 4% to 5% in 2011, a rate slightly above the long-term average. As per UNWTO, foreign tourist arrivals to India are forecast to grow at a rate of 9% - 10% in the next few years.
2. Companies are likely to increase spends on corporate travel and weekend celebrations. With expectations of healthy salary increases within the corporate world, discretionary spending is expected to increase further, especially on leisure travel. This will likely to have a favorable impact on the restaurant chain business also.
3. Pune hotel is expected to benefit from the brand equity that the hotel has created for itself.
4. Indore has seen lot of industrial activity in the last few years and is still growing with developments like shopping malls, hospitals etc. With the Government taking positive view with regard to the setting up of IT and BPO hub in the city and developing infrastructure, it is expected that more business will be generated for hotel industry.
5. Pune, one of the fastest growing cities, has seen the entry of large number of BPO's and IT Companies, and this may further widen the existing demand supply gap. The revival of global economy would potentially increase business for these Companies, leading to more business travel to the city. The Company's hotel being in close promixity to the IT/BPO units, is expected to get a good chunk of this business. Furthermore, Pune has the most number of national level educational and social institutions, which constantly generate business for hotel industry.

THREATS & CHALLENGES

1. The volatility of oil prices is a major concern. There is the concern of oil prices rising once again; this will adversely impact travel and tourism.
2. Increase in prices of commodities will cause increase in prices of end-products and may impact the customer spending on F&B.
3. Opening of new hotels at Indore and Pune by some Multinational Hotel chains may increase the competition and impact the overall revenue of the company.
4. Tourism being highly sensitive industry, any adverse political or other unforeseen unfortunate events can put a halt on the foreign traffic movement. However, due to present upbeat economic conditions in the country, there has been lot of

domestic corporate travel, which would counter any adverse impact of reduced foreign traffic inflow.

5. Emergence of large hospitality chains in budget segment may make it increasingly difficult for smaller chains to compete.
6. High inflation is also putting pressure on payroll and related costs.

RISKS AND CONCERNS

General Economic Conditions:

The hotel business is dependent on economic conditions globally as well as in India. Local market conditions, excess hotel room supply in some cities, reduced international or local demand for hotel rooms, fluctuations in interest rates and foreign exchange rates, government policies and regulations on taxation, natural and social factors, etc. do affect the hotel business.

Competition from International Hotel Chains:

Enjoying a high growth rate, the Indian subcontinent has become the preferred focus area of major international hotel chains. Several global players have announced their plan to have tie-ups with developers and investors to benefit from the demand-supply imbalance. These entrants are expected to intensify the competitive environment. The success of the Company will depend upon its ability to match the quality of services, amenities and facilities, brand recognition, location of properties, etc.

Risk Mitigating Initiatives

There has been considerable progress in implementing a structured risk management framework in the Company. The framework is now well documented with laid down dissemination procedures: this is updated periodically.

Your Company employs various Polices and methods to counter these risks effectively as enumerated below:-

- To reduce dependence on Indore. The Company has launched operations in Pune and is operating off-site restaurants in high growth cities.
- The Company plans to retire costly debt from internal Accruals to reduce high financial leverage and also increase profitability by reducing interest cost.
- As a policy, the Company plans to deploy most of its accruals towards debt retirement and raise fresh funds by way of innovative methods to fund expansion plans.

Competition

INDORE

With the opening of hotels by various hotel chains the competition has increased in the local market. Some other groups are also coming up with their small/ mid-size projects which will further increase the competition. F&B segment is also witnessing competition from outdoor banquet operators who have developed accommodation facilities almost at par with hotels and resorts.

PUNE

Competition has intensified in almost all segments of the Indian hotels market due to entry of new and established players and expansion plans of existing ones. Your Company is aware of the competition and is taking measures to remain competitive in the market place. The Company's hotel is expected to get the benefit of brand equity enjoyed by the Company.

BARODA

Your Company's Baroda Hotel had witnessed competition from leading Hotel chains. Several more Hotel chains have announced plans to enter the market.

Efficient Internal control systems and their adequacy

The Company has standard operating procedures for each operational area. It has in place adequate reporting systems in respect of financial performance, operational efficiencies and reporting with respect to compliance of various statutory and regulatory matters. As detailed above, the Internal Auditors have regularly conducted exhaustive internal audits pertaining to all operational areas and their reports were periodically placed before the Audit Committee for its review and recommendations.

The Company has in place adequate internal controls and systems. The Audit Committee periodically reviews the audit process.

Material Developments in Human Resources/Industrial Relations

The success of any organization depends largely on its human resources, its management and good industrial relations.

Your Company believes that its people are as much its assets as its infrastructure and attaches the highest importance to human resources. It focuses on developing a performance culture throughout the organization. Some of initiatives undertaken by the Company, in this regard are as follows:

- Employee Satisfaction Surveys seek constant feedback from the employees to ascertain their level of engagement. Steps have been taken to fortify the areas of strengths and convert concern areas in to one of strength thereby ensuring that the employee morale and motivation levels remain high. The scores over last two years show improvement in the motivation levels to give highest level of guest service.

- A major initiative which has been launched in last year to identify the core values in line with the vision and mission statement of the Company have enhanced your company's capability to develop promising talents, These core values are now being inculcated in the Company's workforce through a series of programs.
- Performance Management System has been reviewed and strengthened so as to measure objectively the achievement in Key Result Areas,
- Providing opportunities to high performers for attending training programmes and additional exposure,

The Company enjoys harmonious relationship with its employees. The Company had 1500 employees on its rolls as on 31st March, 2011.

Safety, Health and Environment

Health and Safety Management System in the Company aims to reduce, eliminate or control workplace hazards and associated risks of illness or injuries to the employees, customers and contractors who might be affected by the Company's work activities.

Your Company is committed to ensure healthy and safe working environment for all concerned and to make continual improvement in its Health and Safety performance. Through a systematic process, the Company aims to:

- comply with the requirements of all relevant statutory, regulatory and other provisions.
- provide and maintain safe & healthy work place through operational procedures, safe systems and methods of work.
- provide sufficient information, instruction, training and supervision to enable all employees to identify, minimize and manage hazards and to contribute positively to safety at work.
- ensure that appropriate resources are available to fully implement Health and Safety policy and continuously review the policy's relevance with respect to legal and business development.

Your Company attaches utmost importance to safety standards at all units of the Company. At all the hotels and restaurants of the company, necessary steps are regularly undertaken to ensure the safety of employees, equipment and the customers. Internal safety checks are conducted regularly. Fire fighting training is provided to staff and mock drills are conducted to gauge emergency and disaster management preparedness.

The Company believes in good health of its employees. To pursue this objective, efforts are being made on both treatment as well as maintaining good health. The Company has a club and gymnasium at its Indore facility, where the employees are allowed and encourage participating. Yoga training course is also conducted in the club premises. Programmes have been conducted to advice employees on ill-effect on health due to excessive consumption of liquor and tobacco.

The Company's hotels maintain clean and hygeinic environment and keep strict vigilance on their effluent generation and disposal adhering to standard norms in order to protect the environment and surroundings. Water recharging techniques have been adopted to retain the ground level water.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis, describing the Company's objectives, projection, estimates, predications and expectations may be 'forward-looking statement', within the meaning of applicable securities laws and regulations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development or events or for any loss any investor may incur by investing in the shares of the Company based on the 'forward looking statement'.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the co-operation and support received from shareholders, bankers, financial institutions, regulatory bodies, customers, suppliers, employees and other business constituents during the year under review.

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the quality and mindset of the organization. Companies stand to gain by adopting systems that bolster the stakeholders' trust through transparency, accountability and fairness. With increasing interdependence and free trade among countries and citizens across the globe, good Corporate Governance should be followed by every company to distinguish itself.

Keeping the above in mind, your Company has also committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standards of corporate values and ethics. Your Company considers Corporate Governance as a continuous journey to provide a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed.

It has been the endeavour of your Company to give fair and equitable treatment to all its stakeholders, including employees, customers and shareholders. The Code of Conduct for Directors and Senior Managers adopted by the Board of Directors in terms of the Clause 49 of the Listing Agreement shall further enhance the standards of Corporate Governance in the Company.

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are being placed before the Board to enable the Board discharge its responsibilities of strategic supervision of the Company.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision. The Board ensures that the Company has clear goals relating to shareholder value and its growth. The Board, as part and parcel of its functioning, also periodically reviews its role.

Composition of the Board.

The Sayaji Board is a balanced Board, comprising Executive and Non-Executive Directors. As on 31st March 2011, the Board consisted of Eight (8) Directors, out of which Two (2) Executive and Four (4) Non- executive & Independent Directors, who are having expertise in their respective functional areas and capable of bringing in a wide range of managerial skills and business and professional acumen.

During the year, Seven (7) Board Meetings were held on 10/05/2010, 31/07/2010, 13/08/2010, 31/08/2010, 12/11/2010, 29/01/2011 and 30/03/2011.

Name of Directors	Designation	No. of Board meetings held during the year 2010-11	No. of Board Meetings attended during the year 2010-11	Attendance at the last Annual General Meeting held on 30th September, 2010
Mr. Razak Dhanani	Chairman	7	4	Yes
Mr. Sajid Dhanani	Managing Director	7	7	Yes
CA T N Unni	Independent Director	7	5	Yes
Mr. R. Sharma	Nominee Director, TFCI (Up to 20th August)	3	2	No
Mr. B.M. Gupta	Nominee Director, TFCI (From 20th August 2010 to Conitinue)	4	2	No
Capt. Salim Sheikh	Director	7	6	No
Mr. Munawar Garbadawala	Director	7	0	Yes
Mr. Y.S. Mehta	Nominee Director, MPFC	7	6	No
Mr. T.S. Bhattacharya	Independent Director	7	2	No

Detail of Directorship on the Board of other Companies as on 31/03/2011.

Name of Directors	Directorship	Chairmanship in the board	Chairmanship in the committees
Mr. Razak Dhanani	5	3	1
Mr. Sajid Dhanani	6	3	Nil
CA T. N. Unni	2	Nil	Nil
Mr. R. Sharma	2	Nil	Nil
Mr. B. M. Gupta	2	Nil	Nil
Capt. Salim Sheikh	1	Nil	Nil
Mr. Munawar Garbadawala	Nil	Nil	Nil
Mr. Y.S. Mehta	1	Nil	Nil
Mr. T.S. Bhattacharya	5	Nil	Nil

INFORMATION PLACED BEFORE THE BOARD

The Board has unfettered and complete access to any information within the Company and from any of our employees. At meetings of the Board, it welcomes the presence of concerned employees who can provide additional insights into the items being discussed.

Among others, information regularly supplied to the Board includes:

- Annual operating plans and updates.
- Periodical Financial Statements.

- Minutes of meetings of audit, compensation and investor grievance committee of the Company.
- General notices of interest.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any.
- Any materially relevant default in financial obligations to and by us.
- Significant development on the human resources front.
- Sale of material, which are not in the normal course of business.
- Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board also periodically reviews compliance reports of all laws applicable to the Company, prepared by the designated employees as well as steps taken to rectify instances of non-compliance.

CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all the Board members and members of senior management team of the company. The Board Members and Senior Management of the company have affirmed compliance with the “Code of Conduct” for the year ended March 31, 2011.

3. COMMITTEES OF THE BOARD

Audit Committee

(a) Terms of reference.

The Terms of reference of the Audit Committee covers all applicable aspects stipulated by SEBI from time to time. It is also in fullconformity to the requirements of section 292A of the Companies Act, 1956.

As a measure of good Corporate Governance and to provide assistance to the Board of directors and to meet the requirement of section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Board’s overall responsibilities, an Audit Committee is functioning consisting of only independent directors. The Audit Committee inter-alia has the following mandate in terms of the Clause 49 of the Listing Agreement:

1. Overview of company’s financial reporting process and the disclosure of the financial information in the annual accounts.
2. To review and discuss with management, internal audit team and external auditors regarding any significant finding of material nature.
3. To consider and review the adequacy of management control system and internal audit function and frequency of internal audit process.
4. To review with Management the quarterly and annual financial statements before submission to the Board focusing primarily on any change in accounting policies and compliance with accounting standards, requirements of stock exchanges and other legal compliance.
5. To review Balance Sheet & Profit and Loss Accounts to be placed before the Board.
6. To consider and review the financial and risk management policy of the Company.
7. To consider and review the defaults, if any in payment to the creditors, financial institutions and reasons thereof.
8. To consider the directors responsibility statement to be given by the Board in the Directors Report.
9. To consider the matter relating to the recommendation for appointment of the external auditors and fixation of their audit fee and also approval for payment of any other services.

(b) Composition, names of Members and Chairperson.

Name	Designation
CA. T. N. Unni	Chairman of the Committee/ Independent Director
Mr. R. Sharma*	Member/ Independent Director
Mr. B.M. Gupta@	Member/ Independent Director
Capt. Salim Sheikh	Member/ Director
Mr. Y.S.Mehta@	Member/Director

* ceased to be member on 20th August, 2011 on withdrawal of nomination by TFCI .

@ Shri B.M. Gupta was appointed w.e.f. 20th August, 2011 and Shri Y.S.Mehta was appointed w.e.f. 29.01.2011 by the Board as the members of the Audit Committee.

All the Directors have good financial and accounting Knowledge. Chairman of the Committee is a Practicing Chartered Accountant.

(c) Meetings & Attendance: - The Audit Committee met five times during the year 2010-11. The attendance at committee meeting is as follows:

Date of Meeting	Members S/Shri	Meetings Attended
10/05/2010	CA T. N. Unni Mr. R. Sharma Capt. Salim Sheikh	No Yes Yes
13/08/2010	CA T. N. Unni Mr. R. Sharma Capt. Salim Sheikh	Yes Yes Yes
31/08/2010	CA T. N. Unni Mr. B.M. Gupta Capt. Salim Sheikh	Yes No Yes
12/11/2010	CA T. N. Unni Mr. B.M. Gupta Capt. Salim Sheikh	Yes Yes No
29/01/2011	CA T. N. Unni Mr. B.M. Gupta Capt. Salim Sheikh	No Yes Yes

REMUNERATION COMMITTEE

The Remuneration committee comprises of 3 Non Executive Directors, details are given as below:

Name	Designation
CA T. N. Unni	Chairman of the Committee/ Independent Director
Mr. R. Sharma *	Member/ Independent Director
Capt. Salim Sheikh	Member/ Director
Mr. B. M. Gupta@	

* ceased to be member on 20th August, 2011 on withdrawal of nomination by TFCI .

@ Shri B.M. Gupta was appointed w.e.f. 20th August, 2011

(a) Details of the remuneration paid to the Managing Director and whole time Director for the year ended 31st March 2011.

Sri Sajid R. Dhanani, Managing Director received remuneration of **Rs. 4.80 Million**

and Mr. Munawar Garbadawala, Whole time Director received, **Rs. 0.656 Million.**

(b) Sitting Fees paid to Director:

Sitting fees to all the Non-Executive Directors have been paid @ Rs. 5000/- for attending each meeting of the Board and Rs. 2500/- of the committee.

DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

Full disclosure of related party transactions as per Accounting Standard–18 issued by the Institute of Chartered Accountants of India are given under Note No.5 of Notes on Annual Accounts.

There has not been any non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets,

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

(a) CA T. N. Unni is the Chairman and Mr. Razak Dhanani is the Member of the Committee.

(b) The Committee reviews the system of dealing with and responding to correspondence from all categories of investors. Every Complaint letter received from Stock Exchanges/ SEBI/ Department of Company Affairs etc., and the responses thereto are reviewed by this Committee.

(c) Complaints, if any, from investors are received either at the Registered Office of the Company at Vadodara or at the Office of Registrar and Transfer Agents or at the Administrative Office of the Company at Indore.

(d) As on March 31st, 2011, there were no requests pending/ overdue beyond the due dates.

(e) The total number of complaints received and replied to the satisfaction of the Shareholders during the year under review were 9 (Nine) Outstanding complaints as on 31st March 2011 were Nil as per records.

Share Transfer System:

The Share Transfer work is handled by Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Limited formerly known as M/s Intime Spectrum Registry Limited, Physical Shares for transfer are generally transferred within statutory period if found in order. The Committee meets regularly to review and take on record the transfer proposals. The Committee approves the cases of Split and consolidation of Shares Duplicate Certificate requests, rematerialisation requests, etc.

Share Transfer and Transmission Details for the period from 1st April 2010 to 31st March 2011.

Transactions	Physical	Demat	Total
Number of Transfers	**107**	**185**	**292**
Number of Shares Transferred	**248366**	**559911**	**808277**
No. of Pending Share Transfers	NIL	NIL	NIL

4. GENERAL BODY MEETINGS

Location and time of holding the last three AGMs.

Year	Location	Date & Time	Whether Special Resolution Passed or not
27th AGM - 2010	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	30th September,2010 at 12.30 P.M.	1. i) To Increase Authorised Equity Share Capital from Rs. 20,00,00,000.00 to Rs. 30,00,00,000.00 ii) Alteration in the Clause No. V of the Memorandum iii) Alteration in the Clause No. 3 of Articles 2. To Increase remuneration of Managing Director Sri Sajid R. Dhanani 3. To appointment of Mr. Sujit Desai as Manager in Training.
26th AGM - 2009	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	30th September,2009 at 12.30 P.M.	Nil
25th AGM - 2008	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005	30th September,2008 at 12.30 P.M.	To give Security, Guarantee and Corporate Guarantee for **M/s Sana Hospitality Services Pvt. Ltd.** as prescribed under section 372 A.

No other shareholders' meeting was held during the year.

5. DISCLOSURES

a. None of the transactions with any of the related parties were in conflict with the interest of the Company.

b. There have been no cases of Non Compliance by the Company imposing penalties, and strictures on the Company by the Stock Exchanges or SEBI or any authority on any matter related to Capital Markets during last 3 years.

6. MEANS OF COMMUNICATION.

- The Quarterly results are published in English and Gujarati version.
- Results are posted on the Bombay Stock Exchange website : www.bseindia.com
- Management Discussion & Analysis is a part of the Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

a) **Annual General Meeting**

Day and date	Friday, September 30, 2011.
Time	12.30 P.M.
Venue	Sayaji Hotels Limited Opp: Rajshree Talkies, Kalaghoda, Sayajigunj, Vadodara – 390 005 (Guj.)
Date of Book Closure	26/09/2011 to 30/09/2011

b) **Financial Calendar.**

The Company follows the financial year from April to March.

Unaudited Financial Results for the four quarters and the Audited Financial Results for the year ended 31st March, 2011 were taken on record and approved by the Board in its meeting/s held on the following dates.

Quarter ended	Date of Board Meeting
April-June, 2010	13th August, 2010
July-September, 2010	12th November, 2010
October-December, 2010	29th January, 2011
January-March, 2011	13th May 2011
Year ended Audited	
31st March, 2011	3rd September, 2011

c) Dividend Payment Date : Not applicable

d) Registered Office : Sayaji Hotel,
Opp. Rajshree Talkies,
Kala Ghoda, Sayajigunj,
Vadodara.- 390 005.
Phone : 0265- 2363030.
Fax: 0265- 2226134

e) E-mail Address : sayaji90@yahoo.com

f) Stock Exchanges

Name of Exchanges where shares are Listed	Code
The Stock Exchange, Mumbai	523710
Ahmedabad Stock Exchange	52190
The Stock Exchange Vadodara	523710
Madhya Pradesh Stock Exchange	2729

g) ISIN No. of the Company's : **INE318C01014**
Equity Shares held in Demat Form : **15118770**
Equity Shares held in Physical Form : **2399230**

h) Depository Connectivity : NSDL & CDSL.

i) Registrar and Transfer Agents :

Head Office & Correspondence Address

Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W), Mumbai-400 078
E-mail: mumbai@linkintime.co.in
Phone (022)25963838
Fax: 25946969

j) **Address for Investor's Correspondence**

Sayaji Hotel.
H-1, Scheme No. 54, Vijaynagar, Indore.
Phone: 0731- 4003636/ 4006666
Fax: 0731-4026685
E-mail : cs@sayajiindore.com

K) The Company has raised Rs. 466,80,000 Equity Share Capital after Conversion of 7.5 million US$ FCCB in the Financial Year 2010-11.

l) Dematerialization of Shares:

As on 31st March 2011, 15118770 shares stands dematerialized representing 86.30 % of the total shares of the Company.

m) Project Locations:

- Sayaji Hotel, Indore, Madhya Pradesh.
- Sayaji Hotel, Vadodara, Gujarat.
- Sayaji Hotel, Pune, Maharashtra.

n) Categories of shareholdings as on 31st March 2011:

Category	No. of Shares Held	% of Share-holding
Promoters:	6709017	38.30
Directors and Relatives	600	0.00
Public :		
1. Institutions :		
a. Mutual Funds and UTI	411319	2.35
b. Banks and Financial Institution	300	0.00
c. Central Govt./State Govt./ Venture Capital Funds/ Insurance Companies	0	0.00
d. Foreign Institutional Investors	1395747	7.97
e. Foreign Venture Capital Investors	5757891	32.87
2. Non Institutional Investors		
a. Bodies Corporate	779042	4.44
b. Individuals(Public)	865816	4.94
c. NRI/OCB	1583066	9.05
d. Clearing Member	15302	0.08
TOTAL	**1,75,18,000**	**100.00**

o) Stock Market Data.

Month	Mumbai Stock Exchange Ltd.		BSE SENSEX	
	High	Low	High	Low
April 10	136.55	111.40	18,047.86	17,276.80
May 10	123.90	111.10	17,536.86	15,960.15
June 10	117.50	104.10	17,919.62	16,318.39
July 10	116.00	101.80	18,237.56	17,395.58
August 10	118.90	102.10	18,475.27	17,819.99
September 10	127.20	103.45	20,267.98	18,027.12
October 10	114.80	101.00	20,854.55	19,768.96
November 10	142.00	97.00	21,108.64	18,954.82
December 10	140.75	107.50	20,552.03	19,074.57
January 11	144.00	113.50	20,664.80	18,038.48
February 11	127.40	107.00	18,690.97	17,295.62
March 11	129.60	102.00	19,575.16	17,792.17

Sources : Data Compiled from BSE official website

p) No. of shareholders as at 31.03.2011 : **4365**

q) No of shares pledged by the promoters as at 31.03.2011 : **36,01,106**

r) Means of communication:

The company regularly intimates its Un-Audited as well as Audited Financial Results to the Stock Exchange immediately after these are taken on record/approved by the Board. These financial results are published in the Free Press Journal (English) and in Chautha Sansar (Hindi), the vernacular newspaper. The results of the company are also available on the website of the company.

s) **Posting of Annual Report** : Before 5th Sept., 2011

t) **Last date for receipt of Proxy** : 28th Sept., 2011

u) **Distribution of Share holding as on 31st March, 2011**

Nos. of shares	No. of Owners	% of Share holders	Share Amount (Rs)	% to Total
Upto 1000	4205	96.334	6103120	3.484
1001 -2000	57	1.3060	901400	0.5150
2001 -3000	21	0.4810	541120	0.3090
3001 -4000	9	0.2060	334500	0.1910
4001 -5000	5	0.1150	237400	0.1360
5001 -10000	17	0.3890	1262370	0.7210
10001- Above	51	1.1680	165800090	94.6460
Total	**4365**	**100.00**	**17,51,80,000**	**100.00**

w.	Details of shares credited in the escrow account	:	There were no instance for returning the undelivered shares suspense account therefore, no shares were credited in the escrow account as per Clause 5(a) of the Listing Agreement.

For and on behalf of the Board of Directors

Place: Indore **Abdul R. Dhanani**

Date: September 3rd 2011 **Chairman**

MANAGEMENT RESPONSIBILITY STATEMENT

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls.

These financial statements have been audited by M/s Shah Gandhi & Shah, Chartered Accountants, the Statutory Auditors of the Company.

For & On Behalf of the Board

Place: Indore **Sajid R. Dhanani**

Date : 3rd Sept., 2011 **Managing Director**

DECLARATION

This is to confirm that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March, 31, 2011.

For, **SAYAJI HOTELS LTD.**

Place: Indore **Sajid R. Dhanani**

Date : 3rd Sept., 2011 **Managing Director**

CERTIFICATE

To
The Members of
Sayaji Hotels Ltd
Vadodara

We have examined the Compliance of the conditions of Corporate Governance by Sayaji Hotels Limited for the year ended March 31, 2011 as stipulated in Clause 49 of listing Agreement of the said Company with Stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

Vadodara
3rd September, 2011

Nimesh Gandhi
Partner
M.No. 49134

AUDITORS' REPORT

To
THE MEMBERS OF
SAYAJI HOTELS LIMITED
VADODARA

We have audited the attached Balance Sheet of SAYAJI HOTELS LIMITED as at 31st March, 2011 and also the Profit & Loss Account and Cash Flow Statement 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together "the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in above paragraph, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) 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;

(iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies as per Schedule 16 and other notes thereon appearing in Schedule 16, 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:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and

b. in the case of the Profit & Loss Account, of the profit of the Company 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.

For SHAH GANDHI & SHAH
Firm Regn. No. 126862W
Chartered Accountants

Vadodara
3rd September, 2011

Nimesh Gandhi
Partner
M.No. 49134

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2011 of Sayaji Hotels Limited.)

As required by the Companies' (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and the information and explanations given to us during the course of the audit, we report as under:

1. (a) The records of the Company in respect of fixed assets needs to be updated in respect of additions, quantitative details, identification numbers, valuation, etc.

   (b) We are informed that the Fixed Assets of the Company have been physically verified by the Management during the year at reasonable intervals and no material discrepancy has been noticed on such verification

   (c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.

2. (a) Stocks of Food & Beverages, Stores, and Operating Supplies etc. have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) In our opinion the Company has maintained proper records of inventory. The discrepancies noticed on such physical verification of stocks as compared to book records were not significant and the same has been properly dealt with in the books of accounts.

3. (a) Company has granted loans to 7 companies, firms or other parties required to be covered in register under section 301 of the Act., where in the balance payable as at the year end is Rs. 408.09 lacs. The maximum amounts involved in the transactions during the year are Rs. 417.18 lacs.

   (b) The loans granted are interest free and are repayable on demand.

   (c) There is no overdue amount of loans granted to companies, firms or other parties since they have not been called up for repayment.

   (d) The Company has taken loans from 6 Companies, firms required to be covered in register under section 301 of the Act, where in the balance payable as at the year end is Rs. 199.95 lacs. The maximum amounts involved in the transactions during the year are Rs. 805.00 lacs.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of stores, operating supplies, components, plant and machinery, equipments and other assets and for the sale of goods and services.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.

   (b) In our opinion according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company, with regards to the deposits accepted from the public, has complied the provisions of the section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

7. The Company has system of internal audit which, in our opinion, is commensurate with the size of the business.

8. Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the companies Act 1956 for the Company.

9. (a) According to the records, information and explanations provided to us,the company is generally regular in depositing, with appropriate authorities undisputed amount of Provident Fund, investor education fund, Employees' State

Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2011 for the period of more than six months from the date they became payable.

(b) The following are the details of disputed Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been paid to the concerned authorities.

	NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	UNPAID AMOUNT (Rs.)
01	Service Tax	Hon'ble High Court M.P.	Rs. 175.01 lacs Tax Rs. 105.87 lacs Interest
02	VAT	Dy. Comm. VAT Tax, Indore	Rs. 20.73 lacs
03	Entry Tax	Dy. Comm. VAT Tax, Indore	Rs. 4.64 lacs
04	Income Tax	Commissioner of Income Tax, Baroda	Rs. 88.29 lacs

10. Based on our audit procedures and on the information and explanation given by management, the company has not defaulted in repayment of dues to the financial institution, bank or debenture holders as at the balance sheet date:

11. Based on our audit procedures and the information and explanation given to us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.

12. The Company is not a chit/ nidhi /mutual benefit fund/ society and clause XIII of the order is not applicable.

13. The Company is not dealing or trading in shares, securities, debentures and other investments.

14. On the basis of the information and explanation given to us the company has given guarantees for the loans taken by other company from bank or financial institution and are not prejudicial to the interest of the Company.

15. Based on our audit procedures and explanation given to us the term loans have been applied for the purpose for which they were raised.

16. On the basis of our examination of the Balance Sheet of the Company and the information and explanation given to us, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

17. During the year, the company has made preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Act. The pricing of the issue is as per the SEBI (DIP) Guidelines, 2000 and is not prejudicial to the interest of the Company

18. The Company has not issued any debentures during the year.

19. The Company has not raised any money by public issues during the year.

20. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SHAH GANDHI & SHAH
Firm Regn. No. 126862W
Chartered Accountants

Vadodara
3rd September, 2011

Nimesh Gandhi
Partner
M.No. 49134

BALANCE SHEET AS AT 31-03-2011

(Rs. In lacs)

	Sch		AS AT 31/03/11		AS AT 31/03/10
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1	1,751.80		1,285.00	
(b) Reserves & Surplus	2	7,870.54	9,622.34	4,505.08	5,790.08
(2) Loan Funds					
(a) Secured Loans	3	12,508.15		12,964.13	
(b) Unsecured Loans	4	680.32	13,188.47	4,055.33	17,019.46
(3) Deferred Tax Liability			931.85		792.62
TOTAL			**23,742.66**		**23,602.16**
II APPLICATION OF FUNDS					
(1) Fixed Assets	6				
(a) Gross Block		24,762.53		23,417.93	
(b) Less : Depreciation		(5,221.06)		(3,995.79)	
(c) Net Block			19,541.47		19,422.14
(d) Capital Work in Progress including Expenditure pending allocation			179.65		24.91
(2) Investments	7		1,468.02		1,467.78
(3) Current Assets, Loans and Advances	8	4,044.87		3,820.59	
Less: Current Liabilities & Provisions	5	1,491.35		1,133.26	
Net Current Assets			2,553.52		2,687.33
TOTAL			**23,742.66**		**23,602.16**
Significant Accounting Policies	16				
Notes on Accounts	16				

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi
Partner
M.No. 49134

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

VADODARA : 03-09-2011

INDORE : 03-09-2011

PROFIT & LOSS ACCOUNT FOR THE YEAR 01.04.2010 TO 31.03.2011

(Rs. In lacs)

		Sch	31-Mar-11	31-Mar-10
I.	**INCOME**			
	Rooms, Restaurants, Banquets and Other Services	9	11,177.57	8,141.57
	Other Income	10	80.96	55.98
	TOTAL		**11,258.53**	**8,197.55**
II.	**EXPENDITURE**			
	Food and Beverages materials consumed	11	2,376.44	1,688.69
	Operating Expenses	12	1,509.46	1,064.54
	Power and Fuel	12	919.56	717.00
	Employees' Emoluments	13	1,469.00	1,150.02
	Selling & Administrative Exps.	14	1,615.22	1,268.88
			7,889.68	**5,889.13**
III.	**OPERATING PROFIT BEFORE INTEREST DEPRECIATION & TAX**		**3,368.85**	**2,308.42**
	Financial Charges	15	1,672.34	1,293.91
IV.	**PROFIT BEFORE DEPRECIATION & TAX**		**1,696.51**	**1,014.51**
	Depreciation	6	1,225.30	947.42
	Add : Depreciation Written Back	6	---	3.68
V.	**PROFIT BEFORE TAX**		**471.21**	**70.77**
VI.	**PROVISION FOR TAXATION**			
	Current Tax		94.63	73.73
	Deferred Tax		139.23	43.72
VII.	**PROFIT AFTER TAX BEFORE MAT CREDIT**		**237.35**	**(46.68)**
VIII.	**Add : MAT CREDIT ENTITLEMENT**			
	Current Year		93.91	10.93
IX.	**PROFIT/(LOSS) AFTER TAX**		**331.26**	**(35.75)**
X.	**BALANCE B/FORWARD FROM LAST YEAR**		**953.20**	**988.95**
XI.	**AMOUNT AVAILABLE FOR APPROPRIATION**		**1,284.46**	**953.20**
XII.	**AMOUNT CARRIED TO BALANCE SHEET**		**1,284.46**	**953.20**
XIII.	**EARNINGS PER SHARE**			
	Basic (in Rs.)		1.89	Nil
	Diluted (in Rs.)		1.89	Nil

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi	**Sajid R Dhanani**	**Capt. Salim Sheikh**	**M.F. Garbadwala**	**T.N. Unni**
Partner	Managing Director	Director	Director	Director
M.No. 49134				

VADODARA : 03-09-2011

INDORE : 03-09-2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 1 : SHARE CAPITAL				
AUTHORISED				
30,000,000 Equity Shares of Rs.10/- each		3,000.00		2,000.00
1,000,000 Preference Shares of Rs.100/- each		1,000.00		1,000.00
TOTAL		**4,000.00**		**3,000.00**
ISSUED, SUBSCRIBED & PAID-UP				
Opening at beginning				
(12850000 shares of Rs. 10 each)		1,285.00		1,285.00
Add : 4668000 shares allotted				
on conversion of FCCB		466.80		---
TOTAL		**1,751.80**		**1,285.00**
SCHEDULE - 2 : RESERVES & SURPLUS				
(i) Share Premium				
Opening at beginning		2,910.40		2,910.40
Addition during the year		3,034.20		---
Utilised during the year		---		---
Closing at end		**5,944.60**		**2,910.40**
(ii) General Reserve				
Opening at beginning		641.48		241.40
Addition during the year		---		400.08
Utilised during the year		---		---
Closing at end		**641.48**		**641.48**
TOTAL (i+ii)		**6,586.08**		**3,551.88**
(iii) Profit & Loss Account				
Opening at beginning		953.20		988.95
Addition during the year		331.26		(35.75)
Closing at end		**1,284.46**		**953.20**
GRAND TOTAL (i+ii+iii)		**7,870.54**		**4,505.08**
SCHEDULE - 3 : SECURED LOANS				
(See Note 1 of part B of Schedule 16)				
Term Loans		11,523.08		12,345.99
Assets Credit Finance		274.25		148.73
Working Capital Facilities		710.82		469.41
TOTAL		**12,508.15**		**12,964.13**

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 4 : UNSECURED LOANS				
Foreign Currency Convertible Bonds		---		3,501.00
(See Note 19 of part B of Schedule 16)				
Fixed Deposits :				
From Public		423.26		510.22
(See Note 20 of part B of Schedule 16)				
Other Loans :				
From Directors	199.95		---	
From Others	40.73		27.73	
From Trade Deposit	16.38	257.06	16.38	44.11
TOTAL		**680.32**		**4,055.33**
SCHEDULE - 5 : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors	1,293.64		913.71	
Interest Acc. but not due	100.30	1,393.94	119.58	1,033.29
Provisions		97.41		99.97
TOTAL		**1,491.35**		**1,133.26**

INTENTIONALLY LEFT BLANK

SCHEDULE - 6 : FIXED ASSETS

PERIOD 01.04.10 TO 31.03.11

(Rs. in lacs)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 01.04.10	Additions	Deduction & Adjustment	Closing as on 31.03.11	Opening as on 01.04.10	Deletion	Addition	Closing as on 31.03.11	As on 31.03.11	As on 31.03.10
A.	**TANGIBLE ASSETS**										
1	BUILDING	10,955.14	484.13	---	11,439.27	1,700.48	---	437.53	2,138.01	9,301.26	9,254.66
2	FURNITURE & FIXTURE	4,988.50	334.75	0.10	5,323.14	1,069.45	0.02	434.09	1,503.52	3,819.62	3,919.05
3	PLANT & MACHINERY	3,107.31	182.99	---	3,290.31	747.35	---	150.26	897.61	2,392.70	2,359.96
4	SERVICE EQUIPMENT	890.51	12.48	---	903.00	248.14	---	82.32	330.46	572.54	642.37
5	COMPUTER EQUIPMENTS	364.81	13.74	---	378.54	104.74	---	54.24	158.98	219.56	260.07
6	VEHICLE	373.49	223.72	---	597.21	83.48	---	43.46	126.94	470.27	290.01
7	LEASE HOLD LAND	94.06	---	---	94.06	---	---	---	---	94.06	94.06
8	FREEHOLD LAND	2,552.32	84.68	---	2,637.00	---	---	---	---	2,637.00	2,552.32
B.	**INTANGIBLE ASSETS**										
1	LIQUOR LICENCE	33.08	---	---	33.08	11.10	---	3.97	15.07	18.00	21.97
2	SOFTWARE & LICENCES	58.71	8.22	---	66.93	31.04	---	19.42	50.46	16.46	27.67
	TOTAL	**23,417.93**	**1,344.71**	**0.10**	**24,762.54**	**3,995.78**	**0.02**	**1,225.29**	**5,221.05**	**19,541.47**	**19,422.14**
	PREVIOUS YEAR FIGURES	**19,537.78**	**3,887.16**	**7.01**	**23,417.93**	**3,054.80**	**6.40**	**947.42**	**3,995.78**	**19,422.14**	**16,482.99**

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 7 : INVESTMENT				
TRADE INVESTMENTS - AT COST				
UnQuoted :				
Barbeque-Nation Hospitality Ltd 6464998 Equity Shares of Rs. 10 each fully paid up		854.00		854.00
Malwa Hospitality Pvt. Ltd. 5494000 Equity Shares of Rs. 10 each fully paid up		549.40		549.40
Welterman International Ltd. 2,63,000 Equity Shares of Rs. 10 each fully paid up		26.30		26.30
Winner Hotels P Ltd 2300 Equity Shares of Rs. 10 each fully paid up		0.23		---
Bharat Equity Services Ltd. 1,00,000 Equity Shares of Rs.10 each fully paid up		10.00		10.00
Aries Hotels Pvt. Ltd. 2,50,000 Equity Shares of Rs.10 each fully paid up		25.00		25.00
Annoya Sahakari Mandali Co-Op Bank Ltd 50 Equity Shares of Rs.10ech fully paid up		0.01		0.01
Axis Bank Limited - Equity Fund		3.08		3.07
TOTAL		**1,468.02**		**1,467.78**
SCHEDULE - 8 : CURRENT ASSETS LOANS & ADVANCES				
CURRENT ASSETS				
Inventories (Valued at cost as certified by Management)				
Operating Supplies	443.51		394.38	
Food and Beverage	177.41		133.65	
Shopping Arcade Stock	42.54	663.46	42.54	570.57
Sundry Debtors (Unsecured considered good)				
Outstanding Over Six Months	447.81		288.79	
Others	745.70	1,193.51	444.29	733.08

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
Cash and Bank Balances				
Cash on hand	15.76		25.43	
Bank Balances with Scheduled Banks				
In Current Accounts	129.45		211.90	
In Fixed Deposit Account	102.55	247.76	103.05	340.38
Loans and Advances (Unsecured, Considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	1,567.81		1,911.42	
Advance Taxes (net of liability)	372.33	1,940.14	265.14	2,176.56
TOTAL		**4,044.87**		**3,820.59**

INTENTIONALLY LEFT BLANK

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. In lacs)

	31-Mar-11	31-Mar-10
SCHEDULE 09 : ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES		
Rooms	4,261.64	2,907.17
Food and Beverages	4,542.67	3,395.23
Other Services	2,373.26	1,839.17
TOTAL	**11,177.57**	**8,141.57**
SCHEDULE 10 OTHER INCOME		
Interest Earned	13.40	32.35
Miscellaneous Income	67.56	23.63
TOTAL	**80.96**	**55.98**
SCHEDULE 11 FOOD AND BEVERAGES MATERIALS CONSUMED		
Opening Stock	133.65	81.63
Add : Purchases	2,420.20	1,740.71
	2,553.85	**1,822.34**
Less : Closing Stock	177.41	133.65
TOTAL	**2,376.44**	**1,688.69**
SCHEDULE 12 OPERATING EXPENSES		
Stores and Operating Supplies	1,045.87	773.07
Repairs and Maintenance		
Building	150.05	76.85
Plant & Machinery	66.31	41.30
Others	106.13	70.90
Laundry Expenses	141.10	102.42
SUB-TOTAL	**1,509.46**	**1,064.54**
Power and Fuel	919.56	717.00
GRAND TOTAL	**2,429.02**	**1,781.54**

(Rs. In lacs)

	31-Mar-11	31-Mar10
SCHEDULE 13 : EMPLOYEES' EMOLUMENTS		
Salaries, Wages, Allowances & Provisions	1,250.87	1,004.16
Contribution to P.F. and other Funds	104.19	76.87
Workmen and Staff Welfare Expenses	68.93	48.90
Workmen and Staff Uniform Expenses	45.01	20.09
TOTAL	**1,469.00**	**1,150.02**
SCHEDULE 14 : SELLING AND ADMINISTRATIVE EXPENSES		
Rent/Lease Rent	485.88	443.73
Rates & Taxes	71.24	80.22
Insurance	23.25	18.36
Legal & Professional	98.72	53.87
Travelling and Conveyance	47.47	35.98
Postage, Telegram and Telephones	41.65	39.19
Advertisement and Publicity	85.48	95.95
Printing and Stationery	74.08	51.17
Directors' Sitting Fees	0.56	0.45
Donation	3.07	2.71
Guest pick up Expenses	350.42	169.87
Other Expenses	242.87	180.27
Water charges	22.25	18.28
Housekeeping Expenses	18.50	76.83
Audit Fees	2.50	2.00
Bad Debts Written Off	47.28	---
TOTAL	**1,615.22**	**1,268.88**
SCHEDULE 15 : FINANCIAL CHARGES		
Interest on term Loans	1,404.45	1,109.01
Interest on Others	196.71	75.52
Bank Charges	71.18	109.38
TOTAL	**1,672.34**	**1,293.91**

SCHEDULE 16 : NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Convention :

i. The financial statements have been prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956.

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

iii. Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

b) Fixed Assets :

i. Accounted at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its working condition for use.

ii. Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.

iii. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Generally, such retired assets are disposed of soon thereafter.

iv. Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.

v. Expenditure on the new projects are included in Capital Work-in-Progress.

c) Depreciation :

i. Leasehold Land is not amortised.

ii. Depreciation is charged on fixed assets except on Freehold & leasehold land and buildings (in respect of restaurant chain business) as per the straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

iii. Buildings (in respect of the restaurant chain business) constructed on the rented properties are depreciated over the term of the respective leases.

iv. Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.

v. Computer software and licence are depreciated over a period of three years.

vi. Liquor licences purchased for restaurant chain business are depreciated over the period of lease term of the respective restaurants.

d) Investments :

Long term Investments are stated at cost of acquisition including brokerage, stamp duty, fees, if any.

e) Inventories :

i. Inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.

ii. In the case of raw materials, operating supplies and stores, cost represents purchase price and other costs incurred for bringing inventories upto their locations and are determined on First-In-First-Out basis.

f) Sales :

Sales is exclusive of Luxury tax, Sales tax, Service Tax and other taxes. Life membership fee of club is treated as income in the year of its receipts.

g) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

h) Events occurring after the date of Balance Sheet date :

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

i) Employee Benefit :

Employee benefit plans comprise both defined benefit and defined contribution plans.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Provident fund is a defined contribution plan. Each eligible employee and the company make contributions at a percentage of the basic salary specified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company's contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The company has no further obligations under the plan beyond its periodic contributions.

Leave Encashment is determined based on the available leave entitlement at the end of the calendar year.

j) Taxation :

i. Provision for current taxation has been made in accordance with the Income Tax Laws applicable to the assessment year.

ii. Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

iii. In accordance with the Guidance Note on Accounting for credit available in respect of MAT under the Income Tax Act,1961 issued by the ICAI and in view of convincing evidences of the entitlement of credit of the MAT, the current years' MAT provision has been recognised and credited to the Profit & Loss Account.

k) Foreign Currency transactions :

Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit & Loss Account.

Exchange difference arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

l) Accounting for Leases :

i. In respect of finance lease transactions, lease rents paid are charged to the Profit and Loss Account in accordance with the terms of the lease agreements.

ii. In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the Profit and Loss Account.

iii. Periodic escalations in the lease rentals are considered as and when the same are effective as per the terms of lease and the same are not straight lined.

m) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

n) Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

B. NOTES ON ACCOUNTS

1. Secured Loans :

a) Term Loans outstanding of Rs. 1.05 crores from Tourism Finance Corporation of India Ltd. (TFCI) are secured on pari-passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans and also by way of pledge of shares belonging to promoters.

b) Corporate Loan outstanding of Rs. 7.00 crores from Tourism Finance Corporation of India Ltd. (TFCI) is secured by way of mortgage of land and building at Indore and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans and also by way of pledge of shares belonging to promoters.

c) Term Loan outstanding of Rs. 1.45 crores from HUDCO is secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the Bankers for securing the working capital form.

d) Term Loans outstanding of Rs. 5.81 crores from Madhya Pradesh Financial Corporation (MPFC) are secured by way of mortgage of land and building at Indore and/ hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.

e) Term Loans outstanding of Rs. 69.20 crores from State Bank of India of are secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

f) Term Loan outstanding of Rs. 0.68 crores from State Bank of India is securitized against the lease rent receivables of Nokia India (P) Ltd. at Indore.

g) Term Loan outstanding of Rs. 10.07 crores from State Bank of Mysore is secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

h) Term Loan outstanding of Rs. 3.51 crores from Axis Bank Ltd is secured by way of mortgage of land and building at Indore, Baroda & Pune and hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.

i) Term Loan outstanding of Rs. 5.32 crores from Axis Bank Ltd is secured by way of hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. The equitable mortgage for this loan is yet to be created.

j) Corporate Loan outstanding of Rs. 0.44 crores from Axis Bank Ltd is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies stores, spares, book debt of the company and also by way of second charge on the immovable properties of the company.

k) Cash credit outstanding of Rs. 6.19 crores State Bank of India is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts (excluding credit card receivables), bills etc. of the company and also by way of a second charge on the immovable properties of the company at Indore, Baroda and Pune.

l) Cash credit outstanding of Rs. 0.91 crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, spares and book debts, bills etc. of the company and also by way of a second charge on the immovable properties of the company at Indore, Baroda and Pune.

m) Corporate loan outstanding of Rs.10.68 crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts, bills etc. of the company and Second charge on the immovable properties of the company at Indore and Baroda and also by way of pledge of shares belonging to promoters.

n) Vehicle loans from Tata Capital Ltd. are secured by way of hypothecation charge on the specific vehicles.

o) Vehicle loans from HDFC Bank Limited are secured by way of hypothecation charge on specific vehicles.

p) Vehicle loans from Axis Bank Ltd. are secured by way of hypothecation charge on specific vehicles.

q) All term loans except vehicle loans from Tata Capital Ltd.,HDFC Bank Limited and Axis Bank Ltd. are personally guaranteed by some of the director of the company.

r) Installment falling due within next 12 months Rs. 2523.61 lacs (Previous year Rs. 2501.83 Lacs).

2. Contingent Liabilities not provided for :

a) Guarantees given on behalf of other companies - Rs. 6821.82 lacs (PY Rs. 5621.82 lacs)

b) Disputed statutory liabilities in respect of service tax not provided for : **(Rs. In lacs)**

		31.03.11	**31.03.10**
i)	Tax Demanded	175.01	256.78
ii)	Penalty thereon	Nil	256.78
iii)	Interest (to be levied in case of confirmation of demand)	105.87	148.35
iv)	**Total**	**280.88**	**661.91**

The hon'ble tribunal has denied levy of penalty and also denied some demand being time barred. The Company has filed Writ Petition against the order of tribunal before the Indore Bench of hon'ble High Court of M.P. and the same is pending for final hearing. The hon'ble court has stayed the demand till final hearing.

c) Customs duties saved against imports under EPCG scheme - Rs. 968.80 lacs (PY Rs. 750.38 lacs)

d) Claims against the company not acknowledged as debt : Rs. 5.06 lacs (PY Rs. 5.06 lacs)

e) Disputed liability not provided for in respect of :

i. Vat Tax Rs. 20.73 lacs (PY Rs. 20.73 lacs) pertains to Input tax rebate of exemption period being adjusted against presumptive tax of exemption period.

ii. Entry Tax Rs. 4.64 (PY Rs. 4.64 lacs) lacs pertains to entry tax on some items which were considered taxable in the assessment.

The above matters are pending before Deputy Commissioner Vat Tax, Indore. Against the VAT tax order the Company has also filed Writ Petition before the Hon'ble High Court of MP, Jabalpur which is being admitted and pending for hearing.

f) Disputed liability of Rs. 88.29 lacs (PY Nil) not provided for in respect of Income tax. The matters are pending before Commissioner (Appeals), Baroda.

3. During the year under review, company was not engaged in the business of developing and selling of properties, hence the Company has not provided primary segmental information for these segments as per Accounting Standard – 17 on "Segment Reporting" issued by the ICAI.

4. The Company adopted the Accounting Standards 15 "Employee Benefits" effective from April 1, 2007.

Defined contribution plans : During the year the Company has recognized the following amounts in the Profit and Loss account, which are included in "Contribution to PF and other funds" in Schedule 13 :

		31.03.11	**31.03.10**
i)	Contribution to Provident Fund & other funds	Rs. 104.19 lacs	Rs. 76.87 lacs

Defined Benefit Plans : The Company makes annual contributions to the Employee's Group Gratuity scheme of the SBI Life Insurance Co. Ltd., a funded defined benefit plan for the qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the terms of the scheme. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's financial statements as at March 31, 2011 :

(In Rupees)

		31.03.11	31.03.10
i)	**Changes in benefit obligations :**		
	Present value of obligation as at the beginning of the year	6206795	4730414
	Interest Cost	479782	378433
	Current Service Cost	1528810	919210
	Actuarial (gain)/ loss on obligations	(1398420)	485749
	Benefit paid	(419042)	(307011)
	Present value of obligation as at the end of the year	**6397925**	**6206795**
ii)	**Change in plan assets :**		
	Fair value of plan assets as at the beginning of the year	792015	1302494
	Expected return on plan assets	71298	104200
	Contributions	0	0
	Benefits paid	(419042)	(307011)
	Actuarial gain/ (loss) on plan assets	11791	(307668)
	Fair value of plan assets at the end of the year	456062	792015
	Excess of (obligation over plan assets)/ plan asset over obligation	(5941863)	(5414780)
	(Accrued liability)/ Prepaid benefit	**(5941863)**	**(5414780)**
iii)	**Net Gratuity and other cost at the end of the year**		
	Current Service cost	1528810	919210
	Interest on defined benefit obligation	479782	378433
	Expected return on plan assets	(71298)	(104200)
	Net actuarial gain recognized in the year	(1410211)	793417
	Net gratuity and other cost	**527083**	**1986860**
	Actual return on plan asset	**83089**	**(203468)**
iv)	**Category of Assets at the end of the year**		
	Insurer Managed Funds	456062	792015
	Others	Nil	Nil
	Total	**456062**	**792015**
v)	**Assumptions used**		
	Discount rate (p.a.)	8%	8%
	Salary escalation rate (p.a.)	5%	5%
	Expected rate of return on plan assets (p.a.)	8%	8%

5. **Related Party Disclosure :**

a) **Relationship during the year :**

i) **Key Management Personnel**

Sajid Dhanani – Managing Director
Munawar Garbadawala – Director
Capt. Salim Sheikh – Director

ii) **Subsidiary Companies**

Barbeque-Nation Hospitality Limited
Malwa Hospitality Pvt Ltd

iii) **Associate Companies/ Firms/ Relatives**

Ahilya Hotels Limited
Aries Hotels Pvt Ltd
Bharat Equity Service Ltd.
Clearwater Capital Partners (Cyprus) Ltd.
Dhanani Securities Ltd.
Kruger Chemical Ltd
M.P. Agro Industries Ltd.
M.Y. Merchant
Status Travels
Uniera Laboratories Pvt. Ltd.
Welterman International Ltd.

b) **Summary of transaction during the year :**

(Rs. in Lacs)

Sr.No.	Nature of Transactions	2010-11	2009-2010
A	**KEY MANAGEMENT PERSONNEL**		
	Remuneration	53.93	33.86
	Loans payable at the year end	199.95	----
B	**SUBSIDIARY COMPANIES**		
	Receivable at the year end	33.91	127.72
	Payable at the year end	433.57	----
	Royalty paid	26.70	6.01
C	**ASSOCIATE COMPANIES/ FIRMS/RELATIVES**		
	Guest pick up expenses	13.94	14.14
	Interest on FCCB	----	19.14
	Receivable at the year end	408.10	354.09
	Conversion of FCCB to Equity Shares	3501.00	----

6. Income Tax Liability for the year is estimated at Rs. 94.63 lacs (PY Rs. 73.73 lacs).

7. Provision for deferred tax has been arrived as under :

(Rs. In lacs)

	31-03-11	**31-03-10**
Deferred Assets		
- C/forward losses and Depreciation	480.70	514.36
- Others	51.36	59.20
Total Deferred Assets	**532.06**	**573.56**
Deferred Liabilities		
- Depreciation Differences	3337.36	2905.47
Total Deferred Liabilities	**3337.36**	**2905.47**
Net Deferred (Liability)/Assets	**(2805.30)**	**(2331.91)**
Net Deferred Tax (Liability)/Assets	**(931.85)**	**(792.62)**

8. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary. Loans given to parties covered u/s 301 of the Companies Act,1956 are interest free and are realizable on demand.

9. Leave encashment has been determined based on the available leave entitlement at the end of the calendar year. The incremental amount so calculated is debited to Employees Emoluments.

10. The turnover of the Company by way of Food and Beverages and sale of shops do not admit of quantitywise details.

11. The balances in party accounts are subject to confirmation.

12. DETAILS OF AUDITORS' REMUNERATION

		31.03.11	**31.03.10**
i)	Audit Fees	Rs. 2,50,000	Rs. 2,00,000
ii)	Certification & Other Matters	Rs. 50,000	Rs. 50,000

13. EARNING IN FOREIGN CURRENCY :

		31.03.11	**31.03.10**
i.	Sale of rooms and Food and Beverages (deemed export as defined in FTP)	Rs. 1152.44 lacs	Rs. 643.06 Lacs

14. CIF VALUE OF IMPORT & EXPENDITURES:

		31.03.11	**31.03.10**
i.	Import of Capital Items	Rs. 159.45 lacs	Rs 85.36 lacs
ii.	Interest on FCCB	Nil	Rs. 19.14 lacs
ii.	Others	Nil	Rs. 0.04 lacs

15. DETAILS OF MANAGERIAL REMUNERATION:

		31.03.11	**31.03.10**
i.	Salaries	Rs. 53.74 lacs	Rs. 33.67 lacs
ii.	Contribution to Provident & Other Funds	Rs. 0.18 lacs	Rs. 0.18 lacs

The above payments are within the limits prescribed under the Companies Act, 1956.

16. EARNING / (LOSS) PER SHARE:

		31.03.11	31.03.10
i.	Profit/(Loss) after Tax but before Extraordinary items (Rs.in lacs)	331.26	(35.75)
ii.	Profit/(Loss) after Tax and after Extraordinary items (Rs.in lacs)	331.26	(35.75)
iii.	Cash Profit after adding depreciation, deferred tax (Rs.in lacs)	1695.79	951.71
iv.	Wtd. Average no. of Shares - Basic (Number)	17518000	12850000
v.	Wtd. Average no. of Shares - Diluted (Number)	17518000	12850000
vi.	EPS - Basic - before Extraordinary items (in Rs.)	1.89	Nil
vii.	EPS - Basic - after Extraordinary items (in Rs.)	1.89	Nil
viii.	EPS - Diluted - before Extraordinary items (in Rs.)	1.89	Nil
ix.	EPS - Diluted - after Extraordinary items (in Rs.)	1.89	Nil
x.	Cash EPS (in Rs.)	9.68	7.41

17. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.

18. No provision has been made for diminution, if any, in the value of investments held for long term as in the opinion of the management company would be able to recover at least the cost of the investments.

19. In pursuance of the resolution passed at the EGM held on 03.05.06 the company had issued 0.50% Foreign Currency Convertible Bonds of US$ 1,00,000 each totaling to US$ 7.50 million. The Bonds were listed at Luxemburg Stock Exchange, London. The Bondholders has exercised their option to convert the shares and accordingly 46,68,000 shares @ Rs. 75/- each (face value Rs. 10/- each) has been allotted on 10.05.2010 in lieu of FCCB.

20. Fixed deposits from public includes Matured but unclaimed deposits of 14 parties totaling to Rs. 2.30 lacs.

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

Signature to Schedule 1 to 16

As per our report of even date attached

For and on behalf of the Board of Directors

For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

Nimesh Gandhi
Partner
M.No. 49134

Sajid R Dhanani Managing Director

Capt. Salim Sheikh Director

M.F. Garbadwala Director

T.N. Unni Director

VADODARA : 03-09-2011

INDORE : 03-09-2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	5131	State Code	4
Balance Sheet Date	31/03/2011		

II CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousand)

Public Issues	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	46,680

III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs. Thousand)

Total Liablities	2,374,266	Total Assets	2,374,266
Source of Funds			
Paid-up Capital	175,180	Reserves & Surplus	787,054
Secured Loans	1,250,815	Unsecured Loan	68,032
Application of Funds			
Net Fixed Assets	1,972,112	Investment	146,802
Net Current Assests	255,352	Misc. Expenditure	NIL
		Accumulated Losses	NIL

IV PERFORMANCE OF COMPANY

(Amount in Rs. Thousand)

Turnover	1,125,853	Total Expenditure	1,078,732
Profit/(loss) Before Tax	47,121	Profit/(Loss) after tax	33,126
		Dividend Rate %	0

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY

Item Code No. (ITC Code)	591001006	Product Description	Hotels
Item Code No. (ITC Code)	390001002	Product Description	Restaurants

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi
Partner
M.No. 49134

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

VADODARA :03-09-2011

INDORE : 03-09-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011

(Rs. in lacs)

		31-Mar-11		31-Mar-10
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary		471.21		70.77
item Adjusted for:				
Depreciation	1,225.30		943.74	
Interest paid	1,691.62		1,324.43	
Interest Received	(13.40)		(32.35)	
Finance lease rental	485.88		443.73	
		3,389.40		2,679.55
Operating profit before Working Capital Changes		**3,860.61**		**2,750.32**
Adjusted for:				
Trade and Other receivables	(116.82)		1,953.71	
Inventories	(92.89)		(154.35)	
Trade payables	358.08	148.37	(491.69)	1,307.67
Cash generated from operations		**4,008.98**		**4,057.99**
Taxes Paid		(201.82)		(131.74)
Mat Credit Entitlement		93.91		10.93
Interest paid		(1,691.62)		(1,324.43)
Net cash from operating activities		**2,209.45**		**2,612.75**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets	(1,499.36)		(1,439.94)	
Investments	(0.24)		(3.08)	
Interest Received	13.40	(1,486.20)	32.35	(1,410.67)
Net cash used in investing activities		**723.25**		**1,202.08**

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011

(Rs. in lacs)

		31-Mar-11		31-Mar-10
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	466.80		0.00	
Receipt of Share Premium	3,034.20		0.00	
Unsecured Loans	(3,375.01)		34.40	
Long Term borrowings	(455.98)		(627.15)	
Repayment of Finance lease liabilities	(485.88)		(443.73)	
Net cash generated from financing activities		**(815.87)**		**(1,036.48)**
Net increase in cash and cash equivalents	(92.62)		165.60	
Cash and cash equivalents as at the beginning of the year		340.38		174.78
Cash and cash equivalents as at the end of the year		**247.76**		**340.38**

Note : Figures in bracket indicate disposition of funds and others indicates of generation of funds except the figure of cash and cash equivalents at the beginning and at the end of the year.

For and on behalf of the Board of Directors

INDORE : 03-09-2011

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd for the year ended 31st March, 2011. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2011 and 31st March 2010. We have found the same to be in acccordance with the requirements of clause 32 of the listing agreement with stock exchanges.

For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

VADODARA : 03-09-2011

Nimesh Gandhi
Partner
M.No. 49134

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
THE BOARD OF DIRECTORS
SAYAJI HOTELS LIMITED
VADODARA

We have examined the attached Consolidated Balance Sheet of **SAYAJI HOTELS LIMITED** ("the Company") and its subsidiaries as at 31st March, 2011, the Consolidated Profit & Loss Account for the year ended, annexed thereto and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by Sayaji Hotels Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements', and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March, 2011; and

b. in the case of the Consolidated Profit & Loss Account, of the consolidated results of the operations of the Company and its subsidiaries for the year ended on that date; and

c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year ended on that date.

For SHAH GANDHI & SHAH
Firm Regn. No. 126862W
Chartered Accountants

Vadodara
03rd September 2011

Nimesh Gandhi
Partner
M.No. 49134

CONSOLIDATED BALANCE SHEET AS AT 31-03-2011

(Rs. In lacs)

	Sch		AS AT 31/03/11		AS AT 31/03/10
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Share Capital	1	1,751.80		1,285.00	
(b) Reserves & Surplus	2	8,724.93	10,476.73	5,229.19	6,514.19
(2) Loan Funds					
(a) Secured Loans	3	15,294.71		15,157.17	
(b) Unsecured Loans	4	680.32	15,975.03	4,055.33	19,212.50
(3) Deferred Tax Liability			636.02		452.84
(4) Minority Interest			153.97		97.56
TOTAL			**27,241.75**		**26,277.09**
II APPLICATION OF FUNDS					
(1) Fixed Assets	6				
(a) Gross Block		28,558.03		27,181.49	
(b) Less : Depreciation		(6,151.65)		(4,638.79)	
(c) Net Block			22,406.38		22,542.70
(d) Capital Work in Progress including Expenditure pending allocation	6		314.95		248.16
(2) Investments	7		64.62		64.38
(3) Current Assets, Loans and Advances	8	7,034.52		5,423.18	
Less : Current Liabilities & Provisions	5	2,578.72		2,001.33	
Net Current Assets			4,455.80		3,421.85
TOTAL			**27,241.75**		**26,277.09**
Significant Accounting Policies	16				
Notes on Accounts	16				

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi
Partner
M.No. 49134

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

VADODARA : 03-09-2011

INDORE : 03-09-2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 01.04.2010 TO 31.03.2011

(Rs. In lacs)

		Sch	31-Mar-11	31-Mar-10
I.	**INCOME**			
	Rooms, Restaurants, Banquets and Other Services	9	20,474.58	15,791.63
	Other Income	10	155.12	72.51
	TOTAL		**20,629.70**	**15,864.14**
II.	**EXPENDITURE**			
	Food and Beverages materials consumed	11	6,454.59	4,973.07
	Operating Expenses	12	1,984.56	1,530.20
	Power and Fuel	12	1,785.02	1,435.35
	Employees' Emoluments	13	2,803.78	2,246.07
	Selling & Administrative Exps.	14	2,991.50	2,554.28
			16,019.45	**12,738.97**
III.	**OPERATING PROFIT BEFORE INTEREST DEPRECIATION & TAX**		**4,610.25**	**3,125.17**
	Financial Charges	15	2,125.10	1,624.73
IV.	**PROFIT BEFORE DEPRECIATION & TAX**		**2,485.15**	**1,500.44**
	Depreciation	6	1,600.25	1,326.49
	Add : Depreciation Written Back	6	---	4.36
V.	**OPERATING PROFIT/(LOSS) BEFORE TAX**		**884.90**	**178.31**
	Less : Prior Period & Extraordinary Items		184.30	132.04
VI.	**PROFIT BEFORE TAX**		**700.60**	**46.27**
VII.	**PROVISION FOR TAXATION**			
	Current Tax		115.87	73.73
	Fringe Benefit Tax		---	(3.26)
	Deferred Tax		183.18	26.09
VIII.	**PROFIT AFTER TAX BEFORE MAT CREDIT**		**401.55**	**(50.29)**
IX.	**MAT CREDIT ENTITLEMENT**			
	Current Year		115.15	10.93
X.	**PROFIT/(LOSS) AFTER TAX**		**516.70**	**(39.36)**
XI.	**BALANCE B/FORWARD FROM LAST YEAR**		**277.31**	**134.17**
XII.	**AMOUNT AVAILABLE FOR APPROPRIATION**		**794.01**	**94.81**
XIII.	**MINORITY INTEREST**		**(126.03)**	**(182.50)**
XIV.	**AMOUNT CARRIED TO BALANCE SHEET**		**920.04**	**277.31**
XV.	**EARNINGS PER SHARE**			
	Basic (in Rs.)		2.95	Nil
	Diluted (in Rs.)		2.95	Nil

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

For and on behalf of the Board of Directors

Nimesh Gandhi	**Sajid R Dhanani**	**Capt. Salim Sheikh**	**M.F. Garbadwala**	**T.N. Unni**
Partner	Managing Director	Director	Director	Director
M.No. 49134				

VADODARA : 03-09-2011

INDORE : 03-09-2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 1 : SHARE CAPITAL				
AUTHORISED				
30,000,000 Equity Shares of Rs.10/- each		3,000.00		2,000.00
1,000,000 Preferance Shares of Rs.100/- each		1,000.00		1,000.00
TOTAL		**4,000.00**		**3,000.00**
ISSUED, SUBSCRIBED & PAID-UP				
Opening at beginning				
(12850000 shares of Rs. 10 each)		1,285.00		1,285.00
Add : 4668000 shares allotted on conversion of FCCB		466.80		---
TOTAL		**1,751.80**		**1,285.00**
SCHEDULE - 2 - RESERVES & SURPLUS				
(i) Share Premium				
Opening at beginning		4,310.40		2,910.40
Addition during the year		3,034.20		1,400.00
Utilised during the year		---		---
Closing at end		**7,344.60**		**4,310.40**
(ii) General Reserve				
Opening at beginning		641.48		241.40
Addition during the year		---		400.08
Utilised during the year		---		---
Closing at end		**641.48**		**641.48**
TOTAL (i+ii)		**7,986.08**		**4,951.88**
(iii) Profit & Loss Account				
Opening at beginning		278.18		315.75
Addition during the year		460.67		(38.44)
Closing at end		**738.85**		**277.31**
GRAND TOTAL (i+ii+iii)		**8,724.93**		**5,229.19**
SCHEDULE - 3 - SECURED LOANS				
(See Note 1 of part B of Schedule 16)				
Term Loans		14,186.05		14,400.97
Assets Credit Finance		274.25		148.73
Working Capital Loans		834.41		607.47
TOTAL		**15,294.71**		**15,157.17**

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 4 - UNSECURED LOANS				
Foreign Currency Convertible Bonds		---		3,501.00
(See Note 23 of part B of Schedule 16)				
Fixed Deposits :				
From Public		423.26		510.22
(See Note 24 of part B of Schedule 16)				
Other Loans :				
From Directors	199.95		—	
From Others	40.73		27.73	
From Trade Deposit	16.38	257.06	16.38	44.11
TOTAL		**680.32**		**4,055.33**
SCHEDULE - 5 - CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors	2,126.41		1,537.25	
Interest Acc. but not due	100.30	2,226.71	136.61	1,673.86
Provisions		352.01		327.47
TOTAL		**2,578.72**		**2,001.33**

INTENTIONALLY LEFT BLANK

SCHEDULE - 6 : FIXED ASSETS

PERIOD 01.04.10 TO 31.03.11

(Rs. in lacs)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 01.04.10	Additions	Deduction & Adjustment	Closing as on 31.03.11	Opening as on 01.04.10	Deletion	Addition	Closing as on 31.03.11	As on 31.03.11	As on 31.03.10
A.	**TANGIBLE ASSETS**										
1	BUILDING	13,168.74	738.51	350.86	13,556.38	2,127.93	68.30	680.08	2,739.71	10,816.67	11,040.80
2	FURNITURE & FIXTURE	5,348.77	423.82	49.06	5,723.53	1,125.48	7.81	469.07	1,586.74	4,136.78	4,223.29
3	PLANT & MACHINERY	3,586.39	294.44	65.06	3,815.77	786.01	5.08	173.45	954.37	2,861.39	2,800.37
4	SERVICE EQUIPMENT	1,485.09	73.99	23.94	1,535.13	341.89	4.46	140.08	477.51	1,057.62	1,143.20
5	COMPUTER EQUIPMENTS	424.62	24.88	2.15	447.35	121.78	0.68	64.51	185.61	261.73	302.84
6	VEHICLE	393.49	223.72	4.63	612.58	86.89	1.06	45.32	131.14	481.44	306.60
7	LEASE HOLD LAND	94.06	---	---	94.06	---	---	---	---	94.06	94.06
8	FREEHOLD LAND	2,552.32	84.68	---	2,637.00	---	---	---	---	2,637.00	2,552.32
B.	**INTANGIBLE ASSETS**										
1	LIQUOR LICENCE	69.31	---	---	69.31	17.76	---	8.32	26.08	43.23	51.54
2	SOFTWARE & LICENCES	58.71	8.22	---	66.93	31.04	---	19.42	50.46	16.47	27.67
	TOTAL	**27,181.49**	**1,872.25**	**495.72**	**28,558.03**	**4,638.78**	**87.39**	**1,600.24**	**6,151.64**	**22,406.39**	**22,542.71**
	PREVIOUS YEAR FIGURES	**23,055.37**	**4,143.78**	**17.66**	**27,181.49**	**3,319.42**	**7.08**	**1,326.49**	**4,638.78**	**22,542.71**	**19,735.95**

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
SCHEDULE - 7 - INVESTMENT				
TRADE INVESTMENTS - AT COST				
UnQuoted :				
Welterman International Ltd.		26.30		26.30
2,63,000 Equity Shares of Rs. 10 each fully paid up				
Winner Hotels P Ltd		0.23		---
2300 Equity Shares of Rs. 10 each fully paid up				
Bharat Equity Services Ltd.		10.00		10.00
1,00,000 Equity Shares of Rs.10 each fully paid up				
Aries Hotels Pvt. Ltd.		25.00		25.00
2,50,000 Equity Shares of Rs.10 each fully paid up				
Annoya Sahakari Mandali Co-Op Bank Ltd		0.01		0.01
50 Equity Shares of Rs.10 ech fully paid up				
Axis Bank Limited - Equity Fund		3.08		3.07
TOTAL		**64.62**		**64.38**
SCHEDULE - 8 - CURRENT ASSETS LOANS & ADVANCES				
CURRENT ASSETS				
Inventories (Valued at cost as certified by Management)				
Operating Supplies	554.13		456.64	
Food and Beverage	276.15		225.72	
Shopping Arcade Stock at cost	42.54	872.82	42.54	724.90
Sundry Debtors (Unsecured considered good)				
Outstanding Over Six Months	432.38		318.17	
Others	808.92	1,241.30	498.57	816.74

(Rs. In lacs)

		As at 31/03/11		As at 31/03/10
Cash and Bank Balances				
Cash on hand	28.61		38.85	
Bank Balances with Scheduled Banks				
In Current Accounts	193.32		275.92	
In Fixed Deposit Account	174.91	396.84	103.05	417.82
Loans and Advances (Unsecured, Considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	4,125.57		3,187.69	
Advance Taxes (net of liability)	397.99	4,523.56	276.03	3,463.72
TOTAL		**7,034.52**		**5,423.18**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. In lacs)

	31-Mar-11	31-Mar-10
SCHEDULE 09 : ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES		
Rooms	4,261.64	2,907.17
Food and Beverages	14,666.18	11,717.43
Other Services	1,546.76	1,167.03
TOTAL	**20,474.58**	**15,791.63**
SCHEDULE 10 : OTHER INCOME		
Interest Earned	48.44	42.03
Miscellaneous Income	106.68	30.48
TOTAL	**155.12**	**72.51**
SCHEDULE 11 : FOOD AND BEVERAGES MATERIALS CONSUMED		
Opening Stock	225.72	167.83
Add : Purchases	6,505.02	5,030.96
	6,730.74	**5,198.79**
Less : Closing Stock	276.15	225.72
TOTAL	**6,454.59**	**4,973.07**
SCHEDULE 12 OPERATING EXPENSES		
Stores and Operating Supplies	1,298.94	1,010.62
Repairs and Maintenance		
Building	201.84	173.65
Plant & Machinery	116.98	89.54
Others	196.71	125.73
Laundry Expenses	170.09	130.66
SUB-TOTAL	**1,984.56**	**1,530.20**
Power and Fuel	1,785.02	1,435.35
GRAND TOTAL	**3,769.58**	**2,965.55**

(Rs. In lacs)

	31-Mar-11	31-Mar-10
SCHEDULE 13 EMPLOYEES' EMOLUMENTS		
Salaries, Wages,Allowances & Provisions	2,430.37	1,964.86
Contribution to P.F. and other Funds	167.18	133.79
Workmen and Staff Welfare Expenses	128.20	96.42
Workmen and Staff Uniform Expenses	78.03	51.00
TOTAL	**2,803.78**	**2,246.07**
SCHEDULE 14 SELLING AND ADMINISTRATIVE EXPENSES		
Rent/Lease Rent	1,286.28	1,132.53
Rates & Taxes	175.81	188.76
Insurance	28.63	23.20
Legal & Professional	191.13	223.19
Travelling and Conveyance	114.57	86.46
Postage, Telegram and Telephones	87.22	82.89
Advertisement and Publicity	159.64	164.91
Printing and Stationery	146.10	119.60
Directors' Sitting Fees	0.56	0.45
Donation	4.89	2.99
Guest pick up Expenses	350.42	169.87
Other Expenses	334.72	243.45
Water charges	39.95	32.09
Housekeeping Expenses	20.30	79.94
Audit Fees	4.00	3.95
Bad Debts Written Off	47.28	---
TOTAL	**2,991.50**	**2,554.28**
SCHEDULE 15 FINANCIAL CHARGES		
Interest on term Loans	1,737.61	1,361.51
Interest on Others	198.54	76.25
Bank Charges	166.86	186.97
Upfront & Processing Fees	22.09	---
TOTAL	**2,125.10**	**1,624.73**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE - 16 : NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) The consolidated financial statements comprise the individual financial statements of Sayaji Hotels Limited and it's subsidiaries as on 31st March 2011 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis :

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses as per Accounting Standard – 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b) The financial statements of the subsidiaries, in the consolidation are drawn up to the same reporting date as the Company i.e. 31st March 2011.

c) The financial statements of the following subsidiary companies have been consolidated :

	Name of the subsidiary	Proportion of Ownership Interest	
		Current Year	**Previous Year**
i.	Barbeque-Nation Hospitality Ltd	69.78	69.78
ii.	Malwa Hospitality Pvt. Ltd.	100.00	100.00

d) Convention :

i. The financial statements are prepared under the historical cost convention and on the basis of going concern, in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956.

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

iii. Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

e) Fixed Assets :

i. Accounted at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its working condition for use.

ii. Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.

iii. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Generally, such retired assets are disposed of soon thereafter.

iv. Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.

v. Expenditure on the new projects are included in Capital Work-in-Progress.

f) Depreciation :

i. Leasehold Land is not amortised.

ii. Depreciation is charged on fixed assets except on Freehold & leasehold land and buildings (in respect of restaurant chain business) as per the straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

iii. Buildings (in respect of the restaurant chain business) constructed on the rented properties are depreciated over the term of the respective leases.

iv. Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.

v. Computer software and licence are depreciated over a period of three years.

vi. Liquor licences purchased for restaurant chain business are depreciated over the period of lease term of the respective restaurants.

g) Investments :

Long term Investments are stated at cost of acquisition including brokerage, stamp duty, fees, if any.

h) Inventories :

i. Inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.

ii. In the case of raw materials, operating supplies and stores, cost represents purchase price and other costs incurred for bringing inventories up to their locations and are determined on First-In-First-Out basis.

i) Sales :

Sales is exclusive of Luxury tax, Sales tax, Service Tax and other taxes. Life membership fee of club is treated as income in the year of its receipts.

j) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

k) Events occurring after the date of Balance Sheet date :

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

l) Employee Benefit :

Employee benefit plans comprise both defined benefit and defined contribution plans.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Provident fund is a defined contribution plan. Each eligible employee and the company make contributions at a percentage of the basic salary specified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company's contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The company has no further obligations under the plan beyond its periodic contributions.

Leave Encashment is determined based on the available leave entitlement at the end of the calendar year.

m) Taxation :

i. Provision for current taxation has been made in accordance with the Income Tax Laws applicable to the assessment year

ii. Deferred Tax is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization such assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

iii. In accordance with the Guidance Note on Accounting for credit available in respect of MAT under the Income Tax Act,1961 issued by the ICAI and in view of convincing evidences of the entitlement of credit of the MAT, the current years' MAT provision has been recognised and credited to the Profit & Loss Account.

n) Foreign Currency transactions :

Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit & Loss Account.

Exchange difference arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

o) Assets taken on lease :

i. In respect of finance lease transactions, lease rents paid are charged to the Profit and Loss Account in accordance with the terms of the lease agreements.

ii. In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the Profit and Loss Account.

p) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

B. NOTES ON ACCOUNTS

1. Notes on Secured Loans of Sayaji Hotels Ltd. :

a) Term Loans outstanding of Rs. 1.05 crores from Tourism Finance Corporation of India Ltd. (TFCI) are secured on pari-passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans and also by way of pledge of shares belonging to promoters.

b) Corporate Loan outstanding of Rs. 7.00 crores from Tourism Finance Corporation of India Ltd. (TFCI) is secured by way of mortgage of land and building at Indore and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital loans and also by way of pledge of shares belonging to promoters.

c) Term Loan outstanding of Rs. 1.45 crores from HUDCO is secured on pari- passu basis by way of mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies, stores, and spares offered to the Bankers for securing the working capital form.

d) Term Loans outstanding of Rs. 5.81 crores from Madhya Pradesh Financial Corporation (MPFC) are secured by way of mortgage of land and building at Indore and/ hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.

e) Term Loans outstanding of Rs. 69.20 crores from State Bank of India of are secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

f) Term Loan outstanding of Rs. 0.68 crores from State Bank of India is securitized against the lease rent receivables of Nokia India (P) Ltd. at Indore.

g) Term Loan outstanding of Rs. 10.07 crores from State Bank of Mysore is secured by way of mortgage of land and building at Indore, Vadodara & Pune and hypothecation of movables, present and future, except stocks of all kinds including operating supplies and spares offered to the Bankers for securing the working capital finance.

h) Term Loan outstanding of Rs. 3.51 crores from Axis Bank Ltd is secured by way of mortgage of land and building at Indore, Baroda & Pune and hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance.

i) Term Loan outstanding of Rs. 5.32 crores from Axis Bank Ltd is secured by way of hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. The equitable mortgage for this loan is yet to be created.

j) Corporate Loan outstanding of Rs. 0.44 crores from Axis Bank Ltd is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies stores, spares, book debt of the company and also by way of second charge on the immovable properties of the company.

k) Cash credit outstanding of Rs. 6.19 crores State Bank of India is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts (excluding credit card receivables), bills etc. of the company and also by way of a second charge on the immovable properties of the company at Indore, Baroda and Pune.

l) Cash credit outstanding of Rs. 0.91 crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, spares and book debts, bills etc. of the company and also by way of a second charge on the immovable properties of the company at Indore, Baroda and Pune.

m) Corporate loan outstanding of Rs.10.68 crores from Axis Bank Ltd. is secured by first charge by way of hypothecation of stocks of food, beverages, operating supplies, stores, spares, book-debts, bills etc. of the company and Second charge on the immovable properties of the company at Indore and Baroda and also by way of pledge of shares belonging to promoters.

n) Vehicle loans from Tata Capital Ltd. are secured by way of hypothecation charge on the specific vehicles.

o) Vehicle loans from HDFC Bank Limited are secured by way of hypothecation charge on specific vehicles.

p) Vehicle loans from Axis Bank Ltd. are secured by way of hypothecation charge on specific vehicles.

q) All term loans except vehicle loans from Tata Capital Ltd.,HDFC Bank Limited and Axis Bank Ltd. are personally guaranteed by some of the director of the company.

r) Installment falling due within next 12 months Rs. 2523.61 lacs (Previous year Rs. 2501.83 Lacs).

2. **Notes on Secured Loans of Barbeque Nation Hospitality Ltd. :**

a) Term loan outstanding of Rs. 10.40 crores from State Bank of India is secured on pari-passu basis on the entire fixed assets of the Company and also on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.

b) Corporate Loan outstanding of Rs. 11.72 crores from State Bank of India is secured by way of hypothecation of the movable, present and future, except stocks of all kinds including operating supplies, stores and spares offered to the Bankers for securing the working capital finance. The equitable mortgage for this loan is yet to be created.

c) Term loan outstanding of Rs. 4.50 crores from State Bank of Mysore is secured on pari-passu basis on the entire fixed assets of the Company and also on pari-passu basis, with the term lenders of Sayaji Hotels Ltd, over the entire fixed assets of Sayaji Hotels Limited by way of mortgage of land and buildings at Indore, Pune and Vadodara and hypothecation of the movables, present and future, except stocks of all kinds including operating supplies and spares offered to the bankers for securing the working capital finance.

d) Cash credit outstanding of Rs. 1.23 crores from State Bank of India is secured by way of hypothecation of movables, present & future, including stocks of all kinds, operating supplies and spares and by way of second charge on the entire fixed assets of the company.

e) The term loans and cash credit facilities are also personally guaranteed by some of the director of the company.

f) The term loans and cash credit facilities are also secured by Corporate Guarantee given by Sayaji Hotels Limited.

g) Installment falling due within next 12 months Rs. 1402.68 Lacs (PY Rs. 548.64 lacs).

3. **Contingent Liabilities not provided for :**

a) Guarantees given on behalf of other companies - Rs. 6821.82 lacs (Previous year Rs. 5621.82 lacs)

b) Disputed statutory liabilities in respect of service tax not provided for : (Rs. In lacs)

		31.03.11	31.03.10
i)	Tax Demanded	175.01	256.78
ii)	Penalty thereon	Nil	256.78
iii)	Interest (to be levied in case of confirmation of demand)	105.87	148.35
iv)	**Total**	**280.88**	**661.91**

The hon'ble tribunal has denied levy of penalty and also denied some demand being time barred. The Company has filed Writ Petition against the order of tribunal before the Indore Bench of hon'ble High Court of M.P. and the same is pending for final hearing. The hon'ble court has stayed the demand till final hearing.

c) Customs duties saved against imports under EPCG scheme - Rs.1001.85 lacs (PY Rs. 783.43 lacs)

d) Claims against the company not acknowledged as debt : Rs. 5.06 lacs (PY Rs. 5.06 lacs)

e) Disputed liability in respect of :

i. Vat Tax Rs. 20.73 lacs (PY Rs. 20.73 lacs) pertains to Input tax rebate of exemption period being adjusted against presumptive tax of exemption period.

ii. Entry Tax Rs. 4.64 lacs (PY Rs. 4.64 lacs) pertains to entry tax on some items which were considered taxable in the assessment

The above matters are pending before Deputy Commissioner Vat Tax, Indore. Against the VAT tax order the Company has also filed Writ Petition before the Hon'ble High Court of MP, Jabalpur which is being admitted and pending for hearing.

f) Disputed liability of Rs. 88.29 lacs (PY Nil) not provided for in respect of Income tax. The matters are pending before Commissioner (Appeals), Baroda.

4. During the year under review, company was not engaged in the business of developing and selling of properties, hence the Company has not provided primary segmental information for these segments as per Accounting Standard – 17 on "Segment Reporting" issued by the ICAI.

5. The Company adopted the Accounting Standards 15 "Employee Benefits" effective from April 1, 2007.

Defined contribution plans : During the year the Company has recognized the following amounts in the Profit and Loss account, which are included in "Contribution to PF and other funds" in Schedule 13 :

		31.03.11	31.03.10
i.	Contribution to Provident Fund	Rs. 167.18 lacs	Rs. 133.79 lacs

Defined Benefit Plans : The Company makes annual contributions to the Employee's Group Gratuity scheme of the SBI Life Insurance Co. Ltd., a funded defined benefit plan for the qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the terms of the scheme. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's financial statements as at March 31, 2011 :

(In Rupees)

		31.03.11	31.03.10
i)	**Changes in benefit obligations :**		
	Present value of obligation as at the beginning of the year	7112922	5315418
	Interest Cost	527711	425233
	Current Service Cost	2169156	1719038
	Actuarial (gain)/ loss on obligations	(1108459)	(39756)
	Benefit paid	(419042)	(307011)
	Present value of obligation as at the end of the year	**8282288**	**7112922**
ii)	**Change in plan assets :**		
	Fair value of plan assets as at the beginning of the year	1785778	1735128
	Expected return on plan assets	150799	158811
	Contributions	0	500000
	Benefits paid	(419042)	(307011)
	Actuarial gain/ (loss) on plan assets	21729	(301150)
	Fair value of plan assets at the end of the year	1539264	1785778
	Excess of (obligation over plan assets)/ plan asset over obligation	(6743024)	(5327144)
	(Accrued liability)/ Prepaid benefit	**(6743024)**	**(5327144)**
iii)	**Net Gratuity and other cost at the end of the year**		
	Current Service cost	2169156	1719038
	Interest on defined benefit obligation	527711	425233
	Expected return on plan assets	(150799)	(158811)
	Net actuarial gain recognized in the year	(1130188)	261394
	Net gratuity and other cost	**1415880**	**2246854**
	Actual return on plan asset	**172528**	**(142339)**
iv)	**Category of Assets at the end of the year**		
	Insurer Managed Funds	1539264	1785778
	Others	Nil	Nil
	Total	**1539264**	**1785778**
v)	**Assumptions used**		
	Discount rate (p.a.)	8%	8%
	Salary escalation rate (p.a.)	5%	5%
	Expected rate of return on plan assets (p.a.)	8%	8%

6. **Related Party Disclosure :**

a) **Relationship during the year :**

i) **Key Management Personnel**

Sajid Dhanani – Managing Director
Munawar Garbadawala – Director
Capt. Salim Sheikh – Director
Prosenjeet Roy Choudhary – Director

ii) **Associate Companies/ Firms/ Relatives**

Ahilya Hotels Limited
Aries Hotels Pvt Ltd
Bharat Equity Service Ltd.
Clearwater Capital Partners (Cyprus) Ltd.
Dhanani Securities Ltd.
Kruger Chemical Ltd
M.P. Agro Industries Ltd.
M.Y. Merchant
Mansoor Memon
Saba Memon
Status Travels
Uniera Laboratories Pvt. Ltd.
Welterman International Ltd.
Sana Reality Pvt. Ltd.
Sana Hospitality Pvt. Ltd.
Transagro India Pvt. Ltd.
Transworld Furtichem Pvt. Ltd.
Liberty Phosphates Ltd.

b) **Summary of transaction during the year :**

(Rs. in Lacs)

Sr.No.	Nature of Transactions	2010-11	2009-10
A	**KEY MANAGEMENT PERSONNEL**		
	Remuneration	84.24	57.57
	Loans payable at year end	199.95	Nil
B	**ASSOCIATE COMPANIES/ FIRMS/RELATIVES**		
	Guest pick up expenses	13.94	14.14
	Lease rent paid	100.46	97.28
	Interest on FCCB	Nil	19.14
	Loans receivable at the year end	713.59	354.09
	Lease deposit paid	30.00	90.00
	Professional Fees paid	18.07	18.00
	Issue of Equity Shares on conversion of FCCB	3501.00	Nil

7. Income Tax Liability for the year is estimated at Rs. 115.87 lacs (PY Rs. 73.73 lacs).

8. Provision for deferred tax has been arrived as under :

(Rs. In lacs)

	31.3.2011	31.3.2010
Deferred Assets		
- C/forward losses and Depreciation	1300.24	1719.98
- Others	113.66	97.45
Total Deferred Assets	**1413.90**	**1817.44**
Deferred Liabilities		
- Depreciation Differences	3336.99	3158.71
Total Deferred Liabilities	**3336.99**	**3158.71**
Net Deferred (Liability)/Assets	**(1923.09)**	**(1341.27)**
Net Deferred Tax (Liability)/Assets	**(636.02)**	**(452.84)**

9. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary. Loans given to parties covered u/s 301 of the Companies Act,1956 are interest free and are realizable on demand.

10. The turnover of the Company by way of Food and Beverages and sale of shops do not admit of quantity wise details.

11. The balances in party accounts are subject to confirmation.

12. DETAILS OF AUDITORS' REMUNERATION

		31.03.11	31.03.10
i)	Audit Fees	Rs. 400000	Rs. 325000
ii)	Certification & Other Matters	Rs. 70000	Rs.70000

13. EARNING IN FOREIGN CURRENCY:

		31.03.11	31.03.10
i.	Sale of rooms and Food and Beverages (deemed export as defined in FTP)	Rs. 1543.86 lacs	Rs. 973.51 lacs

14. CIF VALUE OF IMPORT & EXPENDITURES:

		31.03.11	31.03.10
i.	Import of Capital Items	Rs. 166.16 lacs	Rs. 113.23 lacs
ii.	Interest on FCCB	Nil	Rs. 19.14 lacs
iii.	Others	Rs. 24.30 lacs	Rs. 0.04 lacs

15. DETAILS OF MANAGERIAL REMUNERATION:

		31.03.11	31.03.10
i.	Salaries	Rs. 83.96 lacs	Rs. 57.29 lacs
ii.	Contribution to Provident & Other Funds	Rs. 0.28 lacs	Rs. 0.27 lacs

The above payments are within the limits prescribed under the Companies Act, 1956.

16. Leave encashment has been determined based on the available leave entitlement at the end calendar year. The incremental amount so calculated is debited to Employees Emoluments.

17. Extraordinary items of Rs. 184.30 lacs shown in Profit and Loss account includes the loss on account of write-off of fixed assets due to closure and shifting of Kolkata restaurant in Barbeque-Nation Hospitality Ltd. Previous year's extraordinary items of Rs. 132.04 lacs includes the loss on account of write-off of fixed assets due to closure of the Amritsar restaurant in Barbeque-Nation Hospitality Ltd. which did not start its commercial operations.

18. On 25th April,2010 major fire incident happened in the Chandigarh restaurant of Barbeque-Nation Hospitality Limited due to which the restaurant could not operate till 27th September, 2010. The Company has filed insurance claim with IFFCO Tokio Insurance Company Ltd. and received Rs. 90 lacs as on account payment against the same.

19. In May 2011 the Jalandhar restaurant of Barbeque-Nation Hospitality Limited has closed its operations.

20. EARNING / (LOSS) PER SHARE:

		Period ended 31.03.11	Period ended 31.03.10
i.	Profit/(Loss) after Tax but before Extraordinary items (Rs.in lacs)	701.00	92.68
ii.	Profit/(Loss) after Tax and after Extraordinary items (Rs.in lacs)	516.70	(39.36)
iii.	Cash Profit after adding depreciation, deferred tax (Rs.in lacs)	2300.13	1308.86
iv.	Wtd. Average no. of Shares - Basic (Number)	17518000	12850000
v.	Wtd. Average no. of Shares - Diluted (Number)	17518000	12850000
vi.	EPS - Basic - before Extraordinary items (in Rs.)	4.00	0.72
vii.	EPS - Basic - after Extraordinary items (in Rs.)	2.95	Nil
viii.	EPS - Diluted - before Extraordinary items (in Rs.)	4.00	0.72
ix.	EPS - Diluted - after Extraordinary items (in Rs.)	2.95	Nil
x.	Cash EPS (in Rs.)	13.13	10.19

21. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.

22. No provision has been made for diminution, if any, in the value of investments held for long term as in the opinion of the management company would be able to recover at least the cost of the investments.

23. In pursuance of the resolution passed at the EGM held on 03.05.06 the company has issued 0.50% Foreign Currency Convertible Bonds of US$ 1,00,000 each totaling to US$ 7.50 million. The Bonds are listed at Luxemburg Stock Exchange, London. After the Balance Sheet date the Bondholders has exercised their option to convert the shares and accordingly 46,68,000 @ 75/- each (face value Rs. 10/- each) shares has been allotted on 10.05.2010 in lieu of FCCB.

24. Fixed deposits from public includes Matured but unclaimed deposits of 14 parties totaling to Rs. 2.30 lacs.

25. Statement of Information regarding Subsidiary Companies :

(Rs. In lakhs)

	Barbeque-Nation Hospitality Limited	Malwa Hospitality Pvt. Ltd.
Issued and Subscribed Capital	926.50	549.40
Reserves & Surplus	1,607.50	---
Secured Loans	2,786.56	---
Unsecured Loans	---	33.91
Current Liabilities & Provisions	1,111.47	3.03
Total Liabilities	**6,432.03**	**586.34**

(Rs. In lakhs)

	Barbeque-Nation Hospitality Limited	Malwa Hospitality Pvt. Ltd.
Net Fixed Assets	3,113.90	---
Capital work in Progress including Pre-Operative	75.84	59.45
Current Assets, Loans and Advances	2,532.20	518.51
Deferred Tax	293.05	2.78
Profit and Loss Account	417.04	5.60
Total Assets	**6,432.03**	**586.34**
Total Income (including other income)	10,315.52	---
Raw Materials consumed	4,078.15	---
Operating Expenses	475.10	---
Power & Fuel	865.46	---
Employees Emoluments	1,334.78	---
Selling & Administrative Exps	2,320.61	---
Operating Profit before Interest, Depreciation & Tax	**1,241.42**	**---**
Financial Charges	452.75	---
Depreciation (including written back)	374.95	---
Prior Period and Extraordinary items	184.30	---
Profit/(Loss) before Tax	**229.42**	**---**
Provision for Tax	65.19	---
Profit/(Loss) after Tax	**164.23**	**---**
Face Value per Share (in Rs.)	10.00	10.00
EPS - Basic	1.77	---
EPS - Diluted	1.77	---
Cash EPS	6.29	---

Note The aforesaid data in respect of the subsidiaries is for a period of 12 months as on 31.03.11.

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

Signature to Schedule 1 to 16
As per our report of even date attached

For and on behalf of the Board of Directors

For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants
Nimesh Gandhi
Partner
M.No. 49134
VADODARA : 03-09-2011

Sajid R Dhanani	**Capt. Salim Sheikh**	**M.F. Garbadwala**	**T.N. Unni**
Managing Director	Director	Director	Director

INDORE : 03-09-2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011

(Rs. in lacs)

		31-Mar-11		31-Mar-10
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item		700.60		46.27
Adjusted for:				
Depreciation	1,600.25		1,322.13	
Interest paid	2,161.41		1,660.94	
Interest Received	(48.44)		(42.03)	
Prior Period & Extra-ordinary items	184.30		132.04	
		3,897.52		3,073.08
Operating profit before Working Capital changes		**4,598.12**		**3,119.35**
Adjusted for:				
Trade and Other receivables	(1,362.44)		136.34	
Inventories	(147.92)		(160.03)	
Trade payables	577.47	(932.89)	(330.40)	(354.09)
Cash generated from operations		**3,665.23**		**2,765.26**
Taxes Paid		(237.83)		(132.22)
Prior Period & Extra-ordinary items		(184.30)		(132.04)
Mat Credit Entitlement		115.15		10.93
Minority Interest		(55.25)		182.50
Interest paid		(2,161.41)		(1,660.94)
Net cash from operating activities		**1,141.59**		**1,033.48**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets	(1,530.72)		(1,328.25)	
Investments	(0.24)		(3.07)	
Interest Received	48.44	(1,482.52)	42.03	(1,289.29)
Net cash used in investing activities		**(340.93)**		**(255.81)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011

(Rs. in lacs)

		31-Mar-11		31-Mar-10
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	466.80		0.00	
Minority Interest	56.41		97.56	
Receipt of Share Premium	3,034.20		1,400.00	
Unsecured Loans	(3,375.01)		34.40	
Long Term borrowings	137.54		(1,054.44)	
Net cash generated from financing activities		**319.94**		**477.52**
Net increase in cash and cash equivalents	(20.98)		221.71	
Cash and cash equivalents as at the beginning of the year	417.82		196.11	
Cash and cash equivalents as at the end of the year		**396.84**		**417.82**

Note : Figures in bracket indicate disposition of funds and others indicates of generation of funds except the figure of cash and cash equivalents at the beginning and at the end of the year

For and on behalf of the Board of Directors

INDORE : 03-09-2011

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

AUDITOR'S CERTIFICATE

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd & its subsidiaries for the year ended 31st March 2011. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2011 and 31st March 2010. We have found the same to be in acccordance with the requirements of clause 32 of the listing agreement with stock exchanges.

For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
Chartered Accountants

VADODARA : 03-09-2011

Nimesh Gandhi
Partner
M.No. 49134

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the subsidiaries	:	Barbeque-Nation Hospitality Limited	Malwa Hospitality Private Limited
2	Financial Year of the subsidiary ended on	:	31st March 2011	31st March 2011
3	Number of shares of the subsidiary company held by the Holding Company on the above date			
	a) Number and Face Value	:	6,464,998 Equity Shares of Rs. 10 each fully paid-up	5,494,000 Equity Shares of Rs. 10 each fully paid-up
	b) Extent of holding	:	69.78%	100%
4	The net aggregate amount of Profit/(Losses) of the Subsidiary Company for the above financial year, so far as they concern the Members of the Company			
	(I) dealt within the accounts of the Company :			
	(a) For the financial year ended 31st March, 2011 (Rs. in Lacs)		129.41	0.00
	(b) For the previous financial year since these became subsidiaries of the Company (Rs. in lacs)		Nil	Nil
5	Net aggregate amount of profits/(losses) for previous years of the subsidiary, since it became a subsidiary, so far as they concern members of the Company :			
	(i) dealt in the accounts of the Company for the year ended 31.03.2011 (Rs. in lacs)		(420.42)	(5.60)
	(ii) not dealt in the accounts of the Company for the year ended 31.03.2011 (Rs. in lacs)		Nil	Nil

For and on behalf of the Board of Directors

Place : Indore
Date : 03.09.2011

Sajid R Dhanani
Managing Director

Capt. Salim Sheikh
Director

M.F. Garbadwala
Director

T.N. Unni
Director

INTENTIONALLY LEFT BLANK

ATTENDANCE SLIP

SAYAJI HOTELS LIMITED

"Sayaji Hotel", Opp. Rajshree Talkies, Near Kala Godha, Sayajigunj, Vadodara-390 005

Please complete this Attendance Slip and hand it over at the Entrance of the Meeting Hall

1. Name of the Share Holder ______________________
(In Block Letter)

2. Regd. Folio No. / Client I.D. / DP ID. ______________________

3. No. of Shares held ______________________

4. Name of Proxy (In Block Letters) ______________________

I hereby record my presence at the 28th Annual General Meeting at Registered Office of the Company on Friday, 30th September, 2011 at 12.30 P.M.

Member's / Proxy's Signature

Note : The copy of the Annual Report may please be broght to the Meeting Hall.

- - - - - - - - - - TEAR HERE - - - - - - - - - -

PROXY FORM

SAYAJI HOTELS LIMITED

"Sayaji Hotel", Opp. Rajshree Talkies, Near Kala Godha, Sayajigunj, Vadodara-390 005

Master Folio No. ______________

I/We ______________________

of ______________________

being a member/members of above named company hereby appoint ______________________

______________________ of ______________________

or failing him / her ______________________

of ______________________

as my/our proxy to attend and vote on me/us any my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday, 30th September, 2011and/or at any adjournment thereof.

Signed this ______________ day of ______________ 2011.

Signature

Affix 1 Rs. Revenue Stamp

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. The Proxy need not be member of the company.

TEAR HERE

BOOK-POST

To,

If undelivered please return to :

SAYAJI HOTELS LIMITED

Admn. Office : H-1, Scheme No. 54,
Vijay Nagar, Indore - 452 010 (M.P.)

Printed by :
Rajat Graphics
224, Tilak Path, G-12, Misal Plaza,
INDORE (M.P.) Mobile : 98260-27010