

ANNUAL
REPORT
2011-2012

VADODARA

NATHDWARA

INDORE

NAGPUR

SURAT

RAJKOT

AHMEDABAD

Wearing

new

hats.

Expanding

frontiers.

Bhagwati Banquets
and Hotels Ltd.







**Upcoming
Hotels**

- NAGPUR
- INDORE
- NATHDWARA
- VADODARA
- RAIPUR

RECENT:

- AHMEDABAD:
TIE UP
WITH STARZ CLUB
- VADODARA:
WORLD
CUISINE
RESTAURANT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Narendra Somani
Chairman & Managing Director

Devanand Somani
Wholetime Director

Hemant Somani
Wholetime Director

Ramesh Motiani
Wholetime Director

Bakul Parikh
Director

Mangharam Sumani
Director

Rajratan Singhvi
Director

Ganesh K.
Director (upto 06/06/2012)

Balveermal Singhvi
Director (w.e.f. 14/06/2012)

CONTENTS

Notice of AGM	01
Directors' Report	04
Management Discussion & Analysis	07
Corporate Governance Report	09
Auditors' Report	17
Balance Sheet	20
Profit & Loss Account	21
Cashflow Statement	22
Notes on Financial Statement	23
Consolidated Financial Statement	35

AUDITORS

O.P. Bhandari & Co.
Chartered Accountants

BANKERS

State Bank of India
ICICI Bank Ltd.
Indian Overseas Bank
AXIS Bank Ltd.
Ahmedabad

REGISTERED OFFICE

"The Grand Bhagwati"
S.G. Highway, Bodakdev,
Ahmedabad-380054.

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
Unit No 303, 3rd floor Shoppers Plaza V,
Opp Municipal Market,
Behind Shoppers Plaza II, Off C G Road,
Ahmedabad 380009

The ISIN of the Company's Equity shares
is INE797H01018





WITHIN LESS THAN 2 YEARS OF ITS LAUNCH, TGB SURAT, GUJARAT'S LARGEST FIVE STAR DELUXE HOTEL IS ALREADY A FAVORITE WITH GUESTS. THE HOTEL HAS BEEN RANKED #1 OF 31 HOTELS IN SURAT ON TRIPADVISOR AND HAS WON THE CERTIFICATE OF EXCELLENCE 2012. THE PROPERTY IS ALSO A WINNER OF 'BEST VALUE LEISURE PRODUCT AWARD' AT 89TH TTF.

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Change a Little
be a vegetarian



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Get a New Avatar
be a vegetarian



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Think Beautiful
be a vegetarian



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Love All
be a vegetarian



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Turn Your World Around
be a vegetarian



TGB is vegetarian with pride. To support the cause, since last 3 years, TGB prints limited edition calendars. This year's theme is a fusion of vegetarianism and fashion.

The calendar was developed over a period of 6 months and involved a team comprising art directors, costume designers, photographer and food stylists. The calendar encourages the reader to choose beauty, nature, compassion, freedom, love and make history.

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of BHAGWATI BANQUETS AND HOTELS LIMITED will be held at 10:30 A.M. on Saturday 29th September, 2012 at "SINDHUBHAVAN", Plot No.173, 100 Ft. Ring Road, off. S.G.Highway, Judges Bungalow Cross Road, Bodakdev, Ahmedabad- 380 054 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the statement of Profit and Loss Account for the year ended on that date together with the Schedules and notes attached thereto, and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bakul Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hemant Somani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

ORDINARY RESOLUTION :

To consider and if, thought fit, to pass following Resolution as Ordinary Resolution :

5. Appointment of Director

"RESOLVED THAT Mr. Balveermal Kewalmal Singhvi, who was appointed as an Additional Director with effect from August 14, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a director of the company."

By Order of the Board
For Bhagwati Banquets and Hotels Limited

Registered Office:
 "The Grand Bhagwati"
 Plot No. 380, Sarkhej Gandhinagar Highway,
 Bodakdev, Ahmedabad – 380 054
 Place : Ahmedabad
 Date : 14th August, 2012

Narendra Somani
 Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE 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 FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED.
2. The Register of members and the Share Transfer Books of the Company will remain closed from Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
3. Members desiring any information regarding accounts are requested to write to the Company at least 7 days before the Meeting to enable the management to keep the information ready.
4. Members are requested to notify immediately any change in their address to the Company's Registrar and Share Transfer Agent quoting their registered folio no, M/s Link Intime India Private Ltd., Unit No. 303, 3rd floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. road, Ahmedabad – 380 009 E mail : ahmedabad@linkintime.co.in
5. A Member or his Proxy is required to bring a copy of the Annual Report to the Meeting as extra copies will not be distributed as a measure of Environment & Economy.

6. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
7. The Section on General Shareholder Information (“the said Section”) containing information of particular relevance to Shareholders forms part of the Report on Corporate Governance. Attention of all Shareholders is accordingly drawn to the said Section.
8. Pursuant to section 205C of the Companies Act, 1956, the amount of Dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to Investor Education And Protection Fund (the fund) set up by the Government of India and no payment shall be made in respect of any such claims by the fund. Members who have not yet encashed the dividend warrant(s) for the financial year ended 31st March, 2008 onwards, are requested to make the claims to the Company accordingly, without any delay.

Important Communication

The Ministry of Corporate Affairs, vide its General Circular No.18/2011 dated 29th April, 2011, has clarified that as the measure of “Green initiative in Corporate governance” it will be in compliance, if Annual Report (i.e. documents listed in section 291(1) of the Companies Act, 1956 is sent through e-mail. To support this green initiative members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant.

By order of the Board

Place : Ahmedabad
Date : 14th August, 2012

Narendra Somani
Chairman & Managing Director

INFORMATION AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING :

Name of Director	Mr. Hemant Somani	Mr. Bakul Parikh	Mr. Balveermal Singhvi
Date of Birth	06/05/1976	19/02/1956	15/04/1949
Date of Appointment	22/07/2002	29/05/2006	14/08/2012
Qualification	F.Y. B.Com	B.Com, D. T. P., LL.B. Advocate	B.Com., Dip. in Cost & Works Accounts
Expertise in specific functional area	Hospitality Segment	Experience of 30 years in Legal & Finance Advisory Services on Direct/Indirect Taxes, such as Income Tax, Commercial Tax, Service Tax etc.	Experience of 38 years in banking sector
Directorship held in other companies (excluding private & foreign companies)	NIL	NIL	NIL
Membership/ Chairmanship of committees in other public companies (includes only Audit Committees/ Shareholders/Investors Grievances Committee)	NIL	NIL	NIL
Shareholding in the company	775350 shares	NIL	NIL

EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)
Item No. 5

Mr. Balveermal Kewalmal Singhvi is appointed as an Additional Director of the Company with effect from 14/08/2012 by the Board of Directors of the Company. According to Section: 260 of the Companies Act, 1956, he continues to hold office as a Director until the conclusion of ensuing Annual General Meeting. In view of his Proficiency, Board considers it desirable that the Company should continue to avail his services.

Board recommends the Resolution to the members for their approval for his appointment as a Director liable by rotation.

None of the Directors is interested in the Resolution.

By order of the Board

Place : Ahmedabad
 Date : 14th August, 2012

Narendra Somani
 Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,
BHAGWATI BANQUETS AND HOTELS LIMITED

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company along with report of Auditors' thereon in respect of the year ended 31st March, 2012:

Financial Results (₹ in Lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Total Income	15409.23	12385.67
Profit from Operations	3364.12	2605.59
Less: Financial Charges	1547.70	667.77
Less: Depreciation and Amortization	1278.21	453.82
Profit before tax	538.21	1484.00
Less: Provision for taxation	60.00	280.00
Less: Deferred tax Liability	428.98	290.06
Less: Income Tax for earlier years	36.33	0.00
Add: Excess Provision written back	19.27	43.70
Profit after tax	32.17	957.64
Profit brought forward from previous year	3464.26	2847.00
Profit Available for appropriation	3496.43	3804.64
Less: Proposed Dividend on Equity Shares [₹ 1 per share (10%)]	-	292.86
Less : Dividend Distribution Tax	-	47.52
Profit Carried forward to the Balance Sheet	3496.43	3464.26

* Previous year figures have been regrouped and re arranged wherever considered necessary.

PERFORMANCE AND REVIEW OF OPERATIONS

During the year under review, total income increased to ₹15409.23 Lacs from ₹12385.67 Lacs in the previous year, registering a growth rate of 24.41%. Profit from operations stood at ₹ 3364.12 lacs during the year compare to previous fiscal's ₹ 2605.59 lacs.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Necessary measures have been taken to comply with the requirements of the Listing Agreements with the Stock Exchanges where the Company's Shares are listed. The report on Corporate Governance is included as a part of Directors' Report. A report on Corporate Governance as stated above, along with a certificate of compliance from the Auditors, forms part of this Annual Report. Management Discussion and Analysis Report has been enclosed herewith in Annexure "A" and forming part of the Directors' Report.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Hemant G. Somani and Mr. Bakul Parikh, directors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

APPOINTMENT/ RESIGNATION OF DIRECTORS

Name of Director	Appointment/Resignation	Date
Mr. Ganesh K.	Resigned	05/05/2012
Mr. Balveermal Singhvi	Appointed	14/08/2012

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, Board of Directors of the company hereby state & confirm that:

- in the preparation of Annual Accounts for the financial year 2011-12, the applicable Accounting Standards had been followed and there are no material departures;
- that they have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true & fair view of the state of affairs of the company at the end of the financial year (31st March, 2012) and of the profit/ loss of the Company for that period .
- that they have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting frauds and irregularities.
- that they have prepared the Annual Accounts for 2011-12 on a going concern basis.

PARTICULARS OF EMPLOYEES

The information pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 along with Companies (Particulars of Employees) Amendment Rules, 2011 is as under:

Sr. No.	Name, Qualification and Age (in years)	Designation & Nature of Duty	Remuneration In ₹ (P.A.)	Date of Commencement of employment	Experience (in Years)	Particulars of Last Employment	% of share holding
1.	Narendra Somani, F.Y. B.com (46 years)	Chairman & Managing Director	60,00,000	1-10-2005	25	N.A.	28.02 %

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to section 217(1)(e) of the Companies Act, 1956 read with rules made there under, the company is not required to give the particulars of energy, since the hotel industry is not covered under the list of industries required to provide such information. However the details regarding it are mentioned in "Annexure A" given at the end of the report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from Public and as such, no amount of principal or interest was outstanding as of the balance sheet date.

The Company do accept Fixed Deposit from directors, employees, members as well as public in the current financial year in accordance with the provisions of section 58A & other applicable sections & and rules relating thereto.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to this Annual Report.

AUDITORS

M/s O. P. Bhandari & Co, Chartered Accountants, Ahmedabad, retires at the ensuing Annual General Meeting and is eligible for reappointment. The Company has received a certificate from them that their appointment if approved by the shareholders would be within the ceiling prescribed under section 224(1B) of the Companies Act, 1956. The members are requested to appoint auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

AUDITORS' REPORT

The Auditors' report for the year ended 31st March, 2012 and the notes forming part of the accounts referred to in the Auditors' Report are self-explanatory and it does not contain any reservation, qualification or adverse remark.

INSURANCE

All insurable interests of the Company, including buildings, furniture and fixtures and other assets are adequately insured by the Company.

LISTING

The Equity Shares of the Company are presently listed at the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE). The Company has duly paid the Annual listing fees as required by the Listing agreement up to 31st March, 2013 to BSE and NSE. Adequate care is being taken to comply with all the norms and guidelines as per applicable provisions of the Listing Agreement with the Company.

ACKNOWLEDGMENTS

Directors of your company are thankful to State Bank of India, ICICI Bank Ltd. as well as other Banks and Financial institutions for meeting long term and working capital requirements of the Company's extended operations.

The directors are also thankful to the Central and State Governments and other Government agencies & authorities for their continuous co-operation and assistance.

Directors would like to place on record their deep sense of appreciation and thanks to Shareholders for their valuable trust in the company's performance and for their support and encouragement, enabling the company to venture in to various upcoming projects and spread its wings globally, the customers for their confidence in the hospitality services of the company, the business associates and suppliers for their valuable assistance and support and complete co-operation, and the employees for their outstanding performance.

For and on behalf of the Board

Place : Ahmedabad
Date : 14th August, 2012

Narendra Somani
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS REPORT

“Annexure – A”

During the past, Company has commissioned a 1.25MW Windmill at Village Panchetiya, district Kutch, Gujarat. The energy generated by wind mill was **2242833 KWH** and the Credit of the same is available to Company as per the norms.

The statement of particulars with respect to technology absorption and Foreign Exchange earning and outgo pursuant to section 217 (1)(e) of the Companies Act,1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 is annexed herewith as Annexure A which forms part of this report.

Particulars pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

TECHNOLOGY ABSORPTION :

a) Research and Development:

i) Specific areas in which R & D carried out by the Company:

Your Company continues to test and work with technologies and engage in Research & Development program. Efforts of the Company are directed towards quality control and improvement of in-house expertise.

ii) Benefits derived as a result of the above R & D:

The above R&D activities have resulted in improvement of service quality & cost effectiveness.

b) Technology Absorption and Innovation:

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available. It has resulted in a better quality of product which has been brought to the International Standard, besides improving the productivity and reducing the wastages.

FOREIGN EXCHANGE EARNINGS / OUTGO

(₹ in Lacs)

Particulars	2011-12	2010-11
Earning in foreign exchange	131.60	126.10
CIF value of Import	-	625.51

For and on behalf of the Board

Place : Ahmedabad

Date : 14th August, 2012

Narendra Somani

Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Tourism of India is relatively developing and a high growth sector. It contributes 6.23% to the national GDP and 8.78% of the total employment. Ministry has approved in consultation with State Governments, 35 Mega tourism projects which are a judicious mix of culture, heritage, spiritual and eco tourism and aim to give tourists a holistic experience.

The Hotel Industry comprises a major part of the Tourism industry. Historically viewed as an industry providing luxury services valuable to economy only as a foreign exchange earner, the industry today contributes massively to direct and indirect employment generation.

The Indian hospitality industry may have gone through a period of slow growth in recent years, but it is now boom time, especially in the last couple of years when the industry has shown a double-digit growth. There are many factors that contribute to the success that the industry is enjoying now but mainly it is India's strong GDP performance, the government's support for the private sector and foreign investment in the industry, and an improvement in the aviation sector. The market has definitely opened up for hospitality brands, widening the Indian hospitality landscape.

OUTLOOK AND OPPORTUNITIES

Today hospitality has evolved from the basic food and accommodation industry and taken a very important position in almost all businesses. In fact, it has become a huge industry and drives economies across the globe. The scope of hospitality/ service industry today is far more than one could have ever imagined a few years back. It includes hotels, motels, restaurants, bars, ships, airlines and railways.

ATITHI DEVO BHAVO (guest is God) - In India, we all have heard this phrase many times during our childhood from our parents and grand-parents. We can also find its presence in the earliest Vedas and religious epics. Hospitality is deep-rooted in our traditions and comes as an integral part of our heritage. TGB fits this bill well. TGB brings over a decade of hospitality knowledge in developing, owning and operating room business, Banqueting facilities, Outdoor Catering and Foods & Beverages. TGB also provides leisure hotels in Ahmedabad, Rajkot, and now open with grand expansion of 5 star deluxe hotel in the heart of Diamond city of Gujarat "Surat". It has also extended its business in a metro like Mumbai and endowed with Outdoor catering Service in a foreign country like Bangkok.

Your company has come up with a new concept of providing "Franchisee". Furthermore, company is planning to come up with new projects in Ajmer and pilgrimage like Nathdwara and also having prestigious management contract managing Starz Club.

The company has always concentrated on enhancing its quality standards in all varied services thereby attracting huge loyal customers in India and abroad.

In spite of enormous competition, your company has coped up considerably with a budding hospitality sector, gaining admiration for expertise services throughout the country and abroad. By catering to sizeable quantity of clientele, it has expanded significantly and progression is continuous.

BUSINESS OUTLOOK

The hotel industry in India is having a tremendous opportunity in the future because of increasing trends in the tourism industry and government promoting the "Incredible India" campaign and other tourism promotion measures. The hotel industry in India is mix of many brand internationally established hotels having the scope to attract shares in the brand hotels which will help to expand the industry and the innovations in the industry is helping the hotels to retain the customers with them.

RISKS AND CONCERNS

The greatest challenge plaguing the hospitality industry in the country is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals. Though there is boom in the service sector, most of the hotel management graduates opt for other sectors like retail and aviation. Therefore, your company believes in nurturing its employees and encourages them to thrive and exhibit their abilities to the best.

As India is emerging as a destination on the global travel map, expectations of customers are rising; hence the company focuses on customer loyalty and repeat purchases.

The government, though it has opened channels for more FDI across various industries in the country this fiscal, a dire need of quality hotel accommodation for the foreign arrivals has been completely overlooked. Besides, we are heavily hampered with multiple taxes like Luxury Tax, VAT and different states levying different taxes. And now there is further increase in Service Tax and Excise Duty. Budget 2012-13 have though set the fiscal consolidation on the right course; it is neither radically reformist nor populist for the sector. It would make hotel stays, eating out at restaurants and domestic travel more expensive, adversely affecting the growth prospects of the industry resulting in higher cost to the consumer.

FINANCIAL REVIEW

During the Financial Year 2011-2012, the Company's total income is ₹ 15409.23 lacs as compared to ₹ 12385.67 lacs in the previous year. This represents growth of 24.41%.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

An internal control system of your company is very well ordered which consists of qualified and independent Audit Committee managed by our Board of Directors. It ensures the compliance with listing and other legal requirements relating to financial statements. It also ensures that all the assets of the company are fruitful as well as secured against loss from unauthorized use or disposition. The Company keeps on developing its systems and procedures on continual basis for effective internal control.

Adequate internal control measures are in the form of various policies & procedures issued by the Management covering all critical and important activities viz. Revenue Management, Hotel Operations, Purchase, Finance, Human Resources, Safety, etc.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE

Hospitality sector emphasizes on good quality of services which requires well behaved employees and warmly welcoming managerial staff, this increases value and reputation of the hotels. Hence, your company believes "The Grass is Greener where you water it". Therefore company ensures its privileged employees' comfortable workplace, security, safety, nourishment, encouragement, freedom to express their innovative ideas, etc.

In essence, the human relations approach sees the organization as a *cooperative* enterprise wherein workers' morale is a primary contributor to productivity, and so seeks to improve productivity by modifying the work environment.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is inherently associated to the society and environment in which it operates. It upholds the business of TGB with trust, transparency and commitment to human values. It is conscious of its corporate social responsibilities and pursues its social responsibilities intensely. During the year, company with the support and mutual aid of its staff pursued several social activities.

The company took forward a step to save many lives by organizing a blood donation camp at TGB- Ahmedabad unit simultaneously at Changoder unit and Surat. Also, an effort was undertaken by your company to put smiles on the frown faces by making a visit at an Old Age home and spending time with them. Collecting money from all employees, Company visited to charity of missionary at Mother Teresa orphanage to help underprivileged children. With the donation collected, we bought several eatables and other useful items for kids and distributed the same among them.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable securities laws and regulations. The actual results may differ from those expected depending upon the economic conditions, changes in Government Regulations and amendments in tax laws and other internal and external factors.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's Corporate Governance Philosophy is based on trusteeship, transparency, empowerment, control and ethical corporate citizenship. The Company believes that the practice of each of these create a right culture and fulfills the true purpose of Corporate governance. The Company remained committed towards protection and enhancement of overall long term value for its entire stakeholders, customer, lenders, employee and society.

Your company has consistently aimed at developing and internalizing such policies and implementing best-in-class actions that make it a good model of corporate governance. To that effect your Company has adopted practice mandated in Clause 49 of listing agreement & has established procedure & systems to be fully compliant with it.

II. BOARD OF DIRECTORS:

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors as per Clause 49 of the listing agreement. The Board comprise of 8 Directors, out of which four Directors are Promoter-Executive Directors and four directors are non-executive directors. All Non - Executive Directors are Independent directors. The Independent Directors take active part at the Board and Committee meetings, which adds value in the decision making process. Half of the Board comprises of non-executive directors. As on 31st March 2012 the details of composition of Board, category of directors as well as their Directorship/ membership in other companies/committees are given below:

Sr. No.	Name and Designation of Director	Category	Number of other Directorship and Committee member / Chairmanship*		
			Other Directorships	Committee membership	Committee Chairman Ship
1.	Mr. Narendra Somani Chairman & Managing Director	Promoter & Executive	1	NIL	NIL
2.	Mr. Devanand Somani Whole Time Director	Promoter & Executive	NIL	NIL	NIL
3.	Mr. Hemant Somani Whole Time Director	Promoter & Executive	NIL	NIL	NIL
4.	Mr. Ramesh Motiani Whole Time Director	Promoter & Executive	NIL	NIL	NIL
5.	Mr. Bakul Parikh Director	Independent Non-Executive	NIL	NIL	NIL
6.	Mr. Mangharam Sumani Director	Independent Non-Executive	NIL	NIL	NIL
7.	Mr. Rajratan Singhvi Director	Independent Non-Executive	1	1	NIL
8.	Mr. Ganesh K. Director (up to 05/05/2012)	Independent Non-Executive	NIL	NIL	NIL
9.	Mr. Balveermal Singhvi (w.e.f. 14/08/2012)	Independent Non-Executive	NIL	NIL	NIL

- * Directorships and Committee member/Chairmanship in other companies mentioned above excludes directorships in private limited companies, unlimited companies, foreign companies and Companies incorporated under section 25 of the Companies Act, 1956.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees and act as a Chairman in more than five committees across all companies in which he is a Director.
- Mr. Ganesh K. resigned from the Board w.e.f. 05/05/2012. The Board records appreciation of his services to the company.
- Mr. Balveermal Singhvi a senior retired banker has joined as an Additional Director of the company w.e.f. 14/08/2012. The company will gain from his experience of 38 years in the banking sector.

Board Meetings:

In year 2011 - 2012, the Board of the Company met 6(Six) times on 11th May, 2011, 13th August, 2011, 09th September, 2011, 14th November, 2011, 16th December, 2011, 14th February, 2012. As is evident, the maximum gap between any two Board Meetings is not more than four months.

Attendance of directors at the board meetings and at the last Annual General Meeting held on 30th September, 2011 is as under:

Name	Attendance	
	Board Meetings	AGM held on 30.09.2011
Mr. Narendra Somani	6	Yes
Mr. Devanand Somani	6	Yes
Mr. Hemant Somani	6	Yes
Mr. Ramesh Motiani	6	Yes
Mr. Bakul Parikh	6	Yes
Mr. Mangharam Sumani	5	No
Mr. Ganesh K.(up to 05/05/2012)	6	Yes
Mr. Rajratan Singhvi	6	Yes
Mr. Balveermal Singhvi (w.e.f. 14/08/2012)	N.A.	N.A.

III. COMMITTEES OF BOARD

A. Audit Committee

Audit Committee has been constituted in line with the provisions of Section 292A of the Companies' Act, 1956, read with Clause 49 of the Listing Agreement. The Committee meets at least four times a year and the maximum gap between two meetings is not more than four months. Minutes of the Audit Committee are circulated and discussed at the Board meetings.

At present, the audit committee comprises of three board members, viz Mr. Mangharam Sumani, Mr. Bakul Parikh and Mr. Rajratan Singhvi all being independent directors and non-executive directors. Mr. Mangharam Sumani is the Chairman of the Committee. He is a practicing chartered accountant. Mr. Bakul Parikh is a legal advisor in direct and indirect taxes. Mr. Rajratan Singhvi is also an accounts consultant. All members of the Committee are financially literate as per meaning of explanation to Clause 49(II) (A) of the Listing Agreement.

The Chief Financial Officer is a permanent invitee to the meeting. The Company Secretary is the Secretary of the Committee.

i) TERMS OF REFERENCE:

Terms of reference of Audit Committee are given here under:

1. To oversee the Company's financial reporting, process and disclosures of its financial information.
2. To review financial statements and pre-publication announcements before submission to the Board.
3. To recommend the appointment of statutory auditors and fixation of their remuneration to review and discuss with the auditors about internal control system, the scope of audit including observations of auditors, major accounting entries, practice and policies, compliance with accounting standards & Listing Agreement, related party transactions.
4. To review the Company's risk management policies and discussion with auditors any significant findings and follow up thereon.

ii) MEETINGS AND ATTENDANCE DURING THE YEAR:

During the financial year 2011 -2012, four meetings of the Audit Committee were held on 11th May, 2011, 13th August, 2011, 14th November, 2011 and 14th February, 2012. During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory and internal auditors including fixation of audit fee, discussed the internal auditors findings and reviewed the company's financial and risk management policies. Generally all items listed in Clause 49 (IID) of the Listing Agreement are covered in the term of reference. The Audit Committee has been granted powers as prescribed under Clause 49 (IIC).

Necessary information as required by Clause 49(IIE) of the Listing Agreement is reviewed by the Audit Committee.

Details of Attendance at the Audit Committee

Name	Designation	Attendance
Mr. Mangharam Sumani	Chairman	4
Mr. Bakul Parikh	Member	4
Mr. Rajratan Singhvi	Member	4

B. Remuneration Committee:**(i) Brief description of Terms of Reference**

The Remuneration Committee has been constituted to recommend and review remuneration package of Executive Directors by reference to performance, experience and responsibilities.

(ii) Composition of the Committee

The Remuneration Committee consists of three non-executive independent directors, to comply with and meet the requirements of the listing agreement and Schedule XIII of the Companies Act, 1956. Mr. Bakul Parikh is the Chairman and Mr. Ganesh K. (up to 05/05/2012), Mr. Balveermal Singhvi (w.e.f. 14/08/2012) & Mr. Rajratan Singhvi are members of the Remuneration Committee.

(iii) Meetings and attendance

The Committee met once during the financial year 2011 – 2012 on 02nd September, 2011.

(iv) Details of Remuneration of Directors

The details of remuneration paid to the directors during the financial year ended on 31st March, 2012 are as under:

Name	Remuneration in ₹	Commission	Sitting Fees in ₹
Mr. Narendra Somani	60,00,000	NIL	NIL
Mr. Devanand Somani	24,00,000	NIL	NIL
Mr. Hemant Somani	24,00,000	NIL	NIL
Mr. Ramesh Motiani	6,00,000	NIL	NIL
Mr. Mangharam Sumani	NIL	NIL	25,000
Mr. Bakul R. Parikh	NIL	NIL	30,000
Mr. Rajratan Singhvi	NIL	NIL	30,000
Mr. Ganesh K.	NIL	NIL	30,000

Shares held by Non-Executive directors:

All Non-Executive Directors hold Nil, except Mr. Mangharam Sumani holds 494 (0.02%) Shares of the Company.

C. Shareholders'/Investors' Grievance Committee:-

The Company specifically looks into redressing complaints of shareholders and investors such as non-receipt of Annual Report, non-transfer of shares non-receipt of dividends, dematerialization of shares etc. The Committee comprising of one executive director and two non-executive independent directors.

Mr. Mangharam Sumani, a non-executive Director is a Chairman of the Committee. And Mr. Ramesh Motiani, Executive Director and Mr. Bakul Parikh, Non-Executive Director are the members of this Committee. The Committee meets once in every quarter to expedite all matters relating to shareholders / investors grievances received during that period. The Committee reviews summary of share transfers, dematerialization of shares, consolidation or sub-division of shares, complaints received and disposed off etc.

During the financial year 2011-2012, four meetings of the Shareholders' / Investors' Grievance Committee were held. And care has been taken to comply with various Clauses of Listing Agreement.

Details of Shareholders Complaints

The details of complaints received / solved / pending during the year are as under:

Number of Shareholders' Complaints received during the Year	: 3
Number of Complaints not solved to the satisfaction of share holders	: NIL
Number of pending Complaints	: NIL

IV. SUBSIDIARY COMPANIES:

During the year, the audit committee reviewed the financial statements of Lov Kush Properties Pvt Ltd, an unlisted subsidiary company. Copies of the Minutes of the Board Meetings of the subsidiary company were regularly placed before the board of the Company.

V. GENERAL BODY MEETING:

(i) Annual General Meetings

The last three Annual General Meetings of the Company were held within the statutory time period and the details of the same are as under:

AGM	Financial Year	Venue	Date	Time
12 th	2010-2011	Sindhu Bhavan Plot No. 173, 100 Ft. Ring Road Off S.G. Highway, judges Bungalow cross Road, Bodakdev, Ahmedabad	30.09.2011	10.30 A.M.
11 th	2009-2010	Sindhu Bhavan Plot No. 173, 100 Ft. Ring Road Off S.G. Highway, judges Bungalow cross Road, Bodakdev, Ahmedabad	29.09.2010	10.30 A.M.
10 th	2008-2009	Sindhu Bhavan Plot No. 173, 100 Ft. Ring Road Off S.G. Highway, judges Bungalow cross Road, Bodakdev, Ahmedabad	29.09.2009	10.30 A.M.

SPECIAL RESOLUTIONS:

1. Special Resolution passed in the AGM held on 29.09.2009 under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for revised terms & condition of appointment of Mr. Ramesh K. Motiani, Whole Time Director of the Company.
2. Special Resolution passed in the AGM held on 29.09.2009 under the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 for revision of the original project, size and implementation.
3. Special Resolution passed in the AGM held on 29.09.2010 under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for re-appointment of Mr. Narendra G. Somani, as Chairman & managing Director.
4. Special Resolution passed in the AGM held on 29.09.2010 under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for re-appointment of Mr. Hemant G. Somani, as a Whole- time Director of the Company.
5. Special Resolution passed in the AGM held on 29.09.2010 under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for re-appointment of Mr. Devanand G. Somani, as a Whole- time Director of the Company.
6. Special Resolution passed in the AGM held on 29.09.2010 under provisions of Section 198,309,310 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 for re-appointment of Mr. Ramesh K. Motiani as a Whole- time Director of the Company.

(ii) POSTAL BALLOT: -

The Company has not put any resolution through postal ballot in previous Annual General Meeting. In ensuing Annual General Meeting there is no business requiring postal ballot.

VI. DISCLOSURE

- (i) There have been no materially significant transactions, pecuniary transactions or relationships between the Company and Directors, Management, Subsidiary or related parties except those disclosed in the financial statements for the year ended 31st March 2012.
- (ii) There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock exchange or SEBI or any other statutory authority on any matters related to capital markets, during the last three years.
- (iii) No personnel have been denied access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirement of Clause 49 and adopted the following non mandatory requirements:
 - (A) Company has constituted a remuneration committee.
 - (B) Whistle Blower Policy:

The Security & Exchange Board of India has also prescribed the adoption by all listed Companies, of a Whistle Blower Policy as a non mandatory requirement. The Company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle Blower. The Audit Committee Chairman is authorized to receive Protected Disclosure under this Policy. The Audit Committee is also authorized to supervise the conduct of investigation of any disclosure made by whistle blowers in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2012, no protected disclosure has been received under this policy.

- (v) Company has laid down Risk Management and Administration procedure to inform the Board members about the risk areas relating to the Organization and steps to minimize such risks. These procedures are periodically reviewed to ensure the risk control and minimization by means of properly defined framework.
- (vi) In preparing the Annual Accounts in respect of the Financial year ended 31st March, 2012 no accounting treatment was different from that prescribed in the Accounting Standard ; and
- (vii) The Company has a Code of Conduct for prevention of insider trading in the shares of the Company for directors and promoters in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992.

VII. MEANS OF COMMUNICATION

Company's quarterly, half yearly and annual results are being published in Economic Times (Gujarati and English) Newspaper. Management Discussion and Analysis Report forms part of this Annual report. The Annual report in respect of each financial year is sent to all shareholders. The quarterly results of the Company also displayed on the website of the Company i.e. www.thegrandbhagwati.com.

VIII.CODE OF CONDUCT

The Company has a Code of Conduct for prevention of insider trading in place, as prescribed by the Securities and Exchange Board of India. The Code of Conduct is available on the website of the Company: www.thegrandbhagwati.com. All board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

The Annual Report of the Company contains a declaration to this effect signed by the Managing Director of the Company.

IX. CEO/CFO CERTIFICATION

The Chief Finance officer (CFO) certification on financial statement pursuant to the provisions of Clause 49 of the Listing agreement is annexed and forms part of the Annual Report of the Company.

X. GENERAL SHAREHOLDER INFORMATION

1. **Financial Year** : 1st April to 31st March
2. **Annual General Meeting** : Date & day : 29/09/2012, Saturday
Time : 10:30 A.M.
3. **Venue** : "Sindhu Bhavan", Plot No. 173, 100 Ft. Ring Road, Off. S.G.Highway, Judges Bungalow Cross Road, Bodakdev, Ahmedabad- 380 054.
4. **Financial Calendar for Financial Year 2012-2013** : [Tentative]

Financial Year	: April-March
Financial reporting for the Quarter ending June, 2012	: Second week of August, 2012
Financial reporting for the half year ending September, 2012	: Second week of November, 2012
Financial reporting for the quarter ending December, 2012	: Second week of February, 2013
Financial reporting for the year ending March 31, 2013	: Second week of May, 2013
Annual general Meeting for year ending 31.03.2013	: On or before 30 th September 2013
5. **Face value of the equity share** : ₹ 10/- per Share
6. **Book Closure Date** : Saturday 22nd September, 2012 to Saturday 29th September 2012
(Both days inclusive)

7. Listing on Stock Exchange(s):

Your Company's Shares are listed on

Sr. No.	Name of Stock Exchange	Address of Stock Exchange
1	Bombay Stock Exchange Limited,	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400 001.
2	National Stock Exchange of India Limited	Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051

8. Stock Code:

- | | | |
|----|---------------------------------------|----------------|
| a) | Bombay Stock Exchange Ltd | : 532845 |
| b) | National Stock Exchange of India Ltd. | : BHAGWATIHO |
| c) | ISIN with NSDL & CDSL | : INE797H01018 |

9. Market price data:

Market price data of Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2011-2012 are given below:

Month	BSE - Share Price (In ₹ per share)		NSE - Share Price (In ₹ per share)	
	High	Low	High	Low
Apr-11	116.00	95.00	117.75	91.00
May-11	109.20	71.05	102.90	87.90
Jun-11	115.00	75.05	115.00	85.00
Jul-11	106.40	88.25	106.30	88.00
Aug-11	95.00	73.00	95.80	73.20
Sep-11	92.80	64.80	92.25	65.60
Oct-11	83.50	69.80	85.00	71.00
Nov-11	82.75	65.10	82.55	65.00
Dec-11	72.80	54.55	72.70	54.55
Jan-12	84.40	57.80	89.70	57.05
Feb-12	102.45	73.00	102.80	72.50
Mar-12	92.50	66.25	92.70	66.25

10. Registrar and Share Transfer Agent:

Link Intime India Private Limited

Unit No. 303, 3rd floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, C. G. Road, Ahmedabad – 380 009 • E mail : ahmedabad@linkintime.co.in

11. Share Transfer System:

Share transfers have been normally processed and returned within 15 days from the date of lodgment, provided the necessary documents were in order.

12. Distribution of shareholding as on 31st March, 2012:

Sr.No.	Category	No. of Shares	% to Share Capital
A.	PROMOTERS SHAREHOLDING		
1.	Promoters and Promoters Group	11470039	39.17
2.	Director and their Relatives	2431949	08.30
B.	PUBLIC SHAREHOLDING		
1.	Mutual Funds / UTI / Trusts	2	00.00
2.	Banks/Financial Institutions	0	00.00
3.	Foreign Institutional Investors	0	00.00
4.	Bodies Corporate	10239455	34.96
5.	NRIs	830667	02.84
6.	Clearing Members	211993	00.72
7.	Indian Public	4102295	14.01
	Total	29286400	100

13. Categories of Shareholding as on 31st March, 2012:

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 – 500	3434	84.15	441099	1.51
501 – 1000	301	7.38	246902	0.84
1,001 – 2000	138	3.38	208927	0.71
2,001 – 3000	52	1.27	133576	0.46
3,001 – 4000	34	0.83	122827	0.42
4,001 – 5000	15	0.37	71985	0.25
5,001 – 10,000	28	0.69	198807	0.68
10,001 & Above	79	1.94	27862277	95.14
Total	4081	100	29286400	100

14. Dematerialization of Shares & Facility of simultaneous transfer:

Approximately 99.99% of the paid-up equity share capital of the Company has been dematerialized as on 31st March, 2012. Trading in equity shares of the company is permitted only in dematerialized form as per notification issued by SEBI. Shareholders interested in dematerializing their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

15. Company has not issued any ADR/GDR/FCCB/QIPs during financial year ended as on 31/03/2012.

16. Investor's Correspondence may be addressed to:

Mr. Vishal Palkhiwala - Compliance Officer

Bhagwati Banquets and Hotels Ltd.

301, 3rd Floor, Circle P, Prahaladnagar Garden road, SG Road, Ahmedabad -380 051

Phone NO. : 91-79-29296192/93 Fax: 91-9725046192 • Email: cs@bbhl.in

Or

Link Intime India Private Limited

Unit No. 303, 3rd floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009

E mail : ahmedabad@linkintime.co.in

17. Location of Hotels:

- The Grand Bhagwati, Plot no. 380, SG Road, Bodakdev, Ahmedabad- 380 054
- TGB Rajkot, Opp. Drive in Cinema, Kalawad Road, Rajkot – 360005
- TGB Surat, , Magdalla Circle, Dumas Road, Surat - 395007

Restaurants of Bhagwati Group:

- | | |
|------------------------------|--------------------------|
| Murugan Express | - Iscon Mall, Ahmedabad |
| Murugan Express | - Maninagar, Ahmedabad |
| Little Italian Restaurant | - S.G.Highway, Ahmedabad |
| TGB World Cuisine & Banquets | - Malviyanagar, Jaipur |
| TGB World Cuisine | - Baroda |

The Restaurants Managed by Bhagwati Group:

- | | |
|----------------|------------------------------------------------------|
| Patang | - The revolving restaurant at Ashram Road, Ahmedabad |
| Karnawati Club | - S. G. Highway, Ahmedabad |
| Starz Club | - Ahmedabad |

18. Compliance Certificate of the Auditors:

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause-49 of the Listing Agreement is attached to this report.

For Bhagwati Banquets and Hotels Limited

Place : Ahmedabad
Date : 14th August, 2012

Narendra Somani
Chairman and Managing Director

DECLARATION ON CODE OF CONDUCT

I, Narendra Somani, Chairman - Managing Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause – 49(I)(D) of the Listing Agreement entered into with the Stock Exchange.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

The above report was adopted by the Board at their meeting held on 14th August, 2012

For Bhagwati Banquets and Hotels Limited

Place : Ahmedabad
Date : 14th August, 2012

Narendra Somani
Chairman and Managing Director

CERTIFICATE BY CFO AND MANAGING DIRECTOR

The Board of Directors**Bhagwati Banquets And Hotels Limited**

Ref- Financial Statements for the period ended 31st March, 2012: Certification by CFO

We, Narendra Somani Managing Director and Vishal Palkhiwala CFO, of the Company on the basis of the review of the financial statements for the period ended on 31st March, 2012 along with cash flow statement for that period and to the best of our knowledge and belief, certify under Clause 49 of the Listing Agreement that:-

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) 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.
- (3) There are to the best of our knowledge and belief, no transactions entered into by the Company during the period ending 31st March, 2012 that are fraudulent, illegal or volatile to the Company's Code of Conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- (5) 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 that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud, if any, of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Bhagwati Banquets and Hotels Limited

Narendra Somani **Vishal Palkhiwala**
Managing Director Chief Financial Officer

Place : Ahmedabad

Date : 14th August, 2012

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of

Bhagwati Banquets And Hotel Limited,

We have examined the compliance of conditions of corporate governance by **Bhagwati Banquets And Hotels Limited** ("the Company"), for the year ended on 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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 with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

In our opinion and to the best of my 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 Clause 49 of the Listing Agreement.

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

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No. 112633W

Place : Ahmedabad.

Date : 14th August, 2012

[O. P. Bhandari]
Proprietor
Membership No. 34409

AUDITORS' REPORT

To,
The Members of

BHAGWATI BANQUETS AND HOTELS LIMITED

We have audited the attached Balance Sheet of BHAGWATI BANQUETS AND HOTELS LIMITED as at 31st March 2012, and also the statement of Profit and Loss Account and 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.

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

As required by the Companies (Auditor's Report) Order, 2003 (CARO), as amended, issued by the Central Government of India in terms, of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to 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 purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c. the Balance Sheet, statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- 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 the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. in the case of the statement of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No. 112633W

Place : Ahmedabad.
Date : 14th August, 2012

[O. P. Bhandari]
Proprietor
Membership No. 34409

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- i. (a) The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, these fixed assets have been physically verified by the management, in accordance with a phased program of verification, which in our opinion, is reasonable, considering the size of the Company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of fixed assets during the year, so as to affect its going concern status.
- ii. (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
 - (b) In our opinion and according the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification as compared to the book records.
- iii. In respect of unsecured loans granted to companies covered in the register maintained under section 301 of the Companies Act, 1956 and according to the information and explanations given to us -
 - (a) During the year, the Company has not given unsecured Loans to any parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According the information and explanations given to us, the Company has not taken unsecured loans from any parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 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, with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing major weakness on such internal controls of the Company.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies act 1956;
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into the Register maintained under of Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section;
 - (b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of ₹ Five Lacs in respect of any party, the transactions have been made at prices which are, prima-facie, reasonable having regard to the prevailing market prices for similar transactions with other parties at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- vii. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
- viii. The maintenance of cost records has not been prescribed by the Central Government under Clause (d) of Sub-Section (1) of Section 209 of the Act. Accordingly, the provisions of clause (viii) of paragraph 4 of the companies (Auditor's Report) Order, 2003 is not applicable to the company.
- ix. (a) According to the Information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance Fund, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Cess and any other statutory dues with the appropriate authorities.

- (b) According to the Information and explanation given to us, no undisputed amount payable in respect of statutory dues applicable to it were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable except below :

Financial Year	Type of Tax	Amount Outstanding (₹ in Lacs)
2010-2011	VAT	0.06
2011-2012	VAT	0.05
2010-2011	Service Tax	247.95
2011-2012	Service Tax	174.82
2011-2012	TDS	55.94
2009-2010	Income Tax	374.21
2010-2011	Income Tax	153.09

- (c) According to the Information and explanation given to us, there are no dues of Provident Fund, Employee State Insurance Fund, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Cess and any other statutory dues which have not been deposited on account of any dispute.

Forum Where dispute is pending	Name of Dues	Amount (₹ in lacs)	Financial Year to which amount relates
Income Tax Appellate Tribunal	Income Tax	2.63	2005-06
Income Tax Appellate Tribunal	Income Tax	25.27	2006-07

- x. The Company does not have accumulated losses as at 31st March, 2012. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii. In our opinion and according to the explanations given to us, the Company has not granted loans and advance 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 or Mutual Benefit Fund/Society; Accordingly, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion and according to the explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, 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 explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions during the year.
- xvi. In our opinion and according to the explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- xvii. In our opinion and according to the explanations given to us, on the basis of 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. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year covered by our audit report, the Company has not issued any debentures.
- xx. During the year covered by our audit report, the Company has not raised any money by way of a public issue during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For **O. P. Bhandari & Co.**
 Chartered Accountants
 Firm Regn. No. 112633W

Place : Ahmedabad.
 Date : 14th August, 2012

[O. P. Bhandari]
 Proprietor
 Membership No. 34409

BALANCE SHEET AS AT 31ST MARCH-2012

(₹ In Lacs)

PARTICULARS	NOTE	AS AT	
		31/03/2012	31/03/2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	2,928.64	2,928.64
(b) Reserves and surplus	2.2	11,395.28	11,363.11
2 Non-current liabilities			
(a) Long-term borrowings	2.3	9,581.39	8,072.13
(b) Deferred tax liabilities (Net)	2.4	1,111.43	682.44
3 Current liabilities			
(a) Short-term borrowings	2.5	1,521.23	1,491.01
(b) Trade payables	2.6	1,035.86	728.74
(c) Other current liabilities	2.7	5,219.80	4,511.63
(d) Short-term provisions	2.8	659.55	1,010.14
TOTAL		33,453.18	30,787.84
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets		23,714.80	23,561.79
(ii) Intangible assets		66.98	200.93
(iii) Capital work-in-progress		21.23	-
(b) Non-current investments	2.10	500.01	539.97
(c) Long-term loans and advances	2.11	520.00	505.14
(d) Other non-current assets	2.12	596.60	172.56
2 Current assets			
(a) Current investments		-	-
(b) Inventories	2.13	2,128.59	1,706.76
(c) Trade receivables	2.14	892.61	621.53
(d) Cash and Bank Balances	2.15	998.95	420.75
(e) Short-term loans and advances	2.16	3,825.45	2,986.15
(f) Other current assets	2.17	187.96	72.26
TOTAL		33,453.18	30,787.84
Significant Accounting Policies		1	

Accompanying notes are an integral part of the financial statements.

As per our Report of even date

For O. P. BHANDARI & CO.

Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]

Proprietor
M. No. 34409

Place : Ahmedabad.

Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director

Devanand G. Somani Wholetime Director

Hemant G. Somani Wholetime Director

Vishal Palkhiwala Chief Financial Officer

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2012

(₹ In Lacs)

PARTICULARS	NOTE	For the year ended on 31/03/2012	For the year ended on 31/03/2011
I Revenue from operations	2.18	15,254.75	12,215.77
II Other income	2.19	154.48	169.90
III Total Revenue (I + II)		15,409.23	12,385.67
IV Expenses:			
Cost of materials consumed	2.20	3,877.45	3,310.02
Employee benefits expense	2.21	2,014.31	1,429.14
Finance costs	2.22	1,547.70	667.77
Depreciation and amortization expense	2.09	1,278.21	453.82
Other expenses	2.23	6,153.35	5,040.92
Total expenses		14,871.02	10,901.67
V Profit before exceptional and extraordinary items and tax (III-IV)		538.21	1,484.00
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		538.21	1,484.00
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		538.21	1,484.00
X Tax expense:			
(1) Current tax		77.06	236.30
(2) Deferred tax		428.98	290.06
XI Profit (Loss) for the period from continuing operations (IX-X)		32.17	957.64
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		32.17	957.64
XVI Earnings per equity share:			
(1) Basic		0.11	3.27
(2) Diluted		0.11	3.27
Significant Accounting Policies	1		

Accompanying notes are an integral part of the financial statements.

As per our Report of even date

For O. P. BHANDARI & CO.

Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]

Proprietor
M. No. 34409

Place : Ahmedabad.

Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director

Devanand G. Somani Wholetime Director

Hemant G. Somani Wholetime Director

Vishal Palkhiwala Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR EDNDED ON 31ST MARCH, 2012

(Pursuant to AS-3) Indirect Method

(₹ In Lacs)

Particulars	For the year ended on 31/03/2012	For the year ended on 31/03/2011
A. Cash Flow arising from Operating Activities		
Profit before tax	538.21	1,484.00
Adjustment for :		
Depreciation & Amortisation	1,278.21	453.82
Interest received	(147.05)	(162.47)
Dividend Received	(1.05)	(2.10)
Loss on Sale of Investment	15.48	-
Loss on Sale fixed assets	0.39	-
Miscellaneous Expenditure Written Off	66.67	72.26
Interest to banks	1,519.96	625.64
Provision Written back	(19.27)	-
Operating Profit Before WC changes	3,251.55	2,471.15
Adjustment for Working Capital changes		
Inventories	(421.83)	(590.49)
Receivables	(271.08)	213.56
Loans & Advances (Current & Non-Current)	(841.44)	(112.25)
Current Liabilities (Current & Non-Current)	917.53	740.74
Net Cash from Working Capital changes	(616.82)	251.56
Taxes paid	(107.64)	(10.12)
Net Cash Flow from Operating Activities	2,527.09	2,712.59
B. Cash Flow from Investing Activities		
Interest received	147.05	162.47
Dividend Received	1.05	2.10
Loss on Sale of Investment	(15.48)	-
Sale / (Purchase) of Investments	39.96	1.02
Purchase of Fixed Assets	(1,375.24)	(4,680.57)
Addition to work in progress	(21.23)	-
Sale of Fixed Assets	91.82	-
Loss on Sale of Fixed Assets	(0.39)	-
Addition to Miscellaneous Expenditure	(606.42)	(138.72)
Net Cash Flow from Investing Activities	(1,738.88)	(4,653.70)
C. Cash Flow from Financing Activities		
Secured Loan (Current & Non-Current)	2,964.78	(60.33)
Unsecured Loan (Current & Non-Current)	(1,314.45)	1,512.32
Interest to banks	(1,519.96)	(625.64)
Dividends Paid (including distribution tax)	(340.38)	(341.51)
Net Cash Flow from Financing Activities	(210.01)	484.84
Net Increase(Decrease) in Cash or Cash Equivalents	578.20	(1,456.27)
Opening Cash or Cash Equivalents	420.75	1,877.02
Closing Cash or Cash Equivalents	998.95	420.75

As per our Report of even date

For O. P. BHANDARI & CO.
Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]
Proprietor
M. No. 34409

Place : Ahmedabad.
Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director
Devanand G. Somani Wholetime Director
Hemant G. Somani Wholetime Director
Vishal Palkhiwala Chief Financial Officer

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012
1. Significant Accounting Policies
i. Accounting Convention

The financial statements have been prepared under historical cost convention and on basis of the going concern, in accordance with the generally accepted accounting principles (GAAP) in India and as per the provision of the provision of the Companies Act, 1956, wherever applicable.

Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to year, the financial statements relate to. Actual result could differ from such estimates. Any revision in accounting estimate is recognized prospectively from current year and material revision, including its impact on financial statement, is reported in notes to accounts in the year of incorporation of revision.

ii. Fixed Assets

- a) Fixed Assets are stated at cost of construction or acquisition less accumulated depreciation.
- b) All other expenses including taxes, duties, freight incurred to bring the fixed assets to working condition is also treated as the cost of the fixed assets. However, cenvat availed in respect of the fixed assets is deducted from the cost of the fixed asset.
- c) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
- d) Goodwill is being amortized over the period of five years on straight line basis.

iii. Investments:

- e) Current investments are carried at lower of cost and market value.
- f) Long term investments are stated at cost. Provisions for diminution in value of long term investments are made, if the diminution is other than temporary.

iv. Impairment of Assets:

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment so as to determine:

- a) The provision for impairment loss, if any, required or
- b) The renewal, if any, required of impairment loss recognized in previous periods. Impairment of loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

v. Valuation of Inventories:

- a) Inventory comprises stock of food and beverages and stores and spares and is carried at lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sale.
- b) Inventory of Cutlery, crockery, linen & uniform are amortised over the period of twenty four months.

vi. Deferred Revenue Expenditure:

- a) Deferred Revenue Expenditure related to windmill has been amortized over a period of twenty years.
- b) Deferred Revenue Expenditure other than above (i) is amortized over a period of five years.

vii. Revenue Recognition:

- a) Income from Rooms, Banquets, and Restaurant and Other Services represents invoice value of goods sold and services rendered exclusive of all applicable taxes.
- b) Revenue from windmill energy generation is accounted for on the basis of units generated against consumption at the Hotel, taking into consideration the energy charges and fuel charges charged by Torrent Power Ltd according to PPA agreement with them.

viii. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transaction.

ix. Borrowing Cost:

- a) Borrowing cost is recognized as expense in the period in which these are incurred.
- b) Interest and other borrowing cost on specific borrowings, attributable to qualifying assets are capitalized.
- c) Foreign Exchange difference arising on repayment of foreign exchange term loan has been adjusted to interest cost.

X. Provision for Taxation and Deferred Tax:

- a) Provision for Income tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

- b) The Deferred Tax resulting from timing difference is accounted for using tax rates & tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

xi. Employee Benefits:

- a) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately charged to the profit and loss account and are not deferred.
- b) Provident fund is a defined contribution scheme and the company has no further obligation beyond the contributions made to the fund. Contributions are charged to the profit and loss account in the year in which they are accrued.
- c) The Company has no other obligation other than the contribution payable.
- d) Provision for leave salary has been made as determined by the management.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012
Note No.2
2.1- Share Capital
(₹ in Lacs)

Share Capital	Current Year		Previous Year	
	No.of Shares	₹	No.of Shares	₹
Authorised				
Equity Shares of ₹ 10 each	50,000,000	5,000.00	50,000,000	5,000.00
Issued, Subscribed & Paid up				
Fully paid up equity shares of ₹ 10 each	29,286,400	2,928.64	29,286,400	2,928.64
Total	29,286,400	2,928.64	29,286,400	2,928.64

2.1.1 - Reconciliation of Shares
(₹ in Lacs)

Particulars	Current Year		Previous Year	
	No.of Shares	₹	No.of Shares	₹
Shares outstanding at the beginning of the year	29,286,400	2,928.64	29,286,400	2,928.64
Addition/(Deletion) during the year	-	-	-	-
Shares outstanding at the end of the year	29,286,400	2,928.64	29,286,400	2,928.64

2.1.2 - Share Holders Holding More than 5% Shares in the Company
(₹ in Lacs)

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
Narendra Gurmukhdas Somani	8,206,289	28.02	7,726,289	26.38
Rajshah Enterprise Pvt.Ltd.	2,256,647	7.71	381,664	1.30
Real Marketing Pvt. Ltd	1,809,031	6.18	-	-

2.2 - Reserves & Surplus
(₹ in Lacs)

Particulars	Current Year	Previous Year
A. Securities Premium Account		
Opening Balance	7,278.63	7,278.63
Add/(Less) during the year	-	-
Closing Balance	7,278.63	7,278.63
B. General Reserve		
Opening Balance	620.22	620.22
Add/(Less) during the year	-	-
Closing Balance	620.22	620.22
C. Surplus		
Opening balance	3,464.26	2,847.00
Add: Net Profit/(Net Loss) For the current year	32.17	957.64
Less: Proposed Dividends	-	292.86
Less: Dividend Distribution Tax	-	47.52
Closing Balance	3,496.43	3,464.26
Total	11,395.28	11,363.11

2.3 - Long Term Borrowing

(₹ in Lacs)

Particulars	Current Year		Previous Year	
	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities
Secured Loan				
A) Term Loan -From Bank				
Indian Rupee Loan				
- State Bank of India	960.70	1,191.54	2,319.08	817.22
- ICICI Bank	4,687.50	312.50	-	-
Foreign Currency Loan				
- State Bank of India	3,692.47	284.91	4,888.55	634.51
	9,340.67	1,788.95	7,207.63	1451.73
B) From Others				
Vehicle Loans	40.72	52.06	64.50	44.51
Unsecured Loan				
Other Loan	200.00	-	800.00	200.00
Total	9,581.39	1,841.01	8,072.13	1696.24
Amount disclosed under the head "Other Current Liabilities- Current Maturities of Long Term Liabilities" (Note. No. 2.7)		(1,841.01)		(1,696.24)
Total	9,581.39	-	8,072.13	-

2.3.1. Security Particulars of Secured Loans

- **Term Loan & Working Capital Loan from SBI**
 - i) First pari passu charge over present and future movable and immovable fixed assets at Ahmedabad and Surat properties of the Company.
 - ii) In addition to the above, the subsidiary company, Lov Kush Properties Pvt. Ltd., has given the corporate guarantee to the limits availed by the company.
 - iii) The term loans are further guaranteed by the personal guarantee of all executive directors.
- **Term Loan & Working Capital Loan from ICICI**
 - i) Pari passu charge over present and future movable and immovable fixed assets at Ahmedabad and Surat properties of the Company.
 - ii) The term loans are further guaranteed by the personal guarantee of all executive directors.
- **Secured Loans from others**
 - i) Vehicle loans represents loans from Kotak Mahindra Prime Ltd., Kotak Mahindra Bank Ltd., Axis Bank Ltd., Dhanlaxmi Bank Ltd. and State Bank of India, secured by the hypothecation of assets purchased.
 - ii) Cash Credit from Indian Overseas Bank is secured against guarantee of a sister concern TGB Foods Pvt. Ltd.

2.4 - Deferred Tax Asset/Liability (net)

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred tax liability		
Timing difference between book and tax depreciation	1,111.43	682.44
Total	1,111.43	682.44

2.5 Short Term Borrowing**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Working Capital Loan		
- State Bank Of India (Secured)	422.49	792.00
- Indian Overseas Bank (Secured)	347.38	699.01
- ICICI Bank (Secured)	751.36	-
Total	1,521.23	1,491.01

2.5.1. Cash Credit from Indian Overseas Bank is secured by stock and receivable of the Company. And further secured by the personal guarantee of all executive directors. The cash credit is repayable on demand.

2.5.2 For working capital loan from SBI & ICICI please refer note. (2.3.1)

2.6 Trade Payables**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Creditors	1,035.86	728.74
Total	1,035.86	728.74

2.7 Other Current Liabilities**(₹ in Lacs)**

Particulars	Current Year	Previous Year
(a) Current maturities of long-term debt	1,788.95	1,651.73
(b) Current maturities of vehicle loan	52.06	44.51
(c) Interest accrued but not due on borrowings	151.55	104.06
(d) Income received in advance	990.12	766.48
(e) Unpaid dividends	1.06	0.77
(f) Creditors for Capital Expenditure	552.13	911.01
(g) Other payables *	1,683.93	1,033.07
Total	5,219.80	4,511.63

* other payables include statutory dues and temporary bank o/d

2.8 Short Term Provisions**(₹ in Lacs)**

Particulars	Current Year	Previous Year
(a) Provision for Taxation	623.63	654.21
(b) Provision for Dividend	-	292.86
(c) Dividend Distribution Tax	-	47.52
(d) Provision for Gratuity	35.92	15.55
Total	659.55	1,010.14

2.9 Fixed Assets

(₹ in Lacs)

SR No.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET	
		AS AT 01/04/2011	ADDITION DURING THE PERIOD	DISPOSAL/ ADJUSTMENT DURING THE PERIOD	TOTAL 31/03/2012	PROVIDED UP TO 1/4/2011	ADJUSTMENT FOR THE YEAR	TOTAL 31/03/2012	AS AT 31/03/2012	AS AT 31/03/2011
TANGIBLE ASSETS										
1	Land & Land Development	680.33	-	-	680.33	-	-	-	680.33	680.33
2	Building	10,740.43	888.53	2.33	11,626.63	384.92	0.03	360.80	10,880.94	10,355.52
3	Electrification	1,909.23	66.76	-	1,975.98	83.46	-	92.08	1,800.44	1,825.77
4	Furniture & Fixtures	6,539.83	142.96	41.13	6,641.65	394.72	1.08	415.35	5,832.66	6,145.10
5	Plant & Machinery	3,379.16	163.82	28.19	3,514.80	263.05	0.56	163.22	3,089.09	3,116.12
6	Other Equipment	498.08	54.09	0.28	551.89	25.41	0.01	24.91	501.57	472.67
7	Computers & Software	109.43	10.81	-	120.23	35.57	-	18.18	66.49	73.86
8	Vehicles	304.01	35.36	19.47	319.89	58.46	12.08	29.24	244.26	245.54
9	Television	86.26	0.29	0.42	86.12	4.46	0.08	4.09	77.65	81.80
10	Pick Up Van	27.25	12.65	-	39.90	8.38	-	2.89	28.63	18.88
11	Scooter	5.25	-	-	5.25	1.62	-	0.50	3.13	3.63
12	Pollution Cont. Plant	6.33	-	-	6.33	1.20	-	0.31	4.82	5.13
13	Wind Mill	619.21	-	-	619.21	81.74	-	32.69	504.78	537.47
TOTAL		24,904.79	1,375.24	91.82	26,188.20	1,342.99	13.84	1,144.26	23,714.80	23,561.79
INTANGIBLE ASSETS										
1	Goodwill	669.75	-	-	669.75	468.83	-	133.95	66.98	200.93
CURRENT YEAR		25,574.54	1,375.24	91.82	26,857.95	1,811.82	13.84	1,278.21	23,781.78	23,762.72
PREVIOUS YEAR		5,191.24	20,383.30	-	25,574.54	1,358.00	-	453.82	23,762.72	3,833.24

2.10 - Non-Current Investment

(₹ in Lacs)

Particulars	Current Year	Previous Year
Non Trade Investment(Unquoted)		
<u>Investment in subsidiary in fully paid equity instrument</u>		
31800 (P.Y.31800) Equity Shares of Rs. 10/- each in Lov Kush Properties Pvt. Ltd.	500.00	500.00
<u>Investment in others in fully paid equity instrument</u>		
100 (P.Y.100) Fully Paid Equity Shares of Sheetal Ispat Pvt. Ltd.	0.01	0.01
NIL (P.Y.6,99,300) Fully Paid Equity Shares Ahmedabad Stock Exchange Ltd.	-	39.96
Total	500.01	539.97
Aggregate value of unquoted investments	500.01	539.97

2.11 - Long Term Loans & Advances

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deposits		
- with Govt. authorities	111.37	111.03
- with Other	408.63	394.11
Total	520.00	505.14

2.12 - Other Non Current Assets

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Revenue Expenditure	596.60	172.56
Total	596.60	172.56

2.13 - Inventories**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Raw Material	1,019.65	897.66
<u>Other Material</u>		
Cutlery and Crockery	564.28	433.41
Linen	229.56	151.53
Uniforms	172.84	119.50
Utensils	142.26	104.66
Total	2,128.59	1,706.76

2.14 - Trade Receivables**(₹ in Lacs)**

Particulars	Current Year	Previous Year
(a) Debtors outstanding for a period exceeding six months Unsecured, considered good	413.64	222.04
(a) Other Debtors Unsecured, considered good	478.97	399.49
Total	892.61	621.53

2.15 - Cash & Bank Balances**(₹ in Lacs)**

Particulars	Current Year	Previous Year
a. Cash and Bank Balance	998.95	420.75
Total	998.95	420.75
Balance with Banks Include		
(i) Bank Guarantee Margin Money with more than 12 month Maturity	141.86	196.40
(ii) Unpaid Dividend	1.06	0.77
Total	142.92	197.17

2.16 - Short Term Loans & Advances**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Unsecured and considered good		
Loans and advances		
- Related Party	385.94	-
- Others	1,662.60	1,625.19
Others *	1,776.91	1,360.96
Total	3,825.45	2,986.15

* Includes Advance to Sundry Creditors, Advance to Staff, Prepaid Expenses, Advance Tax & Tax Credit Receivable

Particulars	Current Year	Previous Year
Private Company in which director is interested (Ref. Note No. 2.24.F)	385.94	-
Total	385.94	-

2.17 - Other Current Assets**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Deferred Revenue Expenditure	187.96	72.26
Total	187.96	72.26

2.18 - Revenue From Operation

(₹ in Lacs)

Particulars	Current Year	Previous Year
Sale of services	14,937.93	11,559.82
Other operating revenues	316.82	655.95
Total	15,254.75	12,215.77

Particulars of Sale and Services

Sales & Services	Current Year	Previous Year
Rooms Revenue	1,902.75	1,815.39
Food & Beverage	5,081.73	2,990.80
Banquets & Catering Services	7,953.45	6,753.63
Total	14,937.93	11,559.82

Particulars of Other Operating Revenue

Particulars	Current Year	Previous Year
(a) Club income	162.06	545.17
(b) Scrap sales	9.04	5.80
(C) Windmill Energy Income	69.58	69.91
(d) Other Operating Income	76.14	35.07
Total	316.82	655.95

2.19 - Other Income

(₹ in Lacs)

Particulars	Current Year	Previous Year
Interest Received	147.05	162.47
Dividend Income	1.05	2.10
Other Income	6.38	5.33
Total	154.48	169.90

2.20 - Food & Beverages Consumed

(₹ in Lacs)

Particulars	Current Year	Previous Year
Opening Stock	897.66	680.16
Add: Purchase (net of goods returned)	3,999.44	3,527.52
Less: Closing Stock	1,019.65	897.66
Total	3,877.45	3,310.02

2.21 - Employees' Emoluments

(₹ in Lacs)

Particulars	Current Year	Previous Year
Salary Wages & Allowances	1,721.20	1,214.44
Directors Remuneration	114.00	84.00
Contribution to P F, ESI and other fund	90.69	58.30
Leave salary	23.59	20.59
Gratuity	20.37	16.22
Welfare Expenses	44.46	35.59
Total	2,014.31	1,429.14

2.22 - Finance Cost

(₹ in Lacs)

Particulars	Current Year	Previous Year
Interest Expenses	1,519.96	625.64
Other Borrowing Cost	27.74	42.13
Total	1,547.70	667.77

2.23 - Other Expenses**(₹ in Lacs)**

Particulars	Current Year	Previous Year
A. Administrative and selling expenses:		
Advertisement and Publicity Charges	211.20	187.76
Assets Discarded	104.57	285.17
Auditor Remuneration	2.32	2.04
Bank Charges	8.01	8.37
Decoration Expenses	511.69	310.64
House Keeping Expenses	199.43	167.54
Insurance Expenses	22.59	17.81
Rates and Taxes	732.62	535.83
Rent	1,141.95	1,031.73
Sitting Fees	1.15	1.00
Miscellaneous Expenses	151.92	129.03
Loss on Sale of Investment	15.48	-
Loss on Sale of Assets	0.39	-
Other Expenses	734.28	625.54
Sub Total (A)	3,837.60	3,302.46
B. Upkeep and services cost expenses:		
Cleaning and Laundry Expenses	247.29	180.79
Waiter Charges	602.43	480.84
Power and Fuel	1,041.22	745.65
Hire Charges	181.41	84.39
Repairs and Maintenance		
- Building	37.20	53.65
- Plant and Machinery	89.51	81.26
- Others	116.69	111.88
Sub Total (B)	2,315.75	1,738.46
Grand Total (A+B)	6,153.35	5,040.92

2.24 - Additional Information to Financial Statement**A) Contingent Liabilities :****(₹ in Lacs)**

Particulars	Current Year	Previous Year
(i) Bank Guarantee Issued to Custom Department for Import Purpose	520.12	520.12
(ii) Demand of Income Tax Raised by the authorities disputed and not acknowledged as due	27.90	-
Total	548.02	520.12

B) Auditors Remuneration :**(₹ in Lacs)**

Particulars	Current Year	Previous Year
a. Audit Fees	1.75	1.50
b. Tax Audit	0.25	0.25
c. Certification Matters	0.10	0.10
d. Service Tax	0.22	0.19
Total	2.32	2.04

C) Details of Foreign Currency Transactions :

(₹ in Lacs)

Particulars	Current Year	Previous Year
a. C.I.F. Value of Import of Capital Goods	-	625.51
b. Earning in Foreign Exchange	131.60	126.10
Total	131.60	751.61

D) Earning Per Share :

(₹ in Lacs)

Particulars	Current Year	Previous Year
a. Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	32.17	957.64
b. Weighted Average No. of Equity Shares	29,286,400	29,286,400
c. Face Value Per Equity Share (₹)	10.00	10.00
d. Basic & Diluted Earning Per Share (₹)	0.11	3.27

E) Employee Benefits :

Consequent upon adoption of Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, as required by the standards, the following disclosures are made: (₹ in Lacs)

Particulars	2011-12	2010-11
1. Expenses recognized in the statement of Profit and Loss account for the year ended 31.03.2012		
Current Service Cost	15.36	12.36
Interest Cost	3.86	2.41
Expected return on plan assets	(2.88)	(1.83)
Net Actuarial (gain) / Loss recognised in the year	4.04	3.28
Expenses recognised in statement of profit and Loss	20.37	16.22
2. The Amounts to be recognised in the balance sheet and statements of Profit and Loss Account		
Present Value of obligations as at the end of year	68.37	48.20
Fair value of plan assets as at the end of the year	32.45	32.26
Funded status : Surplus / (Deficit)	(35.92)	(15.93)
Net Asset / (Liability) recognised in balance sheet	35.92	15.93
3. Changes in present value of obligation		
Present value of obligations as at beginning of year	48.20	30.15
Interest cost	3.86	2.41
Current service cost	15.36	12.36
Benefits paid	(3.07)	Nil
Actuarial (gain) / Loss on obligations	4.04	3.28
Present value of obligations as at 31.03.2012	68.37	48.20
4. Actuarial Table showing changes in the fair value of Plan Assets		
Fair Value of plan assets at beginning of year	32.26	16.59
Expected return on plan assets	2.88	1.83
Contributions	0.38	13.84
Benefits Paid	(3.07)	Nil
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair Value of plan assets at the end of year	32.45	32.26
5. Assumptions used to determine the benefit obligations:		
Discounting Rate	8.00%	8.00%
Expected rate of increase in salary	7.00%	7.00%
Expected rate of return on Plan Assets	9-9.55%	9-9.55%
Mortality Table L.I.C(1994-96) ULTIMATE		

F) Related Party Transactions :**(₹ in Lacs)**

a) Related Parties and their Relationship:

Name of Related Party	Relationship
New Ramesh Kirana Stores	Entities over which Key Management Personnel are able to exercise significant influence
TGB Foods Pvt. Ltd	Entities over which Key Management Personnel are able to exercise significant influence
Devanand G. Somani HUF	Entities over which Key Management Personnel are able to exercise significant influence
Narendra G. Somani	Key Management Personnel
Devanand G. Somani	Key Management Personnel
Hemant G. Somani	Key Management Personnel
Ramesh K. Motiani	Key Management Personnel
Harshita D. Somani	Relative of Key Management Personnel
Sunita N. Somani	Relative of Key Management Personnel
Neeta Somani	Relative of Key Management Personnel
Bhagwati Sales Corporations	Relative of Key Management Personnel

(b) Transaction with Related Parties:

Nature of transaction	2011-12				2010-11			
	Entity Under Significant Influence	Key Management Personnel	Relative of Key Mgt. Personnel	Total	Entity Under Significant Influence	Key Management Personnel	Relative of Key Mgt. Personnel	Total
F & B Purchase	219.58	-	196.68	416.26	504.17	-	-	504.17
Rent	2.40	14.40	150.32	167.12	2.40	7.20	77.56	87.16
Director's Remuneration	-	114.00	-	114.00	-	84.00	-	84.00
Commercial Transaction	385.94	-	-	385.94	-	-	-	-

(c) Statement of Material Transactions:

Name of Company	2011-12	2010-11
New Ramesh Kirana Stores		
Purchase of Goods	14.22	221.41
TGB Foods Pvt. Ltd		
Purchase of Goods	205.35	282.76
Bhagwati Sales Corporations		
Purchase of Goods	196.68	-
TGB Foods Pvt. Ltd		
Advance Given (Net)	385.94	-
Harshita D. Somani		
Rent	33.11	18.95
Sunita N Somani		
Rent	84.11	42.05
Neeta Somani		
Rent	33.11	16.55
Devanand G. Somani		
Rent	14.40	7.20
Narendra G. Somani		
Director's Remuneration	60.00	42.00
Devanand G. Somani		
Director's Remuneration	24.00	18.00
Hemant G. Somani		
Director's Remuneration	24.00	18.00
Ramesh K. Motiani		
Director's Remuneration	6.00	6.00

G) Segment Reporting :

Since the company has only one segment, there is no separate reportable segment as required in AS-17 issued by the ICAI.

H) Movement of Provision Tax

(₹ in Lacs)

Particulars	Current Year	Previous Year
Opening Provision	654.21	566.00
Provision made during the year (net off excess provision written back & provision for earlier year)	77.06	236.30
Adjustment during the year with advance tax	(107.64)	(148.09)
Closing Provision	623.63	654.21

- I) Since the business of the company is by way of Food and Beverages, the quantity wise details of purchase, consumption, turnover, stock etc. are not furnished as the items are so large in number that it is not practicable to present.
- J) The company had not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprise Act, 2006, and hence disclosures, if any, relating to amounts unpaid as the year end together with interest paid of payable as required under said Act, have not been given.
- K) In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- L) As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the financial Statement for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statement for the year ended 31st March 2012 is prepared in accordance with the revised schedule VI. The amount and disclosures included in the financial statement of the previous year have been reclassified to conform to the requirement of revised schedule VI.

As per our Report of even date

For O. P. BHANDARI & CO.

Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]

Proprietor
M. No. 34409

Place : Ahmedabad.

Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director

Devanand G. Somani Wholetime Director

Hemant G. Somani Wholetime Director

Vishal Palkhiwala Chief Financial Officer

CONSOLIDATED AUDITORS' REPORT

To,

The Members of

BHAGWATI BANQUETS AND HOTELS LIMITED.

We have audited the attached Consolidated Balance Sheet of Bhagwati Banquets and Hotels Limited and its subsidiary Lov Kush Properties Private Ltd. as at 31st March 2012, and also the Consolidated Statement of Profit and Loss Account for the year ended on that date and Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These Consolidated financial statements are the basis of separate financial statements and other financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

We Report that consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 on, Consolidated Financial Statements, notified under the companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of subsidiary company's financial statements and on the other information of the components, and to the explanations given to us, we are of the opinion that the attached consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India;

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at March 31, 2012.
- (ii) In the case of the Consolidated Statement of Profit and Loss Account, of the Profit for the year ended on that date and
- (iii) In case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **O. P. Bhandari & Co.**
Chartered Accountants
Firm Regn. No.:112633W

Place : Ahmedabad.
Date : 14th August, 2012

[O. P. Bhandari]
Proprietor
Membership No. 34409

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH-2012

(₹ In Lacs)

PARTICULARS	NOTES	AS AT	
		31/03/2012	31/03/2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	2928.64	2928.64
(b) Reserves and surplus	2.2	10898.46	10866.29
2 Non-current liabilities			
(a) Long-term borrowings	2.3	9591.69	8082.38
(b) Deferred tax liabilities (Net)	2.4	1111.43	682.44
3 Current liabilities			
(a) Short-term borrowings	2.5	1521.23	1491.01
(b) Trade payables	2.6	1035.86	728.74
(c) Other current liabilities	2.7	5220.25	4512.02
(d) Short-term provisions	2.8	659.55	1010.14
TOTAL		32967.11	30301.66
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	2.9		
(i) Tangible assets		23727.52	23574.51
(ii) Intangible assets		66.98	200.93
(iii) Capital work-in-progress		21.23	-
(b) Non-current investments	2.10	0.01	39.97
(c) Long-term loans and advances	2.11	520.00	505.14
(d) Other non-current assets	2.12	597.72	173.61
2 Current assets			
(a) Current investments		-	-
(b) Inventories	2.13	2128.59	1706.76
(c) Trade receivables	2.14	892.61	621.53
(d) Cash and cash equivalents	2.15	999.04	420.80
(e) Short-term loans and advances	2.16	3825.45	2986.15
(f) Other current assets	2.17	187.96	72.26
TOTAL		32967.11	30301.66
Significant Accounting Policies	1		

Accompanying notes are an integral part of the financial statements.

As per our Report of even date

For O. P. BHANDARI & CO.
Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]
Proprietor
M. No. 34409

Place : Ahmedabad.
Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director
Devanand G. Somani Wholetime Director
Hemant G. Somani Wholetime Director
Vishal Palkhiwala Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ In Lacs)

PARTICULARS	NOTES	For the year ended on 31/03/2012	For the year ended on 31/03/2011
I Revenue from operations	2.18	15254.75	12215.77
II Other income	2.19	154.48	169.90
III Total Revenue (I + II)		15409.23	12385.67
IV Expenses:			
Cost of materials consumed	2.20	3877.45	3310.02
Employee benefits expense	2.21	2014.31	1429.14
Finance costs	2.22	1547.70	667.77
Depreciation and amortization expense	2.09	1278.21	553.18
Other expenses	2.23	6153.35	5040.92
Total expenses		14871.02	11001.03
V Profit before exceptional and extraordinary items and tax (III-IV)		538.21	1384.64
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		538.21	1384.64
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		538.21	1384.64
X Tax expense:			
(1) Current tax		77.06	236.30
(2) Deferred tax		428.98	290.06
XI Profit (Loss) for the period from continuing operations (IX-X)		32.17	858.28
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		32.17	858.28
XVI Earnings per equity share:			
(1) Basic		0.11	2.93
(2) Diluted		0.11	2.93

Significant Accounting Policies

1

Accompanying notes are an integral part of the financial statements.

As per our Report of even date

For O. P. BHANDARI & CO.
Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]
Proprietor
M. No. 34409

Place : Ahmedabad.
Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director
Devanand G. Somani Wholetime Director
Hemant G. Somani Wholetime Director
Vishal Palkhiwala Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(Pursuant to AS-3) Indirect Method

(₹ In Lacs)

Particulars	For the year ended on 31/03/2012	For the year ended on 31/03/2011
A. Cash Flow arising from Operating Activities		
Profit before tax	538.21	1,384.64
Adjustment for :		
Depreciation & Amortisation	1,278.21	553.18
Interest received	(147.05)	(162.47)
Dividend Received	(1.05)	(2.10)
Loss on Sale of Investment	15.48	-
Loss on Sale fixed assets	0.39	-
Miscellaneous Expenditure Written Off	66.67	72.26
Interest to banks	1,519.96	625.64
Provision Written back	(19.27)	-
Operating Profit Before WC changes	3,251.55	2,471.15
Adjustment for Working Capital changes		
Inventories	(421.83)	(590.49)
Receivables	(271.08)	213.56
Loans & Advances (Current & Non-Current)	(841.44)	(112.25)
Current Liabilities (Current & Non-Current)	917.59	740.78
Net Cash from Working Capital changes	(616.76)	251.60
Taxes paid	(107.64)	(10.12)
Net Cash Flow from Operating Activities	2,527.15	2,712.63
B. Cash Flow from Investing Activities		
Interest received	147.05	162.47
Dividend Received	1.05	2.10
Loss on Sale of Investment	(15.48)	-
Sale / (Purchase) of Investments	39.96	1.02
Purchase of Fixed Assets	(1,375.24)	(4,680.57)
Addition to work in progress	(21.23)	-
Sale of Fixed Assets	91.82	-
Loss on Sale of Fixed Assets	(0.39)	-
Addition to Miscellaneous Expenditure	(606.49)	(138.79)
Net Cash Flow from Investing Activities	(1,738.95)	(4,653.77)
C. Cash Flow from Financing Activities		
Secured Loan (Current & Non-Current)	2,964.78	(60.33)
Unsecured Loan (Current & Non-Current)	(1,314.40)	1,512.32
Interest to banks	(1,519.96)	(625.64)
Dividends Paid (including distribution tax)	(340.38)	(341.51)
Net Cash Flow from Financing Activities	(209.96)	484.84
Net Increase(Decrease) in Cash or Cash Equivalents	578.24	(1,456.29)
Opening Cash or Cash Equivalents	420.80	1,877.09
Closing Cash or Cash Equivalents	999.04	420.80

As per our Report of Even Date

For O. P. BHANDARI & CO.

Chartered Accountants

Firm Regn. No.:112633W

[O. P. BHANDARI]

Proprietor

M. No. 34409

Place : Ahmedabad.

Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani

Chairman & Managing Director

Devanand G. Somani

Wholetime Director

Hemant G. Somani

Wholetime Director

Vishal Palkhiwala

Chief Financial Officer

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

1. Significant Accounting Policies

i. Accounting Convention

The consolidated financial statements of Bhagwati Banquets And Hotels Limited ('the Company') and its Wholly-owned subsidiary (collectively referred to as 'the Group') have been prepared under historical cost convention and on basis of the going concern, in accordance with the generally accepted accounting principles (GAAP) in India and as per the provision of the Companies Act, 1956, wherever applicable.

Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to year, the Consolidated financial statements relate to. Actual result could differ from such estimates. Any revision in accounting estimate is recognized prospectively from current year and material revision, including its impact on Consolidated financial statements, is reported in notes to accounts in the year of incorporation of revision.

a) PRINCIPLES OF CONSOLIDATION:

- (i) The financial statements of the Company and its subsidiary company is combined on Line-by-Line basis together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting standard-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - (ii) The difference between the costs of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortized over a period not exceeding 5 years beginning first full year of operation under consolidation.
 - (iii) The subsidiary considered in the consolidated financial statement is Lov Kush Properties Pvt. Ltd. in which its parent company holds 100% voting rights.
- b) Company holds certain rights in immovable property by virtue of equity shares held in an associate enterprise as stated in note no.2.9. Since the equity shares so held do not really present financial investment simplicities but rather the means to acquire and hold the properties for use in company's operations, the cost of acquisition of the shares is treated as cost of fixed assets and is dealt with in accordance with Accounting Standard -10. Accordingly, the requirements of Accounting Standard-13 on Accounting for Investments and Accounting Standard-23 on "Accounting for Investment in Associates in consolidated financial statements" are considered to be not applicable. Even otherwise, the actual effect on consolidated financial statement will not be contextually significant.

ii. Fixed Assets

- a) Fixed Assets are stated at cost of construction or acquisition less accumulated depreciation.
- b) All other expenses including taxes, duties, freight incurred to bring the fixed assets to working condition is also treated as the cost of the fixed assets. However, cenvat availed in respect of the fixed assets is deducted from the cost of the fixed assets.
- c) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- d) Goodwill is being amortized over the period of five years on straight line basis.

iii. Investments:

- a) Current investments are carried at lower of cost and market value.
- b) Long term investments are stated at cost. Provisions for diminution in value of long term investments are made, if the diminution is other than temporary.

iv. Impairment of Assets:

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment so as to determine:

- a) The provision for impairment loss, if any, required or
- b) The renewal, if any, required of impairment loss recognized in previous periods. Impairment of loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

v. Valuation of Inventories:

- a) Inventory comprises stock of food and beverages and stores and spares and is carried at lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sale.
- b) Inventory of Cutlery, crockery, linen & uniform are amortized over the period of twenty four months.

vi. Deferred Revenue Expenditure:

- a) Deferred Revenue Expenditure related to windmill has been amortized over a period of twenty years.
- b) Deferred Revenue Expenditure other than above (i) is amortized over a period of five years.

vii. Revenue Recognition:

- a) Income from Rooms, Banquets, and Restaurant and Other Services represents invoice value of goods sold and services rendered exclusive of all applicable taxes.
- b) Revenue from windmill energy generation is accounted for on the basis of units generated against consumption at the Hotel, taking into consideration the energy charges and fuel charges charged by Torrent Power Ltd according to PPA agreement with them.

viii. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transaction.

ix. Borrowing Cost:

- a) Borrowing cost is recognized as expense in the period in which these are incurred.
- b) Interest and other borrowing cost on specific borrowings, attributable to qualifying assets are capitalized.
- c) Foreign Exchange difference arising on repayment of foreign exchange term loan has been adjusted to interest cost.

x. Provision for Taxation and Deferred Tax:

- a) Provision for Income tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.
- b) The Deferred Tax resulting from timing difference is accounted for using tax rates & tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

xi. Employee Benefits:

- a) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately charged to the profit and loss account and are not deferred.
- b) Provident fund is a defined contribution scheme and the company has no further obligation beyond the contributions made to the fund. Contributions are charged to the profit and loss account in the year in which they are accrued.
- c) The Company has no other obligation other than the contribution payable.
- d) Provision for leave salary has been made as determined by the management.

Note No.2

2.1 Share Capital

(₹ in Lacs)

Share Capital	Current Year		Previous Year	
	No.of Shares	₹	No.of Shares	₹
Authorised				
Equity Shares of ₹ 10 each	50,000,000	5000.00	50,000,000	5000.00
Issued, Subscribed & Paid up				
Fully paid up equity shares of ₹ 10 each	29,286,400	2928.64	29,286,400	2928.64
Total	29,286,400	2928.64	29,286,400	2928.64

2.1.1 Reconciliation of Shares :-

(₹ in Lacs)

Particulars	Current Year		Previous Year	
	No.of Shares	₹	No.of Shares	₹
Shares outstanding at the beginning of the year	29,286,400	2928.64	29,286,400	2928.64
Addition/(Deletion) during the year	-	-	-	-
Shares outstanding at the end of the year	29,286,400	2928.64	29,286,400	2928.64

2.1.2 - Share Holders Holding More than 5% Shares in the Company:-**(₹ in Lacs)**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Narendra Gurmukhdas Somani	8,206,289	28.02	7,726,289	26.38
Rajshah Enterprise Pvt.Ltd.	2,256,647	7.71	381,664	1.30
Real Marketing Pvt. Ltd	1,809,031	6.18	-	-

2.2 - Reserves & Surplus**(₹ in Lacs)**

Particulars	Current Year	Previous Year
A. Securities Premium Account		
Opening Balance	7278.63	7278.63
Add/(Less) during the year	-	-
Closing Balance	7278.63	7278.63
B. General Reserve		
Opening Balance	620.22	620.22
Add/(Less) during the year	-	-
Closing Balance	620.22	620.22
C. Surplus		
Opening balance	2967.44	2449.55
Add: Net Profit/(Net Loss) For the current year	32.17	858.28
Less: Proposed Dividends	-	292.86
Less: Dividend Distribution Tax	-	47.52
Closing Balance	2999.61	2967.44
Total	10898.46	10866.29

2.3 - Long Term Borrowing**(₹ in Lacs)**

Particulars	Current Year		Previous Year	
	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities
Secured Loan				
A) Term Loan -From Bank				
Indian Rupee Loan				
- State Bank of India	960.70	1191.54	2319.08	817.22
- ICICI Bank	4687.50	312.50	-	-
Foreign Currency Loan				
- State Bank of India	3692.47	284.91	4888.55	634.51
	9340.67	1788.95	7207.63	1451.73
B) From Others				
Vehicle Loans	40.72	52.06	64.50	44.51
Unsecured Loan				
Other Loan	210.30		810.25	200.00
Total	9591.69	1841.01	8082.38	1696.24
Amount disclosed under the head "Other Current Liabilities- Current Maturities of Long Term Liabilities" (Note. No. 2.7)		(1841.01)		(1,696.24)
Total	9591.69	-	8082.38	-

2.3.1. Security Particulars of Secured Loans

- **Term Loan & Working Capital Loan from SBI**
 - i) First pari passu charge over present and future movable and immovable fixed assets at Ahmedabad and Surat properties of the Company.
 - ii) In addition to the above, the subsidiary company, Lov Kush Properties Pvt. Ltd., has given the corporate guarantee to the limits availed by the company.
 - iii) The term loans are further guaranteed by the personal guarantee of all executive directors.
- **Term Loan & Working Capital Loan from ICICI**
 - i) Pari passu charge over present and future movable and immovable fixed assets at Ahmedabad and Surat properties of the Company.
 - ii) The term loans are further guaranteed by the personal guarantee of all executive directors.
- **Secured Loans from others**
 - i) Vehicle loans represents loans from Kotak Mahindra Prime Ltd., Kotak Mahindra Bank Ltd., Axis Bank Ltd., Dhanlaxmi Bank Ltd. and State Bank of India, secured by the hypothecation of assets purchased.
 - ii) Cash Credit from Indian Overseas Bank is secured against guarantee of a sister concern TGB Food Pvt. Ltd.

2.4 - Deferred Tax Asset/Liability (net)

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred tax liability		
Timing difference between book and tax depreciation	1111.43	682.44
Total	1111.43	682.44

2.5 - Short Term Borrowing

(₹ in Lacs)

Particulars	Current Year	Previous Year
Working Capital Loan		
- State Bank Of India (Secured)	422.49	792.00
- Indian Overseas Bank (Secured)	347.38	699.01
- ICICI Bank (Secured)	751.36	-
Total	1521.23	1491.01

2.5.1. Cash Credit from Indian Overseas Bank is secured by stock and receivable of the Company. And further secured by the personal guarantee of all executive directors. The cash credit is repayable on demand.

2.5.2. For working capital loan from SBI & ICICI please refer note. (2.3.1)

2.6 - Trade Payable

(₹ in Lacs)

Particulars	Current Year	Previous Year
Creditors	1035.86	728.74
Total	1035.86	728.74

2.7 - Other Current Liabilities

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Current maturities of long-term debt	1788.95	1651.73
(b) Current maturities of vehicle loan	52.06	44.51
(c) Interest accrued but not due on borrowings	151.55	104.06
(d) Income received in advance	990.12	766.48
(e) Unpaid dividends	1.06	0.77
(f) Creditors for Capital Expenditure	552.13	911.01
(g) Other payables *	1684.38	1033.46
Total	5220.25	4512.02

* other payables include statutory dues and temporary bank o/d

2.8 - Short Term Provisions

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Provision for Taxation	623.63	654.21
(b) Provision for Dividend	-	292.86
(c) Dividend Distribution Tax	-	47.52
(d) Provision for Gratuity	35.92	15.55
Total	659.55	1010.14

2.9 Fixed Assets

(₹ in Lacs)

SR No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET	
		AS AT 01/04/2011	ADDITION DURING THE PERIOD	DISPOSAL/ ADJUSTMENT DURING THE PERIOD	TOTAL 31/03/2012	PROVIDED UP TO 1/4/2011	ADJUSTMENT FOR THE YEAR	TOTAL 31/03/2012	AS AT 31/03/2012	AS AT 31/03/2011	
TANGIBLE ASSETS											
1	Land & Land Development	693.05	-	-	693.05	-	-	-	693.05	693.05	
2	Building	10740.43	888.53	2.33	11626.63	384.92	0.03	360.80	745.68	10880.94	
3	Electrification	1909.23	66.76	-	1975.98	83.46	-	92.08	175.54	1800.44	
4	Furniture & Fixtures	6539.83	142.96	41.13	6641.65	394.72	1.08	415.35	808.99	5832.66	
5	Plant & Machinery	3379.16	163.82	28.19	3514.80	263.05	0.56	163.22	425.70	3089.09	
6	Other Equipment	498.08	54.09	0.28	551.89	25.41	0.01	24.91	50.31	501.57	
7	Computers & Software	109.43	10.81	-	120.23	35.57	-	18.18	53.75	66.49	
8	Vehicles	304.01	35.36	19.47	319.89	58.46	12.08	29.24	75.63	244.26	
9	Television	86.26	0.29	0.42	86.12	4.46	0.08	4.09	8.47	77.65	
10	Pick Up Van	27.25	12.65	-	39.90	8.38	-	2.89	11.27	28.63	
11	Scooter	5.25	-	-	5.25	1.62	-	0.50	2.12	3.13	
12	Pollution Cont. Plant	6.33	-	-	6.33	1.20	-	0.31	1.51	4.82	
13	Wind Mill	619.21	-	-	619.21	81.74	-	32.69	114.43	504.78	
TOTAL		24917.52	1375.27	91.82	26200.93	1342.99	13.84	1144.26	2473.41	23727.52	
INTANGIBLE ASSETS											
1	Goodwill	669.75	-	-	669.75	468.83	-	133.95	602.78	66.98	
2	Goodwill on Consolidation	496.82	-	-	496.82	496.82	-	-	496.82	-	
TOTAL		1166.57	-	-	1166.57	965.65	-	133.95	1099.60	66.98	
CURRENT YEAR		26084.09	1375.27	91.82	27367.50	2308.64	13.84	1278.21	3573.01	23794.50	
PREVIOUS YEAR		5700.78	20383.30	-	26084.08	1755.45	-	553.18	2308.64	23775.44	

2.10 - Non-Current Investment

(₹ in Lacs)

Particulars	Current Year	Previous Year
Non Trade Investment(Unquoted)		
Investment in others in fully paid equity instrument		
100 (P.Y.100) Fully Paid Equity Shares of Sheetal Ispat Pvt. Ltd.	0.01	0.01
NIL (P.Y.6,99,300) Fully Paid Equity Shares Ahmedabad Stock Exchange Ltd.	-	39.96
Total	0.01	39.97
Aggregate value of unquoted investments	0.01	39.97

2.11 - Long Term Loans & Advances

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deposits		
- with Govt. authorities	111.37	111.03
- with Other	408.63	394.11
Total	520.00	505.14

2.12 - Other Non Current Assets

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Revenue Expenditure	597.72	173.61
Total	597.72	173.61

2.13 - Inventories

(₹ in Lacs)

Particulars	Current Year	Previous Year
Raw Material	1019.65	897.66
Other Material		
Cutlery and Crockery	564.28	433.41
Linen	229.56	151.53
Uniforms	172.84	119.50
Utensils	142.26	104.66
Total	2128.59	1706.76

2.14 - Trade Receivables

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Debtors outstanding for a period exceeding six months Unsecured, considered good	413.64	222.04
(a) Other Debtors Unsecured, considered good	478.97	399.49
Total	892.61	621.53

2.15 - Cash & Bank Balances

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Cash and Bank Balance	999.04	420.80
Total	999.04	420.80
Balance with Banks Include		
(i) Bank Guarantee Margin Money with more than 12 month Maturity	141.86	196.40
(ii) Unpaid Dividend	1.06	0.77
Total	142.92	197.17

2.16 - Short Term Loans & Advances

(₹ in Lacs)

Particulars	Current Year	Previous Year
Unsecured and considered good		
Loans and advances		
- Related Party	385.94	-
- Others	1662.60	1625.19
Others *	1776.91	1360.96
Total	3825.45	2986.15

* Includes Advance to Sundry Creditors, Advance to Staff, Prepaid Expenses, Advance Tax & Tax Credit Receivable

Particulars	Current Year	Previous Year
Private Company in which director is interested (Ref. Note No. 2.24.F)	385.94	-
Total	385.94	-

2.17 - Other Current Assets

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Revenue Expenditure	187.96	72.26
Total	187.96	72.26

2.18 - Revenue From Operation**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Sale of services	14937.93	11559.82
Other operating revenues	316.82	655.95
Total	15254.75	12215.77

Particulars of Sale and Services

Sales and Services	Current Year	Previous Year
Rooms Revenue	1902.75	1815.39
Food & Beverage	5081.73	2990.80
Banquets & Catering Services	7953.45	6753.63
Total	14937.93	11559.82

Particulars of Other Operating Revenue

Particulars	Current Year	Previous Year
(a) Club income	162.06	545.17
(b) Scrap sales	9.04	5.80
(C) Windmill Energy Income	69.58	69.91
(d) Other Operating Income	76.14	35.07
Total	316.82	655.95

2.19 - Other Income**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Interest Received	147.05	162.47
Dividend Income	1.05	2.10
Other Income	6.38	5.33
Total	154.48	169.90

2.20 - Food & Beverages Consumed**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Opening Stock	897.66	680.16
Add: Purchase (net of goods returned)	3999.44	3527.52
Less: Closing Stock	1019.65	897.66
Total	3877.45	3310.02

2.21 - Employees' Emoluments**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Salary Wages & Allowances	1721.20	1214.44
Directors Remuneration	114.00	84.00
Contribution to P F, ESI and other fund	90.69	58.30
Leave salary	23.59	20.59
Gratuity	20.37	16.22
Welfare Expenses	44.46	35.59
Total	2014.31	1429.14

2.22 - Finance Cost**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Interest Expenses	1519.96	625.64
Other Borrowing Cost	27.74	42.13
Total	1547.70	667.77

2.23 - Other Expenses

(₹ in Lacs)

Particulars	Current Year	Previous Year
A. Administrative and Selling expenses:		
Advertisement and Publicity Charges	211.20	187.76
Assets Discarded	104.57	285.17
Auditor Remuneration	2.32	2.04
Bank Charges	8.01	8.37
Decoration Expenses	511.69	310.64
House Keeping Expenses	199.43	167.54
Insurance Expenses	22.59	17.81
Rates and Taxes	732.62	535.83
Rent	1141.95	1031.73
Sitting Fees	1.15	1.00
Miscellaneous Expenses	151.92	129.03
Loss on Sale of Investment	15.48	-
Loss on Sale of Assets	0.39	-
Other Expenses	734.28	625.54
Sub Total (A)	3837.60	3302.46
B. Upkeep and Services cost expenses:		
Cleaning and Laundry Expenses	247.29	180.79
Waiter Charges	602.43	480.84
Power and Fuel	1041.22	745.65
Hire Charges	181.41	84.39
Repairs and Maintenance		
- Building	37.20	53.65
- Plant and Machinery	89.51	81.26
- Others	116.69	111.88
Sub Total (B)	2315.75	1738.46
Grand Total (A+B)	6153.35	5040.92

2.24 - Additional Information to Financial Statement

A) Contingent Liabilities :

(₹ in Lacs)

Particulars	Current Year	Previous Year
(i) Bank Guarantee Issued to Custom Department for Import Purpose	520.12	520.12
(ii) Demand of Income Tax Raised by the authorities disputed and not acknowledged as due	27.90	-
Total	548.02	520.12

B) Auditors Remuneration :

(₹ in Lacs)

Particulars	Current Year	Previous Year
a. Audit Fees	1.75	1.50
b. Tax Audit	0.25	0.25
c. Certification Matters	0.10	0.10
d. Service Tax	0.22	0.19
Total	2.32	2.04

C) Details of Foreign Currency Transactions : (₹ in Lacs)

Particulars	Current Year	Previous Year
a. C.I.F. Value of Import of Capital Goods	-	625.51
b. Earning in Foreign Exchange	131.60	126.10
Total	131.60	751.61

D) Earning Per Share : (₹ in Lacs)

Particulars	Current Year	Previous Year
a. Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	32.17	858.28
b. Weighted Average No. of Equity Shares	29,286,400	29,286,400
c. Face Value Per Equity Share (₹)	10.00	10.00
d. Basic & Diluted Earning Per Share (₹)	0.11	2.93

E) Employee Benefits : (₹ in Lacs)

Consequent upon adoption of Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, as required by the standards, the following disclosures are made:

Particulars	2011-12	2010-11
1. Expenses recognized in the statement of Profit and Loss account for the year ended 31.03.2012		
Current Service Cost	15.36	12.36
Interest Cost	3.86	2.41
Expected return on plan assets	(2.88)	(1.83)
Net Actuarial (gain) / Loss recognised in the year	4.04	3.28
Expenses recognised in statement of profit and Loss	20.37	16.22
2. The Amounts to be recognised in the balance sheet and statements of Profit and Loss Account		
Present Value of obligations as at the end of year	68.37	48.20
Fair value of plan assets as at the end of the year	32.45	32.26
Funded status : Surplus / (Deficit)	(35.92)	(15.93)
Net Asset / (Liability) recognised in balance sheet	35.92	15.93
3. Changes in present value of obligation		
Present value of obligations as at beginning of year	48.20	30.15
Interest cost	3.86	2.41
Current service cost	15.36	12.36
Benefits paid	(3.07)	Nil
Actuarial (gain) / Loss on obligations	4.04	3.28
Present value of obligations as at 31.03.2012	68.37	48.20
4. Actuarial Table showing changes in the fair value of Plan Assets		
Fair Value of plan assets at beginning of year	32.26	16.59
Expected return on plan assets	2.88	1.83
Contributions	0.38	13.84
Benefits Paid	(3.07)	Nil
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair Value of plan assets at the end of year	32.45	32.26
5. Assumptions used to determine the benefit obligations:		
Discounting Rate	8.00%	8.00%
Expected rate of increase in salary	7.00%	7.00%
Expected rate of return on Plan Assets	9-9.55%	9-9.55%
Mortality Table L.I.C(1994-96) ULTIMATE		

F) Related Party Transactions :

(₹ in Lacs)

a) Related Parties and their Relationship:

Name of Related Party	Relationship
New Ramesh Kirana Stores	Entities over which Key Management Personnel are able to exercise significant influence
TGB Foods Pvt. Ltd	Entities over which Key Management Personnel are able to exercise significant influence
Devanand G. Somani HUF	Entities over which Key Management Personnel are able to exercise significant influence
Narendra G. Somani	Key Management Personnel
Devanand G. Somani	Key Management Personnel
Hemant G. Somani	Key Management Personnel
Ramesh K. Motiani	Key Management Personnel
Harshita D. Somani	Relative of Key Management Personnel
Sunita N. Somani	Relative of Key Management Personnel
Neeta Somani	Relative of Key Management Personnel
Bhagwati Sales Corporations	Relative of Key Management Personnel

(b) Transaction with Related Parties:

Nature of transaction	2011-12				2010-11			
	Entity Under Significant Influence	Key Management Personnel	Relative of Key Mgt. Personnel	Total	Entity Under Significant Influence	Key Management Personnel	Relative of Key Mgt. Personnel	Total
F & B Purchase	219.58	-	196.68	416.26	504.17	-	-	504.17
Rent	2.40	14.40	150.32	167.12	2.40	7.20	77.56	87.16
Director's Remuneration	-	114.00	-	114.00	-	84.00	-	84.00
Commercial Transaction	385.94	-	-	385.94	-	-	-	-

(c) Statement of Material Transactions:

Name of Company	2011-12	2010-11
New Ramesh Kirana Stores		
Purchase of Goods	14.22	221.41
TGB Foods Pvt. Ltd		
Purchase of Goods	205.35	282.76
Bhagwati Sales Corporations		
Purchase of Goods	196.68	-
TGB Foods Pvt. Ltd		
Advance Given (Net)	385.94	-
Harshita D. Somani		
Rent	33.11	18.95
Sunita N Somani		
Rent	84.11	42.05
Neeta Somani		
Rent	33.11	16.55
Devanand G. Somani		
Rent	14.40	7.20
Narendra G. Somani		
Director's Remuneration	60.00	42.00
Devanand G. Somani		
Director's Remuneration	24.00	18.00
Hemant G. Somani		
Director's Remuneration	24.00	18.00
Ramesh K. Motiani		
Director's Remuneration	6.00	6.00

G) Segment Reporting :

Since the company has only one segment, there is no separate reportable segment as required in AS-17 issued by the ICAI.

H) Movement of Provision Tax**(₹ in Lacs)**

Particulars	Current Year	Previous Year
Opening Provision	654.21	566.00
Provision made during the year (net off excess provision written back & provision for earlier year)	77.06	236.30
Adjustment during the year with advance tax	(107.64)	(148.09)
Closing Provision	623.63	654.21

- I)** Since the business of the company is by way of Food and Beverages, the quantity wise details of purchase, consumption, turnover, stock etc. are not furnished as the items are so large in number that it is not practicable to present.
- J)** The company had not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprise Act, 2006, and hence disclosures, if any, relating to amounts unpaid as the year end together with interest paid of payable as required under said Act, have not been given.
- K)** In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- L)** As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the financial Statement for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statement for the year ended 31st March 2012 is prepared in accordance with the revised schedule VI. The amount and disclosures included in the financial statement of the previous year have been reclassified to conform to the requirement of revised schedule VI.

As per our Report of even date

For O. P. BHANDARI & CO.

Chartered Accountants
Firm Regn. No.:112633W

[O. P. BHANDARI]

Proprietor
M. No. 34409

Place : Ahmedabad

Date : 14th August, 2012

For and on behalf of the Board

Narendra G. Somani Chairman & Managing Director

Devanand G. Somani Wholetime Director

Hemant G. Somani Wholetime Director

Vishal Palkhiwala Chief Financial Officer

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

1) Name of the Subsidiary Company	Lov Kush Properties Private Ltd.
2) The Financial Year of the Subsidiary Company ended on	31 st March 2012
3) a) Numbers of shares held by Bhagwati Banquets and Hotels Limited in the Subsidiaries as at the end of the Financial Year of the Subsidiaries Companies	The Entire issued capital consisting of 31,800 equity share of ₹ 10 each fully paid up.
b) Extent of interest of Bhagwati Banquets and Hotels Ltd. in the Capital of subsidiary company as at the end of the Financial Year of the Subsidiary company	100%
4) The Net aggregate of Profit/Loss of the subsidiary company for its financial year so far as they are concern the members of Bhagwati Banquets and Hotels Ltd.	
a) Dealt with in the accounts of Bhagwati Banquets and Hotels Limited for the year ended 31 st March, 2012	Not Applicable (The Company has not carried any business activity during Financial year ended on 31 st March, 2012)
b) Not dealt with in the accounts of Bhagwati Banquets and Hotels Limited for the year ended 31 st March, 2012	Not Applicable (The Company has not carried any business activity during Financial year ended on 31 st March, 2012)
5) The Net aggregate of Profit/Loss of the subsidiary company for its previous year so far as they are concern the members of Bhagwati Banquets and Hotels Ltd.	
a) Dealt with in the accounts of Bhagwati Banquets and Hotels Limited for the year ended 31 st March, 2012	Not Applicable (The Company has not carried any business activity during previous year ended on 31 st March, 2012)
b) Not dealt with in the accounts of Bhagwati Banquets and Hotels Limited for the year ended 31 st March, 2012	Not Applicable (The Company has not carried any business activity during previous year ended on 31 st March, 2012)

Narendra G. Somani Chairman and Managing Director

Devanand G. Somani Wholetime Director

Hemant G. Somani Wholetime Director

Vishal Palkhiwala Chief Financial Officer

Place : Ahmedabad
Date : 14th August, 2012

BHAGWATI BANQUETS AND HOTELS LIMITED

Regd. Office : " The Grand Bhagwati", Plot No.380,S.G.Highway,Bodakdev,Ahmedabad – 380 054.

ATTENDANCE SLIP

THIRTEENTH ANNUAL GENERAL MEETING – Saturday, 29th September, 2012

Folio No. / DP ID : _____

Client ID : _____

No. of Shares held : _____

I certify that I am registered equity shareholder / Proxy for the registered equity shareholder of the Company. I hereby record my presence at the 13th Annual General Meeting of the Company which will be held at "SINDHUBHAVAN", PLOT NO. 173, 100 FT. RING ROAD, OFF S. G. HIGHWAY, JUDGES BUNGLOW CROSS ROAD, BODAKDEV, AHMEDABAD – 380 054, on Saturday, 29th September, 2012 at 10:30 A.M.

Member's /Proxy's name in BLOCK letters

Member's / Proxy's Signature

Note : (Please fill in this Attendance slip and hand it over at the entrance of the meeting hall.)

----- Tear here -----

BHAGWATI BANQUETS AND HOTELS LIMITED

Regd. Office : "The Grand Bhagwati", Plot No.380,S.G.Highway,Bodakdev,Ahmedabad – 380 054.

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING – Saturday, 29th September, 2012

I /We _____ of _____ of being
A member / members of the above named Company hereby appoint _____ of
_____ or failing him/her _____ of
_____ in my/ our absence to attend and vote for me / us and on my / our behalf at the 13th Annual
General Meeting of the Company to be held on 29th September, 2012, Saturday at 10:30 A.M. and any adjournment thereof.

Signature (s) _____

Affix ₹ 1
Revenue
stamp

Date : _____

LF No./ DP ID : _____

Client ID : _____

No. of Shares held : _____

Note: The Proxy in order to be effect should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

Opulent Surat



The Grand Bhagwati Surat is Gujarat's first and largest five-star deluxe hotel with a built up area of 6 lakhs sq.ft., 171 opulent rooms including 8 suites, India's largest in-hotel convention centre with 1 lakh sq.ft. of pillar-less convention space, ballrooms, banquets, decorated conference rooms, Impeccably manicured lawns, finest of restaurants, spa, discotheque, mini theatre and an elite club.



Enchanting Ahmedabad



The Grand Bhagwati's four-star category hotel in Ahmedabad offers 30,000 sq.ft. of banqueting facilities, the largest in the city, a specialized restaurant and a 24 hours coffee shop.

Mesmerising Rajkot



The Grand Bhagwati Seasons, Rajkot offers 7,000 sq.ft. of banqueting space, 2,00,000 sq.ft. of lush green landscaped gardens, 62 luxurious rooms with 5 suites, a speciality restaurant and a 24 hours coffee shop.



THE GRAND BHAGWATI

HOTELS • BANQUETS • CONVENTIONS • CLUB

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