



# *Looking Beyond Horizons*

**SUAVE**  
HOTELS  
LIMITED

*20th Annual Reports*





*Sunshine Beach Resort*



*Goan Holidays*



*Sunflower Beach Resort*

# Contents

Vision & Mission	2
Chairman's Communiqué	3
Company Fact Sheet	4
Notice	5
Directors' Report	9
Corporate Governance	14
Auditors' Report	24
Financial Statements	27
Significant Accounting Policies	34
Notes on accounts	35



**OUR VISION**

Sustain Suave's position as one of India's most valuable corporate through world class performance, creating growing value for the Indian economy and the Company's stake holders.

**OUR MISSION**

To enhance the wealth generation capability of the enterprises in a global environment delivering superior and sustainable profit growth and long term value for our stakeholders achieved through innovation, pursuit of excellence and perfection.

**Chairman's Communiqué .....**

Dear Shareholders,

We have weathered one of the worst periods in the history of the Company and come out stronger to face the challenges of a one of the fastest emerging economies. Even while the developed nations are still grappling with the aftermath of slowdown, India has made a quick recovery due to the financial foresight of our policy makers. The Indian economy posted an overall GDP growth of 7.2%, despite a decline of 0.2 % in agricultural output, which was the consequence of sub-normal monsoons; India is definitely back on the path of a growth trajectory poised to breach the double digit barrier.

On the hotel and tourism front, international tourism remained sluggish through the last fiscal due the Euro zone crisis. The volcanic eruption in Iceland too had a negative impact on air travel from Europe. On the positive side, the Indian hotel industry has been ranked 11th in the attractive destination in the Asia- Pacific region and 14th best tourist destination.

The Indian hospitality industry is expected to grow at a compounded rate of 8.8% over the next five years. This would mean that we would be the second fastest growing tourism market in the world.

The travel and tourism industry accounted for 6.4% of total employment in India and it is estimated to grow to 10% by the year 2014, making it the second largest employer in the country.

Your Company has registered a growth of 10% in turnover and 5% in profit after tax over previous year's performance. We have an expansion plan for which 75,00,000 warrants convertible into equity shares have been issued. We are conducting initial feasibility study for acquiring / developing new properties in the Maharashtra-Goa region.

I take this opportunity to acknowledge the invaluable support of all our stakeholders and look forward to your continued support, which would enable us to scale newer heights.

With best wishes and regards,  
Sd/-  
**Satyanarayan Sharma**

**Board of Directors**

Satyanarayan Sharma (Chairman cum Managing Director)  
 Sandeep Sharma (Executive Director)  
 Sameer Sharma (Non-Executive Director)  
 Surendra Kumar Kulhari (Independent Director)  
 Mohan Arvandeekar (Independent Director)  
 Vinod Gupta (Independent Director)

**Bankers**

The Bank of Rajasthan Ltd.  
 ICICI Bank Ltd.  
 HDFC Bank Ltd.  
 Union Bank of India

**Auditors**

S. K. Patodia & Associates  
 Chartered Accountants  
 A/8, Narayan Plaza, 1st Floor,  
 26-A, Chandivali Road, Off Saki Vihar Road,  
 Andheri (East), Mumbai – 400072

**Share Transfer Agent**

Sharepro Services (India) Pvt. Ltd.  
 13 AB Samhita Warehousing Complex,  
 2nd Floor, Sakinaka Telephone Exch. Lane,  
 Off Andheri-Kurla Road, Sakinaka,  
 Andheri (E), Mumbai – 400072

**Our Hotels**

Sunflower Beach Resort, Goa  
 Sunshine Beach Resort, Goa  
 Goan Holidays, Goa

**Registered Office**

F/72, Solaris, Opp. L&T Gate No. 6,  
 Off Saki Vihar Road, Andheri (E), Mumbai - 400072  
 Tel: +91-22-40150010 Fax: +91-22-40150010  
 Email: info@suavehotels.in  
 Website: www.suavehotels.in

**NOTICE**

Notice is hereby given that the 20th Annual General Meeting of the members of the Company will be held at Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai-400069 on Thursday, September 30, 2010 at 12.00 noon to transact following businesses:

**Ordinary Business:**

1. To Consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To Sanction and declare the payment of dividend of Rs.0.50 per share on equity shares of the Company for the financial year 2009-2010.
3. To appoint Mr. Mohan Arvandeekar as a Director who was appointed as an Additional Director of the Company with effect from May15, 2010, by the Board of Directors and who holds office up to the date of the forthcoming Annual General meeting of the Company under section 260 of the Companies Act 1956 and who being eligible for appointment and in respect of whom the company has received a notice in writing under section 257 of the Companies Act 1956 from a member proposing his candidature, for the office of Directors of the Company.
4. To appoint a Director in place of Mr. Sameer Sharma who retires by rotation under Article 131 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vinod Gupta who retires by rotation under Article 131 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. A P Sanzgiri & Co., Chartered Accountants, be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors.”

**Special Business:**

1. ALTERATION OF ARTICLE 29 and 168 of ARTICLES OF ASSOCIATION as follows:
  - Alteration of Article 29 of Articles of Association

“RESOLVED THAT the Article 29 of Articles of Association be and is hereby substituted from:

The Board of Directors may, from time to time by a Resolution passed at a meeting of the Board (and not by circular resolution) make such calls as may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by installments.

To

The Board of Directors may, from time to time by a resolution passed at a general meeting of the shareholders make

such calls as may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by installments.

- Alteration of Article 168 of Articles of Association

“RESOLVED THAT as per the Section 205 (A) & 205 (C) (1) of the Companies Act, 1956, Article 168 be & is hereby altered from:

Where a dividend has been declared by the Company but has not been paid, or the warrant in respect thereof has not been posted within forty-two days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of forty-two days, transfer the total amount of dividend which remains unpaid or in relation to which, no dividend warrant has been posted within the said period of forty-two days. the special account to be opened by the Company in that behalf in any Scheduled Bank to be called unpaid Dividend Account of “KOTAWALA SECURITIES LIMITED” and all the other provisions of Section 205A of the Act in respect of the any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with No unclaimed dividend shall be forfeited by the Board.

To -  
168.

- (a) Where a dividend has been declared by the Company but has not been paid, or the warrant in respect thereof has not been posted within thirty days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or in relation to which, no dividend warrant has been posted within the said period of thirty days. the special account to be opened by the Company in that behalf in any Scheduled Bank to be called unpaid Dividend Account of “SUAVE HOTELS LIMITED” and all the other provisions of Section 205A of the Act in respect of the any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with no unclaimed dividend shall be forfeited by the Board.
- (b) Any money transferred to the Unpaid dividend account of the Company which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the “Investor Education and Protection Fund” established by the Central Government. A claim to any money so transferred to the Fund shall be referred to the Central Government by the shareholders to whom the money is due. There shall not be any forfeiture of unclaimed dividend unless the claim becomes barred by law.

“FURTHER RESOLVED THAT the Board is hereby authorized to take the necessary actions in order to give effect to these resolutions including delegation all or any of the powers conferred on it by or under this resolution to any Director or Directors or any other officer(s) or employee(s) of the Company as it may consider appropriate.”

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT APROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A

MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.

2. The Transfer Register and the Register of Members shall remain closed from September 25, 2010 to September 30, 2010 (both days inclusive).
3. All members are requested to intimate changes, if any, in their registered address, immediately to the Registrar & Transfer Agents, Sharepro Services (I) Pvt. Ltd. or to their depository participants in case shares are held in electronic form.
4. All documents referred to in the notice are open for inspection at the Registered Office of the Company during office hours.
5. As a measure to save the cost, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries at least seven days before the date of the Meeting to the Company so that information required may be made available at the Meeting.
7. Members are requested to sign at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the Meeting Hall.
8. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/ re appointment at the meeting are annexed.
9. The website address of the company is [www.suavehotels.in](http://www.suavehotels.in)

By order of the Board of Directors  
**For SUAVE HOTELS LIMITED**

Mumbai  
August 14, 2010

Sd/-  
Satyanarayan Sharma

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges):

Name of Director	Mohan Arvandeekar	Sameer Sharma	Vinod Gupta
Date of Birth	July 23, 1949	May 7, 1980	August 15, 1958
Date of appointment on the Board	May 15, 2010	September 29, 2006	July 11, 2007
Expertise in specific functional area	Banking Expertise	Hotel Management and Brand Management	Finance
Qualification	B. Com.	Diploma in Hotel Management	Chartered Accountant
Details of shares held in the Company	Nil	40,000	Nil
Directorship in Public Limited Company	Nil	Nil	Zyden Gentec Ltd.
Chairman / Member of the Committees * of other Companies on which he is director as on March 31, 2010	Nil	Nil	Nil

The Committees include the Audit Committee and Shareholders' / Investor Grievance Committee.

By order of the Board of Directors  
For SUAVE HOTELS LIMITED

Mumbai  
August 14, 2010

Sd/-  
Satyanarayan Sharma

## DIRECTORS' REPORT TO MEMBERS

### To the Members of Suave Hotels Limited

The Directors have the pleasure in presenting the Twentieth Annual Report on the business and operations of the company together with the audited statement of accounts for the year ended March 31, 2010.

### Performance of the Company

Your Company's performance for the year 2009-10 is as summarized below: (Rs. In lacs)

Particulars	Year Ended 31-03-2010	Year Ended 31-03-2009
Total Income	1504.03	1368.07
Total Expenditure	1362.48	1230.48
Profit Before Tax	141.54	137.59
Provision for Tax	46.57	46.96
Profit/Loss After Tax	94.97	90.63
Add: Surplus brought forward during the year	560.63	521.43
Profit available for Appropriations	655.61	612.07
Appropriations:		
-Transfer to General Reserve	0.00	25.00
-Proposed Dividend	62.74	22.59
-Dividend Distribution Tax on Proposed Dividend	10.42	3.84
<b>Surplus carried forward</b>	<b>582.44</b>	<b>560.63</b>

### Results of Operations

During the year under review, your company has done reasonably well, in spite of depressive market condition observed globally throughout the year. The turnover has registered growth at 10% higher as compared to previous year. Due to operational efficiency at every stage, sharp focus on marketing strategy and stringent internal cost control systems, the Company had 5% higher net profit as compared to the previous year.

### Dividend

Your Directors recommend dividend of 5% i.e. Rs 0.50 on equity share of Rs.10/- each for the year under review. The dividend distribution would result in a cash outflow of Rs.73,16,559/-, including tax on dividend distribution of Rs.10,42,109/-.

### Issue of Warrants convertible into Equity Shares on Preferential Basis

The company has issued 7,500,000 share warrants convertible into 7,500,000 equity shares of Rs.10/- each at a premium of Rs.34/- to its promoters and others on preferential basis, convertible within 18 months, vide special resolution passed at extra ordinary general meeting held on July 2, 2010.

### Acquisition of Land

In September 2009, the company had booked a land admeasuring 38,700 sq. meters at Survey No. 42 (2.93) Hissa No.1, Vill. Aronda, Chamybar Galwi, Tal. Sawantwadi, Dist. Sindhudurga, Maharashtra for the purpose of development of Medical Tourism at the site.

#### Management Discussion and Analysis

The Indian economy, which was under severe slowdown during 2008-09 following the global financial crisis, turned around sharply from second quarter of 2009-10 registering GDP growth of around 7% during the year 2009-10. The broad base growth was recorded in the industrial as well as service sector. It is expected that the economy will go back to the robust growth path of around 9% that it was on before the global crisis slowed it down in 2008.

However the current year under review has been challenging for the Indian hotel industry. This is due to a multiplicity of factors i.e. US & Greece financial crisis, inflationary trend, swine flu pandemic, slow rate of GDP and fears of erratic and insufficient monsoons. India has emerged as one of the world's leading as well as most robust and resilient economies. The country has coped successfully with the challenge of the recent economic and financial crisis as well as recession worldwide. The last two quarters of the year has witnessed a gradual recovery in the hospitality sector.

Both FTA and FEE picked up in last quarter of 2009-10 as compared to corresponding period of the previous year. The market size of medical tourism in India is worth US\$ 2.4 billion and is growing at 27 per cent annually. The country received 1.1 million medical tourists in 2009, registering a growth of 17 per cent. The travel and tourism industry accounted for 6.4% of total employment in India and it is estimated to grow to 10% by the year 2014, making it the second largest employer in the country.

#### Outlook

Combining unparallel growth prospects and unlimited business potential, the industry is certainly on foyer towards being a key player in the nations changing face. Furthermore, banking on the government's initiative of upgrading and expanding the country's infrastructure like airports, national highways etc. the tourism and hospitality industry is bound to get a bounce in its growth.

The Indian hospitality industry is projected to grow at a rate of 8.8 per cent during 2007-16, placing India as the second-fastest growing Promotional efforts by the Government have succeeded in communicating the 'Brand India' message worldwide tourism market in the world. Your company is capitalizing on the opportunities available in the industry and thus for its expansion plan 75,00,000 warrants convertible into equity shares have been issued. Your company is conducting initial feasibility study for acquiring / developing new properties in the Maharashtra-Goa region

#### Key Risks and its Management

The goal of Risk management is to improve the quality and consistency of the Company's earning from the financing business and to minimize losses. This is achieved by identifying risk and controlling it at the earliest.

#### Internal Controls and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that the transactions are authorized, recorded and reported correctly.

#### Corporate Social Responsibility

An Internal Environment Policy was finalized by Suave with a view to monitoring and minimizing its carbon footprint through resource efficiency and conservation.

#### Cautionary Statement

Statements made in this Management Discussion and Analysis contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, new government regulations and policies that may impact the Company's business as well as its ability to implement the strategy. The information contained herein is as of the date referred and the Company does not undertake any obligation to update these statements.

#### Listing of Shares

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited.

#### Public Deposits

During 2009-10, your company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act,1956.

#### Directors

Mr. Sameer Sharma and Mr. Vinod Gupta retire by rotation and being eligible, offers for re-appointment. Pursuant to clause 49(g) (1) of the Listing Agreement with the Stock Exchanges, brief resume of the Directors being reappointed has been provided in the Notice convening the Annual General Meeting.

Mr. Mohan Arvandeekar was appointed as Additional Director of the Company at the Board meeting held on May 15, 2010 and holds office till ensuing Annual General Meeting and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

Mr. Anwar Beg Mirza has resigned from the Board of Directors with effect from May 15, 2010. The Board places on record their appreciation for the valuable contributions made by Mr. Anwar Beg Mirza during his tenure as the Director of the Company.

#### Auditors Report

The Auditors Report to the Shareholders does not contain any qualifications hence does not require any comments on the same. A company, whose securities are listed on the Stock Exchanges, is compulsorily required to follow the accounting standards prescribed by the Institute of Chartered Accountants of India.

#### Auditors

M/s. S. K. Patodia & Associates, Chartered Accountants, the Statutory Auditor of the company will cease to be the auditor at the conclusion of the ensuing Annual General Meeting and they have not offered themselves to be reappointed as an auditor. In this regard the company has received a notice from a shareholder proposing the name of



M/s. A. P. Sanzgiri & Co. Chartered Accountants, as auditor in place of M/s. S.K. Patodia & Associates, Chartered Accountants. Members may consider the appointment of M/s. A. P. Sanzgiri & Co., Chartered Accountants as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting to the next Annual General Meeting.

#### Particulars of Employees

There were no employees drawing remuneration more than prescribed under Section 217 (2A) of the Companies Act, 1956.

#### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

In view of the nature of activities which are being carried on by the company, Rules 2A and 2B of the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the company. Further, there were no foreign exchange earnings or outgo during the year under review.

#### Corporate Governance Report

Your Company has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A report on the corporate governance practices, the Auditors Certificate on compliance of mandatory requirements thereof are given as an annexure to this report.

#### Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010, and of profit of the Company for the said period;
- iii. the Directors have taken proper and sufficient care to the best of their knowledge and ability 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 detecting fraud and other irregularities; and
- iv. the Directors have prepared the accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

#### Acknowledgement

Your Directors wish to place on record their appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to achieve remarkable growth. The Board also acknowledges the unstinted support of the customers, suppliers, investors, bankers, Central and State Governments and other statutory authorities and others associated with the Company.

**On behalf of the Board of Directors**

Sd/-

Satyanarayan Sharma  
Managing Director

Mumbai  
August 14, 2010

#### Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

The Members of Suave Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Suave Hotels Limited for the year ended 31 March 2010, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures 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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, 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 further compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

#### For S. K. PATODIA & ASSOCIATES

Chartered Accountants  
F.R.No.112723W

Sd/-

Sunil Patodia  
Partner  
M. No.045489  
Mumbai, August 14, 2010

#### Certificate by the Managing Director on Code of Conduct

To

The Members of Suave Hotel Limited

I, Satyanarayan Sharma, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed the compliance of the code of conduct.

For Suave Hotels Limited

Sd/-

Satyanarayan Sharma  
Managing Director  
Mumbai, August 14, 2010

## CORPORATE GOVERNANCE

### **Our Governance Philosophy:**

Suave Hotels Limited strongly believes that the corporate governance is a framework to encourage the efficient use of resources and have accountability for the stewardship of those resources. The aims are to align, as nearly as possible the interest of all stakeholders. Suave Hotels Limited is firmly committed to continue to excel in its journey towards best Corporate Governance practices prevailing in the industry and adhere to the highest standards of corporate values and ethics. Suave Hotels Limited has been consistently striving towards enhancement of value for all its stakeholders.

Directors of Suave Hotels Limited are committed to high standards of corporate governance through transparency, compliance with regulatory norms, appropriate disclosure, fairness and a mechanism for independent supervision, which are the principle underlying features for good corporate governance. The Company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of corporate governance requirements.

### **Board of Directors:**

- 1) The Company has an Executive Chairman, and thus, 50% of the total numbers of Directors are independent. The management of the Company is headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the action and results of management to ensure that the long term objectives of enhancing stakeholder value are met.
- 2) "Independent Directors", i.e. Directors who apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgement of the Board, may affect the independence of the Director, comprise over half of the Board.
- 3) **About the Directors:**
  - a) Satyanarayan Sharma: He is an Electrical Engineer having over 25 years of experience of experience in Administration. He is the visionary founder promoter of Suave Hotels Limited.
  - b) Sandeep Sharma: He is a graduate from Mumbai University and holds a Diploma in Hotel Management with over five years of experience. Mr. Sandeep Sharma has toiled along with Mr. Satyanarayan Sharma to bring Suave Hotels Limited to its present position. He gets the credit for instilling professionalism, while keeping the traditional values intact.
  - c) Sameer Sharma: He is a graduate from Mumbai University. He has been associates with the company since 2006.
  - d) Surendra Kumar Kulhari: He is a retired Marine Engineer and also having in-depth knowledge in real estate management. He joined the Board of the Company in 2004.
  - e) Mohan Arvandekar: He is a retired officer having large experience of over 35 years with nationalized banks. He has been associated with Suave Hotels Limited since May 2010.
  - f) Vinod Gupta: He is a Chartered Accountant with more than 25 years of experience. His expertise lies in the field of finance and taxation. Mr. Gupta has vast experience in management. He is also Director in Zyden Gentec Limited.

4) The Composition and Categories of Directors (for the period April 1, 2009 to August 14, 2010) is as follows:

Name	Category
Mr. Satyanarayan Sharma	Chairman & Managing Director
Mr. Sandeep Sharma	Executive Director
Mr. Sameer Sharma	Non Executive and Non Independent
Mr. Vinod Gupta	Non Executive and Independent
Mr. Anwar Beg Mirza*	Non Executive and Independent
Mr. S. K. Kulhari	Non Executive and Independent
Mr. Mohan Arvandekar**	Non Executive and Independent

\* Mr. Anwar Beg Mirza has resigned from the Board with effect from May 15, 2010.

\*\* Mr. Mohan Arvandekar has been appointed as additional director on Board with effect from May 15, 2010

5) During the year under review, the Board of Directors of the Company met seven times and the period between any of the two meetings did not exceed three months. The dates for the Board Meeting held during the each quarter are as follows:

No.	Date of Meeting	For the Quarter
1.	April 30, 2009	April to June
2.	July 30, 2009	July to September
3.	August 25, 2009	July to September
4.	September 22, 2009	July to September
5.	October 31, 2009	October to December
6.	January 29, 2010	January to March
7.	February 3, 2010	January to March

As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

The attendance of each Director at the Board Meetings and the last Annual General Meeting:

Name of the Director	No of the Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Satyanarayan Sharma	07	07	Yes
Mr. Sandeep Sharma	07	07	Yes
Mr. Sameer Sharma	07	06	Yes
Mr. Vinod Gupta	07	04	Yes
Mr. Anwar Beg Mirza*	07	04	Yes
Mr. S. K. Kulhari	07	06	Yes

\* Mr. Anwar Beg Mirza has resigned from the Board with effect from May 15, 2010.

- 6) None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement, 'Committees' for this purpose include the Audit Committee and the Shareholders'/Investor Grievance Committee under the said Clause 49 of the Listing Agreement. The Details of the committee memberships of the Board of Directors are given below:

Name of the Director	No. of Outside Directorships held	*Number of Committee Memberships	*Number of Committees in which Chairperson
Mr. Satyanarayan Sharma	Nil	Nil	Nil
Mr. Sandeep Sharma	Nil	Nil	Nil
Mr. Sameer Sharma	Nil	Nil	Nil
Mr. Vinod Gupta	1	Nil	Nil
Mr. Anwar Beg Mirza*	Nil	Nil	Nil
Mr. S. K. Kulhari	1	1	Nil
Mr. Mohan Arvandeekar**	Nil	Nil	Nil

\* Mr. Anwar Beg Mirza has resigned from the Board with effect from May 15, 2010.

\*\* Mr. Mohan Arvandeekar has been appointed as additional director on Board with effect from May 15, 2010

- 7) All the relevant information, as recommended by the Securities and Exchange Board of India (SEBI)/Stock Exchanges, is promptly furnished to the Board from time to time in a structured manner.
- 8) The Company has adopted a Code of Conduct for its Executive and Non Executive Directors and all Non-Executive Directors have affirmed compliance with the said code. All the Senior Management of the Company has affirmed compliance with the Suave Code of Conduct. The Code of Conduct is also displayed on the Company's website. The Annual Report of the Company contains a Certificate duly signed by the Managing Director (CEO) in this regard.
- 9) Mr. Vinod Gupta and Mr. Sameer Sharma retire and being eligible seeks re-appointment at the ensuing Annual General Meeting. The details of Directors seeking appointment / re-appointment have been attached along with the Notice of the Annual General Meeting.
- 10) Other than transactions entered into in the normal course of business, the Company has entered into any materially significant related party transactions during the year, which do not have a potential conflict of interest between the Company and its Promoters, Directors, Management and /or relatives.
- 11) The Company has a well defined risk management framework in place. The risk Management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter of this Annual Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

12) Equity Shares held by Directors:

Names of the Directors	Category	No. of Equity Shares
Mr. S. N. Sharma	Chairman & Managing Director	11,97,100
Mr. Sandeep Sharma	Executive Director	58,700
Mr. Sameer Sharma	Non Executive Director	40,000
Mr. S. K. Kulhari	Independent Director	96,689

### Board Committees

Your Company has three major Board level Committees:

- Audit Committee
- Remuneration Committee
- Shareholders'/Investor Grievance Committee

All the decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. Details on the role and composition of these Committees are provided below:

a) Audit Committee

The Audit Committee was constituted by the Board of Directors of the company, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee comprises three Members, of whom two are Non Executive and Independent Directors. The composition of the committee is Mr. S. K. Kulhari (Chairman), Mr. M. V. Arvandeekar (Member), Mr. Sandeep Sharma (Member). The quorum of an audit committee meeting is two members personally present. All the members of the committee have financial knowledge within the meaning of the explanation to clause 49(II)(A) of the Listing Agreement. The terms of reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

b) Remuneration Committee

Remuneration Committee was constituted to recommend / review the remuneration package of the Managing / Executive Directors. As required under clause 49 of the Listing Agreement, the committee constitutes of Mr. Mohan Arvandeekar (Chairman), Mr. S. K. Kulhari (Member) and Mr. Sameer Sharma (Member). The details of the remuneration paid to executive directors are disclosed in the related party transactions in the notes to accounts section of the report. However, there is no sitting fees paid to Non-Executive Directors for attending Board and Committee Meetings.

c) Shareholders / Investor Grievance Committee

The investor's grievance committee comprises Mr. Sandeep Sharma (Chairman), Mr. Sameer Sharma and Mr. S. K. Kulhari. The terms of reference of the Committee consist of:

- Monitoring the response to investor questions and grievances;
- Approving share transfers, transmissions, queries and grievances

The shares of the company are traded on the Bombay Stock Exchange Limited only in the dematerialized form. As on March 31, 2010, 47.32 % of the Company's shares were in dematerialized form. During the year under review the Company received six shareholder complaints as certified by the Share Transfer Agent of the company. There were no pending share transfers or complaints as on March 31, 2010.

**Name and Designation of Compliance officer: Mr. Sandeep Sharma, Executive director.**

#### General Body Meetings

The details of the Annual General Meetings held in the past three years and the special resolutions passed there at are as follows:

Year	Date & Venue	Time	No. of Special Resolution
2007	September 29, 2007, Hotel Atithi, Near Domestic Airport, Santacruz (East), Mumbai	11.00 hrs	One
2008	September 30, 2008, Mantra Dinning Bar, Powai Plaza, Hiranandani Garden, Powai, Mumbai – 400076	11.00 hrs	Three
2009	September 30, 2009, Sahara Star, Near Domestic Airport, Vile Parle (East), Mumbai	12.30 hrs	Nil

There was an Extra Ordinary General Meeting of the Shareholders held on July 2, 2010 and the special resolutions were passed for a) Increase in the Authorized share capital, b) Alteration of the Memorandum of Association, c) Further issuance of Securities.

#### Disclosures:

- The Company did not have any material significant related party transactions which do not have any potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the Notes to the accounts forming part of the Annual Report.
- The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.
- The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Agreement. In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee, the details whereof are given under the heading “Remuneration Committee”. The quarterly and half yearly financial results are displayed on the Company’s website and are published in the newspapers.
- As required by Clause 49 of the Listing Agreement, a certificate from Auditor certifying the compliance by the Company with the provisions of Corporate Governance of the Listing Agreement is given as at the beginning of this Report.

#### Secretarial Audit

A qualified practicing chartered accountant who is also the statutory auditor of the company carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held by the NSDL and CDSL.

#### Means of Communication:

- The quarterly un-audited financial results are published in leading English and Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to the shareholders at their registered address with the company.
- The Management Discussion and Analysis Report, in compliance with the requirements of Clause 49 of the Listing Agreement is annexed to the Directors’ Report and forms part of this Annual Report being sent to all the members of the Company. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.
- The Company’s website is a comprehensive reference on Company’s management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on ‘Investor Relations’ serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars and share transfer agents.

#### Management Discussion and Analysis

Annual report has a separate detailed chapter on Management Discussion and Analysis.

Shareholders' Information

1) Annual General Meeting

Date and Time: September 30, 2010, 12.00 noon  
 Venue: Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai – 400069

2) Financial Year (Tentative)

Financial reporting for the quarter ending June 30, 2010 :2nd week of August, 2010  
 Financial reporting for the half year ending September 30, 2010 : 2nd week of November, 2010  
 Financial reporting for the quarter ending December 31, 2010 :2nd week of February, 2011  
 Financial reporting for the year ending March 31, 2011 :2nd week of May, 2011  
 Annual General Meeting for the year ended March 31, 2011 :2nd week of July, 2011

3) Dates of Book Closure

:September 25, 2010 to September 30, 2010 (both days inclusive)

4) Dividend Payment Date:

:1st Week of October, 2010

5) Registered Office:

:F/72, Solaris, Opp. L&T Gate No.6, Off Saki Vihar Road, Andheri (E), Mumbai – 400072  
 Tel: +91-22-40150010  
 Fax:+91-22-40150010  
 Email : info@suavehotels.in  
 Website: www.suavehotels.in

6) Listing on Stock Exchanges

: Bombay Stock Exchange Limited

7) Stock Code

: BSE – 531373

8) Payment of Annual Listing fees

:Listing fees for the financial year 2010-11 has been paid to the Bombay Stock Exchange Limited.

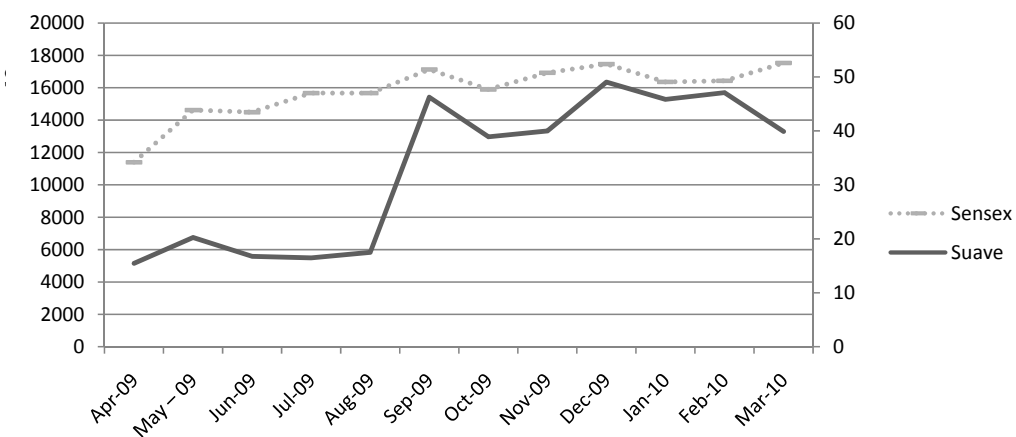
Market Price Data

Monthly High, Low & Closing market price of the Company's shares traded at BSE during each month of the financial year ended March 31, 2010 are as under:

Month	High	Low	Close Price	Volume	Sensex
April -2009	16.75	11.10	15.45	32,999	11403.25
May – 2009	20.30	13.55	20.25	1,08,267	14625.25
June -2009	21.30	15.05	16.75	64,197	14493.84
July - 2009	19.10	15.00	16.45	41,042	15670.31
August – 2009	18.60	15.00	17.50	34,439	15666.64
September – 2009	46.25	15.50	46.25	9,44,406	17126.84
October-2009	48.55	37.05	38.90	7,20,734	15896.28
November-2009	44.95	37.10	40.00	4,50,545	16926.22
December-2009	51.00	38.20	49.05	3,57,122	17464.81
January-2010	57.00	42.55	45.85	3,83,892	16357.96
February-2010	53.90	45.20	47.10	1,68,467	16429.55
March-2010	54.00	39.05	39.90	6,91,281	17527.77

► High and low are in rupees per traded share

► Volume is the total monthly volume of traded shares (in number) of Suave Hotels Limited on Bombay Stock Exchange Limited.



Distribution of Shareholding as on March 31, 2010

Number of Shares	Number of Shareholders	% to total No. of Shareholders	No. of Shares	% to total share capital
1-100	2,218	59.83	2,00,369	1.60
101-200	329	8.88	62,546	0.49
201-500	498	13.43	1,97,927	1.57
501-1000	279	7.53	2,40,470	1.91
1001-5000	246	6.64	5,72,104	4.55
5001-10000	40	1.08	2,97,211	2.36
10000-100000	79	2.13	23,52,451	18.74
100001 to Above	21	0.49	86,25,822	68.74
Total	3,710	100.00	1,25,48,900	100.00

**Categories of Shareholders as on March 31, 2010**

Sr. No.	Description	No. of Shares (as at March 31,2010)	% to capital
A.	Promoters	33,45,500	26.66
B.	Public Shareholding		
	-NRI/ OCBs	875	0.01
	-Bodies Corporate	37,42,309	29.82
	-Individuals	54,60,216	43.51
	<b>Total</b>	<b>1,25,48,900</b>	<b>100.00</b>

**Registrar and Transfer Agent**

Sharepro Services (I) Pvt. Ltd.  
13AB Samhita Warehousing Complex,  
Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri (East), Mumbai – 400072  
Tel: 022-67720300

**Dematerialization of Shares and liquidity:**

AS on March 31, 2010, 47.32% comprising 59,38,589 shares of the Company's were held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and 52.68% comprising 66,10,311 shares were held in physical form.

**Address for Correspondence**

Shareholders may correspond with the Registrar and Transfer Agent, at the address mentioned here in above on all matters relating to transfer of shares and credit of shares in Demat Account. Members may contact Mr. Sandeep Sharma, Compliance Officer for all investor related matters at the registered office of the company at the following address:

**Suave Hotels Limited**

F/72, Solaris, Opp. L&T Gate No.6,  
Off Saki Vihar Road, Andheri (East)  
Mumbai – 400072  
Tel. : +91-22-40150010  
Fax. : +91-22-40150010

**For and on behalf of the Board**

Sd/-

**Mr. Satyanarayan Sharma**

**Managing Director**

Mumbai, August 14, 2010

**Chief Executive Officer Certificate**

I, Satyanarayan Sharma, Managing Director & Chief Executive Officer, responsible for the finance function certified that:

- 1) I have reviewed the financial statements & cash flow statement for the year ended March 31, 2010 and to best of my knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered in to by the company during the year ended March 31, 2010 are fraudulent, illegal or violating of the company's code of conduct.
- 3) I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit Committee and the steps have been taken to rectify these deficiencies.
- 4) There not have been any significant change in internal control over financial reporting during the year under reference; There has not been any significant change in accounting policies during the year except as laid down in Accounting Standards (AS) 15 (revised 2005) or employee benefits. Requiring disclosers in the notes to the financial statements: and  
I am not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in Company's internal control system over financial reporting.

Sd/-  
Satyanarayan Sharma  
Managing Director & CEO

Mumbai  
August 14, 2010

### Auditors' Report

To,  
The Members of SUAVE HOTELS LIMITED,

We have audited the attached Balance Sheet of SUAVE HOTELS LIMITED as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of those books.
  - c) The said Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit & Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
    - ii) In case of the Profit & Loss Account, of the profit Company for the year ended on that date.
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. K. PATODIA & ASSOCIATES**  
Chartered Accountants  
F.R.No.112723W

Sd/-

Sunil Patodia  
Partner  
M. No.045489  
Mumbai 14th August 2010

### Annexure to Auditors Report

Annexure referred to in Paragraph 2 of the Auditors Report to the members of SUAVE HOTELS LIMITED for the year ended 31st March 2010.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies on such physical verification were not material.
  - (c) In our opinion and according to the information and explanation given to us no part of fixed assets has been disposed off during the year.
- (ii) (a) In our opinion and according to the information and explanations given to us, inventories have been physically verified by the management during the year at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) In our opinion and according to information and explanation given to us, the company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stock and book records were not material.
- (iii) (a) The Company has not granted any loan to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) The company has not taken any loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation 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 purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained in that section.
  - (b) 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.
- (vi) The company has not accepted any public deposit.
- (vii) The Company does not have formal internal audit system but its financial and internal checks ensures proper recording of financial transactions.
- (viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable.

**Balance Sheet As At 31st March 2010**

(Figures in Rupees)

- b) There are no amount in respect of any disputed income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess.
- (x) The company does not have any accumulated losses at the end of the financial year.
- (xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- (xiv) In respect of dealing in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments have been held by the company in its own name.
- (xv) The company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has not taken any Term Loan during the year.
- (xvii) On an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investments.
- (xviii) The company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

For **S. K. PATODIA & ASSOCIATES**

**Chartered Accountants**

**F.R.No.112723W**

Sd/-

Sunil Patodia  
Partner  
M. No.045489

Mumbai  
14th August 2010

Particulars	Schedules	31-Mar-10		31-Mar-09	
<b>SOURCES OF FUNDS:</b>					
<u>Shareholders' Funds -</u>					
Share Capital	A	125,489,000		112,989,000	
Reserves & Surplus	B	<u>214,244,174</u>	339,733,174	<u>189,563,280</u>	302,552,280
Loan Funds -					
Secured Loans		0		0	
Unsecured Loans		<u>0</u>	0	<u>0</u>	0
Share Warrant Application Money			0		3,750,000
Deferred Tax Liability			18,877,928		16,421,150
				<u>358,611,102</u>	<u>322,723,430</u>
<b>APPLICATION OF FUNDS:</b>					
<u>Fixed Assets -</u>					
Gross Block	C	145,919,460		137,137,567	
Less : Depreciation		<u>24,182,414</u>		<u>15,438,723</u>	
Net Block		121,737,046		121,698,844	
Capital work-in-progress		<u>25,147,650</u>	146,884,696	<u>25,147,650</u>	146,846,494
<u>Investments</u>					
	D		2,222,870		2,222,870
Current Assets, Loans & Advances -					
Inventories	E	4,032,361		8,158,521	
Sundry Debtors	F	9,420,787		24,958,650	
Cash & Bank Balances	G	4,547,243		33,243,044	
Other Current Assets	H	17,920,000		4,000,000	
Loans & Advances	I	<u>190,483,300</u>	226,403,691	<u>113,000,000</u>	183,360,215
Less : Current Liabilities & Provisions -					
Current Liabilities	J	8,191,469		6,288,321	
Provisions	K	<u>9,419,569</u>	17,611,038	<u>4,253,712</u>	10,542,033
<u>Net Current Assets -</u>			208,792,653		172,818,183
<u>Miscellaneous Expenditure -</u>					
(to the extent not written off or adjusted)	L		710,883		835,883
				<u>358,611,102</u>	<u>322,723,430</u>

Significant Accounting Policies & Notes to Accounts as per Schedule - O

As per our report of even date attached.  
For **S. K. Patodia & Associates**  
**Chartered Accountants**  
**F.R.No.112723W**  
Sd/-  
Sunil Patodia  
Partner  
Mem.No.045489  
Mumbai  
14th August 2010

**By and on behalf of Board of Directors**

Sd/-  
Managing Director - Satyanarayan Sharma  
Sd/-

Executive Director - Sandeep Sharma



**Profit & Loss Account for the year ended on 31st March 2010**

Particulars	Schedules	(Figures in Rupees)	
		31-Mar-10	31-Mar-09
<b>INCOME:</b>			
Income from operations		150,282,964	136,589,213
Interest Income		119,648	217,987
		<u>150,402,612</u>	<u>136,807,200</u>
<b>EXPENDITURE</b>			
Operating expenses	M	116,077,355	101,860,946
Administrative & other expenses	N	11,427,335	13,730,446
Depreciation	C	8,743,691	7,456,513
		<u>136,248,381</u>	<u>123,047,905</u>
<b>Profit/(Loss) before tax provision</b>		<b>14,154,231</b>	<b>13,759,295</b>
Provision for tax -			
Current Tax		2,200,000	1,573,000
Deferred Tax		2,456,778	3,040,237
Fringe Benefit Tax		0	82,777
<b>Profit/(Loss) after tax provision</b>		<b>9,497,453</b>	<b>9,063,281</b>
<b>Profit/(Loss) brought forward</b>		<b>56,063,280</b>	<b>52,143,829</b>
Appropriations -			
Transfer to general reserve		0	2,500,000
Proposed Dividend		6,274,450	2,259,780
Dividend distribution tax on proposed dividend		1,042,109	384,050
<b>Profit/(Loss) carried forward</b>		<b><u>58,244,174</u></b>	<b><u>56,063,280</u></b>
Basic Earning Per Share		0.83	1.49
Diluted Earning Per Share		0.83	1.46

Significant Accounting Policies & Notes to Accounts as per Schedule - O

As per our report of even date attached.

For **S. K. Patodia & Associates**

**Chartered Accountants**

**F.R.No.112723W**

Sd/-

Sunil Patodia

Partner

Mem.No.045489

Mumbai

14th August 2010

**By and on behalf of Board of Directors**

Sd/-

Managing Director - Satyanarayan Sharma

Sd/-

Executive Director - Sandeep Sharma

**Cash Flow Statement for the year ended on 31st March 2010**

Particulars	(Figures in Rupees)	
	31-Mar-10	31-Mar-09
<b>Cash flows from operating activities</b>		
Net profit/(loss) before taxation and extraordinary item	14,154,231	13,759,295
<b>Adjustments for:</b>		
Depreciation	8,743,691	7,456,513
Interest income	(119,648)	(217,987)
Misc. expenditure written off	125,000	125,000
Operating profit before working capital changes	22,903,275	21,122,821
(Increase)/Decrease in receivable	15,537,863	(125,549,664)
(Increase)/Decrease in inventories	4,126,160	1,099,999
Income taxes paid	(1,706,872)	(6,580,130)
Increase/(Decrease) in current liabilities	1,903,148	(3,096,028)
<b>Net cash from operating activities</b>	<b>42,763,574</b>	<b>(113,003,002)</b>
<b>Cash flows from investing activities</b>		
Interest received	96,248	217,987
Sundry deposits made	(13,920,000)	0
Advances made for assets	(77,459,900)	0
Purchase of fixed assets	(8,781,893)	(2,389,500)
<b>Net cash used in investing activities</b>	<b>(100,065,545)</b>	<b>(2,171,513)</b>
<b>Cash flows from financing activities</b>		
Dividend & dividend distribution tax paid	(2,643,830)	(6,489,365)
Proceeds from equity share warrant application	0	3,750,000
Proceeds from issuance of share capital	31,250,000	147,000,000
<b>Net cash from financing activities</b>	<b>28,606,170</b>	<b>144,260,635</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(28,695,801)</b>	<b>29,086,120</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,243,044</b>	<b>4,156,924</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>4,547,243</u></b>	<b><u>33,243,044</u></b>

As per our report of even date attached.

For **S. K. Patodia & Associates**

**Chartered Accountants**

**F.R.No.112723W**

Sd/-

Sunil Patodia

Partner

Mem.No.045489

Mumbai

14th August 2010

**By and on behalf of Board of Directors**

Sd/-

Managing Director - Satyanarayan Sharma

Sd/-

Executive Director - Sandeep Sharma

**Schedules forming part of financial statements**

Particulars	Schedules	31-Mar-10	(Figures in Rupees) 31-Mar-09
<b>Share Capital:</b>			
Authorised - 14,000,000 (P.Y. 14,000,000) Equity Shares of Rs.10/- each	A	140,000,000	140,000,000
		<u>140,000,000</u>	<u>140,000,000</u>
Issued, Subscribed and Paid-up - 12,548,900 (P.Y. 11,298,900) equity shares of Rs.10/- each fully paid-up		<u>125,489,000</u>	<u>112,989,000</u>
<b>Reserves &amp; Surplus:</b>			
<b>General Reserve</b>			
Opening Balance		10,000,000	7,500,000
Additions during the year		0	2,500,000
		<u>10,000,000</u>	<u>10,000,000</u>
<b>Securities premium</b>			
Opening Balance		123,500,000	29,000,000
Additions during the year		22,500,000	94,500,000
		<u>146,000,000</u>	<u>123,500,000</u>
Profit & loss account		58,244,174	56,063,280
		<u>214,244,174</u>	<u>189,563,280</u>
<b>Investments:</b>			
<b>Long Term Investments - Quoted investments -</b>			
444,574 (P.Y. 444,574) equity shares of Rs.10/- each of Upsurge Investment & Finance Ltd. (Market Value - Rs.4,094,527/-, P.Y. - Rs.2,854,165/-)	D	2,222,870	2,222,870
		<u>2,222,870</u>	<u>2,222,870</u>
<b>Inventories:</b>			
Food & Beverages	E	1,293,277	2,067,562
Stores & Supplies including linen		2,739,084	6,090,959
		<u>4,032,361</u>	<u>8,158,521</u>

**Schedules forming part of financial statements**

**Schedule - C - Fixed Assets & Depreciation**

(Figures in Rupees)

Particulars	Dep. Rate (S.L.M.)	Gross Block		As on 31-Mar-10		Depreciation		Net Block			
		As on 1-Apr-09	Additions	Deductions	As on 31-Mar-10	As on 1-Apr-09	Additions	Deductions	As on 31-Mar-10	As on 31-Mar-09	
Land & Building	1.63%	68,879,957	0	0	68,879,957	2,800,718	1,122,743	0	3,923,461	64,956,496	66,079,239
Plant & Machinery	4.75%	26,721,304	6,999,114	0	33,720,418	2,236,361	1,506,294	0	3,742,655	29,977,763	24,484,943
Office Equipments	4.75%	2,979,956	0	0	2,979,956	279,291	141,548	0	420,839	2,559,117	2,700,665
Computers & Softwares	16.21%	26,421,115	1,765,000	0	28,186,115	6,715,422	4,305,861	0	11,021,283	17,164,832	19,705,693
Furniture & Fixtures	9.50%	10,794,735	0	0	10,794,735	2,754,809	1,538,250	0	4,293,059	6,501,676	8,039,926
Vehicles	9.50%	1,340,500	17,779	0	1,358,279	652,122	128,995	0	781,117	577,162	688,378
Total --		137,137,567	8,781,893	0	145,919,460	15,438,723	8,743,691	0	24,182,414	121,737,046	121,698,844
Previous Year		137,137,567	0	0	137,137,567	7,982,210	7,456,513	0	15,438,723	121,698,844	129,155,357

**Schedules forming part of financial statements**

Particulars	Schedules	(Figures in Rupees)	
		31-Mar-10	31-Mar-09
<b>Sundry debtors:</b>			
(Unsecured, considered good)	F		
Dues outstanding for the period in excess of six months		0	0
Other outstanding debts		9,420,787	24,958,650
		<u>9,420,787</u>	<u>24,958,650</u>
<b>Cash &amp; bank balances:</b>	G		
Balance with scheduled banks -			
- in fixed deposit accounts		0	1,726,204
- in current accounts		3,780,573	31,259,531
Cash on Hand		766,670	257,309
		<u>4,547,243</u>	<u>33,243,044</u>
<b>Other current assets:</b>	H		
Sundry deposits		17,920,000	4,000,000
		<u>17,920,000</u>	<u>4,000,000</u>
<b>Loans &amp; advances:</b>	I		
Sundry loans (Unsecured, considered good)		773,400	750,000
Advances recoverable in cash or for value to be received		189,709,900	112,250,000
		<u>190,483,300</u>	<u>113,000,000</u>
<b>Current liabilities:</b>	J		
Sundry Creditors -			
- due to micro and small enterprises		0	0
- due to others		7,148,232	4,941,332
Unclaimed Dividend		821,362	1,076,151
Other Liabilities		221,875	270,838
		<u>8,191,469</u>	<u>6,288,321</u>

**Schedules forming part of financial statements**

Particulars	Schedules	(Figures in Rupees)	
		31-Mar-10	31-Mar-09
<b>Provisions:</b>	K		
Income tax (net)			
Proposed dividend		2,103,010	1,609,882
Dividend distribution tax		6,274,450	2,259,780
		1,042,109	384,050
		<u>9,419,569</u>	<u>4,253,712</u>
<b>Miscellaneous Expenditure:</b>	L		
<u>Preliminary &amp; Issue Expenses</u>			
Opening Balance		835,883	960,883
Written off during the year		(125,000)	(125,000)
		<u>710,883</u>	<u>835,883</u>
<b>Operating expenses:</b>	M		
Accommodation expenses		92,576,872	59,009,329
Food & beverages consumed		3,256,342	14,844,533
Personnel expenses		13,616,260	13,942,282
Power & fuel charges		1,020,222	3,048,623
Stores & Supplies including linen		3,888,885	3,556,044
Other operating expenses		1,718,774	7,460,135
		<u>116,077,355</u>	<u>101,860,946</u>
<b>Administrative &amp; other expenses:</b>	N		
Auditors Remuneration		689,375	1,213,300
Legal & professional fees		433,664	330,557
Directors remuneration		1,650,000	1,500,000
Donation		425,100	0
General expenses		1,008,508	1,080,697
Bank charges		50,276	111,964
Interest Expenses		24,848	421,064
Printing & stationery		704,467	709,505
Repair & Maintenance		519,908	680,317
Rent, rates & taxes		2,468,196	1,939,732
Communication expenses		460,883	492,558
Security Charges		151,500	137,081
Commission Expenses		109,309	79,140
Transport Charges		77,650	115,318
Traveling & conveyance expenses		603,322	689,721
Vehicle expenses		268,550	625,546
Marketing & advertisement expenses		1,656,779	3,478,946
Preliminary expenses written off		125,000	125,000
		<u>11,427,335</u>	<u>13,730,446</u>

**Schedules forming part of financial statements**

**Schedule - R - Notes on Accounts & Significant Accounting Policies :**

1) Significant Accounting Policies -

A. Basis for accounting

The financial statements are prepared under the historical cost convention on a going concern and accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

B. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as on the date of financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of financial statements are prudent and reasonable, future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. Revenue recognition

Revenue/Income and Cost/Expenditure are generally accounted on accrual as they are earned or incurred, except in case of significant uncertainties.

- Dividend is accounted when the right to receive payment is established.
- Interest and other income are accounted on accrual basis.

D. Fixed assets

All fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

E. Depreciation

Depreciation on fixed assets is provided on straight line method at the rates prescribed by schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date of addition.

F. Inventories

Inventories are valued at cost or net realisable value whichever is lower. Cost is taken on weighted average basis and cost includes all incidental cost of acquisition.

G. Investments

The investments are classified under two categories viz. current and long term and are valued in accordance with accounting standard 13 on "Accounting for investments".

- Long term investments are carried at cost of acquisition including incidental charges less provision for permanent diminution, if any, in value of such investments.
- Current investments are carried at cost of acquisition or net realisable value, whichever is lower.

H. Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined, based on estimate required to settle the obligation on the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**Schedules forming part of financial statements**

I. Income tax

Income tax is accounted in accordance with accounting standard 22 "Accounting for taxes on income" which includes current and deferred taxes. Deferred tax assets/liabilities represents timing differences between accounting income and taxable income recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

J. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

K. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated. Cash and cash equivalents include cash in hand, balances with banks and money at call and short notice.

L. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price or value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

M. Employee benefits

Employee benefits of short term nature are recognised as expense as and when it accrues. Long term employee benefits and post employment benefits, both funded and unfunded, are recognised as expense based on actuarial valuation at the end of the year using the projected unit credit method. The company has changed its policy in regards to employee benefits from cash basis to accrual basis, but this change in policy does not have a material impact on the financials of the company.

**Notes on accounts-**

2) Auditors Remuneration	2009-10 (Rs.)	2008-09 (Rs.)
Statutory & Tax Audit Fees	634,225	634,225
Taxation Matter	0	165,450
Certification Fees	55,150	44,635
Consultancy Fees	0	368,990
	<u>689,375</u>	<u>1,213,300</u>

3) Balances of the debtors, creditors, advances and balances of deposits are subject to confirmation, reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

**Schedules forming part of financial statements**

4) In the opinion of management, the current assets and advances have the value as stated in the balance sheet, if realised in the ordinary course of business.

5) The net deferred tax liability/(asset) as on 31st March 2010 has been worked out as follows:

	<u>31-Mar-10</u>	<u>31-Mar-09</u>
Deferred tax liabilities/(assets) on account of -		
- Depreciation	18,877,928	16,421,150
Total --	<u>18,877,928</u>	<u>16,421,150</u>

6) Earning per share (EPS):

<u>Particulars</u>	<u>2009-10</u>	<u>2008-09</u>
Profit/(Loss) after tax provision as per profit/loss account	9,497,453	9,063,281
Weighted average number of equity shares outstanding during the year for basic earning per share	11,494,106	6,063,284
Weighted average number of equity shares outstanding during the year for diluted earning per share	11,494,106	6,197,212
Nominal value of equity shares	10	10
Basic earning per share	0.83	1.49
Diluted earning per share	0.83	1.46

7) Based on the guiding principles stated in accounting standard 17 "Segment reporting", the management does not recognise any distinguishable component of the company that is engaged in providing an individual product or service or a group of related products or services. Hence the disclosure requirements of AS-17 in this regard is not applicable.

8) In opinion of the management there is no contingent liabilities as on 31st March 2010. (P.Y. NIL)

9) The company has unclaimed dividend of financial year 2008-2009 amounting to Rs.158,715.80/- as on 31st March 2010 and the same is represented by the demand drafts issued but not presented in bank hence not reflected in balance sheet. (P.Y. - NIL)

10) The company has issued 7,500,000 share warrants convertible into 7,500,000 equity shares of Rs.10/- each at a premium of Rs.34/- to its promoters and others on preferential basis, convertible within 18 months, vide special resolution passed at extra ordinary general meeting held on 2nd July, 2010.

11) **Related party disclosures:**

**List of related parties -**

Key management personnel & their relatives	Satyanarayan Sharma (Managing Director)
	Sandeep Sharma (Executive Director)
	Sameer Sharma (Non-Executive Director)
	Manorama Sharma
Enterprises over which above persons are able to exercise significant influence -	Hot-n-Ice Entertainment Pvt. Ltd.
	Boyce Ply Pvt. Ltd.

**Related party transactions -**

	<u>Salary and other allowances:</u>	<u>2009-10</u>	<u>2008-09</u>
Key management personnel & their relatives			
	Satyanarayan Sharma	700,000	550,000
	Sandeep Sharma	500,000	430,000
	Manorama Sharma	450,000	370,000
	Sameer Sharma	0	150,000

**Schedules forming part of financial statements**

12) There is no outstanding dues of micro and small enterprises suppliers as defined under The Micro, Small and Medium Enterprises Development Act, 2006.

13) Previous year's figures have been regrouped / reclassified / rearranged / recast wherever necessary to match with current year's presentation.

14) Quantitative details - Not Applicable

Additional information pursuant to the provisions of Part-IV to Schedule-VI to the Companies Act, 1956:

**Balance Sheet Abstract and Company's General Business Profile -**

**I. Registration Details:**

Registration Number	--	L67190MH1990PLC056009
State Code	--	11
Balance Sheet Date	--	31st March 2010

**II. Capital Raised During The Year:**

		(Rs. In '000)
Public Issue	--	NIL
Right Issue	--	NIL
Bonus Issue	--	NIL
Private Placement	--	12,500

**III. Position of Mobilisation and Deployment of Funds:**

		(Rs. In '000)
Total Liabilities	--	376,222
Total Assets	--	376,222
Sources of Funds -		
Paid-up Capital	--	125,489
Reserves & Surplus	--	214,244
Secured Loan	--	0
Unsecured Loan	--	0
Deferred Tax Liability	--	18,878
Application of Funds -		
Net Fixed Assets	--	146,885
Investments	--	2,223
Net Current Assets	--	208,793
Miscellaneous Expenditure	--	711
Accumulated Losses	--	0

**IV. Performance of Company:**

		(Rs. In '000)
Turnover/Gross receipts	--	150,403
Total Expenditure	--	136,248
Profit Before Tax	--	14,154
Profit After Tax	--	9,497
Earning Per Share (in Rs.)	--	0.83
Dividend Rate	--	5%

**V. Generic Names of Principle Products / Service of Company:**

Name of the Product / Service	--	Hotels & Restaurant
-------------------------------	----	---------------------

As per our report of even date attached.

For **S. K. Patodia & Associates**

**Chartered Accountants**

**F.R.No.112723W**

Sd/-

Sunil Patodia

Partner

Mem.No.045489

Mumbai

14th August 2010

**By and on behalf of Board of Directors**

Sd/-

Managing Director - Satyanarayan Sharma

Sd/-

Executive Director - Sandeep Sharma



*Experience — the best in hospitality*

\* *Sunshine Beach Resort*

\* *Goan Holidays*

\* *Sunflower Beach Resort*



