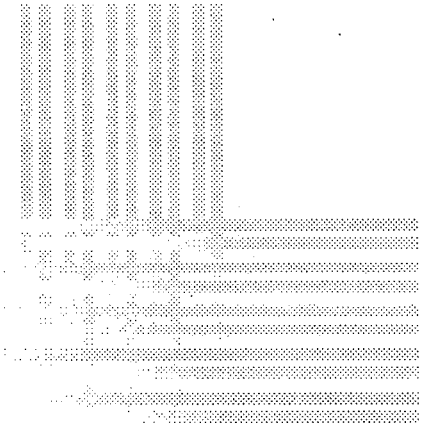


20th Annual Report 2008-2009



H. S. INDIA LIMITED

BOARD OF DIRECTORS

Pushpendra Bansal	Chairman & Joint Managing Director
Ramesh Bansal	Managing Director
Nimish Shah	Director
Pradeep Dhawan	Director
Bapi Datta	Additional Director (w.e.f. 31-07-09)

AUDITORS

Agarwal & Mangal
Chartered Accountants
14/16, Papatwadi, 1st Floor,
Kalbadevi Road,
Mumbai-400 002.

BANKERS

Punjab National Bank
Syndicate Bank
Bank of Baroda

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

NOTICE

NOTICE is hereby given that the **20th ANNUAL GENERAL MEETING** of **H. S. INDIA LIMITED** will be held at 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai - 400 053, on Tuesday, the 29th September, 2009 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Pushpendra Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/S. AGARWAL & MANGAL, Chartered Accountants, Mumbai, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Bapi Datta, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31st July, 2009 and who hold office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provision of Section 269 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ramesh Bansal as Managing Director of the Company for a further period of 5 (five) years with effect from 1st August, 2009 without any remuneration and upon such terms and conditions as may be mutually decided between the Board of Directors and Mr. Ramesh Bansal".

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The register of members and share transfer books of the Company will remain closed from 21st September, 2009 to 29th September, 2009, both days inclusive.
- (c) Members are requested to:
 - (i) Intimate to the Company's Registrar & Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd, 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072./their Depository Participant ("DP"), changes, if any, in their registered addresses at an early date;
 - (ii) Quote their Registered Folio Numbers and/or DP Identity and Client Identity number in their correspondence;
 - (iii) Bring their copy of Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (iv) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
- (d) A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
- (e) A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956**

ITEM NO. 4

Mr. Bapi Datta was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 31st July, 2009. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Bapi Datta as a candidate for the office of the Director of the Company, liable to retire by rotation.

The Directors recommend the resolution for your approval.

None of the Directors except Mr. Bapi Datta is considered to be interested or concerned in the above resolution.

ITEM NO. 5

Term of appointment of Mr. Ramesh Bansal as Managing Director was expired on July 31, 2009. Accordingly, Board of Directors at their Meeting held on that date has re-appointed Mr. Ramesh Bansal as Managing Director of the Company for a further period of 5 (five) years w.e.f. 1st August, 2009.

Re-appointment of Mr. Ramesh Bansal as Managing Director is subject to the approval of the members of the Company.

The Directors recommend the resolution for your approval.

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

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

Place: Surat
Date : August 29, 2009

MANISH PATEL
Company Secretary

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

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the 20th Annual Report of your Company together with the Audited Financial Statements and Auditors' Report for the year ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	For the year ended 31.03.2009	For the year ended 31.03.2008
Net Income	1192.98	1538.62
Net Operating Profit	582.19	528.80
Less : Interest & Finance Charges	233.43	143.06
Less : Depreciation	70.76	85.73
Net Profit Before Tax	278.00	300.01
Less : Provision for Taxation		
- Current Tax	10.00	12.50
- Deferred Tax Liabilities	198.17	--
- Fringe Benefit Tax	1.50	1.50
- Excess Provision of earlier year	(0.08)	--
Net Profit after Tax	68.41	286.01

FINANCIAL AND OPERATIONAL PERFORMANCE

The Net Income of the Company for the year 2008-09 was amounted to Rs. 1192.98 lacs as against Rs. 1538.62 lacs in the previous year. The Net Income was reduced mainly due to closure of software division of the Company. Net profit of the Company was amounted to Rs. 68.41 Lacs as against Rs. 286.01 Lacs in the previous year. Net profit was decreased mainly due to increase in Interest & Finance Charges and Deferred Tax Liability of the Company.

DIVIDEND

In view of the carried forward losses, Directors of your Company regret its inability to recommend any dividend on equity shares for the year under review.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.

- (ii) that the Directors have selected such accounting policies and applied that consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the profit of the Company for the year.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2009, on a 'going concern' basis.

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

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

A. Conservation of Energy

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

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

B. Technology Absorption

The project of your Company has no foreign collaboration, hence no particulars are offered.

C. Total Foreign Exchange Earning and Outgo

Particulars	Amount (Rs.) 2008-2009	Amount (Rs.) 2007-2008
a. Total Foreign Exchange used	Nil	Nil
b. Total Foreign Exchange earned	80,08,811	90,94,941

DIRECTORS

Mr. Bapi Datta had resigned from the Directorship of the Company with effect from March 9, 2009. By keeping in view of valuable contribution made by Mr. Bapi Datta during his tenure, Board has appointed him as an Additional Director of the Company with effect from July 31, 2009 and they hold office till the conclusion of ensuing Annual General Meeting. The Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of Director of the Company, liable to retire by rotation.

Mr. Ramesh Bansal, whose term of appointment was expired on July 31, 2009, has been reappointed by the Board in their meeting held on that date as Managing Director of the Company for further period of 5 years w.e.f. August 01, 2009. The reappointment of Mr. Ramesh Bansal is subject to the consent of the members of the Company at ensuing Annual General Meeting.

Mr. Pushpendra Bansal retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

AUDITORS

M/s. AGARWAL & MANGAL, Chartered Accountants, Mumbai retire as Statutory Auditors of the Company and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

The Auditors' Report read with the notes to the account referred to therein are self explanatory and therefore, do not call for any further comments.

EXPANSION

During the year, your Company has added one Banquet Hall, Gymnasium and Sky Grill Restaurant with an aim to exhilarating hospitality standard and to provide high class facility to its valued Customers. Your Company has also started construction of

additional rooms with a view to meet the present demand of market.

SUBSIDIARY COMPANY

M/s. Kesar Motels Pvt. Ltd. has made further allotment of its shares as on October 10, 2008. Consequent to such allotment, holding of the Company has been reduced below 50% and accordingly it has not remained subsidiary of the Company.

PREFERENTIAL ALLOTMENT

Your Company has received Stock Exchange approval vide its letter no. DCS/PREF/SR/PRE/1287/08-09 dtd. September 30, 2008 for the allotment of 54,38,000 warrants on preferential basis to promoter and non-promoter group of the Company. Accordingly, Board of Directors has allotted 54,38,000 convertible warrants on October 7, 2008. Out of total warrants, Warrants holders had exercised conversion option for 27,19,000 warrants and accordingly, 27,19,000 shares were allotted by Allotment Committee on March 28, 2009.

CONVERSION OF OFCDs INTO EQUITY SHARES

The Company has taken Loans from Punjab National Bank for prepayment of the entire Rupee Loan and OFCDs to IFCI Limited and TFCI Limited. However, IFCI Limited vide its letter no. MuRO/HSIL/2009-16536 dated March 23, 2009 has also agreed for conversion of 3000, 12.5% OFCDs of Rs. 1000/- each, in to 3 lakh equity shares of the Company payable at par. Accordingly, Board of Directors has allotted 3 lakh equity shares of the Company to IFCI Limited on May 27, 2009.

INCREASE IN AUTHORISED CAPITAL

Pursuant to the approval accorded by the members at the Extra-ordinary General Meeting of the Company held on May 14, 2009, Authorised Share Capital of the Company was increased from Rs. 16 Crores divided into 1.60 Crores equity shares of Rs. 10/- each to Rs. 17 Crores divided into 1.7 Crores equity shares of Rs. 10/- each.

CORPORATE GOVERNANCE

As per the requirement of the Listing Agreement with the Bombay Stock Exchange Limited, a separate section on Corporate Governance and Management Discussions and Analysis Report together with a certificate from the Company's Auditors confirming compliance is given in the annexure forming parts of this report.

INDUSTRIAL RELATIONS

During the period under review, the relations with the most valuable human resources of the Company remained cordial and peaceful. Your Directors wish to place on record their appreciation for the devoted services rendered by the staff of the Company.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by the Financial Institutions, the Bankers and Shareholders. Your Directors also wish to record their recognition of the Customer Support and Patronage by the Corporate Houses in and around Surat.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, which enable the Company to deliver a good allround record performance.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Surat
Date : August 29, 2009

RAMESH BANSAL
Managing Director

PRADEEP DHAWAN
Director

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

ANNEXURE TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE & DEVELOPMENTS:

The Year 2008-09 has begun with a lot of worries about global recession. For the hotel industry, this has been the worst of times, as most hotels around the world are struggling to tackle the problem of lowest occupancy rates. The effort made by the hotels to attract more tourists by slashing down the tariff has also not helped. In fact, the effort to slash down the price and attract tourists has backfired as there has not been any increase in revenue. The global situation deteriorated massively after mid September 2008 following the collapse of several leading financial institution in the US. There has been a massive choking of credit since then and a global crash in stock markets. The slowdown that was expected in the global economy became much worse with the US, Europe and Japan moving into recession.

A crisis of this level in developed countries is bound to have an impact around the world and it did. Most of emerging market countries have slowed down significantly and India has also been affected. As per the analysis carried out by the Associated Chamber of Commerce and Industry of India (ASSOCHAM), post Mumbai terrorist attack combined with the global slowdown have severely impacted the bottom line of the Indian hospitality sector to the extent of 64 per cent during January-March 2009. In sum, the Indian economy experienced some loss of growth momentum with major drivers of growth witnessing moderation.

However, things are improving for the hotel industry after March but not in a very dramatic way. Mumbai terror attack and the economic slowdown obviously had an impact but 2010 Games will be a catalyst for a boom in the tourism sector. Hotel industry clocks normal growth despite global tremors.

OPPORTUNITIES, THREATS, RISK AND CONCERNS:

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

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

Despite the apparent steps taken by the tourism industry in India, some worries still remain. Infrastructure facilities available in the country are not upto the mark and require lot of improvement if we want to sustain present growth of industry. Following are some of risks and concerns envisaged by hotel industry.

- General economic conditions like worldwide slow down in global economies, local market condition, government policies, fluctuation in interest and foreign exchange rates, etc.
- Lack of adequate and good quality transport network and infrastructure facilities at public place.
- Increase in rate of taxes, food cost, etc. makes the tour unattractive and expensive, which in turn affect the business of the Company.
- Growing competitive environment both at international and local, could also affect the performance and results of the Company.
- Guest houses replace the hotels. This is a growing trend in the west and is now catching up in India also, thus diverting the hotel traffic.

Some other potential risks which could affect the hospitality industry adversely, are: power & water shortage, disasters caused by terrorist attacks and riots, natural calamities like flood, earthquake, storm, high rate of employee turnover ratio etc.

Your Company has adopted various policies and methods to counter above mentioned risks effectively, as enumerated below:

- Your Company is looking for increasing its presence, first domestically then in future internationally.
- Your Company is also under planning to enter Luxury and leisure segment in addition of having Business Class Segment.
- Your Company is timely renovating and repositioning its property.
- Your Company always endeavors to improve its service standards.

FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the sales turnover of your company has decreased from Rs. 1538.62 lacs for the previous year to Rs. 1192.98 lacs for the current year. Decrease in sales turnover is mainly due to closed down of software business. Net profit of the Company has declined from Rs. 286.01 lacs for the pervious year to Rs. 68.41 lacs for the current year. Decrease in net profit is mainly due to increase in Interest & Finance Charges and Deferred Tax Liability of the Company.

FUTURE OUTLOOK:

World economic growth is expected to remain slow during the current year. The recent crisis in financial markets in the US and European country continues to impact the world economy. Despite this, emerging economies like India and China are still expected to show growth. In the long-term the hotel industry in India has latent potential for growth. This is because India is an ideal destination for tourists as it is the only country with the most diverse topography. However, increase in terrorist attack and global recession is major concerns.

However, your Company continues to believe that the long-term prospects for the travel and tourism industry in India are attractive. Your Directors always look forward to the future with confidence.

ADEQUACY OF INTERNAL CONTROL SYSTEM:

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

The internal control systems are supplemented by an extensive programme of internal audits reviewed by management and documented policies, guidelines and procedures.

The internal control systems of the Company are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

HUMAN RESOURCE DEVELOPMENT:

The manpower employed in your Company for 2008-09 was 170 employees.

Your Company has a team of able and experienced industry professionals. Your company always believe to invest in human resources by means of providing various facilities, with a view to strengthen its presence in existing business and for taking advantage of the emerging growth opportunities in the hospitality sector. Your Company seeks regular feedback from its employees to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Critical human resource issues are analysed, corrective actions initiated and results monitored regularly. In order to preserve competent employees and to provide homely environment, your Company has arranged monthly staff function, religious programs, picnic tours, etc.

Human resource is drawn from diverse academic backgrounds and the Company has placed emphasis on recruiting people with formal training that matches their job profile.

CAUTIONARY STATEMENT:

Certain statements in the Management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factor that to make differences to company's operations including competition, changes in Government policies and regulations, tax regimes and economic development within India.

ANNEXURE TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, given below is a report on the corporate governance in the Company.

1. COMPANY'S PHILOSOPHY

Your Company strongly believes in adopting and adhering to good corporate governance practices. Company's philosophy of Corporate Governance is to ensure:

- (i) that the Board and top management of the company are fully apprised of the affairs of the company that is aimed at assisting them in the efficient conduct of the company so as to meet company's obligation to the shareholders.
- (ii) that the Board exercise its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- (iii) that all disclosure of information to present and potential investors are maximized.
- (iv) that the decision making process in the organization is transparent and are backed by documentary evidence.

2. BOARD OF DIRECTORS

The present strength of the Board of Directors of the Company is 5 Directors of which 2 Directors are Executive Directors and 3 Directors are Non Executive Independent Directors, with the Chairman as an Executive Promoter Director. The number of Non Executive/Independent Directors is more than 50% of the total number of the Directors.

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

6 (Six) Board Meetings were held during the financial year 2008-09. The dates on which the said meetings were held are as follows:

1.	April 24, 2008	2.	July 31, 2008	3.	August 25, 2008
4.	October 07, 2008	5.	October 17, 2008	6.	January 30, 2009

The last Annual General Meeting of the Company was held on September 25, 2008.

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

Name	Category	Attendance Particulars		No. of Equity Shares Held
		Board Meetings	Last AGM	
Mr. Pushpendra Bansal	Chairman & Joint Managing Director	5	Yes	5,48,120
Mr. Ramesh Bansal	Managing Director	6	No	1,51,520
Mr. Nimish Shah	Non Executive Independent Director	6	Yes	Nil
Mr. Pradeep Dhawan	Non Executive Independent Director	6	Yes	2000
Mr. Bapi Datta @	Non Executive Independent Director	5	No	Nil

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

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

@ Mr. Bapi Datta was ceased to be a Director of the Company w.e.f. March 09, 2009. However, he has been appointed again as an Additional Director with effect from July 31, 2009.

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

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

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

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

Code of Conduc:

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

Note on Directors seeking appointment/re-appointment:

Mr. Pushpendra Bansal

Mr. Pushpendra Bansal aged about 48 years is a civil engineer having wide and enrich experience of more than 25 years in the business of Construction and Hotel. He is senior partner in "AA" class classification of contractor listed with Municipality, Railways and other government bodies. He has completed mega township of KRIBHCO Fertiliser, IFFCO Fertiliser, ONGC, L&T, NTPC, ESSAR, Food Corporation of India and many more. He has also completed mega Hotel Project at Mumbai, Gandhidham, Surat, Baroda etc. He is also sharing his experience in abroad for constructing & developing Motels and Shopping strips Mall.

He is a life member of "ASSIAN AMERICAN HOTEL ASSOCIATION OF AMERICA" U.S.A., a biggest Association of Hotel & Motel Industry with 10,000 Members.

Mr. Pushpendra Bansal is related to Mr. Ramesh Bansal.

He is a Director in Srijan Holding Limited, Ishwar Bhuvan Hotels Limited and Lords Inn Hotels and Developers Limited. He is also Director in four other Private Limited Companies.

Shri Bapi Datta

Mr. Bapi Datta aged about 51 years is B.Sc. (Hons.) and B.E. (Civil Engg.) from Delhi University. He is an associated member of Institution of Engineers. He has more than 25 years of related experience in design and construction of Flyover, Factory and Residential Complexes, Bridges, Chimney, Power/Boiler House, Water Treatment Plants, Silo and cooling Tower, etc.

He is not a Director in any other Public Limited Company. He is Director in two Private Limited Companies.

Mr. Ramesh Bansal

Mr. Ramesh Bansal aged about 58 years is a science graduate and actively involved in the day-to-day functioning of Hotel operations of the Company. He has more than 35 years of vast and enrich experience in the field of Hotel, Export-Import, Mining, shipping & Transportation.

Mr. Ramesh Bansal is related to Mr. Pushpendra Bansal.

He is a Director in Global Grani Marmo Limited.

3. AUDIT COMMITTEE

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

During the financial year 2008-09, the Audit Committee met 6 (Six) times on April 24, 2008, July 31, 2008, August 25, 2008, October 17, 2008, January 30, 2009 and March 16, 2009. The Committee, at these meetings reviewed the financial reporting system and unaudited financial results for the first three quarters.

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

Name of the Director	No. of Meeting held	No. of Meetings attended
Mr. Pradeep Dhawan	6	6
Mr. Nimish Shah	6	6
Mr. Ramesh Bansal	6	6

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

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

4. REMUNERATION COMMITTEE

The listing agreement provides that a Company may appoint a Committee for recommending managerial remuneration payable to Directors. The present Remuneration Committee comprises of Mr. Pradeep Dhawan, as Chairman with Mr. Nimish Shah and Mr. Bapi Datta as the other members. Mr. Bapi Datta was ceased to be a Director as well as member of the committee of the Company w.e.f. March 09, 2009. However, he was again appointed as an Additional Director as well as member of the committee of the Company w.e.f. July 31, 2009.

During the year, no Remuneration Committee meeting was held.

Presently, the Company is not paying any sitting fees to its Non-Executive Directors for attending meetings of the Board, Audit Committee and other Committees. However, the Company is paying remuneration to Mr. Pushpendra Bansal, Joint Managing Director of the Company.

Details of remuneration paid to Joint Managing Director during the year ended March 31, 2009.

Name & Designation of Director	Salary (in Rs.)	Perquisites (in Rs.)
Mr. Pushpendra Bansal Chairman & Jt. Managing Director	12,00,000	Nil

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Shareholders'/Investors' Grievance Committee comprising of Mr. Pradeep Dhawan, as Chairman with Mr. Nimish Shah and Mr. Bapi Datta as the other members. Mr. Bapi Datta was ceased to be a Director as well as member of the committee of the Company w.e.f. March 09, 2009. However, he was again appointed as an Additional Director as well as member of the committee of the Company w.e.f. July 31, 2009.

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

The Company Secretary is the Compliance Officer of the Company.

During the year, one Shareholders'/Investors' Grievance Committee meeting was held on August 25, 2008. All Members were present at the Committee Meeting.

During the year, the company has received three shareholders'/investors' complaints, which were promptly responded and resolved to the satisfaction of the concerned Shareholders. As on March 31, 2009 there were no pending shareholders'/investors' complaints.

6. ALLOTMENT COMMITTEE

The Company has constituted Allotment Committee comprising of Mr. Pradeep Dhawan and Mr. Nimish Shah as Members of the Committee to allot shares on conversion of warrants allotted on preferential basis to promoter and non-promoter group.

During the year, one committee meeting was held on March 28, 2009 for allotment of 27,19,000 equity shares on conversion of warrants allotted on preferential basis to promoter and non-promoter group.

7. SUBSIDIARY COMPANY

With effect from October 10, 2008, Kesar Motels Pvt. Ltd. has not remained subsidiary of the Company. Accordingly, disclosure as required under Clause 49(III) has not been given.

8. GENERAL BODY MEETINGS

Details of the location of the last 3 (three) Annual General Meetings and the details of the resolution passed or proposed to be passed by postal ballot.

AGM for the financial year ended	Date and Time of AGM	Special Resolution
March 31, 2008	September 25, 2008 at 10.00 A.M.	2
March 31, 2007	September 27, 2007 at 10.00 A.M.	-
March 31, 2006	September 29, 2006 at 11.30 A.M.	-

All the AGM's were held at 201, Shivai Dongre Industrial Estate, 89, Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. All the resolutions, except the resolution regarding reappointment of Mr. Satya Narayan Bansal as director retires by rotation, set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meeting. At the forthcoming AGM, there is no agenda that needs approval by postal ballots. Two Extra-ordinary General Meeting of the members as on January 29, 2007 and April 30, 2007 were held during the last three years.

9. DISCLOSURES

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

The Register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

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

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI, ROC, Stock Exchange or any statutory authority, on any matter related to capital markets, during the last 3 financial years: NIL.
- (iii) The Company has complied with all mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement.
- (iv) The CEO/CFO certification form part of this Annual Report.

10. MEANS OF COMMUNICATION

The Company regularly published its quarterly and annual results in Financial Express and Dainik Sagar. Hence, the quarterly results are not sent to all households of Shareholders.

The Bombay Stock Exchange Limited vide introduction of Clause 52 of the Listing Agreement, has introduced the Corporate Filing and Dissemination System (CFDS). It is a single source to view information filed by listed companies. Commencing with quarter ended September, 2008, all disclosures and communications to the BSE are filed electronically through the CFDS portal www.corpfiling.co.in. Hard copies of the said disclosures and correspondence are also filed with the BSE.

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

11. GENERAL SHAREHOLDER INFORMATION

1.	Annual General Meeting																																												
	Date and Time & Venue	:	September 29, 2009 at 10.00 a.m. 'Kalash', Dhake Colony, J. P. Road, Andheri (West), Mumbai-400 053.																																										
2.	Financial Calendar 2009-10	:	<table border="1"> <tr> <td>Financial Reporting will be as follows:</td> <td></td> </tr> <tr> <td>For the quarter ending June, 2009</td> <td>July, 2009</td> </tr> <tr> <td>For the quarter ending September, 2009</td> <td>October, 2009</td> </tr> <tr> <td>For the quarter ending December, 2009</td> <td>January, 2010</td> </tr> <tr> <td>For the quarter ending March, 2010</td> <td>April, 2010</td> </tr> <tr> <td>Annual General Meeting for 2009-10</td> <td>September, 2010</td> </tr> </table>	Financial Reporting will be as follows:		For the quarter ending June, 2009	July, 2009	For the quarter ending September, 2009	October, 2009	For the quarter ending December, 2009	January, 2010	For the quarter ending March, 2010	April, 2010	Annual General Meeting for 2009-10	September, 2010																														
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For the quarter ending March, 2010	April, 2010																																												
Annual General Meeting for 2009-10	September, 2010																																												
3.	Book closure date	:	21.09.2009 to 29.09.2009 (both days inclusive)																																										
4.	Dividend Payment Date	:	No Dividend has been recommended.																																										
5.	Registered Office of the company	:	A-1, Manish Kaveri, Building No.18, Manish Nagar, J. P. Road, Andheri (West), Mumbai 400 053. Email : hsindialimited@gmail.com																																										
6.	Listing on Stock Exchanges	:	Bombay Stock Exchange Limited, Mumbai																																										
7.	Annual listing & Custodial fees	:	Duly paid for the year 2009-10.																																										
8.	Stock Code (a) Trading Symbol at (b) Demat ISIN Numbers in NSDL & CDSL	:	<table border="1"> <tr> <td>Bombay Stock Exchange Limited, Mumbai Equity Shares INE731B01010</td> <td>532145/HOTLSILV</td> </tr> </table>	Bombay Stock Exchange Limited, Mumbai Equity Shares INE731B01010	532145/HOTLSILV																																								
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9.	Stock Market Data	:	<table border="1"> <thead> <tr> <th colspan="3">The Bombay Stock Exchange Ltd.</th> </tr> <tr> <th></th> <th>High (Rs.)</th> <th>Low (Rs.)</th> </tr> </thead> <tbody> <tr><td>April 2008</td><td>18.50</td><td>13.50</td></tr> <tr><td>May 2008</td><td>17.45</td><td>13.50</td></tr> <tr><td>June 2008</td><td>14.25</td><td>9.65</td></tr> <tr><td>July 2008</td><td>11.30</td><td>8.15</td></tr> <tr><td>August 2008</td><td>13.75</td><td>10.40</td></tr> <tr><td>September 2008</td><td>12.75</td><td>7.10</td></tr> <tr><td>October 2008</td><td>9.10</td><td>4.66</td></tr> <tr><td>November 2008</td><td>7.25</td><td>4.51</td></tr> <tr><td>December 2008</td><td>7.70</td><td>4.83</td></tr> <tr><td>January 2009</td><td>7.99</td><td>5.00</td></tr> <tr><td>February 2009</td><td>7.25</td><td>5.03</td></tr> <tr><td>March 2009</td><td>6.54</td><td>5.02</td></tr> </tbody> </table>	The Bombay Stock Exchange Ltd.				High (Rs.)	Low (Rs.)	April 2008	18.50	13.50	May 2008	17.45	13.50	June 2008	14.25	9.65	July 2008	11.30	8.15	August 2008	13.75	10.40	September 2008	12.75	7.10	October 2008	9.10	4.66	November 2008	7.25	4.51	December 2008	7.70	4.83	January 2009	7.99	5.00	February 2009	7.25	5.03	March 2009	6.54	5.02
The Bombay Stock Exchange Ltd.																																													
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10.	Share Price Performance compared with broad based indices																																												
		H. S. India Limited	BSE																																										
	As on 1st April, 2008	13.50	15,644.44																																										
	As on 31st March, 2009	6.27	9708.50																																										
	Change (%)	-54%	-38%																																										

11. A. Distribution of Shareholding as on 31 st March, 2009				
No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	2183	68.37	500778	3.79
501-1000	479	15.00	412703	3.12
1001-2000	226	7.08	363646	2.75
2001-3000	70	2.19	180817	1.37
3001-4000	48	1.50	178096	1.35
4001-5000	33	1.03	154429	1.17
5001-10000	60	1.88	445711	3.37
10001 & above	94	2.95	10983220	83.08
GRAND TOTAL	3193	100.00	13219400	100.00
Physical Mode	294	9.21	7355355	55.64
Electronic Mode	2899	90.79	5864045	44.36

B. Category of Shareholders as on 31 st March, 2009				
Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Indian Promoter(s)/ Persons acting in concert	35	1.10	5423100	41.02
Foreign Promoter	NIL	N.A.	NIL	N.A.
Resident Individuals	2993	93.74	6685678	50.58
Bodies Corporate	154	4.82	1083841	8.20
Financial Institutions/ Banks/Mutual Funds	NIL	N.A.	NIL	N.A.
NRI's/OBC's/Foreign National	11	0.34	26781	0.20
GRAND TOTAL	3193	100.00	13219400	100.00

12. Dematerialization of Share	:	As on 31st March, 2009, 58,64,045 equity shares constituting 44.36% of the Equity Shares Capital of the Company stand dematerialized.
13. Outstanding GDRs/ADRs/Warrants or any convertible Instruments.	:	The Company has not issued GDRs/ADRs. As on March 31, 2009, 27,19,000 preferential warrants and 3000, 12.5% OFCDs were outstanding for conversion.
14. Hotel Location	:	Lords Plaza Opp. Linear Bus Stand, Ring Road, Surat-395 003. e-mail : lps@lordshotels.com
15. Address for Correspondence	:	For Shares held in Physical and Demat Form: M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. Unit: (H. S. India Limited) <u>Registered Office:</u> 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072. e-mail : sharepro@shareproservices.com Tel. No. 022-67720300 / 400 Fax No. 022-28591568 <u>Investor Relation Centre:</u> 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021. Tel. No. 022-66134700

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
H. S. INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by H. S. INDIA LIMITED for the period ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records and other documents maintained by the Shareholders'/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For AGARWAL & MANGAL
Chartered Accountants

Place : Surat
Date : August 29, 2009

B. P. MANGAL
Partner
Membership No. 32973

To,
The Members of
H. S. INDIA LIMITED

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchange, the Board members and the senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended March 31, 2009.

For H. S. INDIA LIMITED

Place : Surat
Date : August 29, 2009

RAMESH BANSAL
Managing Director/CEO

To,
The Board of Directors
H. S. India Limited
A-1, Manish Kaveri, Manish Nagar,
Building No. 18, J. P. Road,
Andheri (W), Mumbai 400 053.

CEO/CFO CERTIFICATION

We hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2009 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the Company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year.
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

For H. S. INDIA LIMITED

Place : Surat
Date : August 29, 2009

RAMESH BANSAL
Managing Director/CEO

AUDITORS' REPORT

To The Members of
H. S. INDIA LIMITED

1. We have audited the Balance Sheet of **H. S. INDIA LIMITED** as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred in paragraph 3 above, we report that;
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representation received from the Director as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to best of information according to explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR AGARWAL & MANGAL

Chartered Accountants

B. P. MANGAL

Partner

Membership No. 32973

Place : Surat

Date : August 29, 2009

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) All the fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. In our opinion, having regards to size of the Company and the nature of its business, the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off substantial part of fixed assets.
- (ii) (a) The inventory of the Company has been physically verified at reasonable intervals during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks were not material.
- (iii) The Company has not granted or taken any loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness was noticed in the internal controls.
- (v) (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess were outstanding as at March, 2009 for a period of more than six month from the date they become payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have been not deposited on account of any dispute.
- (x) In our opinion the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks and Debenture holders during the year audit under reference.
- (xii) According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company, for loans taken by others from banks or financial institution during the year, are not prejudicial to the interest of the Company.
- (xvi) Based on our examination of records and information and explanations given to us, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to information and explanations given to us and an overall examination of the balance sheet and cash flow of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) During the year, the Company has not made preferential allotments of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the information and explanations furnished by the Management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

FOR AGARWAL & MANGAL
Chartered Accountants

B. P. MANGAL
Partner
Membership No. 32973

Place : Surat
Date : August 29, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

		AS AT 31.03.2009 (RUPEES)		AS AT 31.03.2008 (RUPEES)	
SCHEDULE					
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1		132,194,000		105,004,000
Share Application Money			3,806,600		--
Reserves & Surplus	2		10,876,000		--
LOAN FUNDS					
Secured Loans	3		152,154,799		106,645,996
Deferred Tax Liability (Net)	4		19,816,583		--
			318,847,982		211,649,996
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	212,374,827		208,290,420	
Less: Depreciation		77,348,249		70,272,229	
Net Block		135,026,578		138,018,191	
Add: Construction work-in-Progress (Including Capital Advances)		87,686,498	222,713,076	25,181,857	163,200,048
INVESTMENTS					
	6		56,475,010		41,475,010
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	5,154,534		5,544,108	
Sundry Debtors	8	4,261,186		3,769,271	
Cash and Bank Balances	9	32,533,996		9,121,851	
Loans and Advances	10	9,036,892		4,113,914	
		50,986,608		22,549,144	
LESS: CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	22,026,740		33,166,426	
Provisions		784,024		733,196	
		22,810,764		33,899,622	
NET CURRENT ASSETS					
			28,175,844		(11,350,478)
PROFIT AND LOSS ACCOUNT					
			11,484,052		18,325,416
			318,847,982		211,649,996
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS					
	21				

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR REPORT ATTACHED
FOR AGARWAL & MANGAL
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. P. MANGAL
Partner
Membership No. 32973

RAMESH BANSAL
Managing Director

PRADEEP DHAWAN
Director

Place : Surat
Date : August 29, 2009

MANISH PATEL
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	YEAR ENDED 31.03.2009 (RUPEES)	YEAR ENDED 31.03.2008 (RUPEES)
INCOME			
Income from Operations	12	118,876,691	153,679,466
Other Income	13	421,227	182,850
		119,297,918	153,862,316
EXPENDITURE			
Consumption of Foods, Beverages and Others	14	18,574,773	48,330,101
Employees Remuneration and Welfare Expenses	15	16,320,407	14,628,910
Power and Fuel	16	7,898,128	7,351,188
Upkeep and Service Cost	17	4,461,871	5,326,408
Repairs and Maintenance	18	3,703,629	7,853,144
Administrative, Selling and Other Expenses	19	10,119,804	17,491,557
Interest and Finance Charges	20	23,342,946	14,306,367
Depreciation		7,076,020	8,573,234
		91,497,578	123,860,909
PROFIT BEFORE TAXATION		27,800,340	30,001,407
Less : - Provision for Taxation			
- Current Tax		1,000,000	1,250,000
- Deferred Tax Liabilities		19,816,583	--
- Fringe Benefit Tax		150,000	150,000
- Excess Provision of earlier year		(7,607)	--
PROFIT AFTER TAXATION		6,841,364	28,601,407
LOSS BROUGHT FORWARD		(18,325,416)	(46,926,823)
LOSS CARRIED TO BALANCE SHEET		(11,484,052)	(18,325,416)
Earning per Shares in Rupees			
(Nominal value of each share Rs. 10/-)			
Basic		0.65	2.72
Diluted		0.63	2.72
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21		

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

AS PER OUR REPORT ATTACHED
FOR AGARWAL & MANGAL
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. P. MANGAL
Partner
Membership No. 32973

RAMESH BANSAL
Managing Director

PRADEEP DHAWAN
Director

Place : Surat
Date : August 29, 2009

MANISH PATEL
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	31.03.2009		31.03.2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		27,800,340		30,001,407
Adjustments for:				
Depreciation	7,076,020		8,573,234	
Provision for Employees Benefit	439,814		979,957	
Miscellaneous Expenses Written Off	--		515,490	
Interest Paid (Net of Receipt)	23,342,946		14,306,367	
		30,858,780		24,375,048
Operating Profit Before Working Capital Changes		58,659,120		54,376,455
Working Capital Changes :				
(Increase)/Decrease in Inventories	389,574		(1,723,863)	
(Increase)/Decrease in Sundry Debtors	(491,915)		2,993,406	
(Increase)/Decrease in Loans & Advances	(4,630,797)		15,302,558	
Increase/(Decrease) in Trade Payables (Including Working Capital Finance)	(11,139,686)		20,091,011	
		(15,872,824)		36,663,112
Cash Generated from Operations		42,786,296		91,039,567
Gratuity Contribution to LIC		(388,986)		(674,777)
Payment of Direct Taxes		(1,434,574)		(2,181,064)
Net Cash Flow from Operating Activities - I		40,962,736		88,183,726
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / Capital Work-in-Progress		(66,589,048)		(18,313,907)
Purchase of Investments		(15,000,000)		(41,475,010)
Net Cash Flow from Investing Activities - II		(81,589,048)		(59,788,917)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Share Capital		27,190,000		--
Proceeds from Share Premium		10,876,000		--
Proceeds / (Refund) of Share Application Money		3,806,600		(1,935,450)
Proceeds / (Repayment) of long term borrowings (Net of Repayment)		44,002,373		(13,509,790)
Proceeds / (Repayment) of short term borrowings		1,506,430		(40,379)
Interest Paid (Net of receipt)		(23,342,946)		(14,306,367)
Net Cash Flow from Financing Activities - III		64,038,457		(29,791,986)
Net Cash Flow During The Year (A+B+C)		23,412,145		(1,397,177)
OPENING CASH AND CASH EQUIVALENTS	9,121,851		10,519,028	
CLOSING CASH AND CASH EQUIVALENTS	32,533,996		9,121,851	
Net Increase/(Decrease) in Cash and Cash Equivalents		23,412,145		(1,397,177)

AS PER OUR REPORT ATTACHED
FOR AGARWAL & MANGAL
Chartered Accountants

B. P. MANGAL
Partner
Membership No. 32973

Place : Surat
Date : August 29, 2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAMESH BANSAL
Managing Director

PRADEEP DHAWAN
Director

MANISH PATEL
Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.**

	AS AT 31.03.2009 (RUPEES)	AS AT 31.03.2008 (RUPEES)
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
16,000,000 Equity Shares of Rs. 10/- each (Previous year 16,000,000 Equity Shares of Rs. 10/- each)	160,000,000	160,000,000
Issued, Subscribed and Paid up		
13,219,400 Equity Shares of Rs. 10/- each fully paid up (Previous year 10,500,400 Equity Shares of Rs. 10/- each fully paid up) (Refer Note No. 2)	132,194,000	105,004,000
	132,194,000	105,004,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Share Premium Account (Refer Note no. 2)	10,876,000	--
	10,876,000	--
SCHEDULE 3		
SECURED LOANS		
Debentures		
3000, 12.5% Optionally Convertible Debentures of Rs. 1000/- each for credit at par, (Previous Year 45622, 12.5% Optionally Convertible Debentures of Rs. 1000/- each)	3,000,000	45,622,000
From Bank and Financial Institutions		
Term Loans from Punjab National Bank	147,389,333	--
Cash Credit from Punjab National Bank	1,506,430	--
Term Loans from Financial Institutions	--	14,644,674
Term Loans from Jankalyan Sahakari Bank Ltd.	--	16,571,872
Deferred Interest	--	29,051,585
ICICI Bank Car Loan	259,036	755,865
(Refer Note No. 3, 14, & 15)	152,154,799	106,645,996
SCHEDULE 4		
DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
- On Depreciation of Fixed Assets	19,917,563	--
Less : Deferred Tax Assets		
- On Provision on Employee Benefits	(100,980)	--
	19,816,583	--
SCHEDULE 6		
INVESTMENTS - At Cost		
Unquoted (trade)	No. of Share	Face Value
	31.03.09	31.03.08
		(Rs.)
Kesar Motels Pvt. Ltd.	112,750	--
		100
Share Application Money with Kesar Motels Pvt Ltd		45,100,000
		11,375,010
		41,475,010
		56,475,010
		41,475,010
Aggregate Book Value of unquoted investment	45,100,000	--

**SCHEDULE 5
FIXED ASSETS**

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		AS ON 01.04.2008	ADDITIONS DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2009	AS ON 01.04.2008	FOR THE YEAR	ADJUSTMENTS DURING THE YEAR	AS ON 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
1.	FREEHOLD LAND	21,767,000	--	--	21,767,000	--	--	--	--	21,767,000	21,767,000
2.	BOREWELL	74,330	--	--	74,330	16,196	1,212	--	17,408	56,922	58,134
3.	BUILDING	76,252,723	653,339	--	76,906,062	9,114,288	1,249,721	--	10,364,009	66,542,053	67,138,435
4.	PLANT & MACHINERIES	61,692,524	3,037,413	--	64,729,937	24,502,745	2,974,292	--	27,477,037	37,252,900	37,189,779
5.	MOTOR CAR	1,915,485	--	--	1,915,485	263,654	181,971	--	445,625	1,469,860	1,651,831
6.	COMPUTER	2,278,096	--	--	2,278,096	1,172,379	240,026	--	1,412,405	865,691	1,105,717
7.	ELECTRICAL INSTALLATIONS	9,419,673	213,629	--	9,633,302	5,923,182	667,626	--	6,590,808	3,042,494	3,496,491
8.	FURNITURE & FIXTURES	34,890,589	180,026	--	35,070,615	29,279,785	1,761,172	--	31,040,957	4,029,658	5,610,804
		208,290,420	4,084,407	--	212,374,827	70,272,229	7,076,020	--	77,348,249	135,026,578	138,018,191
	PREVIOUS YEAR	207,158,370	1,132,050	--	208,290,420	61,698,995	8,573,234	--	70,272,229	138,018,191	145,459,375
	Construction work in progress (Including Capital Advances)	25,181,857	62,742,084	237,443	87,686,498	--	--	--	--	87,686,498	25,181,857

	AS AT 31.03.2009 (RUPEES)	AS AT 31.03.2008 (RUPEES)
SCHEDULE 7		
INVENTORIES (At Cost)		
(As verified, valued and certified by the management)		
Stores and Operating Supplies	4,845,475	5,305,293
Food and Beverages	309,059	238,815
	5,154,534	5,544,108
SCHEDULE 8		
SUNDRY DEBTORS		
(Unsecured, considered good)		
a. Outstanding for more than six months	825,924	920,613
b. Other Debts	3,435,262	2,848,658
	4,261,186	3,769,271
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	582,531	2,315,689
Balance with Schedule Banks in Current Account	13,531,028	6,786,865
City Co-op. Bank Ltd.	18,416,364	15,669
(Max. Balance: Rs. 4,18,92,934; Previous Year :Rs. 16,689)		
Kurla Nagrik Sahakari Bank Ltd.	4,073	3,628
(Max. Balance: Rs. 2,47,358 ; Previous Year :Rs. 20,11,643)		
	32,533,996	9,121,851
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Deposits	1,451,256	1,342,009
Advance recoverable in cash or kind or for value to be received	5,946,435	1,424,885
Direct Taxes Paid (Net of Provision for Taxation)	1,639,201	1,347,020
	9,036,892	4,113,914
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors:		
- Micro, Small & Medium Enterprises (Refer Note No. 6)	--	--
- Others	16,663,502	24,461,455
Advance from customers	881,323	425,278
Other Liabilities	4,481,915	8,279,693
	22,026,740	33,166,426
PROVISIONS		
Provision for Employee Benefits	784,024	733,196
	22,810,764	33,899,622

	FOR THE YEAR ENDED 31.03.2009 (RUPEES)	FOR THE YEAR ENDED 31.03.2008 (RUPEES)
SCHEDULE 12		
INCOME FROM OPERATIONS		
Room Sale	66,023,879	68,438,609
Banquet Sale	2,272,582	2,553,826
Liquor Sale	22,067,346	22,015,117
Food and Beverages Sale	25,953,952	25,614,975
Other Services	2,558,932	1,478,519
Software Sale	--	33,578,420
	118,876,691	153,679,466
SCHEDULE 13		
OTHER INCOME		
Rent from Mobile Tower	329,967	123,000
Discount Received	72,810	43,359
Miscellaneous Income	18,450	16,491
	421,227	182,850
SCHEDULE 14		
CONSUMPTION OF FOOD, BEVERAGES AND OTHERS		
Opening Stock	3,489,698	1,961,006
Purchases	17,693,604	49,858,793
	21,183,302	51,819,799
Less: Closing Stock	2,608,529	3,489,698
	18,574,773	48,330,101
SCHEDULE 15		
EMPLOYEES REMUNERATION AND WELFARE EXPENSES		
Salaries and Wages	12,860,515	11,603,065
Contribution to Provident Fund and other Funds	1,271,351	1,266,898
Staff Welfare Expenses	2,188,541	1,758,947
	16,320,407	14,628,910
SCHEDULE 16		
POWER AND FUEL		
Electricity	5,056,617	4,501,362
Fuel Oil	23,536	35,662
Gas Fuel	2,817,975	2,814,164
	7,898,128	7,351,188
SCHEDULE 17		
UPKEEP AND SERVICE COST		
Water Charges	91,747	583,700
Linen, Uniform and Washing	1,595,239	2,032,082
Renewals and Replacement	187,133	174,398
Garden Maintenance	19,650	13,956
Housekeeping Expenses	2,568,102	2,522,272
	4,461,871	5,326,408

	FOR THE YEAR ENDED 31.03.2009 (RUPEES)	FOR THE YEAR ENDED 31.03.2008 (RUPEES)
SCHEDULE 18		
REPAIRS AND MAINTENANCE		
Building	898,463	5,074,460
Plant and Machinery	2,088,129	1,591,745
Others	717,037	1,186,939
	3,703,629	7,853,144
SCHEDULE 19		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Insurance	363,682	400,560
Advertisement	838,168	874,073
Commission	1,396,034	1,155,482
Conveyance	617,146	165,487
Travelling	773,372	827,485
Postage, Telephone and Courier Expenses	427,759	463,736
Printing and Stationery	706,860	700,124
Rates and Taxes	2,139,743	2,383,771
Freight, Cartage and Transportation	1,440,748	2,037,947
Auditors Remuneration	204,055	101,124
Music and Entertainment	219,551	215,420
Decorations	69,947	47,815
Banquet Expenses	722,769	812,847
Management and Franchise Fees	3,315,080	5,797,196
Professional Charges	2,749,547	530,619
Miscellaneous Expenses	719,920	348,381
Sundry Credit balances written back	(6,584,577)	--
Preliminary and Public Issue Expenses Written off	--	515,490
Rent	--	114,000
	10,119,804	17,491,557
SCHEDULE 20		
INTEREST AND FINANCE CHARGES		
Interest on Term Loan	17,798,407	14,217,420
Less : Interest Income (Including Tax Deducted at Source Rs. 11,539/-) (Previous Year 1616/-)	(89,693)	(12,268)
Bank Charges	5,634,232	101,215
	23,342,946	14,306,367

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2009**SCHEDULE - 21****SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS****1. Significant Accounting Policies****A. Basis of preparation of Financial Statements**

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

B. Revenue Recognition

Revenue is recognised upon rendering of the services and items of income and expenditure are recognised on accrual basis. Income / Sales excludes Sales Tax / VAT, Luxury Tax, Service Tax etc.

C. Use of Estimates

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

D. Fixed Assets

- (i) Fixed assets are stated at acquisition cost less accumulated depreciation.
- (ii) Expenditure including cost of financing incurred during the course of construction, installation and commissioning of building, plant and machinery is included in the cost of respective fixed assets.
- (iii) Intangible assets are recorded at cost of Acquisition less amortisation cost.

E. Depreciation, Amortisation and Impairment

Depreciation on fixed assets is charged on Straight Line Method with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Intangibles assets are amortised over the economic useful life estimated by the Management.

Impairment is ascertained at each balance sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

F. Inventories

Stock of food, beverages and other supplies are valued at cost on first-in-first-out basis or net realisable value, whichever is less.

G. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as a part of such assets. All other borrowing costs are charged to revenue in the year in which they are incurred.

H. Investments

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

I. Contingent Liabilities

These are disclosed by way of notes to the accounts. Provision is made in respect of those liabilities, which are likely to materialise after the year end, till the finalisation and have material effect on the position stated in the balance sheet.

J. Retirement Benefits

- (i) Contributions to Provident Fund, Gratuity Fund and Family Pension Fund are charged to Profit and Loss Account.
- (ii) Gratuity is charged to revenue on actuarial valuation by Life Insurance Corporation of India under the Employees Group Gratuity policy with them..
- (iii) Provision for Leave encashment is made on the basis of actual leave outstanding at the end of the year based on the present pay structure.

K. Foreign Exchange Transactions

Transactions denominated in foreign currency settled / negotiated during a month are recorded at exchange rate on the date of settlement/ negotiation. Foreign currency transactions remaining not settled / negotiated at the end of each month are converted into rupees at the month end rates. All gains or losses on foreign exchange transaction other than those related to Fixed Assets are recognised in the Profit and Loss Account.

L. Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognised on timing differences 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.

2. Allotment and Conversion of Preferential Warrant

During the year, the Company has allotted 54,38,000 convertible warrants on preferential basis to promoters and non promoters group of the company, out of which 27,19,000 warrants were converted into equal number of Equity Shares of Rs. 10/- each at a Premium of Rs. 4/- each aggregating to Rs. 380.66 Lacs. Consequently, the paid up Share Capital of the Company increased from Rs. 1050.04 Lacs to Rs. 1321.94 Lacs on allotment of 27,19,000 Equity Shares and Share Premium account is credited with Rs. 1,08,76,000/-.

The fund raised by way of Preferential Allotment of Equity Shares were utilised as under :-

Particulars	Rs. in lakhs
Fund raised on preferential allotment of 27,19,000 equity shares	380.66
Utilisation of fund :	
(i) Capital Expenditures	106.77
(ii) Long Term Investment in Company	31.00
(iii) Balance Fund utilised as working capital until the ultimate utilisation is done as per the objects of the issue.	242.89

3. Prepayment of Term Loans and 12.5% Optionally Fully Convertible Debentures (OFCDs)

The Company has taken Loans from Punjab National Bank for prepayment of the entire Rupee Term Loan and 42622, 12.5 % OFCDs of Rs. 1000/- each along with accrued Interest to IFCI Limited and TFCI Limited.

4 Auditors Remuneration:

	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
a. Audit Fees	44120	44944
b. Income Tax Matters	33090	33708
c. Other Matters	128493	22472
	-----	-----
	205703	101124
	=====	=====

5. As the Turnover of the Company includes sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumption. The Company has been exempted from disclosure of the quantitative details vide Order No.46/189/2007-CL.III dated 24.01.2008 issued by Ministry of Company Affairs, Government of India. Accordingly the quantitative data covered under paragraph 3(i) (a) of Part II of Schedule VI of the Companies Act 1956, are not disclosed herein. However the said order required the company to disclose certain additional particulars which are given below:

- (a) The income from wine and liquor is Rs. 2,20,67,346/- (P.Y. 2,20,15,117/-).
- (b) The income from telex & telephone is Rs. 1,91,255/- (P.Y. Rs. 2,62,714/-) included in other services.
- (c) The income from software sale is Rs. Nil/- (P.Y. Rs. 3,35,78,420/-)
- (d) The break up of Consumption of Provisions, Stores, Beverages, Wine & Liquor, Software and other consumables are as follows:

	Provisions, Stores & Beverages Rs.	Wine & Liquor Rs.	Software Rs.	Other Consumables Rs.	Total Rs.
Opening Stock	238815 (176464)	3250883 (1784542)	Nil (Nil)	2054410 (1859239)	5544108 (3820245)
Add:- Purchases	7466531 (6843741)	10227073 (13529377)	Nil (29485675)	7442776 (2928726)	25136380 (52787519)
Total	7705346 (7020205)	13477956 (15313919)	Nil (29485675)	9497186 (4787965)	30680488 (56607764)
Less:- Closing Stock	309059 (238815)	2299470 (3250883)	Nil Nil	2546005 (2054410)	5154534 (5544108)
Consumption during the year	7396287 (6781390)	11178486 (12063036)	Nil (29485675)	6951181 (2733555)	25525954 (51063656)

(Figures in brackets represent figures for the year 2007-08)

6. The Company has initiated the process of obtaining details from Sundry Creditors who are registered under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent that the Company has received information, it has evaluated that there are no amounts due to the Creditors who are registered under the said Act beyond the period of 45 days.
7. As per Accounting Standard -15 Accounting for Employees benefits as defined in the accounting standard the summarised components of net benefit expense recognised in the profit and loss account and the funded status and the amount recognised in the balance sheet are given herein below:

	Gratuity 2008-09	Gratuity 2007-08
I. Change in Benefit Obligation		
Liability at the beginning of the year	688884	529402
Interest Cost	55111	39705
Current Service Cost	146914	146914
Past Service Cost (Non Vested Benefit)	--	--
Past Service Cost (Vested Benefit)	--	--
Benefit Paid	(9865)	(30524)
Actuarial (gain)/loss on obligation	182719	3387
Curtailements and Settlements	--	--
Liability at the end of the year	<u>1063763</u>	<u>688884</u>

	Gratuity 2008-09	Gratuity 2007-08
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	674777	176946
Expected Return o Plan Assets	60828	31141
Contribution	338023	497214
Benefit Paid	(9865)	(30524)
Actuarial gain/(loss) on Plan Assets	--	--
Fair Value of Plan Assets at the end of the year	<u>1063763</u>	<u>674777</u>
Excess of Obligation over Plan Assets	<u>--</u>	<u>14107</u>
III. Actual Return on Plan Assets		
Expected Return on Plan Assets	60828	31141
Actuarial gain/(loss) on Plan Assets	--	--
Actual Return on Plan Assets	<u>60828</u>	<u>31141</u>
IV. Amount Recognised in the Balance Sheet		
Liability at the end of the year	1063763	688884
Fair Value of Plan Assets at the end of the year	1063763	674777
Difference	--	14107
Unrecognised Past Service Cost	--	--
Amount Recognised in the Balance Sheet	<u>--</u>	<u>14107</u>
V. Expenses Recognised in the Income Statement		
Current Service Cost	146914	146914
Interest Cost	55111	39705
Expected Return on Plan Assets	(60828)	(31141)
Net Actuarial (gain)/loss to be Recognised	182719	3387
Past Service Cost (Non Vested Benefit) Recognised	--	--
Past Service Cost (Vested Benefit) Recognised	--	--
Effect of Curtailments and Settlements	--	--
Expenses Recognised in Profit and Loss Account	<u>323916</u>	<u>158865</u>
VI. Balance Sheet Reconciliation		
Opening Net Liability	14107	352456
Expenses as above	323916	158865
Employers Contribution	(338023)	(497214)
Effect of Curtailments and Settlements	--	--
Amount Recognised in Balance Sheet	<u>--</u>	<u>14107</u>
VII. Actuarial Assumptions		
Discount Rate Current	8%	8%
Salary Escalation	7%	7.5%

- Note:
- i) Employer's contribution includes payments made by the Company directly to its past employees.
 - ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 - iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

8. There is no amount due and outstanding to "Investors Education and Protection Fund."

	<u>2008-09</u> Rs.	<u>2007-08</u> Rs.
9 Earning in foreign currency on sales (as per RLM 3 submitted to Authorised Dealer as certified by the management but not verified by the Auditors and as per certificate received from BOB Card, HSBC Card and American Express Card):	80,08,811	90,70,941
10 Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)	5,98,39,142	7,81,00,000
11 Contingent Liabilities not provided for in respect of :		
a) Corporate Guarantee given to Bank of India on behalf of M/s. Kesar Motels Private Limited.	9,55,00,000	---
12 Managerial Remuneration:		
i) Managerial remuneration under Section 198 of the Companies Act, 1956 to Joint Managing Director.		

Particulars	2008-09 Rupees	2007-08 Rupees
Salary	12,00,000	6,00,000
Contribution to Provident Fund and other funds	-	-
Perquisites & benefits	-	-
TOTAL	12,00,000	6,00,000

ii) Computation of Net Profit as per Section 349 read with Section 309(5) of the Companies Act, 1956.

	<u>2008-09</u> Rupees	<u>2007-08</u> Rupees
Profit after Taxation as per Profit and Loss Account	6841364	28601407
Add: Provision for Taxation	20808976	1250000
Provision for Fringe Benefit Tax	150000	150000
Depreciation	7076020	8573234
Directors remuneration	1200000	600000
	<u>36076360</u>	<u>39174641</u>
Less: Depreciation under Section 350	7076020	8573234
Net Profit for the purpose of Managerial Remuneration	29000340	30601407

iii) Company has not recommended any commission to the Joint Managing Director.

13. The Debentures and Term Loans from Financial Institutions and Bank are secured by first charge by way of equitable mortgage of Company's all immovable properties, both present and future and first charge by way of hypothecation of Company's all movable, present and future subject to prior charges created and/or to be created in favour of the Company's bankers for securing the borrowing of working capital requirements in the ordinary course of business. The mortgage and hypothecation are ranking pari passu inter se.
14. Cash Credit from Punjab National Bank is secured by way of hypothecation of stocks and related book debts and further hypothecation of building under WIP.
15. Car Loan from ICICI Bank is secured by way of hypothecation of the Vehicle.
16. Income from Operations, represents invoiced value of goods sold and services rendered exclusive of applicable taxes.

17. In the opinion of Board of Directors of the Company, all the current assets, loans and advances have value on realization of an amount at least equal to the amount at which they are stated in the Balance Sheet.

18. Earning Per Share:

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

Particulars	2008-09	2007-08
a. Profit after Tax	6841364	28601407
b. No. of Equity Shares		
Basic	10530197	10500400
Diluted	10830197	10500400
c. Earning Per Share		
Basic	0.65	2.72
Diluted	0.63	2.72

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

(A) Nature of Relationship

(I) Enterprises in which Key Management Personnel have significant influence:

Kesar Motels Private Limited
M/s. Radheyshyam Bansal
Lords Inn Hotels & Developers Limited

(II) Key Management Personnel
Pushpendra Bansal

(B) Transactions with Related Parties

Rupees

(I) Share Application Money
Enterprises in which Key Management Personnel
have significant influence
Kesar Motels Private Limited

Rs. 1,13,75,010/-
(P. Y. Rs. 4,14,75,010/-)

(II) Investment as Equity Shares
Kesar Motels Private Limited

Rs. 4,51,00,000/-
(P.Y. Rs. Nil/-)

(III) Purchase of Goods & Services
Enterprises in which Key Management Personnel
have significant influence
Rent
M/s. Radheyshyam Bansal

Rs. Nil/-
(P.Y. Rs. 1,14,000/-)

Management Fees
Lords Inn Hotels & Developers Limited

Rs. 29,09,000/-
(P.Y. Rs. 6,00,000/-)

(IV) Key Management Personnel
Director Remuneration
Pushpendra Bansal

Rs. 12,00,000/-
(P. Y. Rs. 6,00,000/-)

Repayment of Unsecured Loan
Pushpendra Bansal

Rs. Nil/-
(P. Y. Rs. 40,379/-)

(V) Balance as on 31.03.2009
Payable
Enterprises in which Key Management Personnel
have significant influence
Lords Inn Hotels & Developers Limited

Rs. 11,36,714/-
(P.Y. Rs. 3,54,315/-)

20. Segment Reporting:

The segments of the Company have been identified in line with the Accounting Standard on Segment reporting (AS-17) taking into account the organisation structure as well as the differential risk and returns of these segments.

The company's reportable operating segments consist of the following business groups:

A Hotel and Restaurant

B Software

Segment revenue, Results and Capital Employed includes the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

The company has no operation outside India and hence secondary segment namely geographical segment is not applicable.

Segment Revenue, Results and Capital Employed		
Particulars	2008-09 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
SEGMENT REVENUE		
a) Hotel and Restaurant Business	1188.77	1201.01
b) Software Business	Nil	335.78
Total Segment Revenue	1188.77	1536.79
Less : Inter Segment Revenue	Nil	Nil
Net Sales / Income from Operations	1188.77	1536.79
SEGMENT RESULTS		
a) Hotel and Restaurant Business	769.05	795.78
b) Software Business	Nil	25.69
Total Segment Results	769.05	821.47
Less: i) Interest and Finance Charges	233.43	143.06
Less: ii) Other Unallocable expenses net of unallocable income	257.62	378.39
Total Profit before Tax	278.00	300.01
SEGMENT CAPITAL EMPLOYED		
a) Hotel and Restaurant Business	3073.64	Nil
b) Software Business	Nil	Nil
Total Capital Employed in Segments	3073.64	Nil
Add : Unallocable Assets less Liabilities	Nil	1933.25
Total Capital Employed in the company	3073.64	1933.25

21. The previous year's figures have been regrouped and/or rearranged wherever necessary.

AS PER OUR REPORT ATTACHED
FOR AGARWAL & MANGAL
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. P. MANGAL
Partner
Membership No. 32973

RAMESH BANSAL
Managing Director

PRADEEP DHAWAN
Director

Place : Surat
Date : August 29, 2009

MANISH PATEL
Company Secretary

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

Registration Details		
Registration Number		L55100MH1989PLC053417
State Code		11
Balance Sheet		31-03-2009
Capital Raised During the Year		(Rs. in Thousand)
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		27,190
Position of Mobilization of Funds		(Rs. in Thousand)
Total Liabilities		341,659
Total Assets		341,659
Sources of Funds		(Rs. in Thousand)
Paid-up Capital		132,194
Share Application Money		3,807
Reserves & Surplus		10,876
Secured Loans		152,155
Unsecured Loans		NIL
Deferred Tax Liability (Net)		19,816
Application of Funds		(Rs. in Thousand)
Net Fixed Assets		222,713
Investments		56,475
Net Current Assets		28,176
Miscellaneous Expenditure		NIL
Accumulated Losses		11,484
Performance of Company		(Rs. in Thousand)
Turnover		119,298
Total Expenditure		91,498
Profit Before Tax		27,800
Profit After Tax		6,841
Earning Per Share (Rs.)		
- Basic		0.65
- Diluted		0.63
Dividend Rate		NIL
Generic Names of Principle Product of the Company (As per Monetary terms)		
Item Code No. (ITC Code)		The Company is in the Business of Hoteliering and Catering, Which is not covered under ITC (HS) Classification.
Product Description		Hotel & Restaurant

AS PER OUR REPORT ATTACHED
FOR AGARWAL & MANGAL
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. P. MANGAL
 Partner
 Membership No. 32973

RAMESH BANSAL
 Managing Director

PRADEEP DHAWAN
 Director

Place : Surat
 Date : August 29, 2009

MANISH PATEL
 Company Secretary

BOOK - POST

If undelivered, please return to :

H. S. INDIA LIMITED

A-1, Manish Kaveri,

Building No. 18,

Manish Nagar,

J. P. Road, Andheri (West),

Mumbai - 400 053.