SAYAJI

SAYAJI HOTELS LTD.

# SAYAJI HOTELS LIMITED

## TWENTY NINTH
## ANNUAL REPORT 2011-12

## BOARD OF DIRECTORS

| | |
|---|---|
| • Shri Razak D. Dhanani | - Chairman |
| • Shri Sajid R. Dhanani | - Managing Director |
| • Shri Sanjay Ahuja | - Nominee Director TFCI |
| • Shri Y.S. Mehta | - Nominee – MPFC |
| • Shri T. S. Bhattacharya | - Director |
| • CA. T.N. Unni | - Director |
| • Capt. Salim Sheikh | - Director |
| • Shri Jayakannan P. Swamy | - Whole-time Director |
| • Shri Karthik B. Athreya | - 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 : cs@sayajiindore.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

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| | | |
|---|---|---|
| **Date** | : | September 25, 2012 |
| **Day** | : | Tuesday |
| **Time** | : | 3.30 P.M. |
| **Venue** | : | Sayaji Hotel, Vadodara |
| **Book Closure Date** | : | From September 19, 2012 to September 25, 2012. |

# NOTICE

**NOTICE** is hereby given that the **Twenty Ninth Annual General Meeting of** the Members of **Sayaji Hotels Limited** will be held on **Tuesday, the 25th day of September 2012 at 3.30 P.M.** at the Registered Office of the Company at "Sayaji Hotel", Near Kala Ghoda, Sayajigunj, Opp. Rajshree Talkies, Vadodara–390005 (Gujarat), to transact the following business:

**ORDINARY BUSINESS**

1. To receive consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss Accounts and the cash flow statement for the year ended 31st March, 2012 and the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of CA T.N. Unni, who is liable to retire by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Capt. Salim Sheikh, who is liable to retires by rotation and being eligible, offers himself 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 an Ordinary Resolution.**

   **RESOLVED THAT** Shri Karthik B. Athreya, who has been appointed as an additional director w.e.f. 08th May, 2012 and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose as a candidate for the office of the Director, be and is hereby elected and appointed as Director of the Company and he shall not be liable to retire by rotation.

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

   **RESOLVED THAT** Shri Jaykannan Perumal Swamy who has been appointed as Additional Director by the Board w.e.f. 14th Feb., 2012 to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Shri Jaykannan Perumal Swamy as a candidate for the office of the Director be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation

   **"RESOLVED FURTHER THAT** pursuant to the provision of sections 198, 269, 302, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto and Article of Association of the Company the approval of the Members be and is hereby accorded to the appointment of Shri Jaykannan Perumal Swamy as the Whole-time Director of the Company for a period of three years with effect from 14th February 2012, on following terms & conditions including expressly the remuneration and perquisites payable to him -

   1. Salary: Rs. 60,000/- per month.

   2. 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.

   3. Perquisites and Allowance : May be paid under following categories as may be determined by the Board of directors of the Company from time to time:

      a. House Rent Allowances

      b. Special allowance

      c. Leave Travel allowance

d. CCA

e. Annual club maintenance fees

f. Payment of statutory contribution towards PF, ESIC as may be applicable

g. Other allowance

h. Conveyance allowance

i. Ex-Gratia

"**RESOLVED FURTHER THAT** the Board of directors of the Company may decide the break up of the salary and allowances and perquisites from time to time subject to the maximum permissible limits upto Rs.2,00,000 p.m.In case of absence or inadequacy of net profits in any financial year, the Company shall pay the above said remuneration by way of salary, perquisites, allowances as per part II of schedule XIII of the Companies Act, 1956 as the minimum remuneration subject to the maximum amount of Rs.2,00,000 p.m. as may be decided by the Board from time to time.

"**RESOLVED FURTHER THAT** the Whole-time director shall not be entitled for any sitting fee for attending any meeting of the Board of Directors or a Committee thereof. The appointment shall be contractual basis and he shall be categorized as the professional director and the services of Mr. Swamy may be terminated by giving a notice as per the

INTENTIONALLY LEFT BLANK

# NOTES

1. The related Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 6 is annexed hereto.

2. 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.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 19, 2012 to Tuesday, September 25, 2012, both days inclusive.

4. 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.

5. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.

6. 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.

7. 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.

8. Members desiring any information as regards the Accounts & Operations are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.

9. The Company has connectivity with the CDSL & NSDL and equity shares of the Company may 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 or may send their email at rnt.helpdesk@linkintime.co.in. 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 downloaded from the website of the Ministry of Company affairs at www.mca.gov.in.

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

11. 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. Or may send their mail at rnt.helpdesk@linkintime.co.in. 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.

12. 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 circulars issued by MCA we propose to send future communications in electronic mode. Members who desire 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, may also send their mail at Mumbai@linkintime.com

    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 updation/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, copy of the Annual Report of the Company, upon receipt of a requisition from you.

We request you to support this Green 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 |
|---|---|---|---|---|---|
| Capt. Salim Sheikh Non Executive Independent Director | 44 Years B.Sc. Honors | 10 years | 31/01/2002 | 1 | Nil |
| CA T.N. Unni, Independent Director | 74 years CA | 40 years | 31/01/2002 | 3 | Nil |
| Shri Jayakannan * Perumal Swamy, Whole-time Director | 36 years Diploma in Hotel Management | 16 years | 14/02/2012 | Nil | Nil |
| Karthik B. Athreya Director | 38 Years CA | 12 years | 08/05/2012 | 10 | Nil |

* Proposed for appointment as the Whole-time 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:**

Shri Karthik B. Athreya has been appointed as an additional director of the Company w.e.f. 08th May, 2012 and the Board has recorded his appointment at their meeting held on 30th May, 2012. The Company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing his appointment for the office of the Directors of the Company.

The Board recommend the appointment of Shri Karthik B. Athreya and proposes to pass the resolutions as set out in item No. 5 of the Notice as Ordinary Resolution.

Except, Shri Karthik B. Athreya, none of the directors of the Company are interested or concerned in the resolution.

**ITEM NO. 6:**

Shri Jaykannan Perumal Swamy has been appointed by the Board as an Additional Director w.e.f. 14th Feb., 2012 to hold office till the date of the ensuing Annual General Meeting. The company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing his appointment for the office of the Directors of the Company.

Mr. Jayakannan Perumal Swamay, aged 36 years, has a dynamic personality and has more than 16 years experience in the hotel industry. He has successfully proven his managerial skills to run hotel business at various places. He has successfully launched and managed the Pune hotel of the company and significantly contributed towards its success. Looking to his performance Board Also appointed, subject to the approval of Members, Shri Jayakannan Perumal Swamy as Whole-time Director, designated as Executive Director of the Company, for a period of three years with effect from February 14, 2012.Except Mr. Jaykannan Perumal Swamy none of the directors of the Company are interested or concerned in the resolution.

Your directors proposes to pass the resolution as set out in Item No.6 of the notice.

**By Order of the Board of Directors**

**Indore, 14th August 2012**

**Sajid R. Dhanani**
**Managing Director**

# DIRECTORS' REPORT

The Board presents the Twenty Ninth Annual Report together with the Audited Statement of Accounts and the Auditor's Report of the Company for the year ended 31st March, 2012.

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

| Particulars | Financial Year 2011-12 | Financial Year 2010-11 |
|---|---|---|
| **Income** | **12350.53** | **11258.55** |
| Less: Operating Expenses | 8620.98 | 7942.00 |
| **Operating Profit** | **3729.55** | **3316.55** |
| Less: Financial Cost | 2206.33 | 1620.22 |
| **Profit/(Loss) before Depreciation, Tax & Exceptional Item** | **1523.22** | **1696.34** |
| Less: Depreciation | 1296.33 | 1225.30 |
| **Profit/(Loss) before Tax & Exceptional Item** | **226.89** | **471.04** |
| Exceptional Item | 26.04 | 0.00 |
| **Profit/(Loss) before Tax** | **200.85** | **471.04** |
| **Less: Provision for taxation** | **86.92** | **139.95** |
| **Profit (loss) for the period** | **113.94** | **331.09** |
| BASIC EPS | 0.65 | 1.89 |
| DILUTED EPS | 0.65 | 1.89 |
| CASH EPS | 8.55 | 9.68 |

**REVIEW OF OPERATIONS**

Total Revenue during the financial year 2011-12 increased to Rs. 12350.53 lacs as against Rs. 11258.55 lacs during the preceding financial year showing an increase of 9.69 %. Operating profit during the year is Rs. 3729.55 as compared to Rs. 3316.55 lacs during the preceding financial year showing an increase of 12%. Profit Before Tax during the financial year 2011-12 is Rs. 200.85 lacs as against Rs. 471.04 lacs during the financial year 2010-11. Profit after tax for the year is Rs. 113.94 lacs during the financial year 2011-12 as compared to Rs. 331.09 lacs during the preceding financial year. PAT is lower on account of the sharp increase in Interest cost by 36% due to the overall increase in borrowing costs.

In order to conserve the resources and to be able to plug them back for future growth, your Directors have not recommended any dividend for the financial year 2011-2012.

**SUBSIDIARY COMPANIES**

The Financial Statements for the year ended March 31, 2012 of Barbeque-Nation Hospitality Ltd. and Malwa Hospitality Pvt. Ltd., both subsidiaries of your company, are consolidated in the Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Ministry of Corporate Affairs vide their Letter no. 5/12/2007-CL-III dated February 8, 2011 has granted a general exemption under Section 212 (8) of the Companies Act, 1956 for publication of the Accounts of subsidiary companies, subject to fulfillment of certain conditions. In view of the same, your Company is also exempted from publication of the Accounts of its subsidiaries under the provision of Section 212 of the Companies Act, 1956. The accounts of the subsidiary companies are not separately included in the Annual Report. However, the Consolidated Financial Statements of the Subsidiaries prepared in accordance with relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form part of the Annual Report and are reflected in the consolidated accounts.

The Financial Statements of the subsidiary companies and other detailed information will be made available to the investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection at the Registered Office of the Company as well as the respective Registered Offices of the subsidiary companies.

**COURSE OF BUSINESS AND OUTLOOK**

The annexed Management Discussion and Analysis forms part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year 2011-12 as well as the future outlook.

Your Company owns and operates successfully three hotels at the locations viz. Baroda, Indore and Pune. The company is also operating 20 restaurants in different parts of India under the banner of its subsidiary Company i.e. Barbeque-Nation Hospitality Ltd. (BNHL) and looking to the tremendous response received by the Company in the restaurant segment, your Company expects to start 15 more restaurants during the current financial year. The Indian F&B services (dining out) market is expected to touch USD 16 billion by 2016 out of which the organized market would command USD 6 billion. The CAGR for the organized market is projected at 30% for the period 2011-2016. (Source: Technopak Emerging Trends in India Retail & Consumer 2011)

Your company has decided to consolidate similar nature business of the Barbeque - Nation in the subsidiary for the purpose of reaping benefits of better valuation due to consolidated turnover & profits and for administrative convenience and better statutory compliances. Accordingly, your Company has sold five barbeque-nation restaurants and ceded its rights in favour of its subsidiary Barbeque-Nation Hospitality Limited at a total consideration of Rs. 28.10 crores. These restaurants where initially opened in the company and operating rights of the same were transferred to subsidiary w.e.f. 01st April 2009.

In the hotel segment, the company has undertaken various expansion projects which inter alia include setting up a business Hotel in Indore comprising of 160 rooms under its subsidiary Company Malwa Hospitality Pvt. Ltd., It will start operations tentatively during FY13.

**PUNE HOTEL**

The Pune Hotel of the Company is successful in sustaining & constantly improving the food and beverage business over the last 3 years. During the year no. of rooms available for supply in PCMC area has been increased upto 200 rooms. It has also revised the rates in April 2011. Besides all the above facts the occupancy rate was 68.32% compared to the 80% in the year 2010-11. The overall increase in revenue is Rs.1.14 Cr as compared to previous years. During the year it has started a new Gym in the basement of the Hotel covering the area of 1500 square feet. In the year 2011-12 Pune has been awarded by Trip advisor “Travelers Choice” award 2012.

**DIRECTORS**

CA T. N. Unni and Capt. Salim Sheikh retires by rotation in accordance with the provisions of the Articles of Association of the Company and being eligible offer themselves for re-appointment.

The Board appointed Shri Jayakannan Perumal Swamy as a Whole-time Director of the Company w.e.f. 14th Feb., 2012 for a period of 3 years and proposes to pass suitable resolutions as set out in the notice of the Annual General Meeting.

During the year Mr. Aswini Sahoo has been appointed as a Additional Director of the Company w.e.f. 14th November, 2011. With effect from 08.05.2012 Mr. Karthik B. Athreya has been appointed as a additional director in place of Mr. Aswini Sahoo. Mr. Sanjay Ahuja (TFCI) has been nominated by TFCI in place of Mr. B. M. Gupta w.e.f. 14th February, 2012.

Mr. Munawar Garbadawala, Whole-time Director of the Company has also resigned w.e.f. 14th August, 2012.

Your Board placed on record their sincere appreciation of the valuable services rendered by Mr. B. M. Gupta, Mr. Munawar Garbadawala & Mr. Aswini Sahoo.

**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.

**SECRETARY**

During the period under review and pursuant to Section 383A of the Companies Act, 1956 Mr. Awadhesh Gupta has resigned from the post of Company Secretary of the Company w.e.f. 31st July, 2011 and Mr. Amit Sarraf has been appointed as the Company Secretary cum Compliance Officer of the Company w.e.f. 26th September, 2011.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company, has undertaken several Eco friendly initiatives during the year like plantation of trees, developing & maintaining the green belt of the road covering 2 kilometer area near the Indore hotel etc. The Children’s day was celebrated with Orphans and poor children. Your Company also sponsors various sports tournament & coaching camps for encouraging talent amongst children & providing opportunities to the underprivileged segment of the society. Your Company also organizes various shows & exhibition in order to promote art & culture in the society. Pune hotel of the Company also supported a NGO called "Nirmala Trust" by distributing Hand Painted diyas made by disabled people during Diwali.The Company has also donated funds, clothes & other things to poor people through various NGOs

**FIXED DEPOSITS**

The Company has renewed/accepted deposits by private placement and confidential offers from friends, relatives and associates under Section 58A of the Companies Act, 1956 in terms of Rule 4A of the Companies (Acceptance of Deposit) Rules, 1975. The Company has matured unclaimed Deposits amounting to Rs. 2,34,322/- (Two lacs thirty four thousand three hundred twenty two only only).

**POSTAL BALLOT**

Your Company has successfully sought the approval of members by way of postal ballot under section 192A of the Companies Act, 1956 for passing of the Special Resolution pertaining to the following matter:-

(a) To provide Corporate Guarantee for a Sum of Rs. 20 Crores to State Bank of India for and on behalf of Barbeque-Nation Hospitality Ltd.; and

(b) Authorization to Board of Directors to make loans and investments in the securities of Other Body Corporate and to provide and extend the guarantee for and on behalf of other body corporate subject to a maximum amount upto 150 Crores.

Result of postal ballot has been announced on July 14th, 2012.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. In the preparation of the accounts for the financial year ended March 31, 2012, 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 judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012 and of the results of operations 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**

As per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance together with an Auditor's Certificate on Corporate Governance is appended to the Annual Report as Annexure 'C' and 'D' respectively.

**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 are as under:

| | | |
|---|---|---|
| **Foreign Exchange Earnings** | : | Rs. **930.20** Lacs |
| **Foreign Exchange Outgo** | : | Rs. **49.88** Lacs |

**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 employees of the Company are drawing such remuneration required to be disclosed as per provision of section 219(1)(b)(iv) of the Companies Act, 1956.

**Note:** The Managing Director is under the contractual employment for a period upto 31st January, 2016 and his remuneration were approved by the Ministry of Corporate Affairs by Letter No B18238105/1/2011-CL.VII Dated 19th March, 2012.

**For and on behalf of the Board of Directors**

**Place : Indore** **Abdul R. Dhanani**
**Date: August 14th 2012** **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, 2011 to March, 2012 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.

## BUSINESS ENVIORNMENT, INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK

1. The Hospitality Industry is a major service sector in the world economy. According to Tourism Finance Corporation of India Limited the Indian Hospitality industry is projected to grow at a rate of 8.8 per cent during 2007-16, placing India as the second-fastest growing tourism market in the world. According to industry data, India is expected to double the number of branded hotel rooms from 100,000 now in just three years. Leading the pack is global hotel chains, which will add over 300 hotel properties (an estimated 55,000 rooms) in the country by 2013, as per data compiled by companies.

2. According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC), the demand for travel and tourism in India is expected to grow by 8.2 % between 2010 and 2019. This will place India at the third position in the world. India's travel and tourism sector is expected to be the second largest employer in the world. Capital investment in India's travel and tourism sector is expected to grow upto 8.8 % between 2010 and 2019. The report forecasts that India will be successful to getting more capital investment in the travel & tourism sector and is projected to become the fifth fastest growing business travel destination by the end of 2020.

3. India's hotel industry has also shown robust growth in the fiscal (2011-2012) till November, notwithstanding the global and local economic slowdown, reporting continuous revenue-per-available-room (RevPAR) growth and the hotel inventory are expected to add another 61,000 rooms in the next three years, according to the survey of STR Global Reports.

4. Substantial investment in tourism infrastructure is absolutely essential for hotel industry to achieve its potential to an optimum extent. The various Governmental initiatives such as upgrading of national highways, 'Incredible India' destination campaigns, 'Atithi Devo Bhavah' campaigns, newly – evolved concept of transit hotels in airports, are expected to result in desired level of growth in hotel industry. Across the market in general, we experience the signs of improving occupancy rates, which are likely to result in higher ARRs in the near future.

5. Further, the world wide event like F1 Grand Prix was held in India last year. It has worldwide followers and will enhance the hospitality business significantly. Such kind of events not only create short-term positive impact but also provide visibility and perception to the host country.

6. Strong growth in the service industry in the past few years has led to increased corporate spending on business travel in the country. Also, the increased rate of income and affordability has enhanced the domestic leisure travel in the country. Even, there has been an increment in the foreign tourist visiting India proving the country to be a favored tourist destination for leisure as well as business travel across the globe. With well-equipped infrastructure and the low cost as compared to developed countries has paved India's way to be a nation growing fast to gain the status of one of the most preferred tourist destinations in the world.

7. Margins are likely to be impacted by continuing inflation, oil price volatility and rising payroll costs. The Company plans to offset pressure on margins through higher occupancies and modest increases in average room rates.

8. Despite global uncertainty, we expects the overall outlook for the current Financial Year to be stable with a continued revival of demand for hotel rooms that has begun in the recent months. Looking to the opportunities, Company is also coming with one more hotel at Indore under the banner of its subsidiary i.e. Malwa Hospitality Ltd. and it will start operation during FY13. The aforesaid steps will help to consolidate the Company's position in Indore.

## BARBEQUE-NATION RESTAURANTS

Your Company is aggressively expanding its restaurants business under the banner of its Subsidiary Company "Barbeque – Nation Hospitality Ltd.". At present 20 restaurants are running across India and 15 more restaurants are expected to start in the current financial year .

Since 2006, from the opening of its first restaurant in Mumbai, Barbeque – Nation created a brand image not only in the Country but also in overseas markets because of its unique services comprising of grilled food, stylish and airy décor, no tip policy and well managed & professional staff. It has also received fabulous response from the media.

According to the restaurantsmapsofindia.com the future of the restaurant industry seems bright in India. With the increase in demand, the consumer patterns, the profit of this industry will also significantly rise. The restaurant industry has become a popular career option for the youngsters of India. Looking towards overall atmosphere, your promoters expect that the restaurant segment of your Company will continue to grow exponentially.

**OPPORTUNITIES & THREATS**

The hotel industry has its own set of constraints which include managing manpower, compensation issues, high attrition rate, regular employee training in order to maintain service standards, heavy costs for periodic renovation and repositioning of properties.

Any adverse change in the general economic scenario and the demand supply situation, unhealthy competition and seasonal nature of hotel industry may affect the prospects of the hotel Industry.

Escalating cost of land in metros has been a major area of concern in addition to other threats and risk factors like limited availability of land and power, water shortage, procurement of multiple clearances / approvals required for hotel projects, rising interest cost, long gestation period, poor infrastructure facilities etc. Besides, adverse advisories, natural calamities and competition from other tourist destinations offering attractive packages etc. are few other risk factors which may affect the hotel industry.

The Audit Committee and the Board periodically discuss the significant business risks identified by the Management and review the measures taken for their mitigation.

**RISK AND CONCERNS**

**General Economic Conditions:**

The Union Government announced budget 2012-13 and played a spoilsport to the Indian Hospitality Industry. While it did not have much to offer, it rubbed salt in the wound proposing a 2 per cent hike in the Service Tax from the existing 10 per cent and the multiple taxes i.e. Luxury Tax, VAT & excise duty are still continue. Infrastructure status was also not granted to hotel & restaurant industry. The positive aspects of the budget are the reduction on casacading taxes by providing tax credit, allowing 100% deduction to the franchise model and including 3 star and 4 star hotel located outside cities with population of more than one million in the Harmonized list of Infrastructure sub-sector. Besides the government has also permitted 100 percent FDI in the automatic route –allowing full FDI into all construction development projects including construction of hotels and resorts which will be helpful in attracting the foreign investors in India.

**Risk Mitigating Activities**

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 and this is updated periodically.

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

- To reduce the cost of the final product of the Company which will be helpful in reducing the overall burden of the Customer.
- To reduce the interest cost of the Company by re-deploying internal accruals & substitute high cost debt with Equity.
- Your Company launched a mid – size business hotel at Indore under its wholly owned subsidiary Company Malwa Hospitality Pvt. Ltd. and it will start its operation during FY13 and it will be helpful in generating more revenue and capture the low-rate business.

**Competition**

**Indore**

Indore is the economic capital of central india & it's potently demonstrate the recognition as a metro. Looking to the opportunities in Indore, various Multi National Corporates i.e. John Deere, TCS & Infosys are planning to set their business in Indore , this development would also expect eminent facilities from hotel industry.

Looking to the aforesaid development, various key hotels groups and other mid – size hotels are also establishing their business which will not only increase level of competition but also quality of services and it will be helpful in overall development of the industry.

**Pune**

Pune is the second largest city of Maharashtra and the eighth largest city of India. Home to many reputed colleges and universities, the city has earned itself the sobriquet of 'Oxford of the East'. Moreover, it is also been hailed as the 'Automobile City', for housing some of the best automobile manufacturers in India. Thus, Pune remains one of the most frequented city of India, visited by students, business tourists as well as leisure travelers. This traffic has led to the establishment of Sayaji in the city and even in the situation of tough survival, your Company has received tremendous response.

**Vadodara**

Vadodara, is one of the major city of Gujarat and the level of competition in the hotel industry is very low as compared to other cities but looking to the entrance of the other hotel chain in the market and very high profile promotion of "Gujarat Tourism" by government of Gujarat, it will produce rivalry in the market.

**Internal Control System And Their Adequacy**

Adequate internal controls have been laid down by the Company to safeguard and protect its assets as well as to improve the overall productivity of its operations. The Company has a prominent firm of Chartered Accountants named Anirudh Sonpal & Associates as its internal auditors. The firm carries out in-depth internal audits for each department of the Company. The detailed process of review not only ensures reliability of control systems and legal compliances with applicable legislation, defined policies and processes, but also reviews efficiency of systems and ensures safeguarding of tangible and intangible assets. The focus of these review are as follows -

- Identify weaknesses and areas of improvement
- Compliance with defined policies and processes
- safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes
- Compliance with the Sayaji Code of Conduct

The Audit Committee of the Board also reviews the findings of the internal auditor and closely monitors the implementation of their recommendations, by reviewing the compliance reports furnished.

**Material Developments In Human Resources/ Industrial Relations:**

The Company has 1,413 employees as on 31st March, 2012. The Company values its employees as its key assets. Efforts are made on an ongoing basis to improve the efficiency of the employees by way of training, providing them with better working conditions and keeping them motivated at all times. Employees are provided opportunity to grow and prosper. The authority and responsibility chain is clearly defined and the employees are free to convey their ideas and suggestions to their superiors. Team meetings are held at frequent intervals to improve communication and interactions between the employees. Service charges collected from customers are distributed to employees on their performance basis.

**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 & Pune hotel premises, where the employees are allowed and encouraged for participation. 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.

**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.

**For and on behalf of the Board of Directors**

**Place : Indore** **Sajid R. Dhanani**

**Date: August 14th 2012** **Managing Director**

# REPORT ON CORPORATE GOVERNANCE

**MANDATORY REQUIREMENTS:**

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders value. Thus, company's philosophy on Corporate Governance is aimed at the attainment of highest level of transparency, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance. This has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. It is company's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The Board of Directors has also institutionalized best management practices to bring about an atmosphere of accountability. Systems have been put into place to ensure effective strategic planning, optimum risk management, financial plans, budgets, integrity controls, reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning, financial and total compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit. The Company has complied with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, which deals with the compliance of Corporate Governance requirements as detailed below:

## 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 Company has a balanced Board, comprising of Executive and Non-Executive Directors. As on 31st March 2012, the Board consisted of Ten (10) Directors, out of which Three (3) Executive and Seven (7) Non- executive Directors in which Five (5) are independent. All the directors have 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 13/05/2011, 14/07/2011, 12/08/2011, 03/09/2011, 14/11/2011, 28/12/2011 and 14/02/2012.

| Name of Directors | Designation | No. of Board meetings held during the year 2011-12 | No. of Board Meetings attended during the year 2011-12 | Attendance at the last Annual General Meeting held on 30th September, 2011 |
|---|---|---|---|---|
| Mr. Razak Dhanani | Chairman | 7 | 0 | Yes |
| Mr. Sajid Dhanani | Managing Director | 7 | 7 | No |
| Mr. T. N. Unni | Independent Director | 7 | 7 | Yes |
| Mr. B. M. Gupta* | Nominee Director, TFCI (Up to 01st February 2012) | 6 | 3 | No |
| Mr. Sanjay Ahuja | Nominee Director, TFCI (From 01st Day of February 2012 to Continue) | 1 | 1 | N.A. |
| Capt. Salim Sheikh | Independent Director | 7 | 7 | No |
| Mr. Aswini Sahoo** | Director, (appointed on 14th November, 2011 till 30th April 2012) | 3 | 2 | N.A. |
| Mr. Y.S. Mehta | Nominee Director, MPFC | 7 | 6 | No |
| Mr. T.S. Bhattacharya | Independent Director | 7 | 2 | Yes |
| ***Mr. Munawar Garbadawala | Whole-time Director | 7 | 0 | Yes |
| Mr. Jayakannan Perumal Swamy | Whole-time Director (Appointed on 14th February, 2012) | 1 | 1 | N.A. |
| Mr. Karthik B. Athreya | Additional Director (Appointed on 08th May, 2012) | N.A. | N.A. | N.A. |

* Ceased to hold the position of Director on 01st February, 2012 due to withdrawal of nomination by TFCI.

** Ceased to hold the position of Director on 30th April, 2012 due to resignation.

*** Ceased to hold the position of Whole-time Director on 14th August, 2012 due to resignation.

Detail of Directorship on the Board of other Companies as on 31/03/2012.

| Name of Directors | Directorship | Chairmanship in the board | Chairmanship in the committees |
|---|---|---|---|
| Mr. Razak Dhanani | 7 | 3 | Nil |
| Mr. Sajid Dhanani | 9 | 2 | 1 |
| CA T. N. Unni | 3 | Nil | 1 |
| Mr. Karthik B. Athreya | 10 | Nil | Nil |
| Mr. Sanjay Ahuja | Nil | 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 | 10 | Nil | 1 |
| Mr. Jayakannan Perumal Swamy | Nil | 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 other, 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 Company has adopted a Code of Conduct for the Board and the Sr. Management. All Directors and the Sr. Management personnel have affirmed in writing their adherence to the above Code. The full text of the Code is displayed at Company's website www.sayajihotels.com. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

**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 full conformity 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 director's responsibility statement to be given by the Board in the Director's 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 the 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. B.M. Gupta* | Member/ Independent Director |
| Mr. Sanjay Ahuja** | Member/ Independent Director |
| Capt. Salim Sheikh | Member/ Independent Director |
| Mr. Y.S.Mehta | Member/ Independent Director |

* Ceased to be the member w.e.f 01st February, 2012 due to the withdrawal of nomination by TFCI.

**Appointed w.e.f. 01st February, 2012 as the member of the Audit Committee.

All the members of the Audit Committee have expertise in finance as well as in general management. Chairman of the Committee is a Practicing Chartered Accountant and has more than 40 years experience in the same field and Mr. Sanjay Ahuja has vast experience in the financial & investment related matters.

**(c) Meetings & Attendance: -** The Audit Committee met five times during the year 2011-12. The attendance at committee meeting is as follows:

| Name of the Audit Committee Member | 13/05/2011 | 12/08/2011 | 03/09/2011 | 14/11/2011 | 14/02/2012 |
|---|---|---|---|---|---|
| CA T. N. Unni (Chairman) | Yes | Yes | Yes | Yes | Yes |
| Shri Y. S. Mehta (Member) | Yes | Yes | Yes | Yes | Yes |
| Capt. Salim Sheikh (Member) | Yes | Yes | Yes | Yes | Yes |
| Shri B.M. Gupta (Member) | Yes | No | Yes | Yes | N.A. |
| Shri Sanjay Ahuja (Member) | N.A. | N.A. | N.A. | N.A. | Yes |

**REMUNERATION COMMITTEE**

The Remuneration committee comprises of 4 Non Executive Directors, details are given as below:

| Name | Designation |
|---|---|
| CA T. N. Unni | Chairman of the Committee/ Independent Director |
| Shri Y. S. Mehta | Member/ Independent Director |
| Capt. Salim Sheikh | Member/ Independent Director |
| Shri B. M. Gupta* | Member / Independent Director |
| Shri Sanjay Ahuja** | Member / Independent Director |

* Ceased to be member w.e.f. 01st February, 2012 due to the withdrawal of nomination by TFCI.

** Appointed w.e.f. 01st February, 2012.

- Details of the remuneration paid to the Managing Director and the whole time Director for the year ended 31st March 2012 -

  Shri Sajid R. Dhanani, Managing Director received remuneration of Rs. 84.33 Lacs

  Shri Munawar Garbadawala, Whole time Director received remuneration of, Rs. 5.75 Lacs

  Shri Jaykannan Perumal Swamy, Whole time Director received remuneration of Rs. 4.22 Lacs

- Sitting Fees to Directors –

  Sitting fees to all the Non-Executive Directors have been paid @ of Rs. 5000/- for attending each meeting of the Board and Rs. 2000/- of the committee meeting.

- Attendance -

  During the financial year ended 31st March, 2012, the Remuneration Committee met 3 times i.e. 13/05/2011, 14/07/2011 and 28/12/2011.

| Name | Designation | Attendance |
|---|---|---|
| CA T. N. Unni | Chairman | 3 |
| Capt. Salim Sheikh | Member | 3 |
| Shri Y. S. Mehta | Member | 3 |
| Shri B. M. Gupta | Member | 1 |

**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. 30.3 of Notes on Annual Accounts.

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Company has a Share Transfer and Shareholders'/Investors' Grievance Committee to carry out the handling of Shareholders'/investors' grievances. The brief terms of reference of the Committee include redressing of shareholders and investors' complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc. and to expedite the process of share transfer. The Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

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

(b) The committee meets on need basis.

(c) 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.

(d) Complaints, if any, from investors are received at the Registered Office of the Company at Vadodara , at the Office of Registrar and Transfer Agents and at the Corporate Office of the Company at Indore.

(e) As on March 31st, 2012, there were no requests pending/ overdue beyond the due dates.

(f) 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 2012 were Nil as per records.

**Share Transfer System:**

The Share Transfer work is handled by the Registrar and Share Transfer Agent of the Company i.e. M/s. Link Intime India Pvt.

Limited. Share transfer in physical form are generally registered within a month from the date of receipt provided the documents are found to be in order. Share Transfer & Shareholders'/ Investors' Grievance Committee considers and approves the transfer proposals.

Requests for dematerialization of shares being in order is generally processed within 21 days of receipt of the request and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Share Transfer and Transmission Details for the period from 1st April 2011 to 31st March 2012

| Transactions | Physical | Demat | Total |
|---|---|---|---|
| Number of Transfers | **15** | **55** | **70** |
| Number of Shares Transferred | **2,800** | **9,992** | **12,792** |
| 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 |
|---|---|---|---|
| 28th AGM – 2011 | Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005 | 30th September,2011 at 12.30 P.M. | 1. To Re-appoint Mr. Sajid R. Dhanani as the Managing Director of the Company & revision in terms of remuneration.<br>2. Revision in terms of remuneration payable to Mr. Sujit Desai, a relative of Directors of the Company. |
| 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 to Rs. 30,00,00,000<br>ii) Alteration in the Clause No. V of the Memorandum<br>iii) Alteration in the Clause No. 3 of Articles<br>2. To Increase remuneration of Managing Director Mr. Sajid R. Dhanani<br>3. To appoint Mr. Sujit Desai as Manager in Training. |
| 29th AGM - 2009 | Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayajigunj, Vadodara. 390 005 | 30th September,2009 at 12.30 P.M. | Nil |

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 Company's website: www.sayajihotels.com
- 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 | Tuesday, September 25, 2012. |
| Time | 3.30 P.M. |
| Venue | Sayaji Hotels Limited<br>Opp: Rajshree Talkies,<br>Kala Ghoda, Sayajigunj,<br>Vadodara – 390 005 (Guj.) |
| Date of Book Closure | 19/09/2012 to 25/09/2012 |

b) **Financial Calendar.**

The Company follows the financial year from April to March.

Unaudited Financial Results for the three quarters and the Audited Financial Results for the year ended 31st March, 2012 & fourth quarter, 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, 2011 | 12th August, 2011 |
| July-September, 2011 | 14th November, 2011 |
| October-December, 2011 | 14th February, 2012 |
| Year ended 31st March, 2012 & Fourth Quarter ended (January – March) Audited | 30th May, 2012 |

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) Corporate Office : Sayaji Hotels,
H-1, Scheme No. 54,
Vijay Nagar, Indore
(M.P.) 452010
Phone : 0731- 4006666
Fax : 0731- 4003131

e) E-mail Address : cs@sayajiindore.com

f) Stock Exchanges

| Name of Exchanges where shares are Listed | Code |
|---|---|
| The Stock Exchange, Mumbai | 523710 |
| Ahmedabad Stock Exchange | 52190 |
| Vadodara Stock Exchange | 140 |
| Madhya Pradesh Stock Exchange | 2729 |

g) ISIN No. of the Company's : **INE318C01014**

Equity Shares held in Demat Form : **15127217**

Equity Shares held in Physical Form : **2390783**

h) Depository Connectivity : NSDL & CDSL.

i) Registrar and Transfer Agents :

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: 022-25946969

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

Sayaji Hotel.
H-1, Scheme No. 54, Vijaynagar, Indore.
Phone: 0731- 4003636/ 4006666
Fax: 0731-4003131, 4026685
E-mail : cs@sayajiindore.com

k) Dematerialization of Shares:

As on 31st March 2012, 15127217 shares stands dematerialized representing 86.35 % of the total shares of the Company.

l) Project Locations:

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

m) Categories of shareholdings as on 31st March 2012:

| Category | No. of Shares Held | % of Share-holding |
|---|---|---|
| **Promoters:** | | |
| **Directors and Relatives** | 7029070 | 40.12 |
| **Public :** | | |
| **1. Institutions :** | | |
| a. Mutual Funds and UTI | 411319 | 2.35 |
| b. Banks and Financial Institution | 300 | 0.00 |
| **2. Non Institutional Investors** | | |
| a. Bodies Corporate | 2380476 | 13.59 |
| b. Individuals(Public) | 1336209 | 7.63 |
| c. NRI | 1592896 | 9.09 |
| d. NRI (Non Repartiable) | 1246 | 0.01 |
| e. Foreign Company | 4757891 | 27.16 |
| f. Clearing Member | 8593 | 0.05 |
| **TOTAL** | **1,75,18,000** | **100.00** |

n) Stock Market Data.

| Month | Bombay Stock Exchange Ltd. | | BSE SENSEX | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 11 | 120.90 | 100.00 | 19,811.14 | 18,976.19 |
| May 11 | 136.00 | 102.30 | 19,253.87 | 17,786.13 |
| June 11 | 130.00 | 108.00 | 18,873.39 | 17,314.38 |
| July 11 | 164.50 | 105.00 | 19,131.70 | 18,131.86 |
| August 11 | 143.00 | 110.00 | 18,440.07 | 15,765.53 |
| September 11 | 169.80 | 108.55 | 17,211.80 | 15,801.01 |
| October 11 | 168.80 | 143.00 | 17,908.13 | 15,745.43 |
| November 11 | 155.45 | 127.80 | 17,702.26 | 15,478.69 |
| December 11 | 150.90 | 124.55 | 17,003.71 | 15,135.86 |
| January 12 | 144.80 | 122.00 | 17,258.97 | 15,358.02 |
| February 12 | 149.90 | 127.05 | 18,523.78 | 17,061.55 |
| March 12 | 145.95 | 123.00 | 18,040.69 | 16,920.61 |

Sources : Data Compiled from BSE official website

0) No. of shareholders as at 31.03.2012 : **4256**

p) No of shares pledged by the promoters as at 31.03.2012 : **5644606**

q) Means of communication:

The company regularly intimates it's 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 Western Time (English) and in Western Times (Gujrati), the vernacular newspaper. The results of the company are also available on the website of the company at www.sayajihotels.com.

r) **Posting of Annual Report** : Before 30th August, 2012

s) **Last date for receipt of Proxy** : 23rd Sept., 2012

t) **Distribution of Share holding as on 31st March, 2012**

| Nos. of shares | No. of Owners | % of Share holders | Share Amount (Rs) | % to Total |
|---|---|---|---|---|
| Upto 5000 | 3961 | 93.07 | 4671020 | 2.67 |
| 5001-10000 | 142 | 3.33 | 1149910 | 0.65 |
| 10001-20000 | 54 | 1.27 | 815940 | 0.47 |
| 20001-30000 | 16 | 0.38 | 423990 | 0.24 |
| 30001-40000 | 13 | 0.30 | 474240 | 0.28 |
| 40001-50000 | 4 | 0.10 | 184000 | 0.10 |
| 50001-100000 | 17 | 0.40 | 1366970 | 0.78 |
| 100001 – Above | 49 | 1.15 | 166093930 | 94.81 |
| **Total** | **4256** | **100.00** | **17,51,80,000** | **100.00** |

u. Details of shares credited in the suspense account : There were no instance for returning the undelivered shares 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** **Sajid R. Dhanani**

**Date: August 14th, 2012** **Managing Director**

## MANAGEMENT RESPONSIBILITY STATEMENT

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for estimates and judgements 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 of Directors

**Place: Indore** **Sajid R. Dhanani**

**Date : 14th August, 2012** **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, 2012.

For & On Behalf of the Board of Directors

**Place: Indore** **Sajid R. Dhanani**

**Date : 14th August, 2012** **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, 2012 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 as 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
30th May, 2012

**Yogesh K. Shah**
Partner
M.No. 101687

## AUDITORS' REPORT

To
THE MEMBERS OF
**SAYAJI HOTELS LIMITED**
**VADODARA**

We have audited the accompanying financial statements of SAYAJI HOTELS LIMITED which comprises the Balance Sheet as at 31st March, 2012, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and summary of significant accounting policies and other explanatory information. 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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) During the year Company had sold its investment of Welterman International Ltd of Rs. 26.30 lacs at Rs. 0.26 lacs to the promoter of that Company. The sale transaction was done off the market.

(vi) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and

b. in the case of the Statement of Profit & Loss, 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**
**30th May, 2012**

**Yogesh K. Shah**
**Partner**
**M.No. 101687**

**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, 2012 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 9 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. 546.15 lacs. The maximum amounts involved in the transactions during the year are Rs. 1093.74 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. 202.87 lacs. The maximum amounts involved in the transactions during the year are Rs. 1055 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 are entered in the register maintained u/s 301 of the Companies Act.

   (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 of 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, 2012 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. and Appellate Tribunal, New Delhi | Rs. 1057.52 lacs |
| 02 | VAT | Dy. Comm. VAT Tax, Indore | Rs. 20.73 lacs |
| 03 | Entry Tax | Dy. Comm. VAT Tax, Indore | Rs. 04.64 lacs |
| 04 | Income Tax | Appellate Tribunal Ahmedabad | Rs. 107.64 lacs |

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

11. 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.

12. 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.

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

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

15. 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 the same are not prejudicial to the interest of the Company.

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

17. 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.

18. During the year, the company has not made any preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Act.

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

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

21. 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** **Yogesh K. Shah**
**30th May, 2012** **Partner**
**M.No. 101687**

# BALANCE SHEET AS AT 31-03-2012

(Rs. In lacs)

| Particulars | Note No. | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| (a) Share Capital | 2 | 1,751.80 | 1,751.80 |
| (b) Reserves & Surplus | 3 | 7,984.31 | 7,870.37 |
| Sub Total (i) | | **9,736.11** | **9,622.17** |
| **Non-current liabilities** | | | |
| (a) Long-term Borrowings | 4 | 8,083.04 | 8,450.66 |
| (b) Deferred Tax Liabilities (Net) | 5 | 1,018.77 | 931.85 |
| (c) Other Long Term Liabilities | 6 | 2,012.30 | 16.32 |
| (d) Long-Term Provisions | 7 | 149.41 | 123.57 |
| Sub Total (ii) | | **11,263.52** | **9,522.40** |
| **Current liabilities** | | | |
| (a) Short-Term Borrowings | 8 | 1,070.52 | 1,775.76 |
| (b) Trade Payables | 9 | 856.07 | 680.67 |
| (c) Other Current Liabilities | 10 | 5,272.87 | 3,739.48 |
| (d) Short Term Provisions | 11 | 97.64 | 93.71 |
| Sub Total (iii) | | **7,297.10** | **6,289.62** |
| **TOTAL (i+ii+iii)** | | **28,296.73** | **25,434.19** |
| **II. ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 12 | 21,509.69 | 19,506.98 |
| (ii) Intangible Assets | 12 | 27.29 | 34.46 |
| (iii) Capital Work-In-Progress (Including Pre-operative) | | --- | 179.66 |
| Sub Total (iv) | | **21,536.98** | **19,721.10** |
| (b) Non-Current Investments | 13 | 1,438.63 | 1,464.94 |
| (c) Long-Term Loans and Advances | 14 | 1,100.89 | 1,000.14 |
| (d) Other Non-Current Assets | 15 | 99.64 | 102.54 |
| Sub Total (v) | | **2,639.16** | **2,567.62** |
| Sub-Total (iv+v),(vi) | | **24,176.14** | **22,288.72** |
| **Current Assets** | | | |
| (a) Current Investments | 16 | 3.11 | 3.08 |
| (b) Inventories | 17 | 825.63 | 663.47 |
| (c) Trade Receivables | 18 | 1,185.04 | 1,165.80 |
| (d) Cash and Cash Equivalents | 19 | 108.12 | 145.22 |
| (e) Short-Term Loans and Advances | 20 | 1,466.75 | 793.28 |
| (f) Other Current Assets | 21 | 531.94 | 374.62 |
| Sub Total (vii) | | **4,120.59** | **3,145.47** |
| **TOTAL (vi+vii)** | | **28,296.73** | **25,434.19** |

Significant Accounting Policies &
Notes on Financial Statements 1 to 30
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**

**Yogesh K. Shah**
Partner
M.No. 101687

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
Director

**T.N. Unni**
Director

VADODARA : 30-05-2012

INDORE : 30-05-2012

# STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR 01.04.2011 TO 31.03.2012

(Rs. In lacs)

| Particulars | Note No. | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| Revenue From Operations | 22 | 12312.95 | 11198.24 |
| Other Income | 23 | 37.58 | 60.31 |
| **Total Revenue** | | **12350.53** | **11258.55** |
| **Expenses** | | | |
| Cost of Materials Consumed | 24 | 2664.23 | 2376.42 |
| Operating Expenses | 25 | 2784.82 | 2429.00 |
| Employee Benefits Expenses | 26 | 1727.63 | 1499.73 |
| Other expenses | 27 | 1444.30 | 1636.85 |
| **Total** | | **8620.98** | **7942.00** |
| **Profit Before Interest , Depreciation, Tax & Exceptional Items** | | **3729.55** | **3316.55** |
| Finance Cost | 28 | 2206.33 | 1620.22 |
| **Profit Before Depreciation, Tax & Exceptional Items** | | **1523.22** | **1696.34** |
| Depreciation | 12 | 1296.33 | 1225.30 |
| **Profit Before Exeptional Items & Taxes** | | **226.89** | **471.04** |
| Exceptional Items | 29 | 26.04 | --- |
| **Profit Before Tax** | | **200.85** | **471.04** |
| **Tax Expenses** | | **86.92** | **139.95** |
| (1) Current Tax | | 40.19 | 94.63 |
| Less:- MAT Credit Entitlement | | (40.19) | (93.91) |
| (2) Deferred Tax | 5 | 86.92 | 139.23 |
| **Profit (loss) For The period** | | **113.94** | **331.09** |
| Earnings Per Equity Share | | | |
| (1) Basic | | 0.65 | 1.89 |
| (2) Diluted | | 0.65 | 1.89 |
| (3) Cash EPS | | 8.55 | 9.68 |

Notes 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**

**Yogesh K. Shah**
Partner
M.No. 101687

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
Director

**T.N. Unni**
Director

VADODARA : 30-05-2012

INDORE : 30-05-2012

# CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2012

(Rs. in lacs)

| | | 31-Mar-12 | | 31-Mar-11 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit before tax and extraordinary item** | | 200.85 | | 471.21 |
| **Adjusted for:** | | | | |
| Depreciation | 1,296.33 | | 1,225.30 | |
| Interest paid | 2,179.70 | | 1,691.62 | |
| Interest Received | (27.67) | 3,448.36 | (13.40) | 2,903.52 |
| **Operating profit before Working Capital changes** | | **3,649.22** | | **3,374.73** |
| **Adjusted for:** | | | | |
| Trade and Other Receivables | (19.24) | | 191.81 | |
| Inventories | (162.16) | | (92.89) | |
| Trade and other Payables | 107.43 | (73.96) | 358.08 | 457.00 |
| **Cash generated from operations** | | **3,575.25** | | **3,831.73** |
| Taxes Paid | | (197.51) | | (201.82) |
| Mat Credit Entitlement | | 40.19 | | 93.91 |
| Interest paid | | (2,179.70) | | (1,691.62) |
| **Net cash from operating activities** | | **1,238.22** | | **2,032.20** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed assets | (3,112.17) | | (1,499.36) | |
| Advance agst. Sale of Fixed Assets | 2,360.00 | | --- | |
| Non- Current Assets & Loans & Advances | (771.32) | | (308.12) | |
| Investments | 26.28 | | (0.24) | |
| Interest Received | 27.67 | (1,469.55) | 13.40 | (1,794.32) |
| **Net cash used in investing activities** | | **(231.32)** | | **237.88** |

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2012

(Rs. in lacs)

| | | 31-Mar-12 | | 31-Mar-11 |
|---|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Issue of Shares | --- | | 466.80 | |
| Receipt of Share Premium | --- | | 3,034.20 | |
| Other Long Term Liabilities | 1,995.98 | | (3,375.01) | |
| Long Term borrowings | (1,096.52) | | (455.98) | |
| Short Term borrowings | (705.24) | | | |
| **Net cash generated from financing activities** | | **194.22** | | **(329.99)** |
| **Net increase in cash and cash equivalents** | (37.10) | | (92.11) | |
| Cash and cash equivalents as at the beginning of the year | 145.22 | | 237.33 | |
| **Cash and cash equivalents as at the end of the year** | | **108.12** | | **145.22** |

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 : 30-05-2012

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
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 2012. This statement has been compiled by the Company from the financial statements for the year ended '31st March 2012 and 31st March 2011. We have found the same to be in accordance with the requirement of clause 32 of the listing agreement with stock exchanges.

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

VADODARA : 30-05-2012

**Yogesh K. Shah**
Partner
M.No. 101687

## NOTES TO ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Convention :

1.1.1 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.

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

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

#### 1.2 Fixed Assets :

1.2.1 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.

1.2.2 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.

1.2.3 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.

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

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

#### 1.3 Depreciation :

1.3.1 Leasehold Land is not amortised.

1.3.2 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.

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

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

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

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

#### 1.4 Investments :

Investments are carried at lower of cost or quoted/ fair value. Provision for diminution is made only if such decline is other than temporary.

#### 1.5 Inventories :

1.5.1 Inventories are valued at cost or net realisable value, whichever is less, after providing for obsolescence and damage.

1.5.2 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.

#### 1.6 Sales :

Sale 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.

#### 1.7 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.

**1.8 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.

**1.9 Employee Benefit :**

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

1.9.2 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.

1.9.3 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.

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

**1.10 Taxation :**

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

1.10.2 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.

1.10.3 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.

**1.11 Foreign Currency transactions :**

1.11.1 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.

1.11.2 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.

**1.12 Accounting for Leases :**

1.12.1 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.

1.12.2 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.

**1.13 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.

**1.14 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.

2. **Share Capital :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Authorised** | | |
| 30,000,000 Equity Shares of Rs. 10/- Each | 3,000.00 | 3,000.00 |
| 1,000,000 Preference Shares of Rs. 100/- each | 1,000.00 | 1,000.00 |
| **TOTAL** | **4,000.00** | **4,000.00** |
| **Issued, Subscribed & Paid-up** | | |
| 1,75,18,000 Equity Shares of Rs. 10/- each | 1,751.80 | 1,751.80 |
| **TOTAL** | **1,751.80** | **1,751.80** |

2.1 All shares carry equal voting rights.

2.2 Out of the total issued Equity Shares 4,668,000 Equity Shares were allotted on conversion of Foreign Currency Convertible Bond in the financial year 2010-11.

2.3 Details of Share holders holding more than 5% of Shares as on 31.03.2012 are as under:-

| S.No | Name | Category | No of Shares | % to total Shareholding |
|---|---|---|---|---|
| 1. | Clearwater Capital Partners Cyprus Ltd | Public | 4757891 | 27.16 |
| 2. | Trans Agro India Pvt. Ltd | Public | 1917046 | 10.94 |
| 3. | Sajid R. Dhanani | Promoter | 2435511 | 13.90 |
| 4. | Ahilya Hotels Ltd | Promoter | 2455000 | 14.01 |
| | | **Total** | **11565448** | **66.01** |

3. **Reserves & Surplus :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **(a) Securities Premium Reserve** | | |
| Opening at beginning | 5,944.60 | 2,910.40 |
| Addition during the year | --- | 3,034.20 |
| Utilised during the year | --- | --- |
| **Closing at end** | **5,944.60** | **5,944.60** |
| **(b) General Reserve** | | |
| Opening at beginning | 641.48 | 641.48 |
| Addition during the year | --- | --- |
| Utilised during the year | --- | --- |
| **Closing at end** | **641.48** | **641.48** |
| **(c) Surplus/(Deficit)** | | |
| Opening at beginning | 1,284.29 | 953.20 |
| Addition during the year | 113.94 | 331.09 |
| **Closing at end** | **1,398.23** | **1,284.29** |
| **GRAND TOTAL** | **7,984.31** | **7,870.37** |

4. **Long –Term Borrowings :**

| | | |
|---|---|---|
| **Secured Term Loans** | | |
| i) From Banks | 7,215.63 | 7,144.47 |
| ii) From Financial Institutions | 848.53 | 1,277.09 |
| iii) From NBFC | 18.88 | 29.10 |
| **TOTAL** | **8,083.04** | **8,450.66** |

4.1 All Secured loans have been netted from the instalments falling due within twelve months after the reporting date. Breakup of amount due within 12 month and after 12 months and summarized outstanding position on 31/03/2012 is as under:

(Rs in Lacs)

| FROM BANKS | | Total | Within 12 Months | After 12 Months |
|---|---|---|---|---|
| State Bank of India | | 6719.74 | 1315.98 | 5403.76 |
| State Bank of Mysore | | 859.59 | 164.00 | 695.59 |
| Axis Bank Ltd | | 1597.15 | 556.30 | 1040.85 |
| HDFC Bank Ltd | | 137.19 | 61.76 | 75.43 |
| | Sub Total (i) | **9313.67** | **2098.04** | **7215.63** |
| **FROM FINANCIAL INSTITUTION** | | | | |
| Tourism Finance Corporation of India Ltd | | 675.50 | 217.00 | 458.50 |
| Madhya Pradesh Financial Corporation Ltd | | 508.08 | 170.00 | 338.08 |
| Housing & Urban Development Corporation Ltd | | 93.52 | 41.56 | 51.96 |
| | Sub Total (ii) | **1277.09** | **428.56** | **848.53** |
| **FROM NBFC** | | | | |
| TATA Capital Financial Services Ltd. | (iii) | 29.10 | 10.22 | 18.88 |
| | **GRAND TOTAL (i)+(ii)+(iii)** | **10619.86** | **2536.82** | **8083.04** |

4.2 Secured Term Loan from bank includes term loans outstanding from State Bank of India, Axis Bank Ltd, State Bank of Mysore and HDFC bank ltd.

4.2.1 Term loans from State Bank of India 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 operation supplies and spares offered to the bankers for securing the working capital finance. The terms of repayment of all term loans of State Bank of India is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.2.2 Term loans from Axis Bank Ltd include two term loan account and one vehicle loan account. Term loan outstanding is secured by way of hypothecation of 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 other term loan outstanding 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 second charge on the immovable properties of the company at Indore and Baroda and also by way of pledge of shares belonging to promoters. The term of repayment of both the term loan is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company. Vehicle loans outstanding are secured by way of hypothecation charge on the specific vehicles.

4.2.3 Term loan 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 operation supplies and spares offered to the Bankers for securing the working capital finance. The term of repayment of the term loan is quarterly and the interest is paid on monthly basis. This loan is personally guaranteed by some of the directors of the company.

4.2.4 Vehicle loans from HDFC Bank is secured by way of hypothecation charge on the specific vehicles.

4.3 Secured term loans from Financial Institutions includes term loan outstanding of Tourism Finance Corporation of Indian ltd(TFCI), Madhya Pradesh Finance Corporation (MPFC), and HUDCO.

4.3.1 Term loans from TFCI includes two term loan, one of which 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, excepts 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. The term of repayment is monthly. The other term loan is secured by way of mortgage of land mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, excepts 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. The term of repayment is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.3.2 Term loans from MPFC are secured by way of mortgage of land and building at Indore and hypothecation of the of the movables, present and future, excepts stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital finance. The term of repayment is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.3.3 Term loan 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. The term of repayment is quarterly and interest is also paid on quarterly basis. This loan is personally guaranteed by some of the directors of the company.

4.4 Vehicle loan from TATA Capital Financial Services Limited is secured by way of hypothecation charge on the specific vehicles and payment is made on EMI basis.

**5. Deferred Tax Liabilities :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Deferred Assets** | | |
| Carry Forward losses & Depreciation | 433.86 | 480.70 |
| Others | 6.93 | 51.36 |
| **Total Deferred Assets** | **440.79** | **532.06** |
| **Deferred Liabilities** | | |
| Depreciation Differences | **3,580.78** | **3,337.36** |
| **Total Deferred Liabilities** | **3,580.78** | **3,337.36** |
| **Net Deferred (Liability)/Assets** | **(3,139.98)** | **(2,805.30)** |
| **Net Deferred Tax (Liability)/Assets** | **(1,018.77)** | **(931.85)** |

Deferred tax liability for the year have been arrived at by taking the tax rate of 32.445% which is inclusive of surcharge and education cess.

**6. Other Long Term liabilities :**

| | | |
|---|---|---|
| Deposits From Tenants | 12.30 | 16.32 |
| Others | 2,000.00 | --- |
| **TOTAL** | **2,012.30** | **16.32** |

Other long term liability of Rs 2,000 lacs includes amount payable towards repurchase of land at Indore hotel. This amount is payable within 10 years. Interest @ 9% p.a is payable on the outstanding amount.

**7. Long Term Provisions :**

| | | |
|---|---|---|
| Provision for Employee Benefits | 149.41 | 123.58 |

7.1 Provision for employee benefits includes provision of Gratuity & leave encashment.

7.2 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.

7.2.1 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 status of the funded gratuity plan and the amounts recognized in the company's financial statements as at March 31, 2012:-

(In Rupees)

| | | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| i) | **Changes in benefit obligations :** | | |
| | Present value of obligation as at the beginning of the year | 6397925 | 6206795 |
| | Interest Cost | 479431 | 479782 |
| | Current Service Cost | 1682861 | 1528810 |
| | Actuarial (gain)/ loss on obligations | (476899) | (1398420) |
| | Benefit paid | (810074) | (419042) |
| | **Present value of obligation as at the end of the year** | **7274244** | **6397925** |
| ii) | **Change in plan assets :** | | |
| | Fair value of plan assets as at the beginning of the year | 763073 | 1099026 |
| | Expected return on plan assets | 61213 | 71298 |
| | Contributions | --- | --- |
| | Benefits paid | (810074) | (419042) |
| | Actuarial gain/ (loss) on plan assets | (5724) | 11791 |
| | **Fair value of plan assets at the end of the year** | **8488** | **763073** |
| | Excess of (obligation over plan assets)/ plan asset over obligation | (7265756) | (5634852) |
| | **(Accrued liability)/ Prepaid benefit** | **(7265756)** | **(5634852)** |
| iii) | **Net Gratuity and other cost at the end of the year** | | |
| | Current Service cost | 1683861 | 1528810 |
| | Interest on defined benefit obligation | 479431 | 479782 |
| | Expected return on plan assets | (61213) | (71298) |
| | Net actuarial gain recognized in the year | (471175) | (1410211) |
| | **Net gratuity and other cost** | **1630904** | **527083** |
| | **Actual return on plan asset** | **55489** | **83089** |
| iv) | **Category of Assets at the end of the year** | | |
| | Insurer Managed Funds | 8488 | 763073 |
| | Others | Nil | Nil |
| | **Total** | **8488** | **763073** |
| 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% |

**7.3 Leave Encashment:**

The provision of leave encashment have been made on outstanding privilege leave of employees at the end of year and calculated on the basis of basic pay of employees.

**8. Short Term Borrowings :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Secured** | | |
| Working capital facilities from Banks | 600.95 | 710.82 |
| **Unsecured** | | |
| Deposits From Public | 238.10 | 432.04 |
| Loans From related parties | 202.87 | 603.29 |
| Loans From others | 28.61 | 29.61 |
| | **1,070.53** | **1,775.76** |

8.1 Working capital facilities include Cash Credit Facilities from State Bank of India outstanding Rs 495.16 lacs & Axis Bank outstanding Rs 105.79 lacs both of which are 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. These working capital are facilities personally guaranteed by some of the directors of the company.

8.2 Fixed deposits from Public has maturity period of 12 months and interest is payable @ 10% per annum compounded monthly.

8.3 Loans from related parties & others includes loan from directors , associates and friends & relatives of directors.

**9. Trade Payables :**

| | | |
|---|---|---|
| Trade Payables | 856.07 | 680.67 |

Trade payables are for goods purchased and services taken during the normal course of business.

**10. Other Current Liabilities :**

| | | | |
|---|---|---|---|
| **(a) Current Maturities of Long-Term Loans** | | | |
| i) From Banks | | 2,098.04 | 3,027.46 |
| ii) From Financial Institutions | | 428.56 | 254.67 |
| iii) From NBFC | | 10.22 | 64.52 |
| **(b) Others** | | | |
| i) Staturory Dues | | 80.16 | 130.90 |
| ii) Others | | 2,526.62 | 159.29 |
| | **Sub Total (i)** | **5,143.60** | **3,636.84** |
| Interest Accrued but not Due on Borrowings | (ii) | 126.93 | 100.30 |
| Unpaid Matured Deposits and Interest Accrued Thereon | (iii) | 2.34 | 2.34 |
| | **Grand Total (i+ii+iii)** | **5,272.87** | **3,739.48** |

10.1 Current maturities of term loans from bank includes Principal instalments payable to State Bank of India, Axis Bank Ltd , State Bank of Mysore and to HDFC. Bank wise Current maturity is give under Note no 4.1. Other terms are same as given in Note no 4.2.

10.2 Current maturities of term loans from financial institutions includes Principal instalments payable to Tourism Finance Corporation of India ltd, Madhya Pradesh Finance Corporation and HUDCO. Financial Institution wise current maturities is given under Note no 4.1 Other terms are same as given in note no 4.3.

10.3 Current maturities of term loan from NBFC is of Tata Capital Financial Services Limited. Other terms are same as given in note no 4.4

10.4 Statutory dues includes VAT, luxury tax, TDS and service tax payables.

10.5 Other Current liabilities of Rs 2526.62 lacs include Rs 2360 lacs received from Barbeque Nation Hospitality Limited as advance against sale of five Barbeque Restaurants owned by the company, the sale formalities for which have been under progress. This also includes rent payable , interest payable , project payable and staff dues.

10.6 Unpaid matured deposits and interest accrued thereon includes deposits which are matured but not claimed by them. Company has sent reminders to deposit holders for filing the repayment/ renewal requests along with the original FD certificates.

**11. Short Term Provisions :**

| | | |
|---|---|---|
| Provision for Expenses | 97.64 | 93.71 |

**12. FIXED ASSETS :**

**(Rs. in lacs)**

| Sr. No. | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening as on 01.04.11 | Additions | Deduction & Adjustment | Closing as on 31.03.12 | Opening as on 01.04.11 | Deletion | Addition | Closing as on 31.03.12 | As on 31.03.12 | As on 31.03.11 |
| **A.** | **TANGIBLE ASSETS** | | | | | | | | | | |
| 1 | BUILDING | 11,439.27 | 661.15 | 8.58 | 12,091.84 | 2,138.01 | 2.80 | 453.98 | 2,589.19 | 9,502.65 | 9,301.26 |
| 2 | FURNITURE & FIXTURE | 5,323.14 | 189.40 | 0.08 | 5,512.46 | 1,503.52 | 0.03 | 440.29 | 1,943.78 | 3,568.68 | 3,819.62 |
| 3 | PLANT & MACHINERY | 3,290.31 | 222.60 | 35.46 | 3,477.45 | 897.61 | 10.64 | 157.68 | 1,044.65 | 2,432.80 | 2,392.70 |
| 4 | SERVICE EQUIPMENT | 903.00 | 35.12 | --- | 938.11 | 330.46 | --- | 84.07 | 414.53 | 523.59 | 572.54 |
| 5 | COMPUTER EQUIPMENTS CAPITAL | 378.54 | 13.94 | --- | 392.48 | 158.98 | --- | 85.97 | 244.95 | 147.53 | 219.56 |
| 6 | VEHICLE | 597.21 | 5.32 | 25.06 | 577.47 | 126.94 | 10.17 | 57.32 | 174.09 | 403.38 | 470.27 |
| 7 | LEASE HOLD LAND | 94.06 | 2,200.00 | --- | 2,294.06 | --- | --- | --- | --- | 2,294.06 | 94.06 |
| 8 | FREEHOLD LAND | 2,637.00 | --- | --- | 2,637.00 | --- | --- | --- | --- | 2,637.00 | 2,637.00 |
| | **Total Tangible Assets** | **24,662.53** | **3,327.53** | **69.18** | **27,920.87** | **5,155.52** | **23.64** | **1,279.31** | **6,411.19** | **21,509.69** | **19,507.01** |
| **B.** | **INTANGIBLE ASSETS** | | | | | | | | | | |
| 1 | LIQUOR LICENCE | 33.08 | --- | --- | 33.08 | 15.07 | --- | 3.97 | 19.04 | 14.04 | 18.00 |
| 2 | SOFTWARE & LICENCES | 66.93 | 9.84 | --- | 76.77 | 50.46 | --- | 13.05 | 63.51 | 13.25 | 16.46 |
| | **Total Intangible Assets** | **100.01** | **9.84** | **---** | **109.85** | **65.53** | **---** | **17.02** | **82.55** | **27.29** | **34.46** |
| | **Grand Total** | **24,762.54** | **3,337.37** | **69.18** | **28,030.72** | **5,221.05** | **23.64** | **1,296.33** | **6,493.74** | **21,536.98** | **19,541.47** |
| | **PREVIOUS YEAR** | **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** | **19,422.15** |
| | TANGIBLE ASSETS | 23,326.14 | 1,336.49 | 0.10 | 24,662.53 | 3,953.64 | 0.02 | 1,201.90 | 5,155.52 | 19,507.01 | 19,372.51 |
| | INTANGIBLE ASSETS | 91.79 | 8.22 | --- | 100.01 | 42.14 | --- | 23.39 | 65.53 | 34.46 | 49.64 |
| | **CAPITAL WORK IN PROGRESS** | | | | | | | | | | |
| | Current year | 179.65 | 928.62 | 1,108.27 | --- | | | | | | |
| | Previous Year | 24.91 | 1,189.52 | 1,034.77 | 179.65 | | | | | | |

**13. Non-Current Investments :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **(A) Trade Investments in Equity Instruments (At Cost)** | | |
| Barbeque-Nation Hospitality Ltd<br>6464998 Equity Shares of Rs. 10 each fully paid up | 854.00 | 854.00 |
| Malwa Hospitality Pvt. Ltd.<br>5494000 Equity Shares of Rs. 10 each fully paid up | 549.40 | 549.40 |
| Welterman International Ltd.<br>2,63,000 Equity Shares of Rs. 10 each fully paid up | --- | 26.30 |
| Bharat Equity Services Ltd.<br>1,00,000 Equity Shares of Rs.10 each fully paid up | 10.00 | 10.00 |
| Aries Hotels Pvt. Ltd.<br>2,50,000 Equity Shares of Rs.10 each fully paid up | 25.00 | 25.00 |
| Annoya Sahakari Mandali Co-Op Bank Ltd<br>50 Equity Shares of Rs.10 ech fully paid up | --- | 0.01 |
| Winner Hotels Pvt. Ltd | 0.23 | 0.23 |
| | **1,438.63** | **1,464.94** |

13.1 Barbeque Nation Hospitality ltd(BNHL) is subsidiary of the company with 67.59% shareholding. BNHL operates chain of restaurant in different cities of India and presently running 18 restaurants.

13.2 Malwa Hospitality Pvt ltd is 100% subsidiary of the company. Business hotel of 186 rooms is under construction at Indore and likely to commence operation in this year.

13.3 Shares of Welterman International Ltd has been sold off the market @ 0.10 paise per share to the promoter of that company.

13.4 Winner hotel Pvt Ltd is a Joint Venture company formed for the purpose of Bhopal hotel.

**14. Long-Term loans & Advances (Unsecured Considered Good)**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Security Deposits | 1,100.89 | 1,000.14 |

Security Deposits includes balances with statutory Authority , electricity deposits , lease rent deposits & guest house deposits.

**15. Other Non-Current Assets :**

| | | |
|---|---|---|
| Fixed Deposits Against lien & Bank Guarantee* | 99.64 | 102.54 |

*Maturing after 12 months

**16. Current Investments :**

| | | |
|---|---|---|
| Investments in Mutual Funds | 3.11 | 3.08 |

Investment in Mutual Fund includes investment in Axis Mutual Fund.

**17. Inventories :**

| | | |
|---|---|---|
| Operating Supplies | 603.64 | 443.52 |
| Food & Beverages | 179.45 | 177.41 |
| Shopping Arcade Stock | 42.54 | 42.54 |
| | **825.63** | **663.47** |

Inventories has been valued at cost and certified by the management.

**18. Trade Receivables (Unsecured considered Good) :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Outstanding More Than six months | 609.67 | 420.10 |
| Others | 575.37 | 745.70 |
| | 1,185.04 | 1,165.80 |

**19. Cash & Cash Equivalents**

| | | |
|---|---|---|
| Balances With Bank in Current Accounts | 78.79 | 129.46 |
| Cash on Hand | 29.33 | 15.76 |
| | 108.12 | 145.22 |

**20. Short Term loans & Advances (Unsecured Considered Good) :**

| | | |
|---|---|---|
| Loans & Advances To Related Parties | 615.38 | 419.69 |
| Others | 851.37 | 373.59 |
| | 1,466.75 | 793.28 |

**21. Other Current Assets**

| | | |
|---|---|---|
| Taxes Receivable | 531.94 | 374.62 |

Taxes receivable includes TDS receivable , MAT Credit entitlement , Advance Tax , Service Tax Credit & Input Tax rebate net off current year provisions of taxes.

**22. Revenue From Operations :**

| | | |
|---|---|---|
| a) Sale of Rooms | 4,267.60 | 4,261.65 |
| b) Sale of Food & Beverages | 5,603.45 | 4,542.67 |
| c) Others | 2,441.91 | 2,393.92 |
| | 12312.95 | 11198.24 |

Revenue from others includes 22% operating fees from Barbeque Nation Hospitality Ltd income from club, rental income and income from banquet service etc.

**23. Other Income :**

| | | |
|---|---|---|
| a) Interest Income | 27.67 | 13.40 |
| b) Other Non-Operating Income | 9.91 | 46.91 |
| | 37.58 | 60.31 |

Other Non –Operating Income Includes profit on sale of assets, foreign exchange fluctuations etc. Previous year figure includes Rs 40.00 lacs received against ceding of rights.

**24. Cost of Material Consumed :**

| | | |
|---|---|---|
| Opening Stock | 177.41 | 133.64 |
| Add: Purchases* | 2,666.26 | 2,420.19 |
| | 2,843.68 | 2,553.83 |
| Less: Closing Stock | 179.45 | 177.41 |
| **Food & Beverages Material Consumed** | 2664.23 | 2376.42 |

*Includes vegetable & non-vegetable items , grocery items, dairy products, tobacco products, alcoholic beverages, non-alcoholic beverages etc.

**25. Operating Expenses :**

| | | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| a) | Stores & Operating Supplies* | 1,120.96 | 1,045.88 |
| b) | Repairs & Maintenance:- | --- | --- |
| | Building | 208.55 | 150.05 |
| | Plant & Machinery | 109.87 | 66.30 |
| | Others | 184.16 | 106.12 |
| c) | Laundry Expenses | 138.79 | 141.10 |
| d) | Power & Fuel | 1,022.49 | 919.55 |
| | | **2784.82** | **2429.00** |

*includes crockery & cutlery, linen, consumables, party and function expenses etc.

**26. Employee Benefit Expenses :**

| | | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| a) | Salaries, Wages, Allowances & Provisions | 1,473.18 | 1,281.58 |
| b) | Contribution to P.F and other Funds | 120.30 | 104.20 |
| c) | Workmen and staff welfare expenses | 94.10 | 68.94 |
| d) | Workmen and staff uniform expenses | 40.06 | 45.01 |
| | | **1727.63** | **1499.73** |

**27. Other Expenses:**

| | | |
|---|---|---|
| Lease Rent/Rent | 322.70 | 485.87 |
| Rates & Taxes | 95.82 | 71.24 |
| Insurance | 26.91 | 23.25 |
| Travelling and Conveyance | 55.19 | 47.46 |
| Postage, Telegram and Telephones | 37.21 | 41.65 |
| Advertisement and Publicity | 87.76 | 85.48 |
| Legal & Professional | 91.91 | 98.42 |
| Printing and Stationery | 80.66 | 74.08 |
| Guest pick up Expenses | 346.28 | 350.42 |
| Other Expenses | 127.96 | 146.83 |
| Auditor's Remuneration | 3.25 | 3.00 |
| Credit Card Commission | 55.47 | 52.15 |
| Water charges | 23.38 | 22.25 |
| Cable TV & Equipment charges | 68.66 | 76.29 |
| Recruitment Expenses | 21.14 | 11.18 |
| Bad Debts Provision/ W/off | --- | 47.28 |
| | **1444.30** | **1636.85** |

**27.1 Details of Auditors Remunerations**

| | | |
|---|---|---|
| Audit Fees | 2.50 lacs | 2.50 lacs |
| Certification & Other matter | 0.75 lacs | 0.50 lacs |

**28. Finance Cost:**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| a) Interest Expense | 2,169.86 | 1,601.19 |
| b) Other borrowing Cost | 21.37 | --- |
| c) Other Expenses | 15.10 | 19.03 |
| | **2206.33** | **1620.22** |

Interest expense includes interest paid on term loans , vehicle loans & credit facilities. Other borrowing cost includes processing fees & upfront fees of loans. Other expenses includes bank charges.

29. Exceptional item of Rs 26.04 lacs is loss on sale of Investment.

**Additional Disclosures**

**30.1 Contingent liability not provided for :**

30.1.1 Claim against the company not acknowledge as debt Rs 5.06 lacs (P.Y Rs 5.06 lacs).

30.1.2 Guarantee given on behalf of other companies Rs 8821.82 lacs (P.Y Rs 6821.82 lacs). This includes Guarantee given to State Bank of India on Behalf of Barbeque-Nation Hospitality Ltd. amounting Rs 8,400 lacs (P.Y 6400 lacs) & guarantee given to Axis Bank Ltd on Behalf of Sana Hospitality Services Pvt .Ltd amounting to Rs 421.82 lacs (P.Y Rs 421.82 lacs). Outstanding balance of loan from SBI as at 31/03/12 is Rs 2177 lacs and from Axis Bank Ltd is Rs 311.42 lacs

30.1.3 Disputed statutory liabilities in respect of service tax not provided for :

(a) For the period from 01.03.05 to 31.03.09 the Hon'ble Tribunal has passed the order against the Company after giving the benefit of abatement and waiver of penalty imposed in the order passed by Learned Commissioner. Tax demand of Rs. 175.01 lacs is pending as per the Tribunal's order. Company has challenged said order before Indore bench of Hon'ble High Court of MP and got interim stay of the demand. Interest liability will also arise in case of unfavorable decision.

(b) For the period from 01.04.09 to 31.03.11 the Commissioner has passed the order against the Company without even considering the benefit given by the Hon'ble Tribunal in their prior order. Tax demand of Rs. 400.37 lacs has been raised alongwith equal amount of penalty. Company has challenged said order before Hon'ble Tribunal and got unconditional stay on merits for the entire demand. Had the benefit of abatement and waiver of penalty given by the Hon'ble Tribunal in their prior order been considered by the Learned Commissioner, the demand would have been reduced to Rs. 139.97 lacs. Interest liability will also arise in case of unfavorable decision.

30.1.4 Custom duties saved against imports under EPCG scheme is Rs 875.51 lacs (P.Y Rs 968.80 lacs)

30.1.5 Disputed liability not provided for in respect of :

(a) Vat Tax Rs 20.73 lacs (P.Y Rs 20.73 lacs) pertaining to Input tax rebate of exemption period being adjusted against presumptive tax of exemption period.

(b) Entry Tax Rs 4.64 lacs(P.Y 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.

30.1.6 Disputed liability of Rs 107.65 lacs (P.Y Rs. 88.29 lacs) not provided for in respect of Income Tax. The matters are pending before Income –tax Appellate Tribunal, Ahemdabad.

30.2 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.

30.3 **Details of Related Party Disclosure:**

i) **Key Management Personnel**

| | |
|---|---|
| Sajid R. Dhanani | (Managing Director) |
| Capt. Salim Sheikh | (Director) |
| Munawar Garbadawala | (Director) |
| Jaykannan Perumal Swamy | (Whole-time Director) |

ii) **Subsidiary Companies**

Barbeque-Nation Hospitality Limited

Malwa Hospitality Pvt Ltd

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

Sujit Desai
Kayum R Dhanani
M.Y. Merchant
Aries Hotels Pvt Ltd
Status Travels
S.N Travels
Bharat Equity Service Ltd
Dhanani Securities Ltd
Kruger Chemical Ltd
Liberty Phosphate Ltd
M.P. Agro Industries Ltd
Uniera Laboratories P Ltd
Welterman International Ltd
Taurus Corium Pvt Ltd
Sana Hospitality P. Ltd
Transworld Furtichem P. Ltd
Ahilya Hotels Limited
Clearwater Capital Partners (Cyprus) Ltd.

| Sr.No. | Nature of Transactions | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| A | **KEY MANAGEMENT PERSONNEL** | | |
| | REMUNERATION | 94.31 | 53.93 |
| | LEASE RENT | 12.00 | ---- |
| | LOANS PAYABLE AT THE YEAR END | 112.87 | 199.95 |
| | SECURITY DEPOSITS PAID | 18.00 | ---- |
| B | **SUBSIDIARY COMPANIES** | | |
| | RECEIVABLE AT THE YEAR END | 251.69 | 33.91 |
| | PAYABLE AT THE YEAR END | 2,360.00 | 433.57 |
| | RECEIPT OF BRAND ROYALTY | ---- | 26.70 |
| C | **ASSOCIATE COMPANIES/ FIRMS/RELATIVES** | | |
| | SALARY/PROFESSIONAL FEES | 6.41 | ---- |
| | GUEST PICK UP EXPENSES | 19.32 | 13.94 |
| | SALE OF ASSETS | 9.87 | ---- |
| | SALE OF INVESTMENTS | 0.26 | ---- |
| | RECEIVABLE AT THE YEAR END | 559.67 | 408.25 |
| | PAYABLE AT THE YEAR END | 90.00 | 22.47 |
| | ISSUE OF EQUITY SHARES | ---- | 3,501.00 |

30.4 **Earnings in Foreign Currency :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Sale of Rooms and Food & Beverages | 930.20 | 1152.44 |

30.5 **CIF Value of imports & Expenditure :**

| | | |
|---|---|---|
| a) Import of Capital Items | 49.88 | 159.45 |

Signature to Note 1 to Note 30

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**

**Yogesh K Shah**
Partner
M.No. 101687
VADODARA : 30-05-2012

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
Director

**T.N. Unni**
Director

INDORE : 30-05-2012

# 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, 2012, the Consolidated Statement of Profit & Loss 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, 2012; and

b. in the case of the Consolidated Statement of Profit & Loss, 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**
**30th May 2012**

**Yogesh K. Shah**
**Partner**
**M.No. 101687**

## CONSOLIDATED BALANCE SHEET

(Rs. In lacs)

| Particulars | Note No | As at 31-03-2012 | As at 31-03-2011 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 2 | 1,751.80 | 1,751.80 |
| (b) Reserves & Surplus | 3 | 10,273.59 | 8,724.76 |
| **Sub Total (i)** | | **12,025.39** | **10,476.56** |
| **Non-current liabilities** | | | |
| (a) Long-term Borrowings | 4 | 9,644.54 | 9,605.13 |
| (b) Deferred Tax Liabilities (Net) | 5 | 894.91 | 636.02 |
| (c) Other Long Term Liabilities | 6 | 2,012.30 | 16.32 |
| (d) Long-Term Provisions | 7 | 167.89 | 132.47 |
| **Sub Total (ii)** | | **12,719.64** | **10,389.94** |
| **Current liabilities** | | | |
| (a) Short-Term Borrowings | 8 | 1,239.55 | 1,496.00 |
| (b) Trade Payables | 9 | 1,498.06 | 1,116.61 |
| (c) Other Current Liabilities | 10 | 4,805.00 | 5,466.67 |
| (d) Short Term Provisions | 11 | 383.95 | 348.31 |
| **Sub Total (iii)** | | **7,926.56** | **8,427.58** |
| **Minority Interest** | | **393.43** | **153.97** |
| **TOTAL (i+ii+iii)** | | **33,065.02** | **29,448.05** |

INTENTIONALLY LEFT BLANK

# CONSOLIDATED BALANCE SHEET

(Rs. In lacs)

| Particulars | Note No | As at 31-03-2012 | As at 31-03-2011 |
|---|---|---|---|
| **II. ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 12 | 24,655.48 | 22,346.66 |
| (ii) Intangible Assets | 12 | 50.16 | 59.68 |
| (iii)Capital Work-In-Progress (Including Pre-operative) | | 569.25 | 314.94 |
| **Sub Total (iv)** | **25,274.89** | **22,721.28** | |
| (b) Non-Current Investments | 13 | 35.23 | 61.54 |
| (c) Long-Term Loans and Advances | 14 | 2,450.71 | 2,080.47 |
| (d) Other Non-Current Assets | 15 | 235.80 | 174.90 |
| **Sub Total (v)** | **2,721.74** | **2,316.91** | |
| **Sub-Total (iv+v),(vi)** | **27,996.63** | **25,038.19** | |
| **Current Assets** | | | |
| (a) Current Investments | 16 | 253.11 | 3.08 |
| (b) Inventories | 17 | 1,186.06 | 872.84 |
| (c) Trade Receivables | 18 | 1,112.87 | 1,344.82 |
| (d) Cash and Cash Equivalents | 19 | 134.86 | 221.94 |
| (e) Short-Term Loans and Advances | 20 | 1,751.08 | 1,566.90 |
| (f) Other Current Assets | 21 | 630.41 | 400.28 |
| **Sub Total (vii)** | **5,068.39** | **4,409.86** | |
| **TOTAL (vi+vii)** | **33,065.02** | **29,448.05** | |

Significant Accounting Policies & Nots on Financial Statement 1 to 30

As per our report of even date attached
For **SHAH GANDHI & SHAH**
Firm Regn. No. 126862W
**Chartered Accountants**

**Yogesh K. Shah**
Partner
M.No. 101687

VADODARA : 30-05-2012

**For and on behalf of the Board of Directors**

| **Sajid R Dhanani** | **Capt. Salim Sheikh** | **T.N. Unni** |
|---|---|---|
| Managing Director | Director | Director |

INDORE : 30-05-2012

# CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT

(Rs. In lacs)

| Particulars | Note No | 31-Mar-2012 | 31-Mar-11 |
|---|---|---|---|
| Revenue From Operations | 22 | 24234.43 | 20495.26 |
| Other Income | 23 | 72.53 | 134.47 |
| **Total Revenue** | | **24306.96** | **20629.73** |
| **Expenses** | | | |
| Cost of Materials Consumed | 24 | 7489.92 | 6454.60 |
| Operating Expenses | 25 | 4452.71 | 3769.54 |
| Employee Benefits Expenses | 26 | 3458.38 | 2840.09 |
| Other expenses | 27 | 3518.13 | 3100.39 |
| **Total** | | **18919.14** | **16164.61** |
| **Profit Before Interest , Depreciation, Tax & Exceptional Items** | | **5387.82** | **4465.12** |
| Finance Cost | 28 | 2522.86 | 1980.12 |
| **Profit Before Depreciation, Tax & Exceptional Items** | | **2864.96** | **2485.00** |
| Depreciation | 12 | 1679.55 | 1600.25 |
| **Profit Before Exeptional Items & Taxes** | | **1185.41** | **884.75** |
| Exceptional Items | 29 | 138.30 | 184.30 |
| **Profit Before Tax** | | **1047.12** | **700.45** |
| **Tax Expenses** | | **258.83** | **183.90** |
| (1) Current Tax | | 177.55 | 115.87 |
| Less:- MAT Credit Entitlement | | (177.55) | (115.15) |
| (2) Deferred Tax | 5 | 258.83 | 183.18 |
| **Profit (loss) For The period** | | **788.29** | **516.55** |
| **Minority Interest** | | **218.56** | **56.04** |
| **Profit After Minority Interest** | | **569.73** | **460.50** |
| **Earnings Per Equity Share** | | | |
| (1) Basic | | 3.25 | 2.63 |
| (2) Diluted | | 3.25 | 2.63 |
| (3) Cash EPS | | 14.32 | 12.81 |

Notes 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**

**Yogesh K. Shah**
Partner
M.No. 101687

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
Director

**T.N. Unni**
Director

VADODARA : 30-05-2012

INDORE : 30-05-2012

# SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

**1. Significant Accounting Policies**

1.1. The consolidated financial statements comprise the individual financial statements of Sayaji Hotels Limited and it's subsidiaries as on 31st March 2012 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.

1.2. The financial statements of the subsidiaries, in the consolidation are drawn up to the same reporting date as the Company i.e. 31st March 2012.

1.3. 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 | 67.59 | 69.78 |
| ii. | Malwa Hospitality Pvt. Ltd. | 100.00 | 100.00 |

1.4. **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.

1.5. **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.

1.6. **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.

1.7. **Investments :**

Investments are carried at lower of cost or quoted/ fair value. Provision for diminution is made only if such decline is other than temporary.

1.8. **Inventories :**

i) Inventories are valued at cost or net realisable 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.

1.9. **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.

1.10. **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.

1.11. **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.

1.12. **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.

1.13. **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.

1.14. **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.

1.15. **Accounting for leases :**

i) 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.

ii) 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.

1.16. **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.

1.17. **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

**2. Share Capital :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **AUTHORISED** | | |
| 30,000,000 Equity Shares of Rs.10/- each | 3,000.00 | 3,000.00 |
| 1,000,000 Preference Shares of Rs. 100/- each | 1,000.00 | 1,000.00 |
| **TOTAL** | **4,000.00** | **4,000.00** |
| **ISSUED, SUBSCRIBED & PAID-UP** | | |
| 1,75,18,000 Equity Shares of Rs. 10/- each | 1,751.80 | 1,751.80 |
| **TOTAL** | **1,751.80** | **1,751.80** |

2.1 All shares carry equal voting rights.

2.2 Out of the total issued Equity Shares 4,668,000 Equity Shares were allotted on conversion of Foreign Currency Convertible Bond in the financial year 2010-11.

2.3 Details of Share holders holding more than 5% Shares of Sayaji Hotels limited as on 31.03.2012 are as under:-

| S.no | Name | Category | No of Shares | % to total Shareholding |
|---|---|---|---|---|
| 1. | Clearwater Capital Partners Cyprus Ltd | Public | 4757891 | 27.16 |
| 2. | Trans Agro India Pvt. Ltd | Public | 1917046 | 10.94 |
| 3. | Sajid R. Dhanani | Promoter | 2435511 | 13.90 |
| 4. | Ahilya Hotels Ltd | Promoter | 2455000 | 14.01 |
| | | **Total** | **11565448** | **66.01** |

2.4 Details of Share holder holding more than 5% Shares of Barbeque Nation Hospitality Ltd as on 31.03.2012 is as under:-

| S.no | Name | Category | No of Shares | % to total Shareholding |
|---|---|---|---|---|
| 1. | Sayaji Hotels Ltd | Promoter | 6464998 | 67.59 |
| 2. | Blue Deebaj Chemicals LLC. | Foreign Co. | 2800000 | 29.27 |
| | | | **9264998** | **96.86** |

**3. Reserves & Surplus :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **(a)Securities Premium Reserve** | | |
| Opening at beginning | 7,344.60 | 4,310.40 |
| Addition during the year | 969.97 | 3,034.20 |
| Utilised during the year | --- | --- |
| **Closing at end** | **8,314.57** | **7,344.60** |
| **(b) General Reserve** | | |
| Opening at beginning | 641.48 | 641.48 |
| Addition during the year | --- | --- |
| Utilised during the year | --- | --- |
| **Closing at end** | **641.48** | **641.48** |

| | | |
|---|---|---|
| **(c) Surplus/(Deficit)** | | |
| Opening at beginning | 747.81 | 278.18 |
| Addition during the year | 569.73 | 460.50 |
| **Closing at end** | **1,317.54** | **738.68** |
| **GRAND TOTAL** | **10,273.59** | **8,724.76** |

**4. Long –Term Borrowings :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Secured Term Loans** | | |
| i) From Banks | 8,185.63 | 8,298.94 |
| ii)From Financial Institutions | 1,440.03 | 1,277.09 |
| iii)From NBFC | 18.88 | 29.10 |
| **TOTAL** | **9,644.54** | **9,605.13** |

4.1 All Secured loans have been netted from the instalments falling due within twelve months after the reporting date. Breakup of amount due within 12 month and after 12 months and summarized outstanding position on 31/03/2012 is as under:

| FROM BANKS | Total | Within12 Months | After 12 Months |
|---|---|---|---|
| State Bank of India | 8814.45 | 2440.69 | 6373.76 |
| State Bank of Mysore | 919.36 | 223.77 | 695.59 |
| Axis Bank Ltd | 1597.15 | 556.30 | 1040.85 |
| HDFC Bank Ltd | 137.19 | 61.76 | 75.43 |
| **Sub Total(i)** | **11468.14** | **3282.51** | **8185.63** |
| **FROM FINANCIAL INSTITUTION** | | | |
| Tourism Finance Corporation of India Ltd | 1567.00 | 517.00 | 1050.00 |
| Madhya Pradesh Financial Corporation Ltd | 508.08 | 170.00 | 338.08 |
| Housing & Urban Development Corporation Ltd | 93.52 | 41.56 | 51.96 |
| **Sub Total (ii)** | **2168.59** | **728.56** | **1440.03** |
| **FROM NBFC** | | | |
| TATA Capital Financial Services Ltd. (iii) | 29.10 | 10.22 | 18.88 |
| **Grand Total (i)+(ii)+(iii)** | **13665.83** | **4021.30** | **9644.54** |

4.2 Secured Term Loan of Sayaji Hotels Ltd from bank includes term loans from State Bank of India, Axis Bank Ltd, State Bank of Mysore and HDFC bank Ltd.

4.2.1 Term loans from State Bank of India 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 operation supplies and spares offered to the bankers for securing the working capital finance. The terms of repayment of all term loans of State Bank of India is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.2.2 Term loans from Axis Bank Ltd include two term loan account and one vehicle loan account. Term loan outstanding is secured by way of hypothecation of 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 other term loan outstanding 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 second charge on the immovable properties of the company at Indore and Baroda and also by way of pledge of shares belonging to promoters. The term of repayment of both the term loan is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company. Vehicle loans outstanding are secured by way of hypothecation charge on the specific vehicles.

4.2.3 Term loan 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 operation supplies and spares offered to the Bankers for securing the working capital finance. The term of repayment of the term loan is quarterly and the interest is paid on monthly basis. This loan is personally guaranteed by some of the directors of the company.

4.2.4 Vehicle loans from HDFC Bank is secured by way of hypothecation charge on the specific vehicles and payment is made on EMI basis.

4.3 Secured term loans of Sayaji Hotels Ltd from Financial Institutions includes term loans from of Tourism Finance Corporation of Indian ltd(TFCI), Madhya Pradesh Finance Corporation (MPFC) & HUDCO

4.3.1 Term loans fromTFCI includes two term loan, one of which 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, excepts 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. The term of repayment is monthly. The other term loan is secured by way of mortgage of land mortgage of land and building at Indore, Pune & Vadodara and hypothecation of the movables, present and future, excepts 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. The term of repayment is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.3.2 Term loans from MPFC are secured by way of mortgage of land and building at Indore and hypothecation of the of the movables, present and future, excepts stocks of all kinds including operating supplies, stores, and spares offered to the bankers for securing the working capital finance. The term of repayment is quarterly and interest is paid on monthly basis. These loans are personally guaranteed by some of the directors of the company.

4.3.3 Term loan 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. The term of repayment is quarterly and interest is also paid on quarterly basis. This loan is personally guaranteed by some of the directors of the company.

4.4 Vehicle loan of Sayaji Hotels Ltd from TATA Capital Financial Services Limited is secured by way of hypothecation charge on the specific vehicles and payment is made on EMI basis.

4.5 Secured Term Loan of Barbeque Nation Hospitality Ltd from bank includes term loans from State Bank of India and State Bank of Mysore.

4.5.1 Term loans 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. These loans are personally guaranteed by some of the directors of the company and also secured by corporate guarantee given by Sayaji Hotels Limited.

4.5.2 Corporate Loan 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. # These loans are personally guaranteed by some of the directors of the company and also secured by corporate guarantee given by Sayaji Hotels Limited.

4.5.3 Term loan 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. These loans are personally guaranteed by some of the directors of the company and also secured by corporate guarantee given by Sayaji Hotels Limited.

4.6 Secured term loans of Barbeque Nation Hospitality Ltd from Financial Institutions includes term loan outstanding of Tourism Finance Corporation of Indian ltd(TFCI). This loan is secured by way of mortgage of immovable property and Corporate Guarantee of Aries Hotels Pvt. Ltd. And further secured by way of pledge of 20 lakhs shares of Sayaji Hotels Ltd. held by Ahilya Hotels Ltd.

**5. Deferred Tax Liabilities :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Deferred Assets** | | |
| Carry Forward losses & Depreciation | 442.24 | 1,308.62 |
| Others | 18.67 | 113.66 |
| **Total Deferred Assets** | **460.91** | **1,422.28** |
| **Deferred Liabilities** | --- | --- |
| Depreciation Differences | **3,219.16** | **3,336.99** |
| | --- | --- |
| **Total Deferred Liabilities** | **3,219.16** | **3,336.99** |
| **Net Deferred( Liability)/Assets** | **(2,758.25)** | **(1,914.71)** |
| **Net Deferred Tax(Liability)/Assets** | **(894.91)** | **(636.02)** |

Deferred tax liability for the year have been arrived at by taking the tax rate of 32.445% which is inclusive of surcharge and education cess.

**6. Other Long Term liabilities :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Deposits From Tenants | 12.30 | 16.32 |
| Others | 2,000.00 | --- |
| **TOTAL** | **2,012.30** | **16.32** |

Other long term liability of Rs 2,000 lacs includes amount payable towards repurchase of land at Indore hotel. This amount is payable within 10 years. Interest @ 9% p.a is payable on the outstanding amount.

**7. Long Term Provisions :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Provision for Employee Benefits | 167.89 | 132.47 |

7.1 Provision for employee benefits includes provision of Gratuity & leave encashment.

7.2 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.

7.2.1 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, 2012:-

INTENTIONALLY LEFT BLANK

| | | | (Amount in Rs) |
|---|---|---|---|
| | | 31-Mar-12 | 31-Mar-11 |
| i) | **Changes in benefit obligations :** | | |
| | Present value of obligation as at the beginning of the | 7975278 | 6805911 |
| | Interest Cost | 605619 | 527711 |
| | Current Service Cost | 3101356 | 2169156 |
| | Actuarial (gain)/ loss on obligations | (797299) | (1108458) |
| | Benefit paid | (810074) | (419042) |
| | **Present value of obligation as at the end of the year** | **10074880** | **7975278** |
| ii) | **Change in plan assets :** | | |
| | Fair value of plan assets as at the beginning of the year | 1846275 | 2092789 |
| | Expected return on plan assets | 148107 | 150799 |
| | Contributions | --- | --- |
| | Benefits paid | (810074) | (419042) |
| | Actuarial gain/ (loss) on plan assets | (546) | 21729 |
| | **Fair value of plan assets at the end of the year** | **1183762** | **1846275** |
| | Excess of (obligation over plan assets)/ plan asset over obligation | (8891118) | (6129003) |
| | **(Accrued liability)/ Prepaid benefit** | **(8891118)** | **(6129003)** |
| iii) | **Net Gratuity and other cost at the end of the year** | | |
| | Current Service cost | 3101356 | 2169156 |
| | Interest on defined benefit obligation | 605619 | 527711 |
| | Expected return on plan assets | (148107) | (150799) |
| | Net actuarial gain recognized in the year | (796753) | (1130187) |
| | **Net gratuity and other cost** | **2762115** | **1415881** |
| | **Actual return on plan asset** | **147561** | **172528** |
| iv) | **Category of Assets at the end of the year** | | |
| | Insurer Managed Funds | 1183762 | 1846275 |
| | Others | --- | --- |
| | **Total** | **1183762** | **1846275** |
| 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% |

7.3 Leave Encashment:

The provision of leave encashment have been made on outstanding privilege leave of employees at the end of year and calculated on the basis of basic pay of employees.

| 8. **Short Term Borrowings** | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Secured** | | |
| Working capital facilities from Banks | 769.97 | 834.41 |
| **Unsecured** | | |
| Deposits From Public | 238.10 | 432.04 |
| Loans From related parties | 202.87 | 199.95 |
| Loans From others | 28.61 | 29.61 |
| | **1,239.55** | **1,496.00** |

8.1 Working capital facilities of Sayaji Hotels Ltd includes Cash Credit Facilities from State Bank of India outstanding Rs 495.16 lacs & Axis Bank outstanding Rs 105.79 lacs both of which are 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. These are personally guaranteed by some of the directors of the company.

8.2 Cash credit facility of Barbeque Nation Hospitality Ltd includes outstanding of Rs. 169.02 lacs from State Bank of India which 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.

8.3 Fixed deposits from Public has maturity period of 12 months and interest is payable @ 10% per annum compounded monthly.

8.4 Loans from related parties & others includes loan from directors , associates and friends & relatives of directors.

**9. Trade Payables :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **Trade Payables** | 1,498.06 | 1,116.61 |

Trade payables are for goods purchased and services taken during the normal course of business.

**10. Other Current Liabilities :**

| | | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| **(a) Current Maturities of Long-Term Loans** | | | |
| i) From Banks | | 3,282.51 | 4,508.58 |
| ii)From Financial Institutions | | 728.56 | 254.67 |
| iii)From NBFC | | 10.22 | 64.52 |
| **(b) Others** | | --- | --- |
| i) Staturory Dues | | 210.10 | 223.70 |
| ii) Others | | 421.42 | 285.18 |
| | **Sub Total (i)** | **4,652.81** | **5,336.65** |
| Interest Accrued but not Due on Borrowings | (ii) | 149.85 | 127.68 |
| Unpaid Matured Deposits and Interest Accrued Thereon | (iii) | 2.34 | 2.34 |
| | **Grand Total (i+ii+iii)** | **4,805.00** | **5,466.67** |

10.1 Current maturities of term loans from bank includes Principal instalments payable to State Bank of India, Axis Bank Ltd , State Bank of Mysore and to HDFC. Bank wise Current maturity is give under Note no 4.1. Other terms are same as given in Note no 4.2 and 4.5.

10.2 Current maturities of term loans from financial institutions includes Principal instalments payable to Tourism Finance Corporation of India ltd, Madhya Pradesh Finance Corporation, and HUDCO. Financial Institution wise current maturities is given under Note no 4.1 Other terms are same as given in note no 4.3 and 4.6.

10.3 Current maturities of term loan from NBFC is of Tata Capital Financial Services Limited. Other terms are same as given in note no 4.4

10.4 Statutory dues includes VAT tax, luxury tax, TDS and service tax payables.

10.5 Unpaid matured deposits and interest accrued thereon includes deposits which are matured but not claimed by them. Company has sent reminders to deposit holders for filing the repayment/ renewal requests along with the original FD certificates.

**11. Short Term Provisions :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Provision for Expenses | 383.95 | 348.31 |

**SCHEDULE - 6 : FIXED ASSETS**

**(Rs. in lacs)**

| Sr. No. | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening as on 01.04.11 | Additions | Deduction & Adjustment | Closing as on 31.03.12 | Opening as on 01.04.11 | Deletion | Addition | Closing as on 31.03.12 | As on 31.03.12 | As on 31.03.11 |
| **A.** | **TANGIBLE ASSETS** | | | | | | | | | | |
| 1 | BUILDING | 13,556.38 | 1,073.26 | 136.34 | 14,493.30 | 2,739.71 | 29.43 | 695.56 | 3,405.84 | 11,087.46 | 10,816.67 |
| 2 | FURNITURE & FIXTURE | 5,723.52 | 281.29 | 24.85 | 5,979.96 | 1,586.74 | 4.22 | 478.54 | 2,061.06 | 3,918.90 | 4,136.77 |
| 3 | PLANT & MACHINERY | 3,815.78 | 433.52 | 66.01 | 4,183.28 | 954.37 | 13.21 | 183.93 | 1,125.10 | 3,058.19 | 2,861.40 |
| 4 | SERVICE EQUIPMENT | 1,535.14 | 178.32 | 41.80 | 1,671.66 | 477.51 | 7.05 | 143.91 | 614.37 | 1,057.29 | 1,057.63 |
| 5 | Computer Equipments | 447.34 | 30.91 | 2.05 | 476.20 | 185.61 | 0.59 | 97.80 | 282.82 | 193.38 | 261.72 |
| 6 | VEHICLE | 612.58 | 5.35 | 31.28 | 586.65 | 131.14 | 12.06 | 58.36 | 177.44 | 409.21 | 481.44 |
| 7 | LEASE HOLD LAND | 94.06 | 2,200.00 | --- | 2,294.06 | --- | --- | --- | --- | 2,294.06 | 94.06 |
| 8 | FREEHOLD LAND | 2,637.00 | --- | --- | 2,637.00 | --- | --- | --- | --- | 2,637.00 | 2,637.00 |
| | **TOTAL TANGIBLE ASSETS** | **28421.80** | **4202.65** | **302.33** | **32322.11** | **6075.08** | **66.56** | **1658.10** | **7666.63** | **24655.49** | **223460.69** |
| **B.** | **INTANGIBLE ASSETS** | | | | | | | | | | |
| 1 | LIQUOR LICENCE | 69.31 | --- | --- | 69.31 | 26.08 | --- | 8.32 | 34.39 | 34.91 | 43.23 |
| 2 | SOFTWARE & LICENCES | 66.93 | 11.91 | --- | 78.84 | 50.46 | --- | 13.13 | 63.59 | 15.25 | 16.47 |
| | **TOTAL INTANGIBLE ASSETS** | **136.24** | **11.91** | **---** | **148.15** | **76.54** | **---** | **21.45** | **97.98** | **50.16** | **59.70** |
| | **TOTAL** | **28,558.03** | **4,214.56** | **302.33** | **32,470.26** | **6,151.64** | **66.56** | **1,679.55** | **7,764.62** | **24,705.64** | **22,406.39** |
| | **PREVIOUS YEAR FIGURES** | **27,181.49** | **1,872.25** | **495.72** | **28,558.02** | **4,638.78** | **87.39** | **1,600.24** | **6,151.64** | **22,406.39** | **22,542.71** |
| | **CAPITAL WORK IN PROGRESS** | **314.94** | **3,150.65** | **2,896.34** | **569.25** | | | | | | |

**13 Non-Current Investments :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| **(A) Trade Investments in Equity Instruments (At Cost)** | | |
| Welterman International Ltd. | --- | 26.30 |
| 2,63,000 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 |
| 50 Equity Shares of Rs.10 ech fully paid up | | |
| Winner Hotels Pvt. Ltd | 0.23 | 0.23 |
| | **35.23** | **61.54** |

13.1 Shares of Welterman International Ltd has been sold off the market @ 0.10 paise per share to the promoter of that company.

13.2 Winner hotel Pvt Ltd is a Joint Venture company formed for the purpose of Bhopal hotel.

**14. Long-Term loans & Advances (Unsecured Considered Good)**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Security Deposits | 2,450.71 | 2,080.47 |

**15. Other Non-Current Assets:**

| | | |
|---|---|---|
| Fixed Deposits Against lien & Bank Gurantee* | 235.80 | 174.90 |

*Maturing after 12 months

**16. Current Investments :**

| | | |
|---|---|---|
| Investments in Mutual Funds | 253.11 | 3.08 |

Investment in Mutual Fund includes investment in Axis Mutal Fund & SBI Mutal Fund.

**17. Inventories :**

| | | |
|---|---|---|
| Operating Supplies | 811.02 | 554.88 |
| Food & Beverages | 332.50 | 275.42 |
| Shopping Arcade Stock | 42.54 | 42.54 |
| | **1,186.06** | **872.84** |

Inventories has been valued at cost and certified by the management.

**18. Trade Receivables (Unsecured considered Good):**

| | | |
|---|---|---|
| Outstanding More Than six months | 641.68 | 408.26 |
| Others | 471.19 | 936.56 |
| | **1,112.87** | **1,344.82** |

**19. Cash & Cash Equivalents**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| Balances With Bank in Current Accounts | 84.69 | 193.33 |
| Cash on Hand | 50.17 | 28.61 |
| | **134.86** | **221.94** |

**20. Short Term loans & Advances (Unsecured Considered Good) :**

| | | |
|---|---|---|
| Loans & Advances To Related Parties | 559.67 | 636.83 |
| Others | 1,191.41 | 930.07 |
| | **1,751.08** | **1,566.90** |

**21. Other Current Assets**

| | | |
|---|---|---|
| Taxes Receivable | 630.41 | 400.28 |

Taxes receivable includes TDS receivable , MAT Credit entitlement , Advance Tax , Service Tax Credit & Input Tax rebate net off current year provisions of taxes

**22. Revenue From Operations :**

| | | |
|---|---|---|
| a) Sale of Rooms | 4,267.60 | 4,261.65 |
| b) Sale of Food & Beverages | 18,417.53 | 14,666.18 |
| c) Others | 1,549.30 | 1,567.42 |
| | **24234.43** | **20495.26** |

Revenue from others includes income from club, rental income and income from banquet service etc.

**23. Other Income :**

| | | |
|---|---|---|
| a) Interest Income | 52.76 | 48.44 |
| b) Other Non-Operating Income | 19.77 | 86.03 |
| | **72.53** | **134.47** |

Other Non –Operating Income Includes profit on sale of assets, foreign exchange fluctuations etc. Previous year figure includes Rs 40.00 lacs received against ceding of rights.

**24. Cost of Material Consumed :**

| | | |
|---|---|---|
| Opening Stock | 276.16 | 225.71 |
| Add: Purchases* | 7,546.26 | 6,505.04 |
| | **7,822.42** | **6,730.75** |
| Less: Closing Stock | 332.50 | 276.15 |
| **Food & Beverages Material Consumed** | **7489.92** | **6454.60** |

*Includes vegetable & non-vegetable items , grocery items, dairy products, tobacco products, alcoholic beverages, non-alcoholic beverages etc.

**25. Operating Expenses :**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| a)Stores & Operating Supplies* | 1,432.26 | 1,298.92 |
| b)Repairs & maintainance:- | --- | --- |
| Building | 281.95 | 201.84 |
| Plant & Machinery | 169.11 | 116.97 |
| Others | 307.52 | 196.70 |
| c)Laundry Expenses | 171.61 | 170.09 |
| d)Power & Fuel | 2,090.26 | 1,785.01 |
| | **4452.71** | **3769.54** |

*includes crockery & cutlery, linen, consumables, party and function expenses etc.

**26. Employee Benefit Expenses :**

| | | |
|---|---|---|
| a) Salaries, Wages, Allowances & Provisions | 3,005.17 | 2,466.65 |
| b) Contribution to P.F and other Funds | 219.31 | 167.19 |
| c) Workmen and staff welfare expenses | 160.70 | 128.22 |
| d) Workmen and staff uniform expenses | 73.20 | 78.03 |
| | **3458.38** | **2840.09** |

**27. Other Expenses:**

| | | |
|---|---|---|
| Lease Rent/Rent | 1,454.73 | 1,286.27 |
| Rates & Taxes | 244.58 | 175.80 |
| Insurance | 33.99 | 28.62 |
| Travelling and Conveyance | 134.48 | 114.56 |
| Postage, Telegram and Telephones | 100.88 | 87.22 |
| Advertisement and Publicity | 166.54 | 159.63 |
| Legal & Professional | 258.17 | 190.83 |
| Printing and Stationery | 163.48 | 146.10 |
| Guest pick up Expenses | 346.28 | 350.42 |
| Other Expenses | 271.78 | 225.18 |
| Auditor’s Remuneration | 5.22 | 4.50 |
| Credit Card Commissioin | 189.89 | 145.00 |
| Water charges | 45.75 | 39.95 |
| Cable TV & Equipment charges | 68.66 | 76.29 |
| Recruitment Expenses | 33.70 | 22.72 |
| Bad Debts Provision/ W/off | --- | 47.28 |
| | **3518.13** | **3100.39** |

27.1 **Details of Auditors Remunerations**

| | | |
|---|---|---|
| Audit Fees | 4.40 lacs | 4.00 lacs |
| Certification & Other matter | 0.82 lacs | 0.50 lacs |

**28. Finance Cost:**

| | 31-Mar-12 | 31-Mar-11 |
|---|---|---|
| a) Interest Expense | 2,470.90 | 1,936.17 |
| b) Other borrowing Cost | 25.31 | 22.09 |
| c) Other Expenses | 26.65 | 21.86 |
| | **2522.86** | **1980.12** |

Interest expense includes interest paid on term loans , vehicle loans & credit facilities. Other borrowing cost includes processing fees & upfront fees of loans. Other expenses includes bank charges

29. Exceptional items of Sayaji Hotels Ltd is loss on sale of Investment Rs 26.04 lacs. Exceptional items of Barbeque-Nation Hospitality Ltd Rs 112.26 lacs is the amount of loss on account of write-off of fixed assets due to closure of the Jalandhar restaurant in May 2011 which did not start its commercial operation.

**30. Additional Disclosures**

30.1 Contingent liabilities of Sayaji Hotels Ltd not provided for :

30.1.1 Claim against the company not acknowledge as debt Rs 5.06 lacs (P.Y Rs 5.06 lacs).

30.1.2 Guarantee given on behalf of other companies Rs 8821.82 lacs (P.Y Rs 6821.82 lacs). This includes Guarantee given to State Bank of India on Behalf of Barbeque-Nation Hospitality Ltd amounting Rs 8,400 lacs (P.Y 6400 lacs) & guarantee given to Axis Bank Ltd on Behalf of Sana Hospitality Services Pvt .Ltd amounting to Rs 421.82 lacs (P.Y Rs 421.82 lacs). Outstanding balance of loan from SBI as at 31/03/12 is Rs 2177 lacs and from Axis Bank Ltd is Rs 311.42 lacs

30.1.3 Disputed statutory liabilities in respect of service tax not provided for:

(a) For the period from 01.03.05 to 31.03.09 the Hon'ble Tribunal has passed the order against the Company after giving the benefit of abatement and waiver of penalty imposed in the order passed by Learned Commissioner. Tax demand of Rs. 175.01 lacs is pending as per the Tribunal's order. Company has challenged said order before Indore bench of Hon'ble High Court of MP and got interim stay of the demand. Interest liability will also arise in case of unfavorable decision.

(b) For the period from 01.04.09 to 31.03.11 the Commissioner has passed the order against the Company without even considering the benefit given by the Hon'ble Tribunal in their prior order. Tax demand of Rs. 400.37 lacs has been raised alongwith equal amount of penalty. Company has challenged said order before Hon'ble Tribunal and got unconditional stay on merits for the entire demand. Had the benefit of abatement and waiver of penalty given by the Hon'ble Tribunal in their prior order been considered by the Learned Commissioner, the demand would have been reduced to Rs. 139.97 lacs. Interest liab lity will also arise in case of unfavorable decision.

30.1.4 Custom duties saved against imports under EPCG scheme is Rs 875.51 lacs (P.Y Rs 968.80 lacs)

30.1.5 Disputed liability not provided for in respect of :

(a)Vat Tax Rs 20.73 lacs (P.Y Rs 20.73 lacs) pertaining to Input tax rebate of exemption period being adjusted against presumptive tax of exemption period.

(b) Entry Tax Rs 4.64 lacs(P.Y 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.

30.1.6 Disputed liability of Rs 107.65 lacs (P.Y Rs. 88.29 lacs) not provided for in respect of Income Tax. The matters are pending before Income –tax Appellate Tribunal, Ahemdabad.

30.2 **Contingent liabilities of Barbeque-Nation Hospitality Ltd not provided for :**

Custom duties saved against imports under EPCG scheme is Rs 33.05 lacs (P.Y Rs 33.05 lacs)

30.3 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.

**30.4 Details of Related Party Disclosure:**

**DETAILS OF RELATED PARTY TRANSACTIONS**

**i) Key Management Personnel**

| | | |
|---|---|---|
| Sajid R. Dhanani | - | Managing Director |
| Capt. Salim Sheikh | - | Director |
| Munawar Garbadawala | - | Director |
| Prosenjeet Roy Choudhary | - | Whole Time Director |
| Jaykannan Perumal Swamy | - | Whole Time Director |

**ii) Subsidiary Companies**

Barbeque-Nation Hospitality Limited

Malwa Hospitality Pvt Ltd

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

Mrs Suchitra Dhanani

Sujeet Desai

Kayum R Dhanani

M. Y. Merchant

Aries Hotels Pvt Ltd

Status Travels

S. N Travels

Bharat Equity Service Ltd

Dhanani Securities Ltd

Kruger Chemical Ltd

Liberty Phosphate Ltd

M.P. Agro Industries Ltd

Uniera Laboratories P Ltd

Welterman International Ltd

Taurus Corium Pvt Ltd

Sana Hospitality P. Ltd

Transworld Furtichem P. Ltd

Sana Reality P. Ltd

Ahilya Hotels Limited

Clearwater Capital Partners (Cyprus) Ltd.

| Sr.No. | Nature of Transactions | 31-Mar-12 | 31-Mar-11 |
|---|---|---|---|
| | **A KEY MANAGEMENT PERSONNEL** | | |
| | REMUNERATION | 124.60 | 84.24 |
| | LEASE RENT | 12.00 | ---- |
| | LOANS PAYABLE AT THE YEAR END | 112.87 | 199.95 |
| | SECURITY DEPOSITS PAID | 18.00 | ---- |
| | **C ASSOCIATE COMPANIES/ FIRMS/ RELATIVES** | | |
| | SALARY/PROFESSIONAL FEES | 39.21 | 18.07 |
| | GUEST PICK UP EXPENSES | 19.32 | 13.94 |
| | LEASE RENT | 199.48 | 100.46 |
| | SALE OF ASSETS | 9.87 | ---- |
| | SALE OF INVESTMENTS | 0.26 | ---- |
| | RECEIVABLE AT THE YEAR END | 560.90 | 500.87 |
| | PAYABLE AT THE YEAR END | 96.87 | 22.47 |
| | ISSUE OF EQUITY SHARES | 1,000.00 | 3,501.00 |
| | SECURITY DEPOSITS PAID | ---- | 38.00 |
| | SECURITY DEPOSITS RECEIVED | 34.73 | ---- |
| **30.5** | **Earnings in Foreign Currency :** | | |
| | Sale of Rooms and Food & Beverages | 1387.45 | 1543.85 |
| **30.6** | **CIF Value of imports & Expenditure :** | | |
| | Import of Capital Items & Others | 49.88 | 190.46 |

Signature to Notes 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**

**Yogesh K. Shah**
Partner
M.No. 101687
VADODARA : 30-05-2012

**Sajid R Dhanani**
Managing Director

**Capt. Salim Sheikh**
Director

**T.N. Unni**
Director

INDORE : 30-05-2012

# 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 2012 | 31st March 2012 |
| 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 | 54,94,000 Equity Shares of Rs. 10 each fully paid-up |
| | b) | Extent of holding | : | 67.59% | 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, 2012 (Rs. in Lacs) | | Nil | Nil |
| | | (b) For the previous financial year since these became subsidiaries of the Company (Rs. in lacs) | | Nil | Nil |
| | (ii) | not dealt with in the accounts of the Company: | | | |
| | | (a) For the financial year ended 31st March, 2011 12 (Rs. In Lacs) | | 455.79 | Nil |
| | | (b) For the previous financial years since these became subsidiaries of the Company the Company (Rs. In Lacs) | | (281.88) | (5.6) |

**For and on behalf of the Board**

| | | |
|---|---|---|
| **Sajid R Dhanani** | **T.N. Unni** | **Amit Sarraf** |
| Managing Director | Director | Company Secretary |

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

| | | | |
|---|---|---|---|
| 1 | Name of the subsidiaries | :Kshipra Restaurants Private Limited | Favorite Restaurant Private Limited |
| 2 | Financial Year of the subsidiary ended on | :31st March 2010 | |
| 3 | Number of shares of the subsidiary company held by the Holding Company on the above date | | |
| | a) Number and Face Value | : 10,000 Equity Shares of Rs. 10 each fully paid-up | 10,000 Equity Shares of Rs. 10 each fully paid-up |
| | b) Extent of holding | 100.00% | 100.00% |
| 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, 2010 | (603,72,000) | (559,584) |
| | (b) For the previous financial years since these became subsidiaries of the Company | 0 | 0 |
| | (ii) not dealt with in the accounts of the Company: | | |
| | (a) For the financial year ended 31st March, 2010 | | |
| | (b) For the previous financial years since these became subsidiaries of the Company | | |

**For and on behalf of the Board**

| | | |
|---|---|---|
| **Sajid R Dhanani** | **T.N. Unni** | **Amit Sarraf** |
| Managing Director | Director | Company Secretary |

## 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

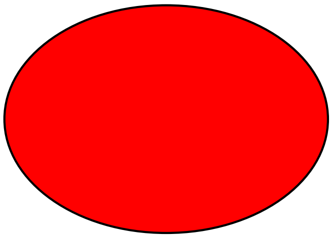
**M.F. Garbadwala**
Director

**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

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### 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 29th Annual General Meeting at Registered Office of the Company on Tuesday, 25th September, 2012 at 3.30 P.M.

Member's / Proxy's Signature

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

TEAR HERE

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 29th Annual General Meeting of the Company to be held on Tuesday, 25th September, 2012 and/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.

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.)

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