

**SAYAJI HOTELS LIMITED**  
30th Annual Report 2012-13



[www.sayajihotels.com](http://www.sayajihotels.com)



## SHRI SAJID DHANANI

24th May 1966 - 11th November 2012



Late Shri Sajid Dhanani, MD, Sayaji Group of Hotels, is considered to be the true debonair and visionary entrepreneur in the hospitality industry. An astute businessman with a visionary acumen, he introduced several innovations in his hotels, which have now become industry standards for excellence.

With the start of first Sayaji hotel in Baroda followed by Indore, Pune and Barbeque Nation chain of restaurants nationwide, Mr. Dhanani, or Sajid Bhai as he was affectionately known, decided on two tenets for Sayaji "Change is the Rule of the Game" and "Customer First". He instituted these values in every step of the Sayaji saga. He lived his life serving and providing the very best facilities in luxury and cuisine to his guests and positioned Sayaji as the only hotel in the world that calls itself "truly yours".



## BOARD OF DIRECTORS

- |                           |                         |
|---------------------------|-------------------------|
| • Shri Razak D. Dhanani   | - Chairman              |
| • Shri Kayum R. Dhanani   | - 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              |

## 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 : 0731-4003131  
E-mail : cs@sayajiindore.com

## HOTELS

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

## CORPORATE IDENTITY NUMBER (CIN)

- L51100GJ1982PLC005131

## CONTENTS

<b>Standalone</b>	<b>Page No.</b>
• Notice	3
• Directors' Report	13
• Management, Discussion and Analysis	15
• Report on Corporate Governance	18
• Auditors' Report	25
• Annual Accounts	29
• Cash Flow Statement	31
• Notes on Accounts	33
<b>Consolidated</b>	
• Auditors' Report	47
• Consolidated Financial Statements	48
• Cash Flow Statement	51
• Notes on Accounts	53
• Statement pursuant to section 212 of the Companies Act, 1956	68

<b>Date</b>	: September 24, 2013
<b>Day</b>	: Tuesday
<b>Time</b>	: 3.00 P.M.
<b>Venue</b>	: Sayaji Hotel, Vadodara
<b>Book Closure Date</b>	: From September 18, 2013 to September 24, 2013.

## NOTICE

**NOTICE** is hereby given that the **Thirtieth Annual General Meeting** of the Members of **Sayaji Hotels Limited** will be held on **24th day of September, 2013 at 3.00 P.M.** at the Registered Office of the Company at "Sayaji Hotel", Opp. Rajshree Talkies, Near Kala Ghoda, Sayajigunj, Vadodara-390005 (Gujarat), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the year ended on March 31, 2013 and the Statement of Profit and Loss Account as at that date together with the reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Abdul Razak Dhanani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. T. S. Bhattacharya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors of the Company and pass the following resolution as an Ordinary resolution:

**"RESOLVED THAT** M/s K.L. Vyas & Co., Chartered Accountants, (Firm Registration No 003289C) and M/s Shah Gandhi & Shah, Chartered Accountants (Firm Registration No. 126862W), be and are hereby appointed as the Joint Auditors of the Company together with the retiring Auditors M/s Shah Gandhi & Shah Chartered Accountants from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the above said joint auditors and the Board of Directors of the Company."

### 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** the approval of the members of the Company be and is hereby granted for the appointment of Mr. Kayum Razak Dhanani as a director, who was appointed as an additional director by the Board with effect from 30th Nov., 2012, and in respect of whom the Company has received a

notice u/s 257 of the Companies Act, 1956 for proposing his candidature for the office of the directors of the Company.

6. **To Consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution for alteration in Articles of Association of the Company.**

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, or subject to such modification and re-enactment thereof, the Articles of Association of the Company be and are hereby altered in the manner :

- (I) Article 130 shall be deleted and the following new Article substituted therefore :
- (i) The words 'subject to the paragraph below, unless' shall be substituted for the word 'Until'.
- (ii) The following paragraph shall be deleted-

"The composition of the Board of the Company shall comprise of 9 directors in the manner set out below:

- 2 directors to be appointed by the Promoters;
- Clearwater Capital Partners India Private Limited shall have the right to appoint 1 director till such time that there is any amount outstanding to it from the Company as reflected in the books of accounts of the Company;
- Clearwater Capital Partners (Cyprus) Limited shall have the right to appoint 1 director till such time that it holds not less than 10% of the total issued and paid up equity capital of the Company;
- 1 director each to be nominated by Clearwater Capital Partners and the Promoters, such directors shall be independent directors;
- 3 by the Lenders other than Clearwater Capital Partners India Private Limited ("Other Lenders"). Provided further that in the event that any of such Other Lender directors resign or such Other Lender representation is no longer contractually required on the Company's Board, then such vacancy shall be filled by independent directors.
- The Board shall approve all such appointments by a minimum two-third majority.

For the appointment of independent directors, the promoters and Clearwater Capital Partners shall consult with each other, and the Board shall approve all such appointments by a minimum two-third majority”.

Clause (aa) of Article 165 shall be deleted.

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

## **2. Interpretation**

### **Beneficial Owner**

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

### **Depository Act**

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

### **Depositories**

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

### **Registered Owner**

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

### **SEBI**

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

### **Security**

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

(am) Voting/participation in general meeting through electronic mode means video conference facility i.e.

audio-visual electronic Communication facility employed which enables all the persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

## **13A. Powers of the Company**

- (1) Subject to the provisions of the SEBI (Issue of Capital and Disclosure Requirement)) Regulations 2009 as may be applicable from time to time and with the consent of the Members of the Company at a General Meeting by way of Special Resolution, the Board of directors of the Company or a Committee thereof duly authorised by the Board of directors may issue and allot Warrants Convertible into the Equity Shares on such rates, terms and conditions to the existing shareholders, general public, or on preferential basis to the promoters, directors, body corporates, banks, financial institutions, OCBs, NRIs or such other persons from time to time on receipt of at least 25% of the face value of the Warrants, as it may think fit. The Board of directors of the Company shall be authorized to make provisions as to the allotment and issue of Warrants and in particular may determine to whom the same shall be offered, whether at par or at premium, subject to the provisions of the Companies Act, 1956 and all the applicable provisions of the SEBI ICDR Regulations 2009.
- (2) The Company may, by special resolution, authorize the Board to convert warrants into equity shares at such rates (including premium), terms and conditions as may be determined by the Board and in accordance with the guidelines issued by the SEBI, Stock Exchange, Central Govt. or other authorities either on single trench or otherwise as per the sole discretion of the Board.

## **15A. Power to issue shares with differential rights**

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

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

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

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

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

**19A. Allotment of securities deal with a depository**

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

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

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

**24A. Dematerialisation of securities**

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

2. Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository, such a person who is a beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in a manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required security certificates. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
3. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
4. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of affecting transfer of ownership of the security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and, benefits and be subject to all the liabilities, in respect of his securities which are held by a depository.

**27A. Buy back of Shares**

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

**58A. Transfer of securities in demat form**

- (a) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository,
- (b) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronics or fungible form in a depository, the provisions of the Depository Act shall apply.

**62A. Register and index of beneficial owners**

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

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

Subject to the provisions of the Companies Act 1956 the Company shall provide platform to the members and proxy holders for participating in the general meetings by way of video conferencing, audio-video electronic mode as may be applicable from time to time. For this purpose, the company shall also comply with the requirements and procedures mentioned in the General Circular No. 28/2011 dated 20.05.2011 issued by Ministry of Corporate Affairs, including any statutory modification, amendment or re-enactment thereof, in addition to the normal procedures required under the Companies Act, 1956 for holding general meeting.

**94A. Service of documents**

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

**113A. Restriction on voting**

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

- (a) Save as otherwise provided in Article 79 above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of Securities held by it.
- (b) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be the member of the Company. The beneficial owners of Securities shall be entitled to all rights and benefits and be subject to all the Liabilities in respect of their Securities which are held by the Depository.

**116A. Passing of resolution by postal ballot**

Notwithstanding anything contained in Article of Association of the Company, the Company do adopt the mode of passing the resolution by the members of the Company by means of Postal Ballot and/or other ways as may be prescribed by Central Government in this behalf in respect of the matters/procedure specified in section 192A of the Companies Act, 1956 and as per the procedure/manner prescribed in Companies (Passing of Resolution by Postal Ballot) Rules, 2011 including any statutory modification, amendment or re-enactment thereof.

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

Subject to the provision of the Act and these Article the Chairman of any meeting shall be the sole judge of validity of



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

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

The Meeting of the Board of directors and/or Committee of the directors may be called and held through the video conferencing and/or Audio Visual communication from time to time as per the rules and regulation as may be provided by the Central Government from time to time. For this purpose, the company shall also comply with the requirements and procedures mentioned in the General Circular No. 28/2011 dated 20.05.2011 issued by Ministry of Corporate Affairs, including any statutory modification, amendment or re-enactment thereof, in addition to the normal procedures required under the Companies Act, 1956 for holding meeting of Board/committee of directors.

**214A. REGISTERS TO BE MAINTAINED BY THE COMPANY**

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

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

Association of the Company be the following new Articles in their places.

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

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

**98. Quorum for the meeting at the time of commencement**

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

**119. Mode of passing the resolution**

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

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

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

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

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

**127. Time for objection to votes**

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

**164. Notice of the Board Meeting**

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

**165. Quorum**

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

**188. Dividend to be paid to all the shareholders in pari-passu manner**

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

**192. Dividend how remitted/paid to shareholders**

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

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

**195. Dividend to be paid within thirty days**

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

**196. Unpaid dividend to be transferred to special dividend account**

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

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

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

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

**212. Service of document by members to the company**

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

**7. To Consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution for appointment of Mrs. Suchitra Dhanani on Office of place of Profits.**

**"RESOLVED THAT** pursuant to the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and subject to the approval of the Central Government, the Company hereby give consent for the appointment of Mrs. Suchitra Dhanani, a relative of a director of the Company as the Vice President w.e.f. 01-05-2013 on the salary and perquisites upto Rs. 2,50,000/- p.m.

**"RESOLVED FURTHER THAT** Mrs. Suchitra Dhanani shall also be entitled for the reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by her, from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the other senior executives of the Company."

**By Order of the Board**

Indore, the 08th Day of August, 2013

**Registered Office:**

**Sayaji Hotel,**

H-1, Scheme No. 54

Vijay Nagar, Indore (M.P.)

**ABDUL RAJAK DHANANI**

**CHAIRMAN**

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Company has already notified closure of Register of Members and Share Transfer Books from 18th September, 2013 to 24th September, 2013 (both days inclusive)
3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
4. (a) Members are requested to notify immediately any change of address;
  - (i) To their Depository Participants (DPs) in respect of their electronic share accounts;
  - and
  - (ii) To the Company to its Share Transfer Agents in respect of their physical shares
 Folios, if any.
  - (b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
  - (c) Non-resident Indian Shareholders are requested to inform Share Transfer Agents
 Immediately :
  - (i) Change in the residential status on return to India for permanent settlement.
  - (ii) The particulars of NRE Account with Bank in India, if not furnished earlier.
5. Relevant documents referred into the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M. up to the date of meeting.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. The Company has connectivity with the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/Investors having their depository account. The ISIN for the Equity Shares of the Company is INE318C01014. In case of any query/ difficulty in any matter relating thereto may be addressed to the Share Transfer Agents: Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S, Marg, Bhandup, (W) Mumbai 400078.
9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be download from the website of the Ministry of Company affairs.
10. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company is not having any amount due for transfer to the Central Government.
11. There is no instance which requires transfer of undelivered shares to the separate escrow account as required under the Listing Agreement.
12. The SEBI has mandated the submission of PAN by every participant in securities market, members holding shares in electronic form are therefore, requested to submit the PAN to their depository participant with whom they are maintaining their D-mat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, M/s Link Intime India Pvt. Ltd.
13. Pursuant to the Clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto.
14. The Ministry of Corporate Affairs ("MCA") Govt. of India by its Circular Nos. 17/2011 dt. 21.04.2011 & 18/2011 dt. 29.04.2011, has allowed companies to send annual report and other communication through electronic mode at the registered email address of the members/ beneficiaries, keeping in view the underlying objective and the circulars issued by MCA, we propose to send future communications in electronic mode. Members who hold shares in physical form and desired to receive the documents in electronic mode are requested to please promptly provide their details (name, LF No., email ID) to the Registrar and Share Transfer agent of the Company.

Accordingly, your Company proposes to henceforth affect electronic delivery of communication/ documents including

the Annual Reports and such other necessary communication/documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP).

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

updates/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](http://www.sayajihotels.com) as a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you.

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

### STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT/REAPPOINTMENT

Name and Designation of Appointee	Age/Qualifications Year	Expertise/ Experience	Date of appointment	No. of Other Directorship	No of shares held & %age
Mr. Abdul Razak Dhanani	80 Years (Graduate in Commerce)	Vast experience in fertilizers & hotel business	16.02.1987	7 Companies	50600 Equity Shares (0.28%)
Mr. T. S. Bhattcharya	64 Years (M. Sc. And post graduate in Management Science)	More than 30 years experience in banking, finance etc.	30.04.2009	9 Companies	Nil
Mr. Kayum Razak Dhanani	40 Years (IGCS from Cambridge University)	20 Years Experience in the Manufacturing Business	30.11.2012	8 Companies	1,18,100 Equity Shares (0.67%)

### 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:**

The Board of directors at their meeting held on 30th Nov., 2012 has appointed Mr. Kayum Razak Dhanani as an additional director of the Company, Mr. Dhanani is qualified as IGCS and belongs to the promoters group and having thorough experience in the Corporate management. The Company has received a notice u/s 257 of the Act, from a member of the company for proposing his appointment as a director of the Company.

Looking into his experience your Board recommends to appoint him as a director of the Company and to pass the necessary resolution as set out in Item No. 5 of the notice by way of ordinary resolution.

Except, Mr. Abdul Razak Dhanani and Capt Salim Sheikh, none of

the directors of the Company are concerned or interested in the resolution.

##### **ITEM NO.6:**

In view of the latest amendments made by the Ministry of Corporate Affairs for providing facilities for participation of the members in the general meeting and directors in the Board and Committee Meeting through the Video Conferencing and audio visual electronic mode as well as provided opportunity to cast the votes in postal ballot through electronic notice, providing notice and the annual report to the members by way of electronic communication, i.e. email etc., needs to be incorporated in the Articles of Association. In addition to that it is required to incorporate other provisions to incorporate other changes which took place in the past several years like, addition of certain new definition in the

Clause 2, incorporating provisions of SEBI (ICDR) Regulations 2009 for issuance of securities on preferential basis, powers to the Board for issuance shares with differential voting rights, non voting rights, conversion of warrants, dematerialization of shares, buy back of shares, service of document to or by the Company.

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

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

In addition to the above, your promoters has also purchased 47,57,891 equity shares (representing 27.16% paid up capital of the Company) held by Clearwater Capital Partners (Cyprus) Limited "Clearwater", due to this the term sheet executed between the Company and Clearwater has been terminate and your directors are proposing necessary amendment in Article No. 130 & 165.

Your directors at their meeting held on 30th May, 2013 have considered and approved the above said amendment and proposes pass the suitable resolution as set out in Item No. 6 of the notice.

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

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

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

#### ITEM NO. 7

The Board proposed for appointment of Mrs. Suchitra Dhanani for appointment as the Vice President w.e.f. 01st May, 2013. The Board considered that Mrs. Suchitra Dhanani, aged 49 years is associated with the group since 1990 at various positions.

The Board considers that looking into her experience will strengthen the management and Audit Department of the Company in more effective manner. She shall be the Vice President of the Company.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company as well as in the Industry.

Accordingly, the resolution mentioned in Item No. 7 of the notice is being proposed for approval accordingly.

Mr. Abdul Razak Dhanani, Mr. Kayum Razak Dhanani and Capt. Salim Sheikh, being the relative of the proposed appointee may be considered as interested except that none of the Directors of the Company is concerned or interested in the above said resolution.

**By Order of the Board**

Indore, the 08th Day of August, 2013

**Registered Office:**

**Sayaji Hotel,**

H-1, Scheme No. 54

Vijay Nagar, Indore (M.P.)

**ABDUL RAJAK DHANANI**

CHAIRMAN

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## DIRECTORS' REPORT

The Board presents the Thirtieth Annual Report together with the Audited Statement of Accounts and the Auditor's Report of the Company for the year ended 31st March, 2013.

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

Particulars	Financial Year 2012-13	Financial Year 2011-12
<b>Income</b>	11823.91	12350.53
Less: Operating Expenses	9123.37	8620.98
<b>Operating Profit</b>	<b>2700.55</b>	<b>3729.55</b>
Less: Financial Cost	1762.75	2206.33
<b>Profit/(Loss) before Depreciation, Tax &amp; Exceptional Item</b>	<b>937.80</b>	<b>1523.22</b>
Less: Depreciation	1731.46	1296.33
Add: Depreciation Written Back	1.98	0.00
<b>Profit/(Loss) before Tax &amp; Exceptional Item</b>	<b>(791.68)</b>	<b>226.89</b>
Exceptional Item	2393.99	26.04
<b>Profit/(Loss) before Tax</b>	<b>(3,185.67)</b>	<b>200.85</b>
<b>Less: Provision for taxation</b>	<b>(1102.95)</b>	<b>86.92</b>
<b>Profit (loss) for the period</b>	<b>(2082.72)</b>	<b>113.93</b>
BASIC EPS	0	0.65
DILUTED EPS	0	0.65
CASH EPS (after extraordinary items)	16.60	8.55

**REVIEW OF OPERATIONS:**

During the year under review your company has sold 5 Barbeque-Nation restaurants to its subsidiary Barbeque-Nation Hospitality Limited. During the financial year 2011-12 your company has received 22% share in the revenue of these restaurants which amounted to Rs.10.15 crores. During the year under review, on a standalone basis, revenue declined from Rs.123.50 crores to Rs. 118.24 crores, however, eliminating the impact of 22% revenue share of Rs. 10.15 crores in the Fy 11-12 there is an increase of 4.3% in the topline. The standalone loss after tax was at Rs. 2082.72 Lacs against the previous years' profit after tax of Rs. 113.93 Lacs. The reasons of huge losses in the current financial year are sale of 5 Barbeque-Nation restaurants causing loss of operating profit, exceptional items due to change in the depreciation method from SLM to WDV etc.

Looking to the losses of current year, your Directors have not recommended any dividend for the financial year 2012-2013.

**SUBSIDIARY COMPANIES:**

The Financial Statements for the year ended March 31, 2013 of Barbeque-Nation Hospitality Ltd. and Malwa Hospitality Pvt. Ltd., both subsidiaries of your company, are consolidated in the Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS:**

In pursuance of General Circular No. 2/2011 dated 8th February, 2011, issued by the Ministry of Corporate Affairs, Government of India, your Directors have opted to avail the general exemption granted under Section 212(8) of the Companies Act, 1956 from attaching individual balance sheet, statement of profit & loss and reports of the Board of Directors and Auditors of the subsidiaries along with the holding company's balance sheet.

In view of the above, your directors have presented the stand-alone financial statements of the Company; and consolidated financial statements comprising financials of the Company, its subsidiary, Barbeque-Nation Hospitality Ltd. and its wholly owned subsidiary namely Malwa Hospitality Pvt. Ltd., as part of this Annual Report.

Individual balance sheet, statement of profit & loss, report of Board of Directors and report of Auditors of each of the subsidiaries are open for inspection by the shareholders at the registered office of the Company and its subsidiaries' respectively, copies of which may be furnished, if desired by any shareholder.

### **EXPANSION / UP-GRADATION PLANS :**

Your Company owns and operates three hotels at Vadodara, Indore and Pune. Besides this, the Company has also entered into an agreement with D Y Patil Hospitality Pvt. Ltd. to operate/manage a 3 star hotel in Kolhapur. This will start operations during the current year.

The Company, through its subsidiary i.e. Barbeque – Nation Hospitality Limited is expanding its Restaurant Segment business. Barbeque – Nation opened 12 more restaurants during the financial year ended 31st March, 2013. As of now 32 Restaurants are running under the brand name of “Barbeque – Nation” at different places of India and aggressive expansion plans are also under progress.

### **DIRECTORS**

Company's Managing Director Mr. Sajid R. Dhanani who groomed the Company and brought it to the present position, passed away on 11th November, 2012 therefore office of MD fallen vacated w.e.f. that date. He was the guiding force and had charted a long term vision plan for the entire group. Your Board places on record their sincere appreciation and tribute to him and realizes that his dreams shall continue.

Mr. Abdul Razak Dhanani and Mr. T. S. Bhattacharya 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 Mr. Kayum Razak Dhanani as an Additional Director of the Company w.e.f. 30th Nov., 2012 and proposes to pass suitable resolutions as set out in the notice of the Annual General Meeting.

Mr. Munnawar Gadbadwala has resigned from the Board of directors w.e.f. 14th August, 2012.

During the year Mr. Karthik Athreya has resigned from the office of nominee director of the Company w.e.f. 5th February, 2013 due to withdrawal of nomination by Clearwater Capital Partners (Cyprus) Ltd. subsequent to sale of their entire shareholding to the promoter of the company.

Your Board placed on record their sincere appreciation of the valuable services rendered by Mr. Karthik B. Athreya.

### **AUDITORS**

M/s. Shah Gandhi & Shah, Chartered Accountants, the statutory auditors of the Company, was appointed to hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming AGM and being eligible have furnished their letter as required u/s 224(1B) of the companies Act, 1956 for re-appointment.

### **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.

### **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, 2013, 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, 2013 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:

<b>Foreign Exchange Earnings</b>	: Rs. <b>708.98</b> Lacs
<b>Foreign Exchange Outgo</b>	: Rs. <b>7.57</b> 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, except Late. Mr. Sajid R. Dhanani, none of the employees of the Company was drawing remuneration requiring to be disclosed as per provision of section 219(1)(b)(iv) of the Companies Act, 1956.

The Remuneration Details of Late. Mr. Sajid R. Dhanani are as follows –

<b>S. No.</b>	<b>Name of Employee</b>	<b>Salary Drawn till 11.11.2013</b>
1.	Late Mr. Sajid Razak Dhanani	69.75 Lacs

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

**ABDUL RAJAK DHANANI**

Indore, the 08th Day of August, 2013

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, 2012 to March, 2013 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 ENVIRONMENT, INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK

1. WTTC's latest Economic Impact Research shows that growth in world Travel & Tourism was robust in 2012 despite many economic challenges. The total contribution from Travel & Tourism to the world GDP grew by 3.0% in 2012. This was faster than growth of the world economy as whole (2.3%), and also faster than growth of a number of broad industries including manufacturing, financial & business services and retail.
2. Tourism's direct contribution to GDP in 2012 was US\$2.1 trillion and the industry directly supported 101 million jobs. Taking account of its direct, indirect and induced impacts, Travel & Tourism's total contribution in 2012 was US\$6.6 trillion in GDP, 260 million jobs, US\$760 billion in investment and US\$1.2 trillion in exports. This contribution represented 9.3% of global GDP, 1 in 11 jobs, 5% of investment and 5% of exports.
3. Global Travel & Tourism contribution to direct GDP in 2013 is forecast to grow by 3.1% and is again forecast to outpace growth of the total global economy (2.4%) in 2013. Longer-term prospects are even more positive with annual growth forecast to be 4.4% per year over the ten years to 2022. (source :para 1-3 World travel & tourism council)
4. India's tourism sector needs an urgent image makeover and higher investment in infrastructure, including through PPP

mode to capitalise on opportunities provided by overall growth in world tourist arrivals, global tourist arrivals are expected to increase by 43 million every year on an average from 2010 to 2030.

5. As per 12th Five Year Plan approach paper, India's travel and tourism sector is estimated to create 78 jobs per million rupees of investment compared to 45 jobs per million rupees in the manufacturing sector, the Survey said. As per Tourism Satellite Account (TSA) data 2009-10, the contribution of tourism to India's GDP was 6.8 per cent (3.7 per cent direct and 3.1 per cent indirect) and its contribution to total employment generation was 10.2 per cent (direct 4.4 per cent and indirect 5.8 per cent)," it added.
6. To promote tourism, the government has taken many policy initiatives including a five-year tax holiday for 2, 3, and 4 star hotels located around all UNESCO, World Heritage sites (except Delhi and Mumbai) for hotels which start operating with effect from April 1, 2008 to March 31, 2013. (source : Para 4-6 The Economic Times)

Your Company, during the last few years has been pursuing to extend its portfolio by not only expanding it's hotel business but also it's banquet services and restaurant business

### OPPORTUNITIES & THREATS

The opportunities in the hotel industry are promising in the country. The demand for tourists is also easily managed. The peak season in the country is from September to March. Over the long term, the hotel industry has grown potentially. When it comes to diverse topography, India is one of the best. The heritage hotels are great and can provide tourists with a unique experience. Having an online presence like a website or the option of online hotel booking can be beneficial.

If there are opportunities, we must also beware of the threats. Most of the hotels in India are now being replaced by guest hotels. The trend for guest hotels is increasing and so the hotel industry can be greatly affected. Tourists also have second thoughts about visiting India because of the political turbulence there. The manpower is not trained well and so the industry is easily affected by the country's economic conditions.

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 Budget 2013-14 again did not concede the demand of the tourism sector. Moreover, there has been no significant mention of tourism in the Finance Minister's speech. The industry was hopeful of getting some sops for the sector in the Budget. However, this Budget was again disappointing. The allocation to the tourism ministry was hiked by Rs 87.66 crores in this Budget. The allocation for the Ministry this year is Rs 1,297.66 crores while it was Rs 1210 crores in the Union Budget 2012-13 and Rs 1110.96 crores in 2011-12. The Budget allocation for plan projects/schemes for the benefit of North East region and Sikkim has been hiked from Rs 121 crores to Rs 129 crores. The allocation under tourist infrastructure is for construction of budget hotels, wayside amenities, tourist reception centers, refurbishment of monuments, adventure and sports facilities, illumination of monuments, providing for improvement in solid waste management and sewage management, procurement of equipment directly related to tourism and rural tourism projects etc.

Despite the tourism allocation being hiked by Rs 87.66 crores, several other demands of the industry have once again been overlooked. High taxation and industry status have been the industry's demand for time immemorial, but has faced ignorance year after year. Instead, the recently announced Budget further burdened the F&B industry with taxes on AC restaurants. While announcing the levy on all air-conditioned restaurants in the Budget for 2013-14, Union Finance Minister P. Chidambaram said, "At present, service tax does not apply to air conditioned restaurants that do not serve liquor. The distinction is artificial..."

### **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 formulated various Policies and measures to counter these risks effectively as enumerated below:-

- To expand the business of banquet services.

- To improve the room occupancy % by way of aggressive marketing strategy.
- To built the brand image by providing eminent class of services to its customer.

### **Internal Control System And Their Adequacy**

The Company has already placed strict Internal Control Systems across various functions which are adequate and commensurate with the size of the operations. The operations of each of the individual hotel units are continuously monitored on a daily basis by various functional heads and a well structured Management Information System Report facilitates speedy identification and correction of deviations occur, if any. Under the guidance and reference of the Audit Committee of Directors, an independent firm of Chartered Accountants conducts the internal audits on continuous basis across all the units of the Company and reports generated are reviewed at every meeting of Audit Committee of Directors. The Audit Committee of Directors reviews the scope and extent of audit functions through periodical discussions with the Company's Statutory and Internal Auditors and advises the modifications / improvements in the same, as and when required.

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

The Company continues to maintain a very cordial and healthy relationship with its work force across all its units. The total number of permanent employees on roll as at 31st March 2013 was 1201 nos, across all its units. A dynamic and transparent performance appraisal system along with various positive initiatives towards employee welfare requirements ensured maintaining the employees' morale at greater heights. The Company also offers financial support for medical and other needs of employees from time to time.

### **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 hygienic 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**

Certain statements made in the management discussion and analysis report relating to the Company's Objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and

taxation, natural calamities and so on over which the Company does not have any direct control.

#### **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**

**Date : August 08, 2013**

**Abdul Razak Dhanani**  
**Chairman**

## REPORT ON CORPORATE GOVERNANCE

### MANDATORY REQUIREMENTS:

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

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. These practices are categorised through principle based standards and not just through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors.

Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Sayaji culture. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly national leader in hospitality services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental of the Company. By combining ethical values with business acumen, national interests and core business with emerging business, the Company aims to be amongst the most respected organisations. The Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has also adopted a Code of Conduct for its Non-Executive Directors. These codes are available on the Company's website.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to corporate governance.

#### 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 to 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, the Board consisted of Seven (7) Directors, all are Non- executive Directors in which Four (4) directors are independent. All the directors have expertise in their respective functional areas and are 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 30/05/2012, 31/07/2012, 14/08/2012, 28/08/2012, 10/11/2012, 30/11/2012 and 12/02/2013 which were attended by the directors as under.

Name of Directors	Designation	No. of Board Meetings held during the year under the tenure	No. of Board Meetings attended during the year 2012-13	Attendance at the last Annual General Meeting held on 25th September, 2012
Mr. Abdul Razak Dhanani	Chairman	7	0	No
*Mr. Sajid R. Dhanani	Managing Director	7	4	No
CA. T. N. Unni	Independent Director	7	6	Yes
Mr. Sanjay Ahuja	Nominee Director, TFCL	7	4	No
Capt. Salim Sheikh	Director	7	6	No
Mr. Y.S. Mehta	Nominee Director, MPFC	7	6	No
Mr. T.S. Bhattacharya	Independent Director	7	4	No
** Mr. Munawar Garbadawala	Whole-time Director	2	0	N.A.
***Mr. Jayakannan Perumal Swamy	Whole-time Director	7	1	No
****Mr. Karthik B. Athreya	Director	7	1	No
*****Mr. Kayum Razak Dhanani	Additional Director	1	1	N.A.

\* Ceased to hold the position of Managing Director w.e.f. 11th November, 2012 due to sad demise

\*\* Resigned from the Board w.e.f. 14th August, 2012.

\*\*\* Resigned from the Board w.e.f. 30th June, 2013.

\*\*\*\* Ceased to hold the position of Director w.e.f. 5th February, 2013 due to withdrawal of nomination by Clearwater Capital Partners (Cyprus) Ltd.

\*\*\*\*\* Appointed w.e.f. 30th November, 2012 as an Additional Director.

Detail of Directorship of the Directors on the Board of other Companies as on 31/03/2013

Name of Directors	Directorship	Chairmanship in the board	Chairmanship in the committees
Mr. Abdul Razak Dhanani	7	3	Nil
CA T. N. Unni	3	Nil	3
Mr. Sanjay Ahuja	1	Nil	Nil
Capt. Salim Sheikh	1	Nil	Nil
Mr. Y.S. Mehta	1	Nil	Nil
Mr. T.S. Bhattacharya	9	Nil	2
*Mr. Jayakannan Perumal Swamy	Nil	Nil	Nil
Mr. Kayum Razak Dhanani	8	Nil	Nil

Resigned from the board w.e.f. 30th June, 2013.

## **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 the audit, compensation and investor grievance committees 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 the laws, rules and regulations as may be applicable to the Company, prepared by the designated employees as well as timely steps being also taken to rectify instances of non-compliance.

## **CODE OF CONDUCT**

The Company has adopted a Code of Conduct for the insider trading as per the requirement of the Listing Agreement of the concerned regulations of the SEBI 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](http://www.sayajihotels.com). A declaration signed by the Chairman is attached and forms part of the Annual Report of the Company.

## **3. COMMITTEES OF THE BOARD**

### **Audit Committee**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

## **(a) Terms of reference**

The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - any changes in accounting policies and practices;
    - major accounting entries based on exercise of judgment by management;
    - significant adjustments arising out of audit;
    - the going concern assumption;
    - compliance with accounting standards;
    - compliance with stock exchange and legal requirements concerning financial statements;
    - any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations done by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

**(b) Composition of committee, names of Members and Chairperson**

Name	Status of Director	Designation
CA. T. N. Unni	Qualified CA and Independent Director	Chairman of the Committee
Mr. Sanjay Ahuja	Nominee Director of TFCI	Member
Capt. Salim Sheikh	Non -Executive Director	Member
Mr. Y.S.Mehta	Nominee Director of MPFC	Member

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 and Mr. Y.S.Mehta has vast experience in the financial & investment related matters.

- **Meetings & Attendance:** - The Audit Committee met four times during the year 2012-13. The attendance at committee meeting are as follows:

Name of the Audit Committee Member	30/05/2012	14/08/2012	10/11/2012	12/02/2013
CA T. N. Unni (Chairman)	Yes	No	Yes	Yes
Shri Y. S. Mehta (Member)	Yes	Yes	Yes	No
Capt. Salim Sheikh (Member)	Yes	Yes	Yes	Yes
Shri Sanjay Ahuja (Member)	Yes	Yes	Yes	Yes

**REMUNERATION COMMITTEE**

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

Name	Status of Director	Designation
CA T. N. Unni	Qualified CA and Independent Director	Chairman of the Committee
Shri Y. S. Mehta	Nominee Director of TFCI	Member
Capt. Salim Sheikh	Non -Executive Director	Member
Shri Sanjay Ahuja	Nominee Director of MPFC	Member

- Details of the remuneration paid to the Managing Director and the whole Time Director for the year ended 31st March 2013 -

Shri Sajid R. Dhanani, Managing Director : Rs. 69.75 Lacs (Upto 11.11.2012)

Shri Jaykannan Perumal Swamy, Whole time Director Rs. 22.36 Lacs

Shri Munawar Garbadawala, Whole time Director Rs. 1.76 Lacs (Upto 14.08.2012)

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

- Attendance -

No meeting of the Remuneration Committee was required to be held during the financial year ended 31st March, 2013.

**Disclosure 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.

- Mr. T. N. Unni is the Chairman & Mr. Abdul Razak Dhanani is Member
- The committee meets on need basis.
- 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.
- Complaints, if any, from investors are receive 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.
- As on March 31st, 2013 there were no request pending/ overdue beyond the due dates.
- The total number of complaints received and replied to the satisfaction of the Shareholders during the year under review were Five (5), Outstanding complaints as on 31st March 2013 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. Ltd, Share transfer in physical form are registered within prescribed time limit 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 2012 to 31st March 2013**

Transactions	Physical	Demat	Total
Number of Transfers/D-mat Request	55	73	128
Number of Shares Transferred/ Demated	12723	319820	332543
No. of Pending share Transfers/ Demat request	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
29th AGM – 2012	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayaji Gunj, Vadodara.390005	25th September, 2012 At 3.30 P.M.	1. To appoint Mr. Karthik Athreya as Non-Retiring Director of the Company. 2. To appoint Mr. Jaykannan Perumal Swamy as Whole-time Director of the Company.
28th AGM – 2011	Sayaji Hotel Opp. Rajshree Talkies, Kala Ghoda, Sayaji Gunj, Vadodara.390005	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. 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, Sayaji Gunj, Vadodara.390005	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 ii) Alteration in the Clause No. V of the Memorandum iii) Alteration in the Clause No. 3 of Articles 2. To Increase remuneration of Managing Director Mr. Sajid R. Dhanani 3. To appoint Mr. Sujit Desai as Manager Training.

No other shareholders' meeting was held during the year.

One resolutions were passed by way of postal ballot on 14th July, 2012. No extra ordinary general meeting was held during the year 2012-13.

#### **5. DISCLOSURES**

1. None of the transactions with any of the related parties were in conflict with the interest of the Company.
2. 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](http://www.sayajihotels.com)
- Results are posted on the Bombay Stock Exchange website : [www.bseindia.com](http://www.bseindia.com)
- Management Discussion & Analysis is a part of the Annual Report.

#### **7. GENERAL SHAREHOLDER INFORMATION**

##### **a) Annual General Meeting**

<b>Day and date</b>	Saturday, September 21, 2013
<b>Time</b>	03.30 P.M.
<b>Venue</b>	Sayaji Hotels Limited Near Kalaghoda, Sayaji Gunj, Opp. Rajshree Talkies Vadodara – 390 005 (Guj.)
<b>Date of Book Closure</b>	18/09/2013 to 24/09/2013

##### **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, 2013 & fourth quarter, were taken on record and approved by the Board in its meetings held on the following dates.

Quarter ended	Date of Board Meeting
April-June, 2012	14th August, 2012
July-September, 2012	10th November, 2012
October-December, 2012	12th February, 2013
Year ended 31st March, 2013 & Fourth Quarter ended (January – March) Audited	29th May, 2013

- c) **Dividend Payment Date** : Not applicable
- d) **Registered Office** : Sayaji Hotels,  
Opp., Rajshree Talkies,  
Kala Ghoda, Sayaji Gunj,  
Vadodara.- 390005  
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
- f) **E-mail Address** : cs@sayajiindore.com
- g) **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 : **15448570**  
Equity Shares held in Physical Form : **2069430**
- 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 Hotels,  
H-1, Scheme No. 54, Vijay Nagar, Indore - 452010  
Phone: 0731- 4006666  
Fax: 0731 - 4003131  
E-mail :cs@sayajiindore.com

- k) **Dematerialization of Shares:**  
As on 31st March 2013, 15448570 shares stands dematerialized representing 88.19 % of the total shares of the Company.

- l) **Project Locations:**  
5. Sayaji Hotel, Indore, Madhya Pradesh

6. Sayaji Hotel, Vadodara, Gujarat  
7. Sayaji Hotel, Pune, Maharashtra

**m) Categories of shareholdings as on 31st March 2013:**

Category	No. of Shares Held	% of Share-holding
<b>Promoters:</b>		
<b>Directors and Relatives</b>	9157536	52.28
<b>Body Corporate</b>	2661888	15.20
<b>Public:</b>		
<b>1. Institutions :</b>		
a. Mutual Funds and UTI	401353	2.29
b. Banks and Financial Institution	300	0.00
<b>2. Non Institutional Investors</b>		
a. Body Corporates	1695482	9.68
b. Individuals(Public)	1302542	7.44
c. NRI	2288209	13.06
d. NRI (Non Repatriable)	1292	0.00
e. Clearing Member	9398	0.05
<b>Total</b>	<b>17518000</b>	<b>100.00</b>

**n) Stock Market Data**

Month	Bombay Stock Exchange Ltd.		S&P BSE SENSEX	
	High	Low	High	Low
April 12	164.60	131.05	17,664.10	17,010.16
May 12	159.95	118.00	17,432.33	15,809.71
June 12	149.30	116.70	17,448.48	15,748.98
July 12	150.00	119.00	17,631.19	16,598.48
August 12	159.60	120.00	17,972.54	17,026.97
September 12	140.40	112.10	18,869.94	17,250.80
October 12	132.45	107.00	19,137.29	18,393.42
November 12	128.25	107.45	19,372.70	18,255.69
December 12	124.95	110.00	19,612.18	19,149.03
January 13	132.95	107.20	20,203.66	19,508.93
February 13	138.95	117.00	19,966.69	18,793.97
March 13	126.50	120.15	19,754.66	18,568.43

Source: Data Compiled from BSE official website

- o) No. of shareholders as at 31.03.2013 : **4103**
- p) No of shares pledged by the promoters as at 31.03.2013 : **5455106**



**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](http://www.sayajihotels.com).

r) **Posting of Annual Report** : Before 28th August

s) **Last date for receipt of Proxy** : 19th September

t) **Distribution of Share holding as on 31st March, 2013**

Nos. of shares	No. of Owners	% of Share holders	Share Amount (Rs)	% to Total
Upto 5000	3817	93.07	4461680	2.55
5001-10000	137	3.32	1106750	0.63
10001-20000	52	1.26	797010	0.45
20001-30000	21	0.51	532000	0.30
30001-40000	10	0.24	370930	0.21
40001-50000	5	0.12	225240	0.13
50001-100000	18	0.44	1431900	0.82
100001 – Above	43	1.04	166254490	94.91
<b>Total</b>	<b>4103</b>	<b>100.00</b>	<b>17,51,80,000</b>	<b>100.00</b>

u. **Details of shares** : 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**

**Abdul Razak Dhanani**

**Date : August 08, 2013**

**Chairman**

## MANAGEMENT RESPONSIBILITY STATEMENT

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for estimates and 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 and on behalf of the Board of Directors**

**Place : Indore**

**Abdul Razak Dhanani**

**Date : August 08, 2013**

**Chairman**

## 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, 31st, 2013.

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

**Place : Indore**

**Abdul Razak Dhanani**

**Date : August 08, 2013**

**Chairman**

## 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, 2013 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

Indore  
8th August, 2013

**Nimesh Gandhi**  
Partner  
M.No. 049134

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sayaji Hotels Limited ("the Company"), which comprise of the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g)

of sub-section (1) of section 274 of the Companies Act, 1956.

- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Forming an Opinion and Reporting on Financial Statements

**For SHAH GANDHI & SHAH**

Chartered Accountants

Firm Regn. No. 126862W

**Nimesh Gandhi**

Partner

M.No. 049134

Indore

Date: 29th May 2013

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## **ANNEXURE TO AUDITOR'S REPORT**

*(Referred to in paragraph 1 of our report of even date on the accounts for the year ended on 31st March, 2013 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 reconciliation of the assets, which is reportedly in progress. No material discrepancies has been noticed.
- (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.517.86 lacs. The maximum amounts involved in the transactions during the year are Rs.803.66 lacs.
- (b) The loans granted are interest free and are repayable on demand. However loan of Rs.111.78 to two of the above companies, which is provided for as doubtful of recovery in the accounts during the year.
- (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 9 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. 696.82 lacs. The maximum amounts involved in the transactions during the year are Rs. 1445.87 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, 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, 2013 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	Income tax/TDS	CIT (Appeals), Appellate Tribunal, Ahmedabad CIT (Appeals) Pune	Rs. 32.05 lacs Rs. 1.02 lac

10. The Company has accumulated losses at the end of the financial year due to the current year losses. 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**

Chartered Accountants

Firm Regn. No. 126862W

**Nimesh Gandhi**

Partner

M.No. 049134

INDORE

Dated : 29th May 2013

**BALANCE SHEET AS AT 31-03-2013**
**(Rs. In lacs)**

Particulars	Note No.	31-Mar-13	31-Mar-12
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	1,751.80	1,751.80
(b) Reserves & Surplus	3	5,901.59	7,984.31
<b>Total Shareholder's Funds (i)</b>		<b>7,653.39</b>	<b>9,736.11</b>
<b>Non-current liabilities</b>			
(a) Long-term Borrowings	4	6,924.82	8,083.04
(b) Deferred Tax Liabilities (Net)	5	--	1,018.77
(c) Other Long Term Liabilities	6	2,014.19	2,012.30
(d) Long-Term Provisions	7	164.28	149.41
<b>Total Non-Current Liabilities (ii)</b>		<b>9,103.29</b>	<b>11,263.52</b>
<b>Current liabilities</b>			
(a) Short-Term Borrowings	8	1,488.16	1,070.52
(b) Trade Payables	9	682.98	856.07
(c) Other Current Liabilities	10	2,639.00	5,272.87
(d) Short Term Provisions	11	192.55	97.64
<b>Total Current Liabilities (iii)</b>		<b>5,002.69</b>	<b>7,297.10</b>
<b>Grand Total (i+ii+iii)</b>		<b>21,759.37</b>	<b>28,296.73</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	15,057.53	21,509.69
(ii) Intangible Assets	12	18.68	27.29
<b>Total Fixed Assets (iv)</b>		<b>15,076.21</b>	<b>21,536.98</b>
(b) Non-Current Investments	13	1,429.23	1,438.63
(c) Deferred Tax Assets (net)	5	213.47	--
(d) Long-Term Loans and Advances	14	507.62	1,007.75
(e) Other Non-Current Assets	15	80.80	99.64
<b>Sub-Total (v)</b>		<b>2,231.12</b>	<b>2,536.02</b>
<b>Total Non-Current Assets (vi) (2)</b>		<b>17,307.33</b>	<b>24,083.00</b>
<b>Current Assets</b>			
(a) Current Investments	16	3.64	3.11
(b) Inventories	17	883.26	825.64
(c) Trade Receivables	18	996.37	1,185.04
(d) Cash and Cash Equivalents	19	164.74	108.12
(e) Short-Term Loans and Advances	20	2,010.41	1,559.88
(f) Other Current Assets	21	393.62	531.94
<b>Total Current Assets (vi)</b>		<b>4,452.04</b>	<b>4,213.73</b>
<b>Grand Total (iv+v+vi)</b>		<b>21,759.37</b>	<b>28,296.73</b>

Significant Accounting Policies &amp; Notes on Financial Statements 1 to 30

Notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **SHAH GANDHI & SHAH**
**Chartered Accountants**

Firm Regn. No. 126862W

**Nimesh Gandhi**

Partner

M.No. 049134

INDORE, 29th May 2013

**Jaykannan Perumal Swamy**

Director

**Kayum R. Dhanani**

Director

**Amit Sarraf**

Company Secretary

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

INDORE, 29th May 2013

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR 01-04-12 to 31-03-13**

(Rs. In lacs)

Particulars	Note No.	31-Mar-13	31-Mar-12
Revenue From Operations	22	11,762.80	12,312.95
Other Income	23	61.11	37.58
<b>TOTAL</b>		<b>11,823.91</b>	<b>12,350.53</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	24	2,804.10	2,664.23
Operating Expenses	25	2,833.21	2,784.82
Employee Benefit Expenses	26	2,076.94	1,727.63
Other Expenses	27	1,409.11	1,444.30
		<b>9,123.36</b>	<b>8,620.98</b>
<b>OPERATING PROFIT BEFORE INTT.</b>		<b>2,700.55</b>	<b>3,729.55</b>
Finance Cost	28	1,762.75	2,206.33
<b>PROFIT BEFORE DEPRECIATION</b>		<b>937.80</b>	<b>1,523.22</b>
Depreciation	12	1,731.46	1,296.33
Add : Depreciation Written Back		1.98	--
<b>OPERATION PROFIT/(LOSS) BEFORE TAXES</b>		<b>(791.68)</b>	<b>226.89</b>
Exceptional Items	29	2,393.99	26.04
<b>PROFIT BEFORE TAX</b>		<b>(3,185.67)</b>	<b>200.85</b>
Provision for Taxation		129.29	40.19
Mat Credit Entitlement		--	(40.19)
Deferred Tax	5	(1,232.24)	86.92
<b>PROFIT/(LOSS) For The period</b>		<b>(2,082.72)</b>	<b>113.93</b>
<b>Earning Per Equity Share</b>			
(1) Basic		--	0.65
(2) Diluted		--	0.65
(3) Cash EPS (after exceptional items)		16.60	8.55

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

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

**Nimesh Gandhi**  
Partner  
M.No. 049134

**Jaykannan Perumal Swamy**  
Director

**Kayum R. Dhanani**  
Director

**Amit Sarraf**  
Company Secretary

INDORE, 29th May 2013

INDORE, 29th May 2013



# **CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2013**

(Rs. in lacs)

		31-Mar-13		31-Mar-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before tax and extraordinary item</b>		(791.68)		200.88
<b>Adjusted for:</b>				
Depreciation	1,729.48		1,296.30	
Interest paid	1,883.95		2,179.71	
Interest Received	(14.88)	3,458.36	(27.67)	3,422.30
Prior Period & Extra-ordinary items	(140.19)		(26.04)	
<b>Operating profit before Working Capital changes</b>		<b>2,666.68</b>		<b>3,623.18</b>
<b>Adjusted for:</b>				
Trade and Other Receivables	188.67		(19.24)	
Inventories	(57.62)		(162.16)	
Trade and other Payables	(2,595.45)	(2,464.40)	2,623.81	2,442.41
<b>Cash generated from operations</b>		<b>202.28</b>		<b>6,065.59</b>
Taxes Paid		(119.09)		(197.52)
Prior Period & Extra-ordinary items		140.19		26.04
Mat Credit Entitlement		0.00		40.19
Interest paid		(1,883.95)		(2,179.71)
<b>Net cash from operating activities</b>		<b>(1,660.57)</b>		<b>3,754.60</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale/(Purchase) of Fixed assets	2,465.42		(3,112.17)	
Advance agst. Sale of Fixed Assets	--		2,360.00	
Non- Current Assets & Loans & Advances	68.44		(771.31)	
Investments	8.87		26.28	
Interest Received	14.89	2,557.62	27.67	(1,469.53)
<b>Net cash used in investing activities</b>		<b>897.04</b>		<b>2,285.06</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2013**
**(Rs. in lacs)**

		31-Mar-13		31-Mar-12
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Other Long Term Liabilities	(0.45)		1,995.98	
Long Term borrowings	(1,257.61)		(3,612.90)	
Short Term borrowings	417.64		(705.24)	
<b>Net cash generated from financing activities</b>		<b>(840.42)</b>		<b>(2,322.17)</b>
<b>Net increase in cash and cash equivalents</b>	56.62		(37.10)	
Cash and cash equivalents as at the beginning of the year	108.12		145.22	
<b>Cash and cash equivalents as at the end of the year</b>		<b>164.74</b>		<b>108.12</b>

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, 29th May 2013

**Jaykannan Perumal Swamy**  
Director

**Kayum R. Dhanani**  
Director

**Amit Sarraf**  
Company Secretary

**AUDITOR'S CERTIFICATE**

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd for the year ended 31 st March 2013. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2013 and 31st March 2012. 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**  
**Chartered Accountants**  
Firm Regn. No. 126862W

**Nimesh Gandhi**  
Partner  
M.No. 049134

INDORE, 29th May 2013

## **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 as per the Written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- 1.3.3 Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.
- 1.3.4 During the year under review, the method of depreciation in respect of fixed assets of the company have been changed from Straight Line Method to Written Down Value Method for better representation of the financial statements. In compliance with Accounting Standard (AS 6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning of the fixed assets at the WDV rates applicable to those years on such fixed assets. As a result of this change, there is additional charge of depreciation during the year of Rs 4353.20 lacs (up to 31st March 2012) relating to earlier years, which is debited to Profit & loss Account under Exceptional and Extra Ordinary items.

Had there been no change in the method of depreciation, the charge for the current year would have been lower by Rs 688.21 lacs. Consequently, Operating Loss Before Taxes would have been lower and Reserves and surplus & Net Block of assets would have been higher by Rs 688.21 lacs

#### **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 & 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. Sales tax under the composition scheme is also excluded.

### **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.

### **1.11 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-13	31-Mar-12
<b>Authorised</b>		
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
<b>TOTAL</b>	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>		
1,75,18,000 Equity Shares of Rs. 10/- each	1,751.80	1,751.80
<b>TOTAL</b>	<b>1,751.80</b>	<b>1,751.80</b>

2.1 All shares carry equal voting rights.

2.2 Details of Share holders holding more than 5% of Shares as on 31.03.2013 are as under:-

Name	Category	No of Shares	% to total Shareholding
Late Shri Sajid R. Dhanani	Promoter	2435511	13.90%
Trans Agro India Pvt. Ltd.	Public	1517046	8.66%
Ahilya Hotels Limited	Promoter	2455000	14.01%
Raoof Razak Dhanani	Promoter	4772574	27.24%

**3 RESERVES AND SURPLUS :**
**Securities Premium Reserve**

Opening at beginning	5,944.60	5,944.60
Addition during the year	---	---
Utilised during the year	---	---
<b>Closing at end</b>	<b>5,944.60</b>	<b>5,944.60</b>

**General Reserve**

Opening at beginning	641.48	641.48
Addition during the year	---	---
Utilised during the year	---	---
<b>Closing at end</b>	<b>641.48</b>	<b>641.48</b>

**Surplus/(Deficit)**

Opening at beginning	1,398.25	1,284.29
Addition during the year	(2,082.74)	113.94
<b>Closing at end</b>	<b>(684.49)</b>	<b>1,398.23</b>
<b>Grand Total</b>	<b>5,901.59</b>	<b>7,984.31</b>

**4 LONG-TERM BORROWINGS :**
**Secured Term Loans**

i) From Banks	6,445.18	7,215.63
ii) From Financial Institutions	453.14	848.53
iii) From NBFC	---	18.88
<b>Sub-Total (a)</b>	<b>6,898.32</b>	<b>8,083.04</b>

**Unsecured Term Loans**

i) From NBFC	26.51	---
<b>Sub-Total (b)</b>	<b>26.51</b>	<b>---</b>
<b>Total (a+b)</b>	<b>6,924.82</b>	<b>8,083.04</b>

- 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 31/03/2013 is as under:

		(Rs in Lacs)		
		<b>Total</b>	<b>Within 12 Months</b>	<b>After 12 Months</b>
<b>From BANKS</b>				
State Bank of India	5,485.27	1,172.92	4,312.35	
Axis Bank Ltd	1,047.60	482.79	564.81	
State Bank of Mysore	1,714.25	233.51	1,480.74	
HDFC Bank Ltd	143.12	55.85	87.27	
Sub Total (i)	<b>8,390.25</b>	<b>1,945.07</b>	<b>6,445.18</b>	
<b>FROM FINANCIAL INSTITUTIONS</b>				
Tourism Finance Corporation of India Ltd	458.50	196.00	262.50	
Madhya Pradesh Financial Corporation Ltd	332.02	141.37	190.64	
Housing & Urban Development Corporation Ltd	51.97	51.97	-	
Sub Total (ii)	<b>842.48</b>	<b>389.34</b>	<b>453.14</b>	
<b>GRAND TOTAL (i)+(ii)</b>	<b>9,232.73</b>	<b>2,334.41</b>	<b>6,898.32</b>	

- 4.2 Unsecured 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 31/03/2013 is as under:

		(Rs in Lacs)		
		<b>Total</b>	<b>Within 12 Months</b>	<b>After 12 Months</b>
<b>From NBFC</b>				
Magma Fincorp Limited	58.54	32.03	26.51	
<b>TOTAL</b>	<b>58.54</b>	<b>32.03</b>	<b>26.51</b>	

- 4.3 Secured Term Loan from bank includes term loans outstanding from State Bank of India, Axis Bank Ltd, State Bank of Mysore & HDFC bank Ltd.

4.3.1 Term loans outstanding of State Bank of India are secured by way of mortgage of land & building at Indore, Vadodara & Pune & hypothecation of movables, present & future except stocks of all kinds including operation supplies & 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 & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee.

4.3.2 Term loans outstanding of Axis Bank Ltd include term loans account & vehicle loans account. Term loan outstanding is secured by way of hypothecation of movable, present & future, except stocks of all kinds including operating Supplies, stores & 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 & book-debts, bills etc. of the company & also by way of second charge on the immovable properties of the company at Indore & Vadodara & also by way of pledge of shares belonging to promoters. The term of repayment of both the term loan is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee. Vehicle loans outstanding are secured by way of hypothecation charge on the specific vehicles.

4.3.3 Term loan outstanding of State Bank of Mysore is secured by way of mortgage of land & building at Indore, Vadodara & Pune & hypothecation of movables, present & future, except stocks of all kinds including operation supplies & spares offered to the Bankers for securing the working capital finance. The term of repayment of the term loan is quarterly & the interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee.

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

- 4.4 Secured term loans from Financial Institutions includes term loan outstanding of Tourism Finance Corporation of Indian Ltd(TFCI), Madhya Pradesh Finance Corporation (MPFC), & HUDCO.

- 4.4.1 Term loans outstanding TFCI includes two term loan, one of which is secured on pari-passu basis by way of mortgage of land & building at Indore, Pune & Vadodara & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital loans & 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 & building at Indore, Pune & Vadodara & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital loans & also by way of pledge of shares belonging to promoters. The term of repayment is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee.
- 4.4.2 Term loans outstanding from MPFC are secured by way of mortgage of land & building at Indore & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital finance. The term of repayment is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee.
- 4.4.3 Term loan outstanding from HUDCO is secured on pari-passu basis by way of mortgage of land & building at Indore, Pune & Vadodara & hypothecation of the movables, present & future, except stocks of all kinds including operating supplies, stores, & spares offered to the Bankers for securing the working capital form. The term of repayment is quarterly & interest is also paid on quarterly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of the personal guarantee.

- 4.5 Loan outstanding from Magma Fincorp Limited is unsecured loan. Repayment is being made on EMI basis. Post dated cheques has been given for all instalments.

<b>5 DEFERRED TAX :</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
Carry Forward losses & Depreciation	---	433.86
Others	226.46	6.93
<b>Total Deferred Assets</b>	<b>226.46</b>	<b>440.79</b>
Depreciation Differences	(431.49)	3,580.78
<b>Total Deferred Liabilities</b>	<b>(431.49)</b>	<b>3,580.78</b>
<b>Net Deferred( Liability)/Assets</b>	<b>657.95</b>	<b>(3,139.98)</b>
<b>Net Deferred Tax(Liability)/Assets*</b>	<b>213.47</b>	<b>(1,018.77)</b>

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

**6 OTHER LONG TERM LIABILITIES :**

Deposits From Tenants	14.19	12.30
Others*	2,000.00	2,000.00
<b>Total</b>	<b>2,014.19</b>	<b>2,012.30</b>

\* 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	164.28	149.41
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- 7.1 Provision for employee benefits includes provision of Gratuity, Bonus & 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, 2013:-

**(In Rupees)**

		<b>31-Mar-13</b>	<b>31-Mar-12</b>
<b>Changes in benefit obligations :</b>	<b>i)</b>		
Present value of obligation as at the beginning of the year		7274244	6397925
Interest Cost		575286	479431
Current Service Cost		1805438	1683861
Actuarial (gain)/ loss on obligations		(748701)	(476899)
Benefit paid		(166326)	(810074)
<b>Present value of obligation as at the end of the year</b>		<b>8739941</b>	<b>7274244</b>
<b>Change in plan assets :</b>	<b>ii)</b>		
Fair value of plan assets as at the beginning of the year		208488	763073
Expected return on plan assets		17721	61213
Contributions		500000	200000
Benefits paid		(166326)	(810074)
Actuarial gain/ (loss) on plan assets		(2442)	(5724)
<b>Fair value of plan assets at the end of the year</b>		<b>557441</b>	<b>208488</b>
Excess of (obligation over plan assets)/ plan asset over obligation		(8182500)	(7065756)
<b>Accrued liability)/ Prepaid benefit</b>		<b>(8182500)</b>	<b>(7065756)</b>
<b>Net Gratuity and other cost at the end of the year</b>	<b>iii)</b>		
Current Service cost		1805438	1683861
Interest on defined benefit obligation		575286	479431
Expected return on plan assets		(17721)	(61213)
Net actuarial gain recognized in the year		(746259)	(471175)
<b>Net gratuity and other cost</b>		<b>1616744</b>	<b>1630904</b>
<b>Actual return on plan asset</b>		<b>15279</b>	<b>55489</b>
<b>Category of Assets at the end of the year</b>	<b>iv)</b>		
Insurer Managed Funds		557441	208488
Others		Nil	Nil
<b>Total</b>		<b>557441</b>	<b>208488</b>
<b>Assumptions used</b>	<b>v)</b>		
Discount rate (p.a.)		8.00%	8.00%
Salary escalation rate (p.a.)		5.00%	5.00%
Expected rate of return on plan assets (p.a.)		8.50%	8.00%

**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.



<b>8</b>	<b>SHORT-TERM BORROWINGS :</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>Secured</b>		
	Working capital facilities from Banks	690.88	600.95
		<b>690.88</b>	<b>600.95</b>
	<b>Unsecured</b>		
	Deposits From Public	99.84	238.10
	Loans From related parties	682.28	202.87
	Loans From others	15.16	28.61
		<b>797.28</b>	<b>469.58</b>
	<b>Grand Total</b>	<b>1,488.16</b>	<b>1,070.52</b>
8.1	Working capital facilities include Cash Credit Facilities from State Bank of India outstanding Rs 517.51 lacs & Axis Bank outstanding Rs 173.37 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, Vadodara and Pune. These working capital facilities were personally guaranteed by Late Shri Sajid Dhanani, Company is in the process for making alternative arrangement for replacement of the personal guarantee.		
8.2	Fixed deposits from Public has maturity period of 12 months and interest is payable @ 10% pa compounded monthly.		
8.3	Loans from related parties & others includes loan from directors , associates and friends & relatives of directors.		
<b>9</b>	<b>TRADE PAYABLES :</b>		
	Trade Payables*	682.98	856.07
	*Trade payables are for goods purchased and services taken during the normal course of business.		
<b>10.</b>	<b>OTHER CURRENT LIABILITIES :</b>		
	<b>Current Maturities of Long-Term Loans</b>		
	<b>Secured Term Loans</b>		
	From Banks	1,945.07	2,098.04
	From Financial Institutions	389.34	428.56
	From NBFC	---	10.22
		<b>2,334.41</b>	<b>2,536.82</b>
	<b>Unsecured Term Loans</b>		
	From NBFC	32.03	---
		<b>32.03</b>	<b>---</b>
	<b>Others</b>		
	Statutory Dues	126.52	80.16
	Others	140.32	2,526.62
		<b>266.84</b>	<b>2,606.77</b>
	Interest Accrued but not Due on Borrowings	5.73	126.93
	Unpaid Matured Deposits and Interest Accrued Thereon	---	2.34
	<b>Grand Total</b>	<b>2,639.00</b>	<b>5,272.87</b>
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 Magma Fincorp Limited. Other terms are same as given in note no 4.5		
10.4	Statutory dues includes VAT, luxury tax, TDS, service tax & other statutory payables.		
10.5	Other Current liabilities 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.		
<b>11.</b>	<b>SHORT-TERM PROVISIONS :</b>		
	Provision for Expenses	192.55	97.64

12. FIXED ASSETS :

(Rs. in lacs)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		Opening as on 01.04.12	Additions	Deduction & Adj. *	Closing as on 31.03.13	Opening as on 01.04.12	Deletion	Addition**	Closing as on 31.03.13	Closing for the period	Previous year Closing
A.	TANGIBLE ASSETS										
1	BUILDING	12,091.84	144.69	809.47	11,427.06	2,589.19	458.88	2,891.64	5,021.95	6,405.11	9,502.65
2	FURNITURE & FIXTURE	5,512.46	71.14	166.67	5,416.88	1,943.78	78.14	1,776.26	3,641.90	1,774.98	3,568.68
3	PLANT & MACHINERY	3,477.45	85.80	176.12	3,387.14	1,044.65	41.11	891.90	1,895.46	1,491.68	2,432.80
4	SERVICE EQUIPMENT	938.12	13.70	219.72	732.09	414.53	99.71	225.16	539.98	192.12	523.58
5	COMPUTER EQUIPMENTS	392.48	19.77	22.34	389.91	244.95	16.33	93.41	322.02	67.90	147.53
6	VEHICLE	577.47	1.70	7.57	571.60	174.09	3.23	206.06	376.92	194.68	403.38
7	LEASE HOLD LAND	2,294.06	---	---	2,294.06	---	---	---	---	2,294.06	2,294.06
8	FREEHOLD LAND	2,637.00	---	---	2,637.00	---	---	---	---	2,637.00	2,637.00
	TOTAL TANGIBLE ASSETS	27,920.88	336.80	1,401.89	26,855.74	6,411.20	697.40	6,084.43	11,798.23	15,057.53	21,509.69
B.	INTANGIBLE ASSETS										
1	LIQUOR LICENCE	33.08	---	33.08	---	19.04	19.04	---	---	---	14.04
2	SOFTWARE & LICENCES	76.77	6.34	---	83.11	63.51	9.51	10.43	64.43	18.68	13.26
	TOTAL INTANGIBLE ASSETS	109.85	6.34	33.08	83.11	82.55	28.55	10.43	64.43	18.68	27.29
	TOTAL SAYAJI	28,030.72	343.14	1,434.97	26,938.85	6,493.74	725.95	6,094.86	11,862.66	15,076.21	21,536.98
	PREVIOUS YEAR FIGURES	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
	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
	INTANGIBLE ASSETS	100.01	9.84	---	109.85	65.53	---	17.02	82.55	27.29	34.46
	CAPITAL WORK IN PROGRESS										
	CURRENT YEAR	---	---	---	---						
	PREVIOUS YEAR	179.65	928.62	1,108.27	---						

\* Refer Note no. 30.3

\*\* Refer Note no. 30.4

**13. NON-CURRENT INVESTMENTS :**
**A . Trade Investments (At Cost)**

	31-Mar-13	31-Mar-12
Barbeque-Nation Hospitality Ltd	854.00	854.00
6464998 Equity Shares of Rs.10/- each fully paid-up		
Malwa Hospitality Pvt. Ltd.	549.40	549.40
5494000 Equity Shares of Rs.10/- fully paid up		
Aries Hotels Pvt. Ltd.	25.00	25.00
250000 Equity Shares of Rs.10/- fully paid up		
Genex Hotels Pvt. Ltd.	0.50	---
5000 Equity Shares of Rs.10/- fully paid up		
Winner Hotels Pvt. Ltd	0.23	0.23
2300 Equity Shares of Rs.10/- fully paid up		

**Sub-Total (A)**
**1,429.13                      1,428.63**
**B. Other Investments (At Cost)**

Bharat Equity Services Ltd.	10.00	10.00
1,00,000 Equity Shares of Rs.10 each fully paid up		
(-) Provision for Diminution in value of investment	(9.90)	---

**Sub-Total (B)**
**0.10                      10.00**
**Total (A+B)**
**1,429.23                      1,438.63**

- 13.1 Barbeque Nation Hospitality Ltd(BNHL) is subsidiary of the company with 67.59% shareholding as on 31/03/13. On 12/04/13 company has sold 415000 shares at Rs 334.54 per share to Tamara Private Limited thereby shareholding reduced to 54.70%. On the basis of this independent sale transaction, Estimated Fair value of remaining investment is Rs. 20240 Lacs. BNHL operates chain of restaurant in different cities of India and presently running 35 restaurants.
- 13.2 Malwa Hospitality Pvt Ltd is 100% subsidiary of the company. Business hotel of 186 rooms at Indore was planned however company has decided to stop the project. Investment cost is expected to be realised during the next financial year.
- 13.3 Company holds 5% of total shareholding in Aries Hotels Pvt. Ltd.
- 13.4 Genex Hotels Pvt. Ltd. is joint venture company for Bhopal project of the company.
- 13.5 Winner Hotels Pvt. Ltd is a joint venture company formed for the purpose of Bhopal Hotel.
- 13.6 Provision for Diminution on Shares value of Bharat Equity Services Ltd has been made. Estimated market value of share is 0.10 paise per share.

**14. LONG-TERM LOANS AND ADVANCES :**

Security Deposits*	507.62	1,007.75
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\*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*	80.80	99.64
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\*Maturing after 12 months

**16. CURRENT INVESTMENTS :**

Investments in Mutual Funds	3.64	3.11
-----------------------------	------	------

Investment in Mutual Fund includes investment in Axis Mutual Fund.

<b>17. INVENTORIES :</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
Operating Supplies	673.80	603.64
Food & Beverages	166.92	179.45
Shopping Arcade Stock	42.54	42.54
	<b>883.26</b>	<b>825.63</b>

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

<b>18. TRADE RECEIVABLES :</b>		
Outstanding More Than six months	488.62	609.67
Others	507.75	575.37
	<b>996.37</b>	<b>1,185.04</b>

<b>19. CASH &amp; CASH EQUIVALENTS :</b>		
Balances With Bank in Current Accounts	137.95	78.79
Cash on Hand	26.79	29.33
	<b>164.74</b>	<b>108.12</b>

<b>20. SHORT TERM LOANS &amp; ADVANCES :</b>		
Loans & Advances To Related Parties	1,655.77	615.38
Others	354.64	944.50
	<b>2,010.41</b>	<b>1,559.88</b>

<b>21. OTHER CURRENT ASSETS :</b>		
Taxes Receivable *	393.62	531.94
	<b>393.62</b>	<b>531.94</b>

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

<b>22. Revenue From Operations :</b>		
Rooms	4,194.58	4,267.60
Food and Beverages	6,394.14	5,603.45
Other Services	1,174.08	2,441.91
<b>TOTAL</b>	<b>11,762.80</b>	<b>12,312.95</b>

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

<b>23. Other Income :</b>		
Interest Earned	14.88	27.67
Other Non –Operating Income*	46.23	9.91
<b>TOTAL</b>	<b>61.11</b>	<b>37.58</b>

Other Non –Operating Income Includes Income received from Barbeque Nation Hospitality Ltd on use of import License of Sayaji Hotels limited.

<b>24. Cost of Material Consumed :</b>		
Opening Stock	179.45	177.41
Add : Purchases*	2,791.56	2,666.26
	<b>2,971.01</b>	<b>2,843.68</b>
Less : Closing Stock	166.91	179.45
<b>TOTAL</b>	<b>2,804.10</b>	<b>2,664.23</b>

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

<b>25. Operating Expenses :</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
Stores and Operating Supplies*	1,190.95	1,120.96
Repairs and Maintenance		
Building	111.06	208.55
Plant & Machinery	108.71	109.87
Others	147.17	184.16
Laundry Expenses	149.11	138.79
<b>SUB-TOTAL</b>	<b>1,707.00</b>	<b>1,762.33</b>
Power and Fuel	1,126.21	1,022.49
<b>GRAND TOTAL</b>	<b>2,833.21</b>	<b>2,784.82</b>
*includes crockery & cutlery, linen, consumables, party and function expenses etc.		
<b>26. Employee Benefit Expenses :</b>		
Salaries, Wages and Allowances	1,799.15	1,473.18
Contribution to P.F. and other Funds	140.43	120.30
Workmen and Staff Welfare Expenses	105.68	94.10
Workmen and Staff Uniform Expenses	31.68	40.06
<b>TOTAL</b>	<b>2,076.94</b>	<b>1,727.63</b>
<b>27. Other Expenses:</b>		
Lease Rent	232.51	322.70
Rates & Taxes	89.41	95.82
Insurance	25.51	26.91
Travelling and Conveyance	49.32	55.19
Postage, Telegram and Telephones	40.78	37.21
Advertisement and Publicity	83.55	87.76
Legal & Professional	132.75	91.91
Printing and Stationery	82.51	80.66
Guest pick up Expenses	355.55	346.28
Cable TV Expenses	58.17	68.66
Credit Card Commission	66.77	55.47
Other Expenses	162.00	152.35
Water charges	30.28	23.38
<b>TOTAL</b>	<b>1,409.11</b>	<b>1,444.30</b>
<b>27.1 Details of Auditors Remunerations</b>		
Audit Fees	3.00 Lacs	2.50 Lacs
Certification & Other matter	0.75 Lacs	0.75 Lacs
<b>28. Finance Cost :</b>		
Interest on term Loan	1,359.07	1,844.30
Interest on Others	361.46	325.57
Other expenses	9.83	15.10
Other borrowing cost	32.39	21.37
<b>TOTAL</b>	<b>1,762.75</b>	<b>2,206.33</b>

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

<b>29. Exceptional item includes :</b>		<b>(Rs in lacs)</b>	
a.	Depreciation due to change of method from SLM to WDV* <i>*Refer note no. 30.4</i>	Rs 4353.28	---
b.	Profit on sale of assets & intangible rights of 5 Barbeque restaurants* <i>*Refer note no. 30.3</i>	Rs (2099.48)	---
c.	Provision for doubtful advances.	Rs 140.19	---
d.	Loss on sale of investment.	---	Rs 26.04
<b>Total (a+b+c+d)</b>		<b>Rs 2393.99</b>	<b>Rs 26.04</b>

**Additional Disclosures**

**30.1 Contingent liability not provided for :**

- 30.1.1. Claim against the company not acknowledged as debt Rs 5.06 lacs (P.Y Rs 5.06 lacs).
- 30.1.2. Guarantee given on behalf of other companies Rs 5871.82 lacs (P.Y Rs 8821.82 lacs). This includes Guarantee given to State Bank of India on Behalf of Barbeque-Nation Hospitality Ltd amounting Rs 5,450 lacs (P.Y 8400 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 31/03/13 is Rs 4073.12 lacs and from Axis Bank Ltd is Rs 282.84 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 & got unconditional stay on merits for the entire demand. Had the benefit of abatement & 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.
- (c) For the period from 01.04.11 to 30.06.12 the Commissioner has issued show cause against the Company with a tax amount of Rs. 269.27 lakhs and equal amount of penalty. The Show Cause is pending before the Commissioner for adjudication. While issuing the show cause the Commissioner has not considered the earlier order of Tribunal passed in similar matter of the company. Had the benefit of earlier order been considered by the Learned Commissioner, the tax amount in the show cause would have been reduced to Rs. 127.98 lacs.
- 30.1.4. Custom duties saved against imports under EPCG scheme is Rs 607.84 lacs (P.Y Rs 875.51 lacs)
- 30.1.5. Disputed liability of Rs 131.30 lacs (P.Y. Rs. 107.65 lacs) not provided for in respect of Income Tax. The matters are pending before Income –tax Appellate Tribunal, Ahmedabad. Company has paid Rs 99.25 lacs against the above amount.
- 30.1.6. Disputed liability of Rs 1.02 lacs not provided for in respect of TDS. The matter is pending before CIT, Pune.
- 30.1.7. Disputed liability of Rs 4.38 lacs not provided for in respect of Labour case. The matter is pending before Labour Court, Indore.
- 30.1.8. Disputed liability of Rs 1.12 lacs not provided for in respect of Labour case. The matter is pending before Labour Court, Vadodara.

- 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 During the year company has sold assets & intangible rights of 5 Barbeque restaurants to it's Subsidiary Barbeque Nation Hospitality Ltd in Rs. 2810 Lacs. Profit of Rs 2099.48 lacs is credited to Profit & Loss Account under Exceptional and Extra Ordinary items & Gross block of assets is credited by Rs 710.52 Lacs.

30.4 During the year under review, the method of depreciation in respect of fixed assets of the company have been changed from Straight Line Method to Written Down Value Method for better representation of the financial statements. In compliance with Accounting Standard (AS 6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning of the fixed assets at the WDV rates applicable to those years on such fixed assets. As a result of this change, there is additional charge of depreciation during the year of Rs 4353.28 lacs (up to 31st March 2012) relating to earlier years, which is debited to Profit & Loss Account under Exceptional and Extra Ordinary items.

Had there been no change in the method of depreciation, the charge for the current year would have been lower by Rs 688.21 lacs. Consequently, Operating Loss Before Taxes would have been lower and Reserves and Surplus and Net Block of assets would have been higher by Rs 688.21 lacs.

**30.5 Details of Related Party Disclosure:**

**i) Key Management Personnel**

Late Mr. Sajid R. Dhanani	(Managing Director)
Mr. Munawar Garbadawala	(Director)
Mr. Jaykannan Perumal Swamy	(Whole Time Director)

**ii) Subsidiary Companies**

Barbeque-Nation Hospitality Limited  
Malwa Hospitality Pvt Ltd

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

Anisha R Dhanani  
Aries Hotels Pvt Ltd  
Bharat Equity Service Ltd  
Genex Hotels Pvt Ltd  
Kayum R. Dhanani  
Liberty Restaurent Pvt Ltd  
Liberty Urvarak Ltd  
M.P. Agro Industries Ltd  
Rauf Dhanani  
S S Management  
S.N. Travels  
Sana Hospitality Pvt Ltd  
Sana Reality Pvt Ltd.  
Sara Suole Pvt Ltd  
Status Travels  
Suchitra Dhanani  
Sujeet Desai  
Taurus Corium Impex Pvt Ltd  
Transworld Furtichem Pvt Ltd  
Welterman International Ltd  
Winner Hotels Pvt Ltd

Sr.No.	Nature of Transactions	31-Mar-13	31-Mar-12
<b>A</b>	<b>KEY MANAGEMENT PERSONNEL</b>		
	REMUNERATION	69.88	94.31
	LEASE RENT	24.00	12.00
	PAYABLE AT THE YEAR END	14.54	112.87
	RECEIVABLE AT THE YEAR END	-	18.00
<b>B.</b>	<b>SUBSIDIARY COMPANIES</b>		
	RECEIVABLE AT THE YEAR END	1,146.73	251.69
	PAYABLE AT THE YEAR END	-	2,360.00
	SALE OF ASSETS	2,810.00	-
	PURCHASE TRANSACTION OF GOODS	0.55	-
	SALE TRANSACTION OF GOODS	0.08	-
<b>C</b>	<b>ASSOCIATE COMPANIES/ FIRMS/ RELATIVES</b>		
	SALARY/PROFESSIONAL FEES	-	6.41
	GUEST PICK UP EXPENSES	11.51	19.32
	LEASE RENT	12.00	-
	SALE OF ASSETS	-	9.87
	SALE OF INVESTMENTS	-	0.26
	RECEIVABLE AT THE YEAR END	527.07	559.67
	PAYABLE AT THE YEAR END	682.28	90.00
	INVESTMENTS	0.50	-

**30.6 Earnings in Foreign Currency :**
**30.6.1 Earnings in Foreign Currency**

Sale of Rooms and Food Beverages

**30.6.2 CIF Value of imports & Expenditure**

Import Value of Capital Goods

	31-Mar-13	31-Mar-12
	708.98	941.98
	7.57	49.88

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**
**Nimesh Gandhi**

Partner

M.No. 049134

INDORE, 29th May 2013

**Jaykannan Perumal Swamy**

Director

**Kayum R. Dhanani**

Director

**Amit Sarraf**

Company Secretary

INDORE, 29th May 2013



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT

To  
**THE BOARD OF DIRECTORS**  
**SAYAJI HOTELS LIMITED**

We have audited the accompanying consolidated financial statements of Sayaji Hotels Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the 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 as at March 31, 2013;
- (b) in the case of the consolidated Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Forming an Opinion and Reporting on Financial Statements

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

**Nimesh Gandhi**  
Partner  
M.No. 049134

Vadodara  
Date: 13th July 2013

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013**

(Rs. In lacs)

Particulars	Note No.	31-Mar-13	31-Mar-12
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	1,751.80	1,751.80
(b) Reserves & Surplus	3	6,400.32	10,273.59
<b>Total Shareholder's Funds (i)</b>		<b>8,152.12</b>	<b>12,025.39</b>
<b>Non-current liabilities</b>			
(a) Long-term Borrowings	4	11,124.82	9,644.54
(b) Deferred Tax Liabilities (Net)	5	---	894.91
(c) Other Long Term Liabilities	6	2,014.19	2,012.30
(d) Long-Term Provisions	7	272.95	167.89
<b>Total Non-Current Liabilities (ii)</b>		<b>13,411.96</b>	<b>12,719.64</b>
<b>Current liabilities</b>			
(a) Short-Term Borrowings	8	1,668.37	1,239.55
(b) Trade Payables	9	1,842.24	1,498.06
(c) Other Current Liabilities	10	4,722.72	4,805.00
(d) Short Term Provisions	11	469.95	383.95
<b>Total Current Liabilities (iii)</b>		<b>8,703.28</b>	<b>7,926.56</b>
Minority Interest		541.57	393.43
<b>Grand Total (i+ii+iii)</b>		<b>30,808.93</b>	<b>33,065.02</b>

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**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013**

(Rs. In lacs)

Particulars	Note No.	31-Mar-13	31-Mar-12
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	21,949.75	24,655.48
(ii) Intangible Assets	12	14.89	50.16
(iii) Capital Work-in-Progress	12	944.35	569.25
<b>Total Fixed Assets (iv)</b>		<b>22,908.99</b>	<b>25,274.89</b>
(b) Non-Current Investments	13	25.83	35.23
(c) Deferred Tax Assets (net)	5	257.77	---
(d) Long-Term Loans and Advances	14	2,196.42	2,357.57
(e) Other Non-Current Assets	15	195.83	235.80
<b>Sub-Total (v)</b>		<b>2675.85</b>	<b>2628.60</b>
<b>Total Non-Current Assets (iv+v)</b>		<b>25,584.84</b>	<b>27,903.49</b>
<b>Current Assets</b>			
(a) Current Investments	16	3.64	253.11
(b) Inventories	17	1,621.52	1,186.07
(c) Trade Receivables	18	1,251.76	1,112.87
(d) Cash and Cash Equivalents	19	520.41	134.86
(e) Short-Term Loans and Advances	20	1,062.85	1,844.22
(f) Other Current Assets	21	763.91	630.40
<b>Total Current Assets (vi)</b>		<b>5,224.09</b>	<b>5,161.53</b>
<b>Grand Total (vi+vii)</b>		<b>30,808.93</b>	<b>33,065.02</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 30  
Notes referred to above form an integral part of the Balance Sheet  
As per Our report of even date attached

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

For **SHAH GANDHI & SHAH**

**Chartered Accountants**

Firm Regn. No. 126862W

**Nimesh Gandhi**

Partner

M.No. 049134

Vadodara : 13th July 2013

**T.N. Unni**

Director

**Kayum R. Dhanani**

Director

**Amit Sarraf**

Company Secretary

Indore : 13th July 2013

**CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR 01-04-12 to 31-03-13**

(Rs. In lacs)

Particulars	Note No.	31-Mar-13	31-Mar-12
<b>INCOME</b>			
Revenue From Operations	22	30,155.23	24,234.43
Other Income	23	90.43	72.53
<b>TOTAL</b>		<b>30,245.66</b>	<b>24,306.96</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	24	10,129.29	7,489.92
Operating Expenses	25	2,562.75	2,362.45
Power & Fuel	25	2,850.02	2,090.26
Employee Benefit Expenses	26	4,435.74	3,458.38
Other Expenses	27	5,028.35	3,518.13
		<b>25,006.15</b>	<b>18,919.14</b>
<b>OPERATING PROFIT BEFORE INTT.</b>		<b>5,239.51</b>	<b>5,387.82</b>
Finance Cost	28	2,327.41	2,522.86
<b>PROFIT BEFORE DEPRECIATION</b>		<b>2,912.10</b>	<b>2,864.96</b>
Depreciation	12	2,677.23	1,679.55
Add : Depreciation Written Back		1.98	--
<b>OPERATION PROFIT/(LOSS) BEFORE TAXES</b>		<b>236.85</b>	<b>1,185.42</b>
Exceptional Items	29	4,769.30	138.30
<b>PROFIT BEFORE TAX</b>		<b>(4,532.45)</b>	<b>1,047.12</b>
Provision for Taxation		345.31	177.55
Mat Credit Entitlement		--	(177.55)
<b>PROFIT/(LOSS) AFTER TAX BUT BEFORE DEFERRED TAX</b>		<b>(4,877.76)</b>	<b>1,047.12</b>
Deferred Tax	5	(1,152.61)	258.83
<b>PROFIT/(LOSS) For The period</b>		<b>(3,725.15)</b>	<b>788.28</b>
Minority Interest		148.14	218.56
<b>PAT AFTER MINORITY INTEREST</b>		<b>(3,873.29)</b>	<b>569.73</b>
<b>Earning Per Equity Share</b>			
(1) Basic		(22.11)	3.25
(2) Diluted		(22.11)	3.25
(3) Cash EPS (after exceptional items)		10.55	14.32

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

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

**Nimesh Gandhi**  
Partner  
M.No. 049134

**T.N. Unni**  
Director

**Kayum R. Dhanani**  
Director

**Amit Sarraf**  
Company Secretary

Vadodara : 13th July 2013

Indore : 13th July 2013

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2013

(Rs. in lacs)

		31-Mar-13		31-Mar-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary item		(38.96)		1,185.41
Adjusted for:				
Depreciation	2,675.25		1,679.55	
Interest paid	2,419.46		2,522.86	
Interest Received	(32.31)	4,922.21	(52.76)	4,149.65
Prior Period & Extra-ordinary items	(140.19)		--	
<b>Operating profit before Working Capital changes</b>		<b>4,883.25</b>		<b>5,335.06</b>
Adjusted for:				
Trade and Other Receivables	57.09		231.95	
Inventories	(435.45)		(313.22)	
Trade and other Payables	(511.63)	(889.99)	597.33	516.06
<b>Cash generated from operations</b>		<b>3,993.26</b>		<b>5,851.12</b>
Taxes Paid		(606.94)		(407.68)
Prior Period & Extra-ordinary items		140.19		--
Mat Credit Entitlement		--		177.55
Interest paid		(2,419.46)		(2,522.86)
<b>Net cash from operating activities</b>		<b>1,107.04</b>		<b>3,098.13</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale/(Purchase) of Fixed assets	(4,588.07)		(4,581.13)	
Non- Current Assets & Loans & Advances	2,251.44		(615.32)	
Investments	258.87		(223.72)	
Interest Received	32.31	(2,045.44)	52.76	(5,367.41)
<b>Net cash used in investing activities</b>		<b>(938.39)</b>		<b>(2,269.28)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Other Long Term Liabilities	(0.45)		1,995.98	
Long Term borrowings	895.56		(767.07)	
Short Term borrowings	428.83		(256.44)	
Minority Interest	--		239.76	
Receipt of Share Premium	--		969.97	
<b>Net cash generated from financing activities</b>		<b>1,323.95</b>		<b>2,182.20</b>
<b>Net increase in cash and cash equivalents</b>	<b>385.55</b>		<b>(87.08)</b>	
Cash and cash equivalents as at the beginning of the year	134.86		221.94	
Cash and cash equivalents as at the end of the year		<b>520.41</b>		<b>134.86</b>

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 : 13th July 2013

T.N. Unni  
Director

Kayum R. Dhanani  
Director

Amit Sarraf  
Company Secretary

## AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of Sayaji Hotels Ltd & its subsidiaries for the year ended 31st March 2013. This statement has been compiled by the Company from the financial statements for the year ended 31st March 2013 and 31st March 2012. 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**  
**Chartered Accountants**  
Firm Regn. No. 126862W

**Nimesh Gandhi**  
Partner  
M.No. 049134

Vadodara : 13th July 2013

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## NOTES TO ACCOUNTS

### 1. Significant Accounting Policies

- 1.1. The consolidated financial statements comprise the individual financial statements of Sayaji Hotels Limited and its subsidiaries as on 31st March 2013 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 & 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 2013.

- 1.3. The financial statements of the following subsidiary companies have been consolidated as per the proportion indicated below :

<u>Name of the subsidiary</u>	<u>Proportion of Ownership Interest</u>	
	<u>Current Year</u>	<u>Previous Year</u>
Barbeque-Nation Hospitality Ltd	67.59	67.59
Malwa Hospitality Pvt. Ltd.	100.00	100.00

#### **Event Occurring After Balance Sheet Date.**

On 12th of April 2013 Barbeque Nation Hospitality Ltd has issued additional 14.94 lacs shares & Sayaji Hotels Ltd sold 4.15 lacs shares, after which the Proportion of Ownership Interest has changed & now the revised ownership structure is as under:-

<u>Name of the subsidiary</u>	<u>Proportion of Ownership Interest</u>	
	<u>Current Year</u>	<u>Previous Year</u>
Barbeque-Nation Hospitality Ltd	54.70	67.59
Malwa Hospitality Pvt. Ltd.	100.00	100.00

#### 1.4. Convention :

- 1.4.1 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.
- 1.4.2 The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- 1.4.3 Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

#### 1.5 Fixed Assets:

- 1.5.1 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.
- 1.5.2 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.
- 1.5.3 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.
- 1.5.4 Pre-operative expenses, including interest on specific loans for the projects incurred till the projects are ready for Commercial Operation, are capitalised.
- 1.5.5 Expenditure on the new projects are included in Capital Work-in-Progress.

#### 1.6 Depreciation:

- 1.6.1 Leasehold Land is not amortised.
- 1.6.2 Depreciation is charged on fixed assets except on Freehold & leasehold land as per the Written down value method in Sayaji Hotels Limited and Straight Line method in Barbeque-Nation Hospitality Limited at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- 1.6.3 Assets like vehicles, computers etc. utilized during the construction period are not depreciated till the project is ready.

1.6.4 During the year under review, Sayaji Hotels Limited changed the method of depreciation in respect of fixed assets from Straight Line Method to Written Down Value Method for better representation of the financial statements. In compliance with Accounting Standard (AS 6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning of the fixed assets at the WDV rates applicable to those years on such fixed assets. As a result of this change, there is additional charge of depreciation during the year of Rs 4353.20 lacs (up to 31st March 2012) relating to earlier years, which is debited to Profit & loss Account under Exceptional and Extra Ordinary items. Had there been no change in the method of depreciation, the charge for the current year would have been lower by Rs 688.21 lacs. Consequently, Operating Loss Before Taxes would have been lower and Reserves and surplus & Net Block of assets would have been higher by Rs 688.21 lacs.

## 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 :

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

1.8.2 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.

## 1.9 Sales:

Sale is exclusive of Luxury tax, Sales tax, Service Tax and other taxes. Sales tax under the composition scheme is also excluded

## 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 :

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

1.12.2 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.

1.12.3 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.

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

## 1.13 Taxation:

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

1.13.2 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.

## 1.14 Foreign Currency transactions :

1.14.1 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.

1.14.2 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.



## 1.15 Accounting for Leases :

- 1.15.1 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.
- 1.15.2 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.

## 1.16 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-13	31-Mar-12
<b>AUTHORISED</b>		
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
<b>TOTAL</b>	<b>4,000.00</b>	<b>4,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
1,75,18,000 Equity Shares of Rs. 10/- each	1,751.80	1,751.80
<b>TOTAL</b>	<b>1,751.80</b>	<b>1,751.80</b>

2.1 All shares carry equal voting rights.

2.2 Details of Share holders holding more than 5% of Shares of Sayaji Hotels Limited as on 31.03.2013 are as under:-

Name	Category	No of Shares	%
Late Shri Sajid R. Dhanani	Promoter	2435511	13.90
Trans Agro India Pvt. Ltd.	Public	1517046	8.66
Ahilya Hotels Limited	Promoter	2455000	14.01
Raoo Razak Dhanani	Promoter	4772574	27.24

2.3 Details of Share holders holding more than 5% of Shares of Barbeque Nation Hospitality Ltd as on 31.03.2013 are as under:-

Name	Category	No of Shares	%
Sayaji Hotels Limited	Promoter	6464998	67.59
Blue Deebaj Chemicals LLC.	Foreign Co.	2800000	29.27

### Event Occurring After Balance Sheet Date.

On 12th of April 2013 Barbeque Nation Hospitality Ltd has issued additional 14.94 lacs shares & Sayaji Hotels Ltd sold 4.15 lacs shares, after which the shareholding pattern more than 5% has changed & now the revised structure is as under:-

Name	Category	No of Shares	%
Sayaji Hotels Limited	Promoter	6049998	54.70
Blue Deebaj Chemicals LLC.	Foreign Co.	1421505	12.85
Tamara Private Limited	Foreign Co.	3222970	29.14

## CONSOLIDATED FINANCIAL STATEMENTS

### 3 RESERVES AND SURPLUS :

#### Securities Premium Reserve

Opening at beginning	8,314.57	7,344.60
Addition during the year	---	969.97
Utilised during the year	---	---
<b>Closing at end</b>	<b>8,314.57</b>	<b>8,314.57</b>

#### General Reserve

Opening at beginning	641.48	641.48
Addition during the year	---	---
Utilised during the year	---	---
<b>Closing at end</b>	<b>641.48</b>	<b>641.48</b>

#### Surplus/(Deficit)

Opening at beginning	1,317.55	747.81
Addition during the year	(3,873.29)	569.74
<b>Closing at end</b>	<b>(2,555.74)</b>	<b>1,317.55</b>
<b>Grand Total</b>	<b>6,400.32</b>	<b>10,273.59</b>

### 4 LONG-TERM BORROWINGS :

#### Secured Term Loans

i) From Banks	9,845.18	8,185.63
ii) From Financial Institutions	1,253.14	1,440.03
iii) From NBFC	---	18.88
<b>Sub-Total (a)</b>	<b>11,098.32</b>	<b>9,644.54</b>

#### Unsecured Term Loans

i) From NBFC	26.50	---
<b>Sub-Total (b)</b>	<b>26.50</b>	<b>---</b>
<b>Total (a+b)</b>	<b>11,124.82</b>	<b>9,644.54</b>

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 31/03/2013 is as under:

(Rs in Lacs)			
From BANKS	Total	Within 12 Months	After 12 Months
State Bank of India	9,455.27	1,742.92	7,712.35
Axis Bank Ltd	1,047.60	482.79	564.81
State Bank of Mysore	1,714.25	233.51	1,480.74
HDFC Bank Ltd	143.12	55.85	87.27
Sub Total (i)	<b>12,360.25</b>	<b>2,515.07</b>	<b>9,845.18</b>
FROM FINANCIAL INSTITUTIONS			
Tourism Finance Corporation of India Ltd	1,658.50	596.00	1,062.50
Madhya Pradesh Financial Corporation Ltd	332.02	141.37	190.64
Housing & Urban Development Corporation Ltd	51.97	51.97	--
Sub Total (ii)	<b>2,042.48</b>	<b>789.34</b>	<b>1,253.14</b>
<b>GRAND TOTAL (i)+(ii)</b>	<b>14,402.73</b>	<b>3,304.41</b>	<b>11,098.32</b>

## CONSOLIDATED FINANCIAL STATEMENTS

- 4.2 Unsecured 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 31/03/2013 is as under:

From NBFC	(Rs in Lacs)		
	Total	Within 12 Months	After 12 Months
Magma Fincorp Limited	58.54	32.03	26.51
<b>TOTAL</b>	<b>58.54</b>	<b>32.03</b>	<b>26.51</b>

- 4.3 Secured Term Loan of Sayaji Hotels Ltd from bank includes term loans outstanding from State Bank of India, Axis Bank Ltd, State Bank of Mysore & HDFC bank Ltd.

4.3.1 Term loans outstanding of State Bank of India are secured by way of mortgage of land & building at Indore, Vadodara & Pune & hypothecation of movables, present & future except stocks of all kinds including operation supplies & 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 & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee.

4.3.2 Term loans outstanding of Axis Bank Ltd include term loans account & vehicle loans account. Term loan outstanding is secured by way of hypothecation of movable, present & future, except stocks of all kinds including operating Supplies, stores & 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 & book-debts, bills etc. of the company & also by way of second charge on the immovable properties of the company at Indore & Vadodara & also by way of pledge of shares belonging to promoters. The term of repayment of both the term loan is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee. Vehicle loans outstanding are secured by way of hypothecation charge on the specific vehicles.

4.3.3 Term loan outstanding of State Bank of Mysore is secured by way of mortgage of land & building at Indore, Vadodara & Pune & hypothecation of movables, present & future, except stocks of all kinds including operation supplies & spares offered to the Bankers for securing the working capital finance. The term of repayment of the term loan is quarterly & the interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee.

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

- 4.4 Secured term loans of Sayaji Hotels Ltd from Financial Institutions includes term loan outstanding of Tourism Finance Corporation of India Ltd (TFCI), Madhya Pradesh Finance Corporation (MPFC), & HUDCO.

4.4.1 Term loans outstanding TFCI includes two term loan, one of which is secured on pari-passu basis by way of mortgage of land & building at Indore, Pune & Vadodara & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital loans & 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 & building at Indore, Pune & Vadodara & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital loans & also by way of pledge of shares belonging to promoters. The term of repayment is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee.

4.4.2 Term loans outstanding from MPFC are secured by way of mortgage of land & building at Indore & hypothecation of the movables, present & future, excepts stocks of all kinds including operating supplies, stores, & spares offered to the bankers for securing the working capital finance. The term of repayment is quarterly & interest is paid on monthly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee.

4.4.3 Term loan outstanding from HUDCO is secured on pari-passu basis by way of mortgage of land & building at Indore, Pune

## CONSOLIDATED FINANCIAL STATEMENTS

& Vadodara & hypothecation of the movables, present & future, except stocks of all kinds including operating supplies, stores, & spares offered to the Bankers for securing the working capital form. The term of repayment is quarterly & interest is also paid on quarterly basis. These loans were personally guaranteed by Late Shri Sajid Dhanani. Company is in the process for making alternative arrangement for replacement of personal guarantee.

4.5 Unsecured loan outstanding of Sayaji hotels Ltd from Magma Fincorp Limited. Repayment is being made on EMI basis. Post dated cheques has been given for all instalments.

4.6 Secured Term Loan of Barbeque Nation Hospitality Ltd from bank includes term loans outstanding from State Bank of India .

4.6.1 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 were personally guaranteed by Late Shri Sajid Dhanani and also secured by corporate guarantee given by Sayaji Hotels Limited. Company is in the process for making alternative arrangement for replacement of personal guarantee.

4.7 Secured term loans of Barbeque Nation Hospitality Ltd from Financial Institutions includes term loan outstanding of Tourism Finance Corporation of India 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 :	31-Mar-13	31-Mar-12
Carry Forward losses & Depreciation	8.38	442.24
Others	295.28	18.67
<b>Total Deferred Assets</b>	<b>303.66</b>	<b>460.91</b>
Depreciation Differences	(490.62)	3,219.16
<b>Total Deferred Liabilities</b>	<b>(490.62)</b>	<b>3,219.16</b>
<b>Net Deferred( Liability)/Assets</b>	<b>794.27</b>	<b>(2,758.25)</b>
<b>Net Deferred Tax(Liability)/Assets*</b>	<b>257.77</b>	<b>(894.91)</b>

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

6 OTHER LONG TERM LIABILITIES :		
Deposits From Tenants	14.19	12.30
Others*	2,000.00	2,000.00
<b>Total</b>	<b>2,014.19</b>	<b>2,012.30</b>

\* 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	272.95	167.89

7.1 Provision for employee benefits includes provision of Gratuity, Bonus & 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, 2013:-

## CONSOLIDATED FINANCIAL STATEMENTS

(In Rupees)

		31-Mar-13	31-Mar-12
<b>Changes in benefit obligations :</b>	<b>i)</b>		
Present value of obligation as at the beginning of the year		10074880	7975278
Interest Cost		799337	605619
Current Service Cost		3755849	3101356
Actuarial (gain)/ loss on obligations		(1049864)	(797299)
Benefit paid		(166326)	(810074)
<b>Present value of obligation as at the end of the year</b>		<b>13413876</b>	<b>10074880</b>
<b>Change in plan assets :</b>	<b>ii)</b>		
Fair value of plan assets as at the beginning of the year		1383762	1846275
Expected return on plan assets		117619	148107
Contributions		500000	200000
Benefits paid		(166326)	(810074)
Actuarial gain/ (loss) on plan assets		3435	(546)
<b>Fair value of plan assets at the end of the year</b>		<b>1838490</b>	<b>1383762</b>
Excess of (obligation over plan assets)/ plan asset over obligation		(11575386)	(8691118)
<b>(Accrued liability)/ Prepaid benefit</b>		<b>(11575386)</b>	<b>(8691118)</b>
<b>Net Gratuity and other cost at the end of the year</b>	<b>iii)</b>		
Current Service cost		3755849	3101356
Interest on defined benefit obligation		799337	605619
Expected return on plan assets		82177	(148107)
Net actuarial gain recognized in the year		(1053299)	(796753)
<b>Net gratuity and other cost</b>		<b>3584064</b>	<b>2762115</b>
<b>Actual return on plan asset</b>		<b>121054</b>	<b>147561</b>
<b>Category of Assets at the end of the year</b>	<b>iv)</b>		
Insurer Managed Funds		1838490	1383762
Others		Nil	Nil
<b>Total</b>		<b>1838490</b>	<b>1383762</b>
<b>Assumptions used</b>	<b>v)</b>		
Discount rate (p.a.)		8.00%	8.00%
Salary escalation rate (p.a.)		5.00%	5.00%
Expected rate of return on plan assets (p.a.)		8.50%	8.00%

### 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.

## CONSOLIDATED FINANCIAL STATEMENTS

8 SHORT-TERM BORROWINGS :	31-Mar-13	31-Mar-12
<b>Secured</b>		
Working capital facilities from Banks	871.09	769.97
	<b>871.09</b>	<b>769.97</b>
<b>Unsecured</b>		
Deposits From Public	99.84	238.10
Loans From related parties	682.28	202.87
Loans From others	15.16	28.61
	<b>797.28</b>	<b>469.58</b>
<b>Grand Total</b>	<b>1,668.37</b>	<b>1,239.55</b>

- 8.1 Working capital facilities of Sayaji Hotels Ltd include Cash Credit Facilities from State Bank of India outstanding Rs 517.51 lacs & Axis Bank outstanding Rs 173.37 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, Vadodara and Pune. These working capital facilities were personally guaranteed by Late shri Sajid dhanani. Company is in the process for making alternative arrangement for replacement of the personal guarantee.
- 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 & spares & 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% pa compounded monthly.
- 8.3 Loans from related parties & others includes loan from directors, associates and friends & relatives of directors.

### 9 TRADE PAYABLES :

Trade Payables*	1,842.24	1,498.06
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\*Trade payables are for goods purchased and services taken during the normal course of business.

### 10. OTHER CURRENT LIABILITIES :

#### Current Maturities of Long-Term Loans

##### Secured Term Loans

From Banks	2,515.07	3,282.51
From Financial Institutions	789.34	728.56
From NBFC	---	10.22
	<b>3,304.41</b>	<b>4,021.30</b>

##### Unsecured Term Loans

From NBFC	32.03	---
	<b>32.03</b>	---

##### Others

Statutory Dues	434.96	210.09
Others	893.53	421.42
	<b>1,328.49</b>	<b>631.51</b>

Interest Accrued but not Due on Borrowings

	57.79	126.93
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Unpaid Matured Deposits and Interest Accrued Thereon

	---	25.26
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#### Grand Total

	<b>4,722.72</b>	<b>4,805.00</b>
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- 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 to 4.7.
- 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 4.2 to 4.7.
- 10.3 Current maturities of term loan from NBFC is of Magma Fincorp Limited. Other terms are same as given in note no 4.2 to 4.7.
- 10.4 Statutory dues includes VAT, luxury tax, TDS, service tax & other statutory payables.
- 10.5 Other Current liabilities 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.

### 11. SHORT-TERM PROVISIONS :

Provision for Expenses	469.95	383.95
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## 12. FIXED ASSETS :

(Rs. in lacs)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		Opening as on 01.04.12	Additions	Deduction & Adj. *	Closing as on 31.03.13	Opening as on 01.04.12	Deletion	Addition **	Closing as on 31.03.13	Closing for the period	Previous year Closing
A.	TANGIBLE ASSETS										
1	BUILDING	14,493.31	1759.30	809.47	15,812.87	3,405.84	458.88	3,388.01	6,334.97	9108.16	11,087.46
2	FURNITURE & FIXTURE	5,979.95	1285.42	166.67	7,468.39	2,061.06	78.14	1,893.37	3,876.28	3222.37	3,918.89
3	PLANT & MACHINERY	4,183.28	763.75	182.36	4,764.67	1,125.10	41.38	943.43	2,027.15	2,737.52	3,058.18
4	SERVICE EQUIPMENT	1,671.66	990.19	220.95	2,440.89	614.37	100.18	338.11	852.30	1,588.60	1,057.28
5	Computer Equipments	476.21	81.94	22.34	535.81	282.82	16.33	111.66	378.15	157.66	193.38
6	VEHICLE	586.66	7.01	7.96	585.70	177.44	3.37	207.26	381.33	204.37	409.21
7	LEASE HOLD LAND	2,294.06	---	---	2,294.06	---	---	---	---	2,294.06	2,294.06
8	FREEHOLD LAND	2,637.00	---	---	2,637.00	---	---	---	---	2,637.00	2,637.00
	TOTAL TANGIBLE ASSETS	32,322.12	4887.61	1,409.75	35799.98	7,666.64	698.29	6,881.83	13,850.18	21949.75	24,655.48
B.	INTANGIBLE ASSETS										
1	LIQUOR LICENCE	69.30	--	33.08	36.22	34.39	19.04	13.09	28.45	7.78	34.91
2	SOFTWARE & LICENCES	78.84	--	6.53	72.31	63.59	9.51	11.11	65.20	7.11	15.24
	TOTAL INTANGIBLE ASSETS	148.14	129.52	33.08	244.59	97.99	28.55	24.21	93.65	14.89	50.15
	TOTAL SAYAJI	32,470.26	5,756.59	1,442.82	36,783.97	7,764.63	726.84	6,906.03	13,943.83	21964.64	24,705.62
	PREVIOUS YEAR FIGURES	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
	TANGIBLE ASSETS	28,421.80	4,202.65	302.33	32,322.11	6,075.08	66.56	1,658.10	7,666.63	24,655.49	22,346.69
	INTANGIBLE ASSETS	136.24	11.91	---	148.15	76.54	---	21.45	97.98	50.16	59.70
	CAPITAL WORK IN PROGRESS										
	CURRENT YEAR	569.25	7292.15	6917.03	944.35						
	PREVIOUS YEAR	314.94	3150.65	2896.34	569.25						

\* Refer Note no. 30.3

\*\* Refer Note no. 30.4

## CONSOLIDATED FINANCIAL STATEMENTS

13. NON-CURRENT INVESTMENTS :	31-Mar-13	31-Mar-12
<b>A . Trade Investments (At Cost)</b>		
Barbeque-Nation Hospitality Ltd	---	---
6464998 Equity Shares of Rs.10/- each fully paid-up		
Malwa Hospitality Pvt. Ltd.	---	---
5494000 Equity Shares of Rs.10/- fully paid up		
Bharat Equity Services Ltd.	10.00	10.00
1,00,000 Equity Shares of Rs.10 each fully paid up		
(-) Provision for Diminution in value of investment	(9.90)	---
Aries Hotels Pvt. Ltd.	25.00	25.00
Genex Hotels Pvt. Ltd.	0.50	---
Winner Hotels Pvt. Ltd	0.23	0.23
	<b>25.83</b>	<b>35.23</b>
13.1 Provision for Diminution on Shares value of Bharat Equity Services Ltd has been made. Estimated market value of share is 0.10 paise per share.		
13.2 Genex Hotels Pvt. Ltd. is joint venture company for Bhopal project of the company.		
<b>14. LONG -TERM LOANS AND ADVANCES :</b>		
Security Deposits*	<b>2,196.42</b>	<b>2,357.57</b>
*Security Deposits includes balances with statutory Authority , electricity deposits , lease rent deposits & guest house deposits.		
<b>15 OTHER NON-CURRENT ASSETS :</b>		
Fixed Deposits Against lien & Bank Guarantee*	<b>195.83</b>	<b>235.79</b>
*Maturing after 12 months		
<b>16. CURRENT INVESTMENTS :</b>		
Investments in Mutual Funds	<b>3.64</b>	<b>253.11</b>
Investment in Mutual Fund includes investment in Axis Mutal Fund.		
<b>17. INVENTORIES :</b>		
Operating Supplies	1,059.77	811.03
Food & Beverages	519.21	332.50
Shopping Arcade Stock	42.54	42.54
	<b>1,621.52</b>	<b>1,186.07</b>
Inventories has been valued at cost and certified by the management.		
<b>18. TRADE RECEIVABLES :</b>		
Outstanding More Than six months	549.12	641.68
Others	702.64	471.19
	<b>1,251.76</b>	<b>1,112.87</b>
<b>19. CASH &amp; CASH EQUIVALENTS :</b>		
Balances With Bank in Current Accounts	413.61	84.69
Cash on Hand	106.80	50.17
Others (Fixed Deposits )	--	--
	<b>520.41</b>	<b>134.86</b>



## CONSOLIDATED FINANCIAL STATEMENTS

<b>20. SHORT TERM LOANS &amp; ADVANCES :</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
Loans & Advances To Related Parties	509.04	559.67
Others#	553.81	1,284.54
	<b>1,062.85</b>	<b>1,844.21</b>
# includes Prepaid Expenses, Staff advances etc.		
<b>21. OTHER CURRENT ASSETS :</b>		
Taxes Receivable *	<b>763.91</b>	<b>630.41</b>
*Taxes receivable includes TDS receivable , MAT Credit entitlement , Advance Tax , Service Tax Credit & Input Tax rebate net off of provisions of taxes		
<b>22. Revenue From Operations :</b>		
Rooms	4,194.58	4,267.60
Food and Beverages	24,677.94	18,417.53
Other Services	1,282.71	1,549.30
<b>TOTAL</b>	<b>30,155.23</b>	<b>24,234.43</b>
Revenue from others includes income from club, rental income and income from banquet service etc.		
<b>23. Other Income :</b>		
Interest Earned	32.31	52.76
Other Non –Operating Income	58.12	19.77
<b>TOTAL</b>	<b>90.43</b>	<b>72.53</b>
Other Non –Operating Income Includes Income received from Barbeque Nation Hospitality Ltd on use of import License of Sayaji Hotels limited.		
<b>24. Cost of Material Consumed :</b>		
Opening Stock	332.50	276.16
Add : Purchases*	10,316.00	7,546.26
	<b>10,648.50</b>	<b>7,822.42</b>
Less : Closing Stock	519.21	332.50
<b>TOTAL</b>	<b>10,129.29</b>	<b>7,489.92</b>
*Includes vegetable & non-vegetable items , grocery items, dairy products, tobacco products, alcoholic beverages, non-alcoholic beverages etc.		
<b>25. Operating Expenses :</b>		
Stores and Operating Supplies*	1,637.42	1,432.26
Repairs and Maintenance		
Building	189.32	281.95
Plant & Machinery	242.86	169.11
Others	296.87	307.52
Laundry Expenses	196.28	171.61
<b>SUB-TOTAL</b>	<b>2,562.75</b>	<b>2,362.45</b>
Power and Fuel	2,850.02	2,090.26
<b>GRAND TOTAL</b>	<b>5,412.77</b>	<b>4,452.71</b>
*includes crockery & cutlery, linen, consumables, party and function expenses etc.		

## CONSOLIDATED FINANCIAL STATEMENTS

26. Employee Benefit Expenses :	31-Mar-13	31-Mar-12
Salaries, Wages and Allowances	3,844.93	3,005.17
Contribution to P.F. and other Funds	298.86	219.3
Workmen and Staff Welfare Expenses	192.43	160.70
Workmen and Staff Uniform Expenses	99.52	73.20
<b>TOTAL</b>	<b>4,435.74</b>	<b>3,458.38</b>
 27. Other Expenses :		
Lease Rent	2,094.35	1,454.73
Rates & Taxes	268.60	244.58
Insurance	34.55	33.99
Travelling and Conveyance	184.76	134.48
Postage, Telegram and Telephones	114.84	100.88
Advertisement and Publicity	201.26	166.54
Legal & Professional	376.86	258.17
Printing and Stationery	205.22	163.48
Guest pick up Expenses	355.55	346.28
Cable TV Expenses	58.17	68.66
Credit Card Commission	252.22	55.47
Other Expenses	550.16	333.07
Water charges	79.04	157.80
Housekeeping Expenses	252.77	-
<b>TOTAL</b>	<b>5,028.35</b>	<b>3,518.13</b>
 27.1 Details of Auditors Remunerations		
Audit Fees	5.50 Lacs	4.40 Lacs
Certification & Other matter	1.25 Lacs	0.82 Lacs
 28. Finance Cost :		
Interest on term Loan	1,888.96	2,144.62
Interest on Others	361.46	326.28
Other expenses	15.45	26.65
Other borrowing cost	61.54	25.31
<b>TOTAL</b>	<b>2,327.41</b>	<b>2,522.86</b>

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

29. Exceptional item includes :	(Rs in lacs)
29.1. Exceptional item of Sayaji Hotels Limited :	
a. Depreciation due to change of method from SLM to WDV*	Rs 4353.28
*Refer note no. 30.4	
b. Provision for doubtful advances.	Rs 140.19
<b>TOTAL (a+b)</b>	<b>Rs 4493.47</b>
29.2 Exceptional items of Barbeque Nation Hospitality Ltd Rs 275.83 lacs includes amount of Rs 109.52 lacs on account of loss of closure of the Taluja Unit in Mumbai which did not start its commercial operation , Rs 145.04 lacs is write off of Items brought forward from closure of old unit which do not have major economic value & Balance Rs 21.25 lacs is prior period payments.	

**Additional Disclosures**

**30.1 Contingent liability of Sayaji Hotels Ltd not provided for :**

- 30.1.1 Claim against the company not acknowledged as debt Rs 5.06 lacs (P.Y Rs 5.06 lacs).
- 30.1.2. Guarantee given on behalf of other companies Rs 5871.82 lacs (P.Y Rs 8821.82 lacs). This includes Guarantee given to State Bank of India on Behalf of Barbeque-Nation Hospitality Ltd amounting Rs 5,450 lacs (P.Y 8400 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 31/03/13 is Rs 4073.12 lacs and from Axis Bank Ltd is Rs 282.84 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 & got unconditional stay on merits for the entire demand. Had the benefit of abatement & 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.
  - (c) For the period from 01.04.11 to 30.06.12 the Commissioner has issued show cause against the Company with a tax amount of Rs. 269.27 lakhs and equal amount of penalty. The Show Cause is pending before the Commissioner for adjudication. While issuing the show cause the Commissioner has not considered the earlier order of Tribunal passed in similar matter of the company. Had the benefit of earlier order been considered by the Learned Commissioner, the tax amount in the show cause would have been reduced to Rs. 127.98 lacs.
- 30.1.4. Custom duties saved against imports under EPCG scheme is Rs 607.84 lacs (P.Y Rs 875.51 lacs)
- 30.1.5. Disputed liability of Rs 131.30 lacs (P.Y Rs. 107.65 lacs) not provided for in respect of Income Tax. The matters are pending before Income –tax Appellate Tribunal, Ahmedabad. Company has paid Rs 99.25 lacs against the above amount.
- 30.1.6. Disputed liability of Rs 1.02 lacs not provided for in respect of TDS. The matter is pending before CIT, Pune.
- 30.1.7. Disputed liability of Rs 4.38 lacs not provided for in respect of Labour case. The matter is pending before Labour Court, Indore.
- 30.1.8. Disputed liability of Rs 1.12 lacs not provided for in respect of Labour case. The matter is pending before Labour Court, Vadodara.
- 30.2 Contingent liability of Barbeque Nation Hospitality Ltd not provided for Custom duties saved against imports under EPCG scheme is Rs 40.54 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 During the year Sayaji Hotels Ltd has sold assets & intangible rights of 5 Barbeque restaurants to it's Subsidiary Barbeque Nation Hospitality Ltd in Rs. 2810 Lacs.
- 30.5 During the year under review, the method of depreciation in respect of fixed assets of the Sayaji Hotels Ltd have been changed from Straight Line Method to Written Down Value Method for better representation of the financial statements. In compliance with Accounting Standard (AS 6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning of the fixed assets at the WDV rates applicable to those years on such fixed assets. As a result of this change, there is additional charge of depreciation during the year of Rs 4353.28 lacs (up to 31st March 2012) relating to earlier years, which is debited to Profit & Loss Account under Exceptional and Extra Ordinary items. Had there been no change in the method of depreciation, the charge for the current year would have been lower by Rs 688.21 lacs. Consequently, Operating Loss Before Taxes would have been lower and Reserves and Surplus and Net Block of assets would have been higher by Rs 688.21 lacs.

## 30.6 Details of Related Party Disclosure:

### i) Key Management Personnel

Late Mr. Sajid R. Dhanani (Managing Director)  
 Mr. Munawar Garbadawala (Director)  
 Mr. Jaykannan Perumal Swamy (Whole Time Director)  
 Mr. Prosenjeet Roy Choudhary (Whole Time Director)

### ii) Associate Companies/ Firms/ Relatives

Anisha R Dhanani  
 Aries Hotels Pvt Ltd  
 Bharat Equity Service Ltd  
 Genex Hotels Pvt Ltd  
 Kayum R. Dhanani  
 Liberty Restaurant Pvt Ltd  
 Liberty Urvarak Ltd  
 M.p. Agro Industries Ltd  
 Rauf Dhanani  
 S S Management  
 S.n. Travels  
 Sana Hospitality Pvt Ltd  
 Sana Reality Pvt Ltd.  
 Sara Suole Pvt Ltd  
 Status Travels  
 Suchitra Dhanani  
 Sujeet Desai  
 Taurus Corium Impex Pvt Ltd  
 Transworld Furtichem Pvt Ltd  
 Welterman International Ltd  
 Winner Hotels Pvt Ltd

Sr.No.	Nature of Transactions	31-Mar-13	31-Mar-12
<b>A</b>	<b>KEY MANAGEMENT PERSONNEL</b>		
	REMUNERATION	106.74	124.60
	LEASE RENT	24.00	12.00
	PAYABLE AT THE YEAR END	14.54	112.87
	RECEIVABLE AT THE YEAR END		
<b>B</b>	<b>ASSOCIATE COMPANIES/ FIRMS/ RELATIVES</b>		
	SALARY/PROFESSIONAL FEES	57.30	39.21
	GUEST PICK UP EXPENSES	11.51	19.32
	LEASE RENT	263.22	179.74
	SALE OF ASSETS	--	9.87
	SALE OF INVESTMENTS	--	0.26
	RECEIVABLE AT THE YEAR END	527.07	560.90
	PAYABLE AT THE YEAR END	682.28	96.87
	INVESTMENTS	0.50	---
	ISSUE OF EQUITY SHARES	--	1,000.00

## CONSOLIDATED FINANCIAL STATEMENTS

### 30.7 Foreign Currency Transactions:

**31-Mar-13**                      **31-Mar-12**

#### 30.7.1 Earnings in Foreign Currency

Sale of Rooms and Food & Beverages

1,222.48                      1,399.23

#### 30.7.2 CIF Value of imports & Expenditure

Import Value of Capital Goods

137.14                      49.88

Import Value of Non-Capital Goods

175.88                      --

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**

**Nimesh Gandhi**

Partner

M.No. 049134

VADODARA, 13th July 2013

**T.N. Unni**

Director

**Kayum R. Dhanani**

Director

**Amit Sarraf**

Company Secretary

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## 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 2013	31st March 2013
3	Number of shares of the subsidiary company held by the Holding Company on the above date			
a)	Number and Face Value	:	64,64,998 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, 2013 (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, 2013 (Rs. In Lacs)		308.94	Nil
(b)	For the previous financial years since these became subsidiaries of the Company (Rs. In Lacs)		173.92	(5.6)

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

**T.N. Unni**  
Director

**Kayum R. Dhanani**  
Director

**Amit Sarraf**  
Company Secretary

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 30th Annual General Meeting at Registered Office of the Company on Tuesday, 24th September, 2013 at 3.00 P.M.

Member's / Proxy's Signature

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

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

PROXY FORM

**SAYAJI HOTELS LIMITED**

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

Master Folio No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of above named company hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him / her \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote on me/us any my/our behalf at the 30th Annual General Meeting of the Company to be held on Tuesday, 24th September, 2013 and/or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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.

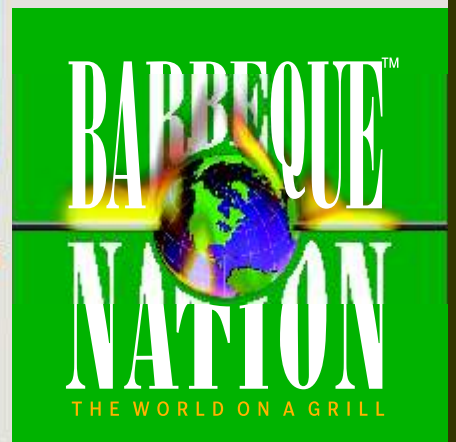
INDORE



BARODA



PUNE



BARBEQUE NATION





BOOK - POST

To,

If undelivered please return to:  
**SAYAJI HOTELS LTD.**  
Admn. Office: H-1, Scheme No. 54,  
Vijay Nagar, Indore - 452 010 (M.P.)



**FORM A**  
**(Pursuant to clause 31(a) of Listing Agreement)**

No.	Particulars	Details
1.	Name of the Company	Sayaji Hotels Limited
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2013
3.	Type of audit observation	Unqualified
4.	Frequency of observation	N.A
5.	<p>To be signed by:</p> <ul style="list-style-type: none"> <li>Managing Director/ Chief Executive Officer</li> <li>Chief Financial Officer</li> <li>Auditor of the Company</li> <li>Chairman of Audit Committee</li> </ul>	<p>There was no Managing Director at the time of signing of this disclosure</p> <p>There was no Chief Financial officer at the time of signing of this disclosure</p> <p>FOR Shah Gandhi &amp; Shah Chartered Accountants (Firm Regn. No. 126862W)</p> <p> Nimesh Gandhi (Partner) M. No. 040134</p> <p> T.N Unni (Chairman of Audit Committee)</p>