

Annual Report 2010-11

PARK HYATT GOA®

RESORT AND SPA

The Spirit of India™

Blue Coast
Hotels Ltd.











Late Shri Arun Suri
(16.07.1960-12.11.2005)

Shri Arun Suri was a leader who led by example. A hands-on people's man, he had an unshakeable belief in the ability of his team. His mantra was simple – "World-class organizations are built of world-class people. To achieve perfection, let's draw out the power within."

Park Hyatt Goa stands today as a tribute to Shri Arun Suri's spirit of excellence.

Annual Report
2010 – 2011

*C*ontents

Notice	03
Directors' Report	15
Corporate Governance Report	23
Management Discussion & Analysis	34
Auditors' Report	41
Balance Sheet	44
Profit & Loss Account	45
Schedules	46
Cash Flow Statement	59
Auditors' Report on Consolidated Financial Statements	60
Consolidated Financial Statements	61

Board of Directors

Mr. P. L. Suri, Chairman & Managing Director
Mrs. Sunita Suri, Executive Director
Mrs. Mamta Suri
Mr. B. K. Goswami
Mr. K. S. Mehta
Dr. V. M. Kaul
Mr. Ashoka Kini
Mr. Shivendra Tomar, Nominee - IFCI Ltd

Executives

Mr. Suresh Gupta
Asstt. Vice President (Finance & Accounts)

Mr. Prakash Chandra Prusty
Company Secretary

Registered Office

263C, Arossim, Cansaulim,
Goa - 403712
Tel. : 0832 2721234
Fax : 0832 2721235

Corporate Office

415 - 417, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi - 110 001
Tel. : 011 23358774-775
Fax. : 011 23358776

Banks

State Bank of Mysore

Audit Committee

Mr. B. K. Goswami, Chairman
Mr. K. S. Mehta, Member
Mrs. Mamta Suri, Member
Dr. V. M. Kaul, Member
Mr. Ashoka Kini, Member

Investors Grievance Committee

Mr. B. K. Goswami, Chairman
Mr. K. S. Mehta, Member
Dr. V. M. Kaul, Member

Remuneration Committee

Mr. K. S. Mehta, Chairman
Mr. B. K. Goswami, Member
Dr. V. M. Kaul, Member

Auditors

M/s. M. Kamal Mahajan And Co.
Chartered Accountants
S.C.O. 61, Madhya Marg,
Sector 26, Chandigarh

Registrar & Share Transfer Agent

RCMC Share Registry Pvt. Ltd.
B-106, Sector 2,
Noida 201301 (U.P.)
Tel. : 0120 - 4015880
Fax : 0120 - 2444346

Notice

NOTICE is hereby given that the **18th Annual General Meeting** of the members of Blue Coast Hotels Limited will be held on Friday, 30th September, 2011 at 10.30 a.m. at 263C, Arossim, Cansaulim, Goa - 403712 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account of the Company for the period ended on that date alongwith the report of Directors' and Auditor's thereon.
2. To appoint a Director in place of Dr. Vijay Mohan Kaul, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Basant Kumatr Goswami who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint M/s. M Kamal Mahajan And Co. (Regn. No. 06855N), Chartered Accountants, Chandigarh, the retiring Auditors, as the Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of Central Government, if required, consent of the company be and is hereby accorded to the re-appointment of Mr. Praduman Lal Suri as Chairman & Managing Director of the Company for a period of three years commencing from 16th November, 2011.

RESOLVED FURTHER THAT the Company approves the following remuneration of Mr. Praduman Lal Suri:

Salary	: Rs.1.75 Lacs per month.
Provident Fund	: As per Company's rules.
Gratuity	: As per Company's rules.
Leave Encashment	: As per Company's rules.

RESOLVED FURTHER THAT consent is hereby given that the remuneration of Mr. Praduman Lal Suri shall be adjusted in accordance with the effective capital of the Company as defined in Schedule XIII of the Company's Act, 1956.

RESOLVED FURTHER THAT Mr. Praduman Lal Suri, Chairman & Managing Director shall be responsible for overall affairs of the Company specifically with respect to the new hotel projects of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of Central Government,

if required, consent of the company be and is hereby accorded to the re-appointment of Mrs. Sunita Suri as Executive Director of the Company for a period of three years commencing from 16th November, 2011.

RESOLVED FURTHER THAT the Company approves the following remuneration of Mrs. Sunita Suri:

Salary	: Rs.1.25 Lacs per month.
Provident Fund	: As per Company's rules.
Gratuity	: As per Company's rules.
Leave Encashment	: As per Company's rules.

RESOLVED FURTHER THAT consent is hereby given that the remuneration of Mrs. Sunita Suri shall be adjusted in accordance with the effective capital of the Company as defined in Schedule XIII of the Company's Act, 1956.

RESOLVED FURTHER THAT Mrs. Sunita Suri, Executive Director shall be responsible for affairs of the Company specifically administration of the Company and also perform such other duties and services as shall from time to time be entrusted to her by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to this Resolution."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**
"Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Article 113 of the Articles of Association of the Company be and is hereby modified and shall be read as follows:
Article 113: The Board shall provide for the safe custody of the Seal and subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any modification thereof or any other Rules in respect thereof from time to time in force, the Seal shall not be affixed to any instrument except by the authority previously given by the Board or a Committee of the Directors authorized by the Board in that behalf and the Board may designate such person who shall sign every instrument to which the Seal is affixed in his/her presence.
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**
"Resolved that pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 and subject to approval of Financial Institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make investment upto Rs.250 crore in one or more tranches in the capital of Silver Resort Hotel India Private Limited, a subsidiary of the Company, notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company alongwith the proposed investment exceed 60% of the paid-up capital and free reserves of the Company or 100% of the free reserves, whichever is more.
Resolved further that the Board of Directors of the Company be and is hereby authorized to do such acts, deeds and things as may be necessary to give effect to this resolution."
9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

“Resolved that pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 and subject to approval of Financial Institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make investment upto Rs.100 crore in one or more tranches in the capital of Golden Joy Hotel Private Limited, a wholly owned subsidiary of the Company, notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company alongwith the proposed investment exceed 60% of the paid-up capital and free reserves of the Company or 100% of the free reserves, whichever is more.

Resolved further that the Board of Directors of the Company be and is hereby authorized to do such acts, deeds and things as may be necessary to give effect to this resolution.”

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“Resolved that pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 and subject to approval of Financial Institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make investment upto Rs.75 crore in one or more tranches in the capital of Blue Coast Hospitality Limited, a wholly owned subsidiary of the Company, notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company alongwith the proposed investment exceed 60% of the paid-up capital and free reserves of the Company or 100% of the free reserves, whichever is more.

Resolved further that the Board of Directors of the Company be and is hereby authorized to do such acts, deeds and things as may be necessary to give effect to this resolution.”

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED that** in supersession of the resolution passed by the shareholders in their Annual General Meeting held on 29th September, 2010 and pursuant to the provisions of section 293(1)(d) and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company is accorded to the Board of Directors of the Company to borrow from time to time at its discretion for the purposes of the Company either from Bank(s), financial institution(s) or any other lending institution(s), bodies corporate or persons on such terms and conditions, with or without security as the Board of Directors may in its discretion deem fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Banker in the ordinary course of Business) may exceed the aggregate paid up share capital of the Company and its free reserves (i.e. reserves not set apart for any specific purpose) provided however that the total borrowings outstanding at any one time including the monies already borrowed shall not exceed a sum of Rs.500 Crores (Rupees Five Hundred Crore).”

By Order of the Board
For **Blue Coast Hotels Limited**

Place : New Delhi
Date : 12.08.2011

Regd. Office:
263C, Arossim,
Cansaulim, Goa-403712

(Prakash Prusty)
Company Secretary

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM TO BE EFFECTIVE SHALL BE DULY STAMPED, SIGNED AND COMPLETED IN ALL RESPECT, MUST REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd September, 2011 to Friday, 30th September 2011 (both days inclusive).
3. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 and Clause 49 of the Listing Agreement in respect of re-appointment(s) of Directors and the Special Business set out above is mentioned below.
4. Members/Proxies are requested to bring their copy of Annual Report to the Meeting. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical forms are requested to write their Folio Number in the attendance slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate members intending to send their authorised representative are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
7. Members of the Company are requested to complete all the formalities for conversion of their shares from physical form into de-mat form as the equity shares of the Company are traded in de-mat form.
8. Members are requested not to bring any article, briefcase, hand bag, carry bag etc., as the same will not be allowed to be taken inside the auditorium/hall for security reasons. Further, the Company or any of its officials shall not be responsible for their articles, bags etc., being misplaced, stolen or damaged at the Meeting place.
9. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Compliance Officer (email address is prakash.prusty@bluecoast.in) at least 7 days before the Annual general Meeting.
10. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has, to this effect issued circular nos. 17/2011 dated 21.04.2011 and

18/2011 dated 29.04.2011 stating that the service of documents by a company can be made through electronic mode. You will be happy to note that as a responsible corporate entity, your Company has decided to support the same.

Supporting the “green initiative” of MCA, the Company has decided to send notice of Annual General Meeting (AGM), audited financial statements, directors’ report, auditor’s report along with their annexures etc. for the financial year ended 31st March 2012 and onwards and other communication from time to time, in electronic form.

Members/Shareholders holding shares in de-mat account are requested to register / refresh / update their email addresses with their Depository Participants (DP) with whom they are holding de-mat account. Shareholders holding shares in physical form are requested to register their email address by writing an email to us at infogreen@bluecoast.in, providing their Name, Folio No., No. of Shares, Registered Address.

Effective from the date of this ensuing Annual General Meeting, the email addresses registered with the company and indicated in the respective DP accounts of the shareholders will be deemed to be the registered email address of the shareholders for serving notices / documents / correspondence including those covered under section 219 or any other relevant section as per Section 53 of the Companies Act, 1956.

The Annual Report being served in electronic form will also be displayed on the website www.bluecoast.in of the Company and also for inspection at the Registered Office of the Company.

Please note that the Company will furnish you with a printed copy of the notice of annual general meeting, audited financial statements, directors’ report, auditor’s report alongwith their annexures etc., free of cost, on receiving a request from you any time as a member of the Company.

We request you to cooperate with the Company in its endeavour to participate in “Green Initiative” taken by MCA and in protecting the environment.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956 and Clause 49 of the Listing Agreement)

Item No. 2 & 3

Details of Directors seeking re-appointment:

Name of Director	Mr. B. K. Goswami	Dr. Vijay Mohan Kaul
Date of Birth	29.01.1935	22.06.1956
Qualification	IAS Officer (Retd.)	Doctor
Date of Appointment in the Company	16.04.1998	28.03.2003
Date of last Re-Appointment	29.09.2008	29.09.2008
Expertise in specific functional areas	Has held important government position in the field of Tourism. Received Hall of Fame Award in the year 1995 from Indian Association of Tour Operators.	Hold MBBS and Post Graduate Degree and a Member of Indian Medical Association. He is a life member of HP Institute of Public Administration Shimla.
No. of equity shares held in the Company	Nil	Nil
Other Directorship	<ul style="list-style-type: none"> - Jai Prakash Associates Ltd. - Global Trust Capital Finance Ltd. - Mata Securities P. Ltd. - New Kennilworth Hotels Ltd. - L. H. Sugar Factories Ltd. - J. P. Infratech Ltd. - Nectar Life Sciences Ltd. - Conservation Corporation of India Ltd. - B & A Ltd. - Naturich Labs P. Ltd. - Jaypee Development Corporation Ltd. - Simbhaoli Sugars Ltd. 	Nil
Committee Membership (Other Companies)	<p>Audit Committee:</p> <ul style="list-style-type: none"> - Jai Prakash Associates Ltd. - J. P. Infratech Ltd. - B & A Ltd. <p>Finance Committee:</p> <ul style="list-style-type: none"> - Jai Prakash Associates Ltd. - J. P. Infratech Ltd. <p>Remuneration Committee:</p> <ul style="list-style-type: none"> - Jai Prakash Associates Ltd. 	Nil

Item No. 5 & 6

Mr. P. L. Suri and Mrs. Sunita Suri were appointed as Chairman & Managing Director and Executive Director respectively w.e.f. 16th November, 2008 for a period of three years. Their terms of office expire on 15th November, 2011. The board in its meeting held on 12th August, 2011 re-appointed Mr. P. L. Suri and Mrs. Sunita Suri as Chairman & Managing Director and Executive Director respectively for a period of 3 years w.e.f. 16th November, 2011 subject to approval of shareholders.

Details of above appointee along with necessary disclosures etc. is given below:

Name of Director	Mr. Praduman Lal Suri	Mrs. Sunita Suri
Date of Birth	15.07.1937	27.08.1963
Date of Appointment in the Company	16.11.2005	16.11.2005
Date of last Re-appointment	16.11.2008	16.11.2008
Expertise in specific functional areas	Mr. Praduman Lal Suri has old hand in running of business enterprises and has strong entrepreneurial expertise.	Mrs. Sunita Suri is a business woman in her own right and is very strong in administrative functions.
No. of equity shares held in the Company	30,400	25,200
Other Directorship	1. Shivalik Pesticides & Chemical Pvt. Ltd. 2. React Investments Pvt. Ltd. 3. Blue Coast Infrastructure Development Pvt. Ltd. 4. Blue Coast Hospitality Ltd. 5. Golden Joy Hotel Pvt. Ltd. 6. Silver Resort Hotel India Pvt. Ltd.	1. Mid Med Financial Services Pvt. Ltd. 2. Solitary Investments & Financial Services Pvt. Ltd. 3. Solace Investment & Financial Services Pvt. Ltd. 4. Silver Ring Drinks Pvt. Ltd. 5. Silver Resort Hotel India Pvt. Ltd. 6. Back Home Foods And Foods Pvt. Ltd.
Committee Membership	NIL	NIL

THE STATEMENT PURSUANT TO PARAGRAPH 1(B) OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION:

NATURE OF INDUSTRY

The Company is engaged in the Hotel business and owns Park Hyatt Goa Resort & Spa, a Five Star Deluxe Hotel in Goa.

DATE OR EXPECTED DATE OF COMMERCIAL PRODUCTION

The Company commenced its commercial operation in October 2003.

IN CASE OF NEW COMPANIES, EXPECTED DATE OF COMMENCEMENT OF ACTIVITIES AS PER PROJECT APPROVED BY FINANCIAL INSTITUTIONS APPEARING IN THE PROSPECTUS.

Not Applicable.

FINANCIAL PERFORMANCE BASED IN GIVEN INDICATORS:

Particulars	(Rs. in Lacs)	
	Financial year ended March 31, 2011	Financial year ended March 31, 2010
Gross Income	9216.87	8854.67
Net Profit (Loss)	(296.94)	687.39
EPS (Basic and diluted earnings per share in rupees)	(8.48)	2.62

EXPORT PERFORMANCE AND NET FOREIGN EXCHANGE COLLABORATIONS

The Company is not into export or related kind of business and thus there is no export. The foreign exchange earnings and outgo during the year were Rs.3,72,958 thousand and Rs.82,210 thousand respectively.

FOREIGN INVESTMENTS OR COLLABORATIONS

Foreign Shareholding in the Company as on March 31, 2011 is 26.21% of the Paid-up Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

Information	Mr. P.L. Suri	Mrs. Sunita Suri
Background detail	Mr. P.L. Suri carries valuable experience and is a seasoned entrepreneur.	Mrs. Sunita Suri is a business woman in her own right and holds strength in the administrative functions.
Past Remuneration	Rs.4,50,000/- towards Monthly Salary plus the following perquisites: 1. Contribution to Provident Fund, Superannuation Fund or annuity Fund to the extent not taxable under Income Tax Act. 2. Gratuity payable @ not exceeding half a month's salary for each completed year of service. 3. Encashment of leave at the end of tenure.	Rs.4,00,000/- towards Monthly Salary plus the following perquisites: 1. Contribution to Provident Fund, Superannuation Fund or annuity Fund to the extent not taxable under Income Tax Act. 2. Gratuity payable @ not exceeding half a month's salary for each completed year of service. 3. Encashment of leave at the end of tenure.
Recognition or Awards	None	None
Job Profile and his/her suitability	Mr. P.L. Suri is a seasoned entrepreneur. The Business of the Company has grown during his tenure with the Company and Company has been able to achieve good volumes during his tenure.	Mrs. Sunita Suri handles the administrative functions of the Company and has a knack of handling them efficiently.
Remuneration proposed	As provided in the Resolution	As provided in the Resolution
Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and the person	The Industry Remuneration is higher than that drawn by the Managerial Personnel in the Industry.	The Industry Remuneration is higher than that drawn by the Managerial Personnel in the Industry.
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel	Mr. P L Suri is a Promoter Shareholder in the Company. Mrs. Sunita Suri, Executive Director and Mrs. Mamta Suri, Director of the Company are his daughters in law.	Mrs. Sunita Suri is a Promoter Shareholder in the Company. Mr. P. L. Suri, Chairman and Managing Director is her father-in-law and Mrs. Mamta Suri, Director is her sister-in-law.

III. OTHER INFORMATION:

REASONS FOR LOSS/INADEQUACY OF PROFIT

The Company has passed through a rough patch during the last two years due to the global economic recession and its business got affected by the Mumbai terror attack (26/11) as it happened at the onset of the high tourist season. Further, increased component of interest on borrowing for investments also affecting the profitability.

STEPS TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT

The factors which have affected the overall business of the Company are more or less external and company does not have much control over them. However, all out concerted efforts are being made particularly in the domestic market and in MICE segment to improve the business volumes and also the moving of global economy in vertical gives good forecast of the business. The lowering of interest due to repayments on borrowing over the period of time will help the company in improving its profitability.

EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS

With the improving global business scenario, the hotel of the company is expected to perform better than the last year yet the improvement can not be quantified in measurable term as the pick up still remains uncertain.

IV. DISCLOSURES:

The Corporate Governance report which forms part of the Directors' Report contains details of remuneration being paid to Mr. P.L. Suri and Mrs. Sunita Suri.

Keeping in view, Mr. P L Suri's vast experience and long association with your Company, it will be in the interest of your Company to re-appoint him as Chairman and Managing Director on the Board of your Company. Your Directors recommend the passing of the resolution by way of Special Resolution at item no. 5. None of the Directors, except Mr. P L Suri, himself, Mrs. Sunita Suri and Mrs. Mamta Suri, being relatives, may be deemed to be interested, whether directly or indirectly, in the resolution.

Keeping in view, Mrs. Sunita Suri's vast experience, performance and long association with your company, it will be in the interest of your Company to appoint her as Executive Director on the Board of your Company. Your directors recommend passing of the resolution by way of special resolution at item no. 6. None of the Directors, except Mrs. Sunita Suri herself and Mr. P L Suri and Mrs. Mamta Suri, being relatives, may be deemed to be interested, whether directly or indirectly, in the resolution.

The above said terms and conditions of appointment and remuneration are duly considered, approved and recommended by the Remuneration Committee in its Meeting held on 12th August, 2011.

The above Statement is in addition to the Abstract of Appointment under Section 302 of the Companies Act, 1956.

Item No. 7

The present Article 113 relates to Common Seal of the Company which is presently restrictive in nature. To give a wider and broader coverage and proper usability of the Seal, the directors propose to amend this article. Your directors recommend this resolution as a special resolution for approval of shareholders.

None of the Director is in any way concerned or interested in the resolution.

None of the Director, except to the extent of their shareholding, is in any way concerned or interested in the resolution.

Item No. 8

Silver Resort Hotel India Private Limited, a subsidiary of the Company is developing a Five Star Luxury Hotel project at Delhi. The total cost of the project is Rs.840 crore with equity of Rs.400 crore and debt of Rs.440 crore. For this project, the Company has already invested Rs.188.51 crore in the equity capital of Silver Resort Hotel India Private Limited. The project needs further infusion of capital for timely completion. The Board is of the view to infuse Rs.250 crore in tranches in the capital of Silver Resort Hotel India Private Limited for smooth progress of the project. The further investment by the Company will exceed the maximum prescribed limits provided under sub-section 1 of section 372A of the Companies Act, 1956 and thus, require prior approval of shareholders under the provisions of Section 372A. Your directors recommend this resolution as a special resolution for approval of shareholders.

None of the Director, except to the extent of their shareholding, is in any way concerned or interested in the resolution.

Item No. 9

Golden Joy Hotel Private Limited, a wholly owned subsidiary of the Company is in the process of developing a Five Star Deluxe Hotel at Amritsar. The Board is of the view to infuse Rs.100 crore in tranches in the capital of Golden Joy Hotel Private Limited for smooth progress of the project. As of now, investment in Golden Joy Hotel Private Limited, being a wholly owned subsidiary of the Company will not fall under the limits prescribed under sub-section 1 of section 372A of the Companies Act, 1956. However, looking into the future, the Company may dilute its holding in Golden Joy Hotel Private Limited. The dilution of capital in Golden Joy Hotel Private Limited would tantamount to attract applicability of provisions of sub-section 1 of section 372A with respect to maximum prescribed limits of investment and would require prior approval of shareholders for investment under the above said section. Accordingly, your directors recommend this resolution as a special resolution for approval of shareholders.

None of the Director, except to the extent of their shareholding, is in any way concerned or interested in the resolution.

Item No. 10

Blue Coast Hospitality Limited, a wholly owned subsidiary of the Company will develop a Villa Project at the vacant areas of the "Park Hyatt Goa Resort & Spa". The Board of Directors of the company proposes to infuse capital upto Rs.75 crore in tranches into Blue Coast Hospitality Limited for developing the Villas.

At present, investment in Blue Coast Hospitality Limited, being a wholly subsidiary of the Company will not fall under the maximum limits prescribed under sub-section 1 of section 372A of the Companies Act, 1956. However, looking into the future, the Company may dilute its holding in Blue Coast Hospitality Limited. The dilution of capital in Blue Coast Hospitality Limited would tantamount to attract applicability of provisions of sub-section 1 of section 372A with respect to maximum prescribed limits of investment and would require prior approval of shareholders for investment under the above said section. Accordingly, your directors recommend this resolution as a special resolution for approval of shareholders.

None of the Director, except to the extent of their shareholding, is in any way concerned or interested in the resolution.

Item No. 11

The Board of Directors of the Company has been authorised by the shareholders to borrow money for the purposes of the Company not exceeding Rs.400 crore apart from its temporary loans. Looking into the various hotels projects implemented by the Company and fund requirements thereof, the Board is of the view that it may require higher borrowing limits, not exceeding Rs.500 crore.

As per Section 293(1)(d) of the Companies Act, 1956, the Board of Directors can not borrow more than aggregate of its paid-up share capital and free reserves (i.e. reserves not set apart for any specific purpose) (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) except with the consent of the members of the Company. Hence, the Board has recommended this resolution as an ordinary resolution for the approval of the shareholders.

None of the Director, except to the extent of their shareholding, is in any way concerned or interested in the resolution.

By Order of the Board
For **Blue Coast Hotels Limited**

Place : New Delhi

Date : 12.08.2011

Regd. Office:
263C, Arossim,
Cansaulim, Goa-403712

(Prakash Prusty)
Company Secretary

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 18th Annual Report of the Company for the period ended 31st March 2011.

FINANCIAL HIGHLIGHTS

The performance of the Company for the financial year ended 31st March 2011 is summarized below:

PARTICULARS	(Rs. in Lacs)	
	Financial Year 2010-11	Financial Year 2009 10
Income from Operations	9,028.09	8,718.73
Other Income	188.78	135.94
Profit before Interest, Depreciation & Tax	3005.20	2915.22
Interest / Finance Charges	2689.31	1361.14
- Operation	1189.34	1361.14
- New Hotel Investments	1499.97	-
Depreciation	879.26	885.19
Profit (Loss) before Tax	(563.38)	668.89
Provision for Taxation (including deferred Tax)	(191.49)	225.15
Tax Adjustments for earlier years	(74.95)	(243.65)
Profit (Loss) after Tax	(296.94)	687.39
Transfer to Reserves	--	--

OPERATIONS

Park Hyatt Goa Resort & Spa continues to be the market leader in terms of total revenue and Revenue Market Share Index (RMSI) with an appropriate mix of Occupancy and room rates. The Company has achieved operational income of Rs.9028.09 lacs in the F.Y. 2010-11 by achieving better Average Occupancy than previous year even though there was a marginal decline in Average Room Rates than previous year. With increase in operational income, the Rev PAR for the current financial year is Rs.6434/- compared to Rs.6206/- last year.

The above performance indicates that your Company is in the recovery path from the global recession, financial meltdown and will be able to establish well in hospitality industry.

DIVIDEND

In view of loss, the Board of Directors has not recommended any dividend for the financial year ended March 31, 2011.

PUBLIC DEPOSITS

During the period under report, your Company has not accepted or renewed any public deposit and no amount of principal or interest was outstanding as of the Balance Sheet Date.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. B K Goswami and Dr. Vijay Mohan Kaul would retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Necessary resolutions for their re-appointment are included in the notice convening Annual General Meeting.

Shareholders approved appointment of Mr. P L Suri and Mrs. Sunita Suri as Chairman & Managing Director and Executive Director, respectively, of the Company for a period of 3 years w.e.f. 16th November, 2008. Their terms expired on 15th

November, 2011. The Board recommends for re-appointment of Mr. P L Suri as Chairman & Managing Director and Mrs. Sunita Suri as Executive Director in the ensuing Annual General Meeting.

During the year, IFCI Limited has nominated Mr. Shivendra Tomar as its nominee on the Board of the Company with effect from 26th July, 2010.

AUDITORS

M/s. M. Kamal Mahajan And Co., Chartered Accountants, Chandigarh, the Auditors of the Company will retire at the ensuing 18th Annual General Meeting and being eligible, offer themselves for re-appointment.

VOTING RIGHTS

In terms of the provisions contained in Section 87(2)(b)(i) of the Companies Act, 1956, the Preference Shareholders of the Company with respect to the 81,50,000 Redeemable Cumulative Preference shares of Rs.100/- each are entitled to vote on every resolution placed before the Company at any General Meeting. As the said preference shares are held by the existing Promoters/Promoters Group, there is no change in the management / control of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm:

- a) that in the preparation of the annual accounts for the financial year ended 31st March, 2011 the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

NOTES TO ACCOUNTS

The observations of the Auditors have been adequately explained in Notes to Accounts and need no further clarification.

SEGMENT REPORTING

Your Company's operations comprise of only one segment - Hotel Operations and investment in new hotels, accordingly there are no separate reportable segments as required by Accounting Standard 17.

SUBSIDIARY COMPANIES

In line with the requirements of Accounting Standards AS-21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its Subsidiaries. As required under Section 212 of the Companies Act, 1956, the statement in respect of the Subsidiary companies is annexed herewith and forms an integral part of this Annual Report.

Pursuant to General Circular No.2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, the Board decided not to attach balance sheets of the subsidiary companies with the balance sheet of holding Company by fulfilling all the conditions mentioned in the above said circular.

CORPORATE GOVERNANCE

Your Company has complied with the provisions of the Code on Corporate Governance and as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the report on Corporate Governance and the Auditors' Certificate in connection therewith form part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis".

LISTING

The shares of your Company are listed at Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The listing fees to the Stock Exchanges for the year 2010-11 have been paid.

AWARDS AND RECOGNITION

Park Hyatt Goa Resort and Spa received following Awards & Accolades in the financial year 2010-11:

1. Sereno Spa at Park Hyatt Goa Resort and Spa won 'Best Ayurvedic Spa (Hotel)' at the fourth Pevonia asiaSpa India Awards 2011.
2. Won 2011 Travellers' Choice Award for Top 10 Relaxation/Spa Hotels in India.
3. Conde Nast Traveller Asia's Best Spa's 2010-2011 - Sereno Spa listed as "The Best Beach Spa".
4. Conde Nast Traveller Readers Travel Awards 2010 India Special - Awarded as the second runner-up in the "Favourite Leisure Hotel in India" category.
5. Times Good Food Guide Goa 2010 - Casa Sarita was awarded the "Best Goan Restaurant".
6. Times Good Food Guide Goa 2011 - Casa Sarita was awarded the "Best Goan Restaurant".
7. India Today Travel Plus Readers Choice Survey 2009-10 - "The Best Spa in India".
8. India Today Travel Plus Readers Choice Survey 2010-11 - "The Best Spa in India".

PARTICULARS OF EMPLOYEES

Required particulars pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in **Annexure A** to this report.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to the conservation of energy, technology absorption, foreign exchange earnings & outgo are set out in **Annexure B** to this report.

ACKNOWLEDGEMENTS

The Directors express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers and Hyatt International and other Business Associates. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by the Employees at all levels.

By Order of the Board
for **Blue Coast Hotels Limited**

Place : New Delhi

Date : 12.08.2011

P L Suri
Chairman and Managing Director
DIN: 00256300

Annexure A

**Information pursuant to Section 217(2A) of the Companies Act, 1956, read with
the Companies (Particulars of Employees) Rules, 1975**

Details of employees of Blue Coast Hotels Limited drawing remuneration of Rs.5 lakh p.m. or Rs.60 lakhs p.a. during the financial year 2010-11:

Employed for the full year

Name of the Employee	Age (Yrs.)	Designation (Nature of Duty)	Remuneration (Rs.)	Qualification	Experience (in years)	Date of Employment	Previous Employment and Post held	Nature of Duties
Mr. Marc von Arnim	38	General Manager (Administration & General)	1,07,53,055	Hotel Management Graduate	18	August 01, 2009	Hyatt Regency Auckland, New Zealand. General Manager	Administration

Employed part of the year

Name of the Employee	Age (Yrs.)	Designation (Nature of Duty)	Remuneration (Rs.)	Qualification	Experience (in years)	Date of Employment	Previous Employment and Post held	Nature of Duties
Mr. Mitele Sbardellini	37	Executive Chef	27,90,672	Hotel Management Graduate	16	April 06, 2009 _upto 16th August, 2010	Grand Hyatt Bali, Indonesia. Executive Chef	Operational

Notes:

- i. Employments of aforesaid officials are on contractual basis. Other terms and conditions are as per Company's Rule.
- ii. None of the above mentioned employee hold the prescribed Percentage of equity shares in the company within the meaning of 217(2A)(a)(iii) of the Act.

Annexure B

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY :

a. Energy Conservation measures taken:

The Company has during the year under review taken various measures towards the conservation of energy. Some of the measures taken include installation of new Centrifugal Cooling Tower of 400 Tr. Capacity along with relocation of Old Paharpur make cross flow cooling towers from lower section to terrace area, ensuring all parameters are complying to OEM's resulting in Rs.14.10 lacs savings. Derated Capacitors from Main Capacitor Bank Panel were replaced; thereby ensuring Power factor maintained nearing unity & resulting into incentive per month close to Rs.0.76 lacs.

The Company installed a solar and wind energy hybrid system for generating power for external lighting landscape illumination.

b. Additional investment and proposals, if any, being implemented for reduction of Energy consumption:

- (i) Feasibility of replacing existing incandescent lamps for entire property with LED's & CFL's is underway.
- (ii) Replacing of conventional steam operated dryers in laundry with thermic fluid tank equipped with electrical heating elements is underway to reduce diesel consumption.

c. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact of production of goods:

Savings (Annum) : Rs.14.10 lacs - HVAC Energy Consumption

d. Total Energy consumption and energy consumption per unit of production as per Form A of the Annexure.

B. TECHNOLOGY ABSORPTION :

e. Efforts made in technology

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company

- (i) Life safety Audit conducted by Aon Global (outsourced agency) for conforming operational habitability of life safety equipments
- (ii) Thermography survey carried out as predictive maintenance for electrical installations

2. Benefit derived as a results of the above R & D

- (i) Fire Alarm System was checked thoroughly & proved fully functional
- (ii) Reduction in unplanned shut-downs/ down time (MTTR - Mean Time To Repairs)

3. Future Plan of action

- (i) Energy Audit

4. Expenditure on R & D

(Rs. / Lacs)

	2010-11	2009-10
a) Capital	5.47	-
b) Recurring	-	-
c) Total	5.47	-
d) Total R & D expenditure as a percentage of total turnover is 0.06% (previous year Nil).		

Technology Absorption, Adaptation and Innovation: Nil**C. Foreign Exchange Earnings and Outgo**

(Rs. in Lacs)

- f. Activities relating to export; initiative taken to increase exports; development of new export markets; and export plans:

The Company is into Hotel Business. The Company did not carry on any export and related activities during the financial year 2010-11.

- g. Total Foreign Exchange used and earned.

	2010-11	2009-10
i. Foreign Exchange Earnings :	3,729.58	3,012.24
Total	3,729.58	3,012.24
ii. Foreign Exchange Outgo :		
Capital Goods	10.78	10.56
Other matters	811.32	959.07
Total	822.10	969.63

Statement pursuant to section 212 of the Companies Act, 1956

Name of the Subsidiary	Blue Coast Hospitality Limited	Golden Joy Hotel Private Limited	Silver Resort Hotel India Private Limited
Financial Year of the subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011
Number of shares in the subsidiary held by the Company and percentage	50,000 equity shares of Rs.10/- each fully paid up aggregating to Rs.5,00,000/- (100%)	50,000 equity shares of Rs.10/- each fully paid up aggregating to Rs.5,00,000/- (100%)	18,85,10,000 equity shares of Rs.10/- each fully paid up aggregating to Rs.188,51,00,000/- (68.92%)
Net aggregate profits/ losses of the subsidiary for the current year so far as it concerns the members of the holding company:	(Rs. in Thousand)	(Rs. in Thousand)	(Rs. in Thousand)
a) dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil
b) not dealt with or provided for in the accounts of the holding company	(634)	(96)	(1143.40)
Net aggregate profits/ losses of the subsidiary for the previous financial years so far as it concerns the members of the holding company:			
a) dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil
b) not dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil
Change in the interest of the Company between the end of the last financial year and 31st March 2011	None	None	The company has increased its shareholdings by further investment of Rs.100 crore (10,00,00,000 equity shares of Rs.10/- each).
Material Changes between the end of the last financial year and 31st March 2011	None	None	None

FORM "A"

Form for Disclosure of Particulars with respect to Conservation of Energy

A. ELECTRICITY AND FUEL CONSUMPTION:

	Current Year	Previous Year
1. Electricity		
(a) Purchased Unit in lacs (kwh)	72.02	73.63
Total Amount (Rs. In Lac)	271.86	279.48
Rate/Unit (Rs.)	3.77	3.79
(b) Own generation		
(i) Through diesel generator Unit in lacs (kwh)	2.72	2.47
Units per ltr. of diesel oil	3.60	3.58
Cost/unit (Rs.)	10.75	9.57
(ii) Through steam turbine/generator	N.A.	N.A.
2. Coal (specify quality and where used)	N.A.	N.A.
3. Diesel oil		
Quantity (k. ltrs.)	364.27	689.25
Total amount (Rs. in Lac)	141.04	236.61
Average rate (Rs. Per Litre)	38.72	34.33
4. Others/internal generation (please give details)	N.A.	N.A.

B. Consumption per unit of production:

	Standards (if any)	Current year	Previous year
Electricity	(KWH)	N.A.	N.A.
Furnace oil	(Ltr/Kg)	N.A.	N.A.
Coal		N.A.	N.A.
Others		N.A.	N.A.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from culture and mindset of the organization.

The Company is committed to focus on expanding its business while upholding the values of transparency, integrity and accountability. Your company is committed to best Corporate Governance practices and providing all the necessary information and disclosures to various stakeholders of the Company.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of a combination of Directors having varied experience and knowledge. The functioning of the Board is aimed at steering the Company towards the path of growth by taking the decisions in the best interests of the Company.

The Board of the Company is comprised of the Chairman and Managing Director, one Executive Director and six Non-Executive Directors of whom four are independent directors and one Nominee Director of IFCI Ltd.

The Board Meetings are scheduled in accordance with the provisions of the applicable laws and guidelines. During the period under review 6 (Six) Meetings of the Board have taken place on 29th April, 2010, 26th July, 2010, 28th August, 2010, 30th October, 2010, 14th February, 2011 and 11th March, 2011.

Composition and Category of the Board as on 31.03.2011 and their attendance in the Board and Annual General Meetings are as hereunder:

Name of Director	Category	No. of Board Meetings attended	Last AGM attended	No. of other Directorships (Public Limited companies)*	No. of other Directorships (Private Limited companies)	No. of Committee memberships*#	No. of Chairmanship in Board / committees*#
Mr. P.L. Suri	Chairman & Managing Director - Promoter	6	Yes	1	5	-	-
Mrs. Sunita Suri	Executive Director - Promoter	6	Yes	-	6	-	-
Mrs. Mamta Suri	Non Executive - Promoter	6	Yes	-	4	-	-
Mr. B K Goswami	Non Executive - Independent	4	Yes	10	2	3	-
Mr. K S Mehta	Non Executive - Independent	2	No	5	1	2	1
Dr. Vijay Mohan Kaul	Non Executive - Independent	2	No	-	-	-	-
Mr. Ashoka Kini	Non Executive - Independent	6	No	1	-	-	-
Mr. Shivendra Tomar	Nominee - IFCI Ltd.	3	No	3	1		

*Other Directorships does not include the Directorships in Section 25 Companies of the Companies Act, 1956. No. of Other Directorships/ Membership/Chairmanship in the Board/ Committees of the Company excludes the Directorship/Membership/Chairmanship in the Company.

#Committee positions of only 2 Committees namely Audit Committee and Investors'/Shareholders' Grievance Committee has been considered pursuant to Clause 49 of Listing Agreement.

COMMITTEE OF DIRECTORS:

The following Committees of the Board of Directors of the Company were in existence during the year:

a) Audit Committee:

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement. The terms of reference includes:-

- Overseeing financial reporting processes;
- Reviewing periodic financial results, financial statements and adequacy of internal control systems;
- Discussion and review of periodic audit reports;
- Discussions with external auditors about the scope of audit including the observations of the auditors;
- Recommending the appointment, remuneration and removal of statutory auditors;
- Discussing with internal auditors any significant findings and follow up there on;
- Reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the Company's financial risk and management policies;
- Approval of appointment of CFO.

All the members of the Audit Committee are Non-Executive Directors and the Chairman of the Committee is Non-Executive and Independent Director. All the members of the Committee are financially literate.

Five meetings of the committee were held during the period under report viz., on 29th April 2010, 26th July 2010, 28th August 2010, 30th October 2010 & 12th February 2011.

The members of the Audit Committee and their attendance are as under:

Audit Committee Composition			Attendance Particulars	
Name of Members	Position	Category	No. of Meetings held	No. of Meetings attended
Mr. B K Goswami	Chairman	Independent/ Non -executive	5	5
Mr. K S Mehta	Member	Independent/ Non -executive	5	2
Dr. V M Kaul	Member	Independent/ Non -executive	5	2
Mrs. Mamta Suri	Member	Non -executive	5	5
Mr. Ashoka Kini*	Member	Independent/ Non -executive	5	0

* Mr. Ashoka Kini was nominated to the Committee by the Board of Directors of the Company in its meeting held on 14.02.2011.

Company Secretary of the Company acts as Secretary of the Audit Committee.

b) Remuneration Committee:

The Remuneration Committee comprises of three Independent Non-Executive Directors viz. Mr. K S Mehta, Chairman, Mr. B K Goswami and Dr. V M Kaul as members.

Terms of Reference of the Remuneration Committee include:

- To determine the remuneration, review of performance and decide on variable pay of executive Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

There was no meeting of the Committee during the reporting year.

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions and units.
- Track record, potential, past remuneration and performance of individual appointee
- External competitive environment.

No remuneration is paid to the Non-Executive Directors except the sitting fee payable for attending the Board / Committee Meetings. No stock option has been offered to the Directors or Executives of the Company.

Details of remuneration paid/payable to the directors during the period under report are as under:- (Amount in Rs.)

Name of the Director(s)	Mr. P L Suri	Mrs. Sunita Suri	Mrs. Mamta Suri	Mr. B K Goswami	Mr. K S Mehta	Mr. Ashoka Kini	Dr. V M Kaul	Mr. Shivendra Tomar
Designation	Chairman & Managing Director	Executive Director	Director	Director	Director	Director	Director	Nominee Director
Salary	21,00,000	15,00,000	--	--	--	--	--	--
Benefits	--	--	--	--	--	--	--	--
Bonus	--	--	--	--	--	--	--	--
Commission	--	--	--	--	--	--	--	--
Pension	--	--	--	--	--	--	--	--
Others (Provident Fund)	--	--	--	--	--	--	--	--
Break up of fixed components and Performance linked incentives with performance criteria	--	--	--	--	--	--	--	--
Performance Incentive	--	--	--	--	--	--	--	--
Service Contract	3 years	3 years	--	--	--	--	--	--
Notice Period, Severance fees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Options details (if any): Whether issued at discount. Period over which it is accrued and is exercisable	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting Fees	--	--	50,000	45,000	20,000	30,000	20,000	15,000
Total	21,00,000	15,00,000	50,000	45,000	20,000	30,000	20,000	15,000

Details of the equity shares held by each of the Directors in the Company as on March 31, 2011:

Name of Director	Category	No. of Equity shares of Rs. 10/- each	No. of Preference shares of Rs. 100/- each
Mr. P. L. Suri	Chairman & Managing Director	30,400	Nil
Mrs. Sunita Suri	Executive Director	25,200	3,15,000
Mrs. Mamta Suri	Non Executive	89,000	2,50,000
Mr. B K Goswami	Independent Non Executive	Nil	Nil
Mr. K S Mehta	Independent Non Executive	Nil	Nil
Dr. Vijay Mohan Kaul	Independent Non Executive	Nil	Nil
Mr. Ashoka Kini	Independent Non Executive	Nil	Nil
Mr. Shivendra Tomar	Nominee - IFCI Ltd.	Nil	Nil

c) Investors Grievance Committee:

The Investors Grievance Committee comprises of:

1. Mr. K S Mehta - Chairman
2. Mr. B K Goswami - Member
3. Dr. V M Kaul - Member

The Chairman of the Committee is Non-Executive and Independent Director. The Committee ensures redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, etc. Share transfers are processed well within the stipulated period.

Company Secretary of the Company is the Compliance Officer of the Company.

Status of Shareholders Complaints during the year

Complaints at the beginning of the year, 1st April 2010	Complaints received during the year 1st April 2010-31st March 2011	Complaints settled during the year 1st April 2010-31st March 2011	Complaints pending at the end of the year, 31st March 2011
NIL	NIL	NIL	NIL

GENERAL BODY MEETINGS

Location and time where last 3 Annual General Meetings were held:

FINANCIAL YEAR	AGM	DATE	VENUE	TIME
2007-08	15th	29th September, 2008	263C, Arossim, Cansaulim, Goa-403712	10.00 a.m.
2008-09	16th	30th September, 2009	263C, Arossim, Cansaulim, Goa-403712	10.00 a.m.
2009-10	17th	29th September, 2010	263C, Arossim, Cansaulim, Goa-403712	10.00 a.m.

Detail of special resolutions passed in last three Annual General Meetings:

S. No.	Particulars of Special Resolution	Date	Financial Year
1	NIL	29th September 2010	2009-10
2	Re-appointment of Mr. P L Suri as Chairman & Managing Director for a period of three years	30th September 2009	2008-09
3	Re-appointment of Mrs. Sunita Suri as Executive Director for a period of three years	30th September 2009	2008-09
4	Conversion of Cumulative Redeemable Preference Shares (CRPS) held by promoters/ promoters group into equity shares and issue and allotment of equity shares to CRPS holders	30th September 2009	2008-09
5	Change of Name of the Company	30th September 2009	2008-09
6	NIL	29th September 2008	2007-08

Special Resolution passed last year through postal ballot - details of voting pattern:

During the financial year 2010-11, the Company has not passed any resolutions where voting by postal ballot was required.

Whether any special resolution is proposed to be conducted through postal ballot and Procedure for postal ballot: No

DISCLOSURES:

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:
None of the transactions with related parties is in conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 25 of Notes on Accounts in the Annual Report.
- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:
During the last three years, there were no penalties or strictures imposed on the Company either by the Stock Exchange(s) or SEBI for non-compliance of any matter related to capital market.
- iii. Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee:
Presently, the Company does not have a Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee.
- iv. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause:
The Company has complied with all the mandatory requirements of Clause 49. As regard the non-mandatory requirements, the extent of compliance has been stated in this report against each of them.

MEANS OF COMMUNICATION

- i. The quarterly results of the Company are published in leading and widely circulated English/Hindi National/Regional Newspapers as per the requirements of the Stock Exchanges. The results are also faxed and couriered to the Stock Exchanges where the Company is listed.
- ii. The results were normally published in Business Standard (English) and Tarun Bharat (Hindi) in the reporting period.
- iii. The Company's Financial Results, Shareholding Pattern etc. are displayed on the Company's website www.bluecoast.in.
- iv. The Company regularly updates the media, analysts, etc., through its financials. The Management Discussion and Analysis forms an integral part of the Annual Report. Annual Report is sent to all the Stock Exchanges and Members of the Company.

GENERAL SHAREHOLDER INFORMATION**i. Annual General Meeting:**

18th Annual General Meeting is scheduled as under:-

Day	Date	Time	Venue
Friday	30th September 2011	10.30 A.M.	263C, Arossim, Cansaulim, Goa 403712

ii. Financial Year: 1st April to 31st March

Financial Calender (tentative and subject to change)

For the year ending 31st March 2012, the financial results will be announced by:

Quarter Ended 30th June, 2011	:	First fortnight of August, 2011
Quarter Ended 30th Sept., 2011	:	First fortnight of November, 2011
Quarter Ended 31st Dec., 2011	:	First fortnight of February, 2012
Quarter Ended 31st March, 2012 and Annual Results	:	End of May, 2012

iii. Book Closure: Friday, 23rd September, 2011 to Friday, 30th September, 2011**iv. Dividend Payment Date:** No dividend is being recommended for the year ended 31st March, 2011**v. Listing on Stock Exchanges:** Equity shares of the Company are listed on:

- Bombay Stock Exchange Limited
- The National Stock Exchange of India Limited

vi. Stock Code: 531495(BSE), BLUECOAST (NSE)

ISIN: INE472B01011

vii. High & low Market Price Data of Equity Shares during each month in last financial year:

Months	BSE		NSE	
	High	Low	High	Low
April 2010	146.50	130.00	143.80	130.10
May 2010	150.00	135.10	147.90	128.00
June 2010	156.80	135.10	154.00	127.70
July 2010	152.00	135.00	154.35	139.35
August 2010	172.90	135.15	173.90	128.68
September 2010	172.70	153.15	178.50	146.95
October 2010	180.60	150.15	186.35	149.50
November 2010	193.00	164.40	195.00	156.00
December 2010	271.00	187.10	261.50	188.65
January 2011	271.00	217.05	261.00	231.70
February 2011	267.60	230.10	258.50	232.85
March 2011	239.75	188.70	234.80	158.15

viii. Share price performance in comparison to BSE Sensex and NSE Nifty:

MONTH(S) (As on end of last trading day of the month)	SHARE PRICES COMPARISION			
	BLUECOAST (BSE)	BSE (Sensex)	BLUECOAST (NSE)	NSE (Nifty)
April 2010	137.85	17558.71	138.60	5278.00
May 2010	149.30	16944.63	134.40	5086.30
June 2010	145.00	17700.90	137.15	5312.50
July 2010	136.10	17868.29	139.35	5367.60
August 2010	169.85	17971.12	169.00	5402.40
September 2010	165.00	20069.12	158.05	6029.95
October 2010	176.95	20032.34	186.00	6017.70
November 2010	190.00	19521.25	191.70	5862.70
December 2010	249.35	20509.09	246.85	6134.50
January 2011	271.00	18327.76	261.00	5505.90
February 2011	239.85	17823.40	255.00	5333.25
March 2011	197.90	19445.22	171.90	5833.75

ix. Registrar and Share Transfer Agent

The Company has appointed RCMC Share Registry Pvt. Ltd. as its Registrar and Share Transfer agent (RTA) for equity shares (kept in physical as well as electronic mode). All communication relating to the transfer of shares, change of address etc. can be addressed to the RTA at the following address:

RCMC Share Registry Pvt. Ltd.

B - 106, Sector 2,

NOIDA- 201301, U.P.

Ph. : 0120 - 4015880

Fax : 0120 - 2444346.

x. Share Transfer System

The Company's shares being in compulsory de-mat form are transferable through the depository system. The Shares in physical form are processed by the Registrar and Transfer Agents and approved by the Investors Grievances Committee. Share transfer process are regularly reviewed by the Board.

In compliance with the Listing Guidelines, a practicing Company Secretary audits the Share Transfer system and a certificate to that effect is issued by him periodically.

xi. Distribution of equity shareholders as on 31st March, 2011:

Nominal Share Capital (Rs.)			No. of Shareholders	% of total Shareholders	% of paid up Share Capital
Upto	-	5000	930	87.91	0.99
5001	-	10000	30	2.84	0.26
10001	-	20000	21	1.98	0.33
20001	-	30000	29	2.74	0.81
30001	-	40000	3	0.28	0.12
40001	-	50000	4	0.38	0.21
50001	-	100000	3	0.28	0.21
100001	-	& above	38	3.59	97.07
TOTAL			1058	100	100

Categories of equity shareholders as on 31st March 2011:

	No. of Folio's	% to total Folios	No. of Shares held	% to total Shares
PROMOTERS				
Indian	25	2.36	39,43,000	44.48
TOTAL (A)	25	2.36	39,43,000	44.48
PUBLIC				
NRI's/OCB's	10	0.95	23,23,990	26.21
Bodies Corporate	62	5.86	23,54,117	26.56
Clearing Members	8	0.76	1,809	0.02
Individual	953	90.07	2,42,046	2.73
TOTAL (B)	1,033	97.64	49,21,962	55.52
TOTAL {(A) + (B)} = (C)	1,058	100.00	88,64,962	100.00

Voting Rights in the Company

Break up of the paid-up Share Capital of the Company which enjoys right to vote on every resolution placed before the Company at the ensuing Annual General Meeting:

Held by	Equity shares (listed) Rs.	%age	Pref. Share Capital (not listed) Rs.	%age	Total Rs.	Total %age
Promoters	39430000	44.48%	815000000*	100.00%	854430000	94.55%
Non Promoters	49219620	55.52%	0	0.00%	49219620	5.45%
Total	88649620	100.00%	815000000	100.00%	903649620	100.00%

* in terms of the provisions contained in Section 87(2)(b)(i) of the Companies Act, 1956.

xii. Dematerialisation of Shares and liquidity:

The Company's shares are traded only in dematerialized form and to facilitate that the Company has executed agreements with both existing Depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has established connectivity with the depositories through its Registrar and Share Transfer Agent, RCMC Share Registry Pvt. Ltd. As on March 31, 2011, 64,19,560 equity shares that is 72.41% of the Company's Issued and Paid-up Equity Share Capital have been dematerialized.

xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments etc. during the Financial Year 2010-11.

xiv. Plant Location:

The Company is solely engaged in the Hotel business and its hotel is situated at the following address:

Park Hyatt Goa Resort & Spa
263C, Arossim Beach, Cansaulim,
Goa -403712

xv. Address for Correspondence:

Blue Coast Hotels Limited

Registered Office:

263C, Arossim, Cansaulim,
Goa - 403712
Tel. : 0832 2721234
Fax: 0832 2721235

Corporate Office:

415 - 417, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi - 110 001
Tel. :011 23358774-775
Fax. :011 23358776

COMPLIANCE WITH THE CODE OF CONDUCT

Pursuant to the SEBI (Prevention of Insider Trading) Regulations, 2002 the Board of Directors of the Company has adopted a Code of Conduct for the Prevention of Insider Trading. The Code is available on the official website of the Company www.bluecoast.in.

CEO/CFO CERTIFICATION

The Managing Director and Chief financial Officer have certified to the Board, inter-alia, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31st March 2011.

Non-Mandatory Requirements

The status/extent of compliance of non mandatory requirements is as follows:

(1) (a) Maintenance of Non-Executive Chairman's Office

Presently, the Company is not maintaining office of the Non-Executive Chairman.

(b) Independent Directors may have tenure, not exceeding, in the aggregate, a period of nine years, on the Board of the Company.

As on date, Company having Independent Directors having a term of office exceeding nine years.

- (2) Remuneration Committee.

Already constituted. Details given in the preceding paragraphs.

- (3) Half-yearly financial performance and summary of significant events to be sent to each household of shareholders.

The Company's Financial Results, Shareholding Pattern etc. are displayed on the Company's website www.bluecoast.in.

- (4) Audit Qualifications presently not applicable to the Company.

- (5) Training of the Board Members.

Presently the Company does not have such training programme.

- (6) Mechanism for evaluating Non-Executive Board Members.

Presently, the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Board Members.

- (7) Whistle Blower Policy

Presently, the Company does not have a Whistle Blower Policy. However, no personnel has been denied access to the Audit Committee.

Depository Services

For guidance on depository services, shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.

Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai-400013.
Telephone: 022-24994200
Facsimile: 022-24972993
E-Mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street, Mumbai-400023.
Telephone : 022-22723333/3224
Facsimile : 022-22723199
E-Mail : investors@cdslindia.com
Website : www.cdslindia.com

DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT ON CODE OF CONDUCT

I hereby confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board, for the financial year ended March 31, 2011.

Date : 30.05.2011

Place : New Delhi

P. L. Suri
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments

Tourism is an important sector of the economy and contributes significantly in the country's GDP as well as Foreign Exchange Earnings (FEE). With its backward and forward linkages with other sectors of the economy, like transport, construction, handicrafts, manufacturing, horticulture, agriculture, etc., tourism has the potential to not only be the economy driver, but also become an effective tool for poverty alleviation and ensuring growth with equity.

Though in the year 2009-10, the Indian hotel industry felt the global financial crisis, strong domestic demand coupled with increased global confidence in the business environments in India during second half of 2010-11 helped in improving occupancies and average rates, which is expected to continue in future also.

Global Tourism Industry

According to the Tourism Satellite Accounting (TSA) research, released by World Travel and Tourism Council (WTTC) and its research partner Oxford Economics in March 2011:

- The direct contribution of travel and tourism to GDP is expected to grow by 8.1 per cent per annum (pa) to US\$ 76.65 billion (2 per cent of GDP) for 2011-2021 period, while the total contribution is expected to be US\$ 82.61 billion in 2011 (4.5 per cent of GDP). It is forecasted to rise by 8.8 per cent pa for 2011-21, accounting for 4.9 per cent of GDP.
- Travel and tourism is expected to generate 24.93 million jobs directly in 2011 (5 per cent of total employment). The industry is expected to attract capital investment of US\$ 27.67 billion rising by 8.7 per cent pa to US\$ 63.47 billion.

In view of recovery of Global economy and current trends, prospects of Travel, Tourism and Hotel Industry is expected to remain strong.

Indian Tourism and Hotel Industry

Healthy economic growth recorded in past few years, especially in the services industry, has led to increase in business travel. Higher disposable income and affordability have increased domestic leisure travel in India. Foreign tourist arrivals in India have also grown. The industry's performance was hit in 2009 due to the global economic slowdown, terror attacks in Mumbai (November 2008) and H1N1 virus. However, the industry has shown signs of recovery in the first half of 2010. This is a clear indicator that the long-term prospects for the Indian travel and tourism industry are bright. The Indian hotel sector is enjoying a period of strong growth off the back of rising domestic travel and an increased interest from overseas travellers. This strong growth potential from India has not passed unnoticed by the larger international hotel chains. Global Hotel Groups viz. Hyatt Hotels, Hilton Hotels, Le Meridien Hotels, Accor, Intercontinental Group of Hotels, Marriot Hotels & resorts etc. are persisting with their push into India, encouraged by the resilience of its economy and the shortage of hotel rooms in a country growing at the quickest pace worldwide after China.

In the year 2010, the tourism sector witnessed substantial growth as compared to 2009. The Foreign Tourist Arrivals (FTA) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%. Foreign Exchange Earnings from tourism during 2010 were Rs.64,889 crore as compared to Rs.54,960 crore during 2009, registering a growth rate of 18.1%. The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US\$ 2.35 billion from April 2000 to February 2011, according to the

Department of Industrial Policy and Promotion (DIPP).

The hotel industry in India is estimated to grow at a rate of 8.8 percent between the years 2007-16. This will place India on the second position in the list of the fastest growing tourism industries in the world.

We believe from the current trends that demand levels will continue to improve in 2011-12 as global economic growth gathers momentum, strong domestic demand due to companies increasing spending on travel, leisure, corporate meetings, get-together and with expectations of healthy increase in salaries.

Tourism and Hotel Industry in Goa

With sign of revival of global economy, the tourism industry started to show its effect on the tourism industry in Goa at the beginning of the financial year under report. The strong demand from the domestic tourists was the saving grace as Goa continues to be the India's favorite leisure destination.

The hotel industry, especially the starred hotels, has witnessed the best ever season with most of them recording over 95 per cent occupancy, up by 7 to 8 per cent over the last year's best, in the jan- march quarter of 2010-11.

The hotel industry captains attribute the increase in occupancy to Goa being preferred as a destination for hosting marriages and also conferences by top corporate houses. Also with celebrities preferring to get married in Goa, the state could see a change in its façade as a beach destination.

The fortune of the hotel industry has been further boosted by the recent happenings in Egypt, as many tourists who visit the coastal town of Sharm El Sheikh along Red Sea preferring to give a miss due to turbulent conditions prevailing in the prominent nation of the Arab world.

Arrival of Russian tourists has also increased substantially. Goa could have benefited further had it not been for the time consuming visa formalities that the tourists have to follow to come to the state. Further, Goa might not have the visa on arrival facility but group landing permit facility for foreigners, as allowed by the Union home ministry, could more than compensate for it and if judiciously used by local travel agents and tour operators the provision could give further boost to tourism in the state.

Opportunities and Threats

The travel, hotel and tourism industry in India faces various challenges/issues. In the last few years Government has initiated various measures for the growth of this industry. The Challenges, opportunities we envisage are as follows:

Infrastructure:

Infrastructure facilities such as air, rail, road connectivity and hospitality services at destinations and the connecting cities are inadequate. Inadequate infrastructure facilities affect inbound tourism and also could lead to an increase in the outflow of domestic tourists from India to other competitive neighboring countries. Expansion and development of airports at major gateway cities is underway to cater to the increasing passenger traffic.

Human resources:

Availability of skilled manpower is a major challenge faced by the travel and tourism industry, one of the largest employment generators in the country. To sustain growth in the travel and tourism industry, trained manpower/ workforce is required at every level managerial, supervisory, skilled or semi-skilled.

Lack of adequate marketing and promotion:

Marketing and promotion of India as a major tourist destination is critical for the industry to achieve its potential. Lack of adequate budgetary support for promotion and marketing, compared with competing tourist destinations, is a major reason for India lagging behind as a tourist destination.

The government has taken initiatives to promote responsible tourism by sensitizing key stakeholders of the tourism industry. One such major initiative is the “Atithi Devo Bhava” campaign. Marketing under the “Incredible India” campaign helped place India as a good tourist destination on the global tourism map. Newer tourism concepts, which include cruise tourism, adventure tourism, agri tourism, medical tourism or rural tourism, are emerging in India and these require support to develop and flourish. Hence, greater marketing push for these different products is required.

Taxation:

Travel, tourism and hotel industry in India is a high-taxed industry, which makes India expensive as a tourist destination. Various taxes are levied across the entire industry and tax rates tend to vary across different states in the country. For hotel industry, the government in the current financial year, has further levied 5% Service Tax on room charges of more than Rs.1000/- per day and 3% Service Tax on AC Restaurant having licence to serve liquor. There are already 12.5% luxury taxes on room charges in the State like Goa and Kerala. This is affecting the growth of the industry in India and India is losing out to other low-cost destinations. Inbound tourism is the one most affected.

Security:

Security has been a major problem as well for growth of tourism for a number of years. No security of life in J & K State, Russian, French and Japanese nationals were sexually assaulted in Goa & Delhi, terrorist attacks or political unrest in different parts of the country and activities like cheating to murder have tarnish the image of country and adversely affected sentiments of foreign tourists.

Regulatory issues:

For inbound international tourists, visa procedures are seen as a hindrance. A number of countries competing with India for tourists provide visa on arrival.

The government has introduced Visa - on Arrival scheme for tourists w.e.f. 1st January, 2010. This step from the government helps the tourism industry immensely. Allowing entry of more multinational companies into the country giving us a global perspective. The Government has allowed 100 percent FDI in tourism industry.

Segment wise Performance

The company is presently engaged in only one segment of business i.e. Hotel and owns Park Hyatt Goa Resort & Spa which is located in the State of Goa.

Park Hyatt Goa Resort & Spa continues to be the market leader in terms of total revenue and Revenue Market Share Index (RMSI). For the period under report Park Hyatt Goa Resort & Spa achieved an average occupancy of 77% and its Rev PAR is 3.67% higher than previous year.

Future Plans and Outlook

Park Hyatt Goa Resort and Spa, the resort owned by the Company, has strengthened its position in the Goa market over the past years. The resort has achieved the position of market leader in terms of RMSI and holding on the same Year to Date.

The Company is in the process of developing a Villa Project on vacant land of the Company's Hotel "Park Hyatt Goa Resort & Spa" at Goa.

Outlook in the immediate future look promising in the year 2011-2012.

Risks and Concerns

Socio-Economic & Political Factors:

This industry is highly susceptible to the changes in Socio-political and economic environment of the country and abroad. Terrorist global attacks, communicable diseases etc. may affect the business of the Company. It is also closely intertwined with the fortunes of the global economy.

Exchange Rate Fluctuations:

A large part of Company's earnings are in foreign exchange and any adverse movement in the exchange rate would affect its earnings. However, Hyatt International has introduced single currency concept in India which has to a large extent neutralize the loss on foreign exchange conversion.

Specific Risks:

Though there are no specific risks involved with the business yet the absence of good infrastructure in terms of airports/roads etc. continues to be a bottleneck for further growth in the tourism industry.

Internal Control Systems and their adequacy

The Company believes that internal controls are essential ingredient towards achieving excellence in corporate governance. Accordingly, it has set adequate control systems in terms of financial reporting, efficiency of operations and compliance with various rules, regulations etc. The Company continues to focus on compliances under various Rules and Regulations which the company believes is the core strength of business. Regular Audit is being carried out by the Internal Auditors as well as Statutory Auditors. Reports whereof are regularly presented before the Audit Committee of the Board which reviews the adequacy of the internal control system on regular basis and monitors on continuous basis the implementations of the Internal Audit recommendations.

Financial Performance with respect to operational performance

For the period under report the Company's total income for the year under report stood at Rs.9216.87 lakhs (previous period Rs.8854.67 lakhs). The Company has incurred a net loss of Rs.296.94 lacs as against the net profit of Rs.687.39 lacs last year.

Development in Human Resources / Industrial Relations

The company continues to focus on its endeavor to be a preferred employer in Goa and on principles of attracting, managing, nurturing and retaining their employees reducing the employee turnover.

The number of people employed on full time basis by the Company in Park Hyatt Goa Resort & Spa as on 31st March 2011

stood at 459, including outsourced employees.

Cautionary Statement

Certain statements made in the Management Discussions and Analysis Report is based on the prediction and expectations of the Management and may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

The views and futuristic statements contained in this report are the perception of management and subject to certain risks and uncertainty that could cause actual results to differ materially from those reflected in such statements.

The Company undertakes no obligations to publicly update or revise any of these futuristic statements, whether as a result of new information, future events, or otherwise.

**CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCE OFFICER OF
BLUE COAST HOTELS LIMITED**

We, P L Suri, Chairman & Managing Director and Suresh Gupta, Asstt. Vice President (F&A) of Blue Coast Hotels Limited, to the best of our knowledge and belief certify that:

- a. We have reviewed the financial statements and Cash Flow Statement for the year ended 31st March, 2011 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We also certify that to the best of our knowledge and belief, there are no transactions entered into by Blue Coast Hotels Limited, during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. Significant Changes, if any, in Internal controls during the year.
 - ii. Significant changes, if any, 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 of which we 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.

Place : Delhi
Date : 30.05.2011

(P L Suri)
Chairman & Managing Director

(Suresh Gupta)
Asstt. Vice President
(Finance & Accounts)

Undertaking

The Company hereby undertakes that the annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time.

The annual accounts of the subsidiary companies shall also be kept open for inspection by any shareholders at the corporate office of the holding company and of the subsidiary companies concerned at 415-417, Antriksh Bhawan, 22, K G Marg, New Delhi - 110001.

The Company shall furnish a hard copy of the details of accounts of subsidiaries to any shareholder on demand.

On behalf of the Board
For **Blue Coast Hotels Limited**

Prakash Prusty
Company Secretary

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members of
Blue Coast Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Blue Coast Hotels Limited, for the period ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ending March 31, 2011, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

For **M. Kamal Mahajan And Co.**
Chartered Accountants

S K Maheshwari
Partner
M. No.: 504238

Place : New Delhi
Date : 05.08.2011

Auditors' Report

To the Members of Blue Coast Hotels Limited

- 1) We have audited the attached balance sheet of **Blue Coast Hotels Limited** as at 31st March 2011 and the profit and loss account and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 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.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, the balance sheet, 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;
 - v. On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - (b) in the case of profit and loss account, of the loss for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **M Kamal Mahajan And Co.**
(Firm Regn. No. 06855N)
Chartered Accountants

(**S.K. Maheshwari**)
(Partner)

M. No. 504238

Place : New Delhi
Date : 30th May, 2011

Annexure to Auditors' Report

Referred to in paragraph (3) of our report of even date to the members of **Blue Coast Hotels Limited** on the Financial Statements for the year ended 31st March, 2011

- (i)
 - (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, all the fixed assets have been physically verified by the management during the year. As explained to us by the company, no material discrepancies were noticed on such verification.
 - (c) During the period, the company has not disposed off substantial part of the fixed assets.
- (ii)
 - (a) As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) As per records of the company and as per information and explanations furnished to us, we are of the opinions that during the year, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except grant of interest free temporary loan/advance of Rs. 0.01 lacs and Rs. 58.61 lacs to Blue Coast Hospitality Limited and Golden Joy Hotel Private Limited (both subsidiary companies).
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls systems.
- (v)
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act, wherever applicable, have been 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, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public and hence provisions of section 58A and 58AA of the Companies Act, 1956 are not applicable.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) As explained to us, the Central Government has not prescribed any cost records under Section 209 (1) (d) of the Companies Act, 1956 for the company.
- (ix)
 - (a) According to the records of the company, the company in general, is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it except undisputed amount in respect of TDS which is outstanding in the books of accounts as on 31.03.2011,

for a period of six months from the date the amount became payable amounting to Rs.18.22 lacs. However, the company has deposited the same after 31.3.2011.

- (b) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, no amounts payable in respect of Income-tax, Sales-tax, Wealth tax, Service-tax Custom duty, Excise duty, Cess were outstanding, as at 31st March, 2011 due to any dispute.
- (x) The company has no accumulated losses as on 31st March, 2011. The company has not incurred cash losses during the year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations give by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund/nidhi/mutual benefit fund/societies and hence provisions of clause (xiii) are not applicable to it.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments hence provisions of this clause are not applicable to it.
- (xv) Based on our examination of the records of the company and as explained to us, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on our examination of the records, we are of the opinion that the term loans have been applied for the purpose for which they were raised.
- (xvii) Based on our examination of the records, we are of the opinion that funds raised from short term basis were not used for long term investment.
- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) During the year, the company has allotted 10000, 12% Non Convertible Debenture of Rs. 100000/- each to an Indian company for which the company has created the necessary security/charge. (Refer Note no. 2.1 of II of schedule XVI).
- (xx) During the year covered by our audit, the company has not raised any money by way of public issue.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For M Kamal Mahajan And Co.
(Firm Regn. No. 06855N)
Chartered Accountants

(S.K. Maheshwari)
(Partner)
M. No. 504238

Place : New Delhi
Date : 30th May, 2011

Balance Sheet

As at 31st March 2011

		As at 31.03.2011	As at 31.03.2010
(Rs. in lacs)			
<hr/>			
	Schedules		
<hr/>			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	I	9036.50	9036.50
Reserves & Surplus	II	7671.74	7968.68
		<u>16708.24</u>	<u>17005.18</u>
LOAN FUNDS			
Secured Loans	III	26753.27	15828.45
Unsecured Loans	IV	-	80.90
		<u>26753.27</u>	<u>15909.35</u>
DEFERRED TAX LIABILITY			
		<u>1548.38</u>	<u>1739.87</u>
		<u>45009.89</u>	<u>34654.40</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	V	25173.54	25049.74
Less : Depreciation		<u>6126.56</u>	<u>5474.17</u>
Net Block		<u>19046.98</u>	<u>19575.57</u>
Capital work in progress		13.82	-
		<u>19060.80</u>	<u>19575.57</u>
INVESTMENTS			
	VI	23139.23	13139.23
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories		1508.56	1395.77
Sundry Debtors		527.02	349.70
Cash & Bank Balances		336.37	589.75
Other Current Assets		18.56	8.32
Loans & Advances	VIII	2135.69	1268.01
		<u>4526.20</u>	<u>3611.55</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	IX	1563.43	1375.52
Provisions		152.91	300.97
		<u>1716.34</u>	<u>1676.49</u>
NET CURRENT ASSETS			
		<u>2809.86</u>	<u>1935.06</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not written off / adjusted)		-	4.54
		<u>45009.89</u>	<u>34654.40</u>
<hr/>			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
<hr/>			

Per our separate report of even date

For M.Kamal Mahajan And Co.

(Firm Regn No. 06855N)

Chartered Accountants

For and on behalf of the Board

S K Maheshwari

Partner

M.No 504238

Place : New Delhi

Date : 30th May, 2011

P.L. Suri

Chairman & Managing Director

DIN: 00256300

Suresh Gupta

Asstt. Vice President (Fin & Accts)

Sunita Suri

Executive Director

DIN: 00256236

Prakash Chandra Prusty

Company Secretary

Ashoka Kini

Director

DIN: 00584044

Profit and Loss Account

For the Year Ending 31st March 2011

		(Rs. in lacs)	
	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Operational Revenue	X	9028.09	8718.73
Other Income	XI	188.78	135.94
		<u>9216.87</u>	<u>8854.67</u>
EXPENDITURE			
Consumption of Stores, Supplies and Materials	XII	1632.11	1628.09
Payment to and Provision for Employees	XIII	1529.37	1454.46
Operating and General Expenses	XIV	3050.21	2856.90
		<u>6211.69</u>	<u>5939.45</u>
Profit before Depreciation and Interest		3005.18	2915.22
Depreciation		879.25	885.19
Interest and Finance Charges	XV	2689.31	1361.14
(Refer Note No 10 of II of Schedule XVI)			
Profit /(Loss) before Tax		(563.38)	668.89
- Current Tax		-	113.68
- MAT credit entitlement		-	(113.68)
- Deferred Tax Liability / (Asset)		(191.49)	225.15
- Income Tax provision of earlier years written back		(74.95)	(243.65)
Profit / (Loss) after Tax		(296.94)	687.39
Balance as per last Balance Sheet		1373.85	686.46
Balance carried to Balance Sheet		1076.91	1373.85
Earning per share (Rs.)			
- Basic - Par value of Rs. 10/- per share		(8.48)	2.62
- Diluted - Par value of Rs. 10/- per share		(8.48)	1.44
(Refer Note No 22 of II of Schedule XVI)			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	XVI		

Per our separate report of even date
For **M.Kamal Mahajan And Co.**
(Firm Regn No. 06855N)
Chartered Accountants

For and on behalf of the Board

S K Maheshwari
Partner
M.No 504238
Place : New Delhi
Date : 30th May, 2011

P.L. Suri
Chairman & Managing Director
DIN: 00256300
Suresh Gupta
Asstt. Vice President (Fin & Accts)

Sunita Suri
Executive Director
DIN: 00256236
Prakash Chandra Prusty
Company Secretary

Ashoka Kini
Director
DIN: 00584044

Schedules forming part of the Balance Sheet

As at 31st March 2011

	As at 31.03.2011	(Rs in lacs) As at 31.03.2010
I SHARE CAPITAL		
Authorised		
- 265,00,000 Equity Shares of Rs. 10/- each	2650.00	2650.00
- 81,50,000 Preference Shares of Rs. 100/- each	8150.00	8150.00
	<u>10800.00</u>	<u>10800.00</u>
Issued, Subscribed and paid up		
- 88,64,962 Equity Shares of Rs.10/- each fully paid up	886.50	886.50
- 81,50,000 Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	8150.00	8150.00
	<u>9036.50</u>	<u>9036.50</u>
II RESERVES AND SURPLUS		
Securities Premium Account	4668.15	4668.15
General Reserve	1926.68	1926.68
Surplus as per Profit & Loss Account	1076.91	1373.85
	<u>7671.74</u>	<u>7968.68</u>
III SECURED LOANS		
Long term loans		
Term loan from banks/Financial Institutions	14500.00	15000.00
Non Convertible Debentures	10000.00	-
Working Capital Loans from banks	665.06	672.49
Other Loans	144.73	58.16
Short term loans		
Corporate loan from financial instituion	1000.00	-
Interest accrued and due	443.48	97.80
	<u>26753.27</u>	<u>15828.45</u>
Amount Repayable within one year	3255.09	535.66
IV UNSECURED LOANS		
Short Term Loans from banks	-	80.90
	<u>-</u>	<u>80.90</u>
Amount Repayable within one year	-	80.90

V. FIXED ASSETS

(Rs in lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Addition	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land and Site development										
- Land	1642.30	6.00	-	1648.30	-	-	-	-	1648.30	1642.30
- Site Development	326.83	-	-	326.83	-	-	-	-	326.83	326.83
Buildings										
- Hotel	15817.75	-	-	15817.75	1634.59	257.83	-	1892.42	13925.33	14183.17
- Others	20.42	-	-	20.42	4.84	0.33	-	5.16	15.25	15.58
Plant & Machinery	3991.51	78.66	-	4070.17	2255.58	359.88	-	2615.46	1454.71	1735.93
Operating Equipments	175.33	28.20	-	203.53	101.40	18.32	-	119.72	83.81	73.94
Electrical Installations	772.15	12.12	2.66	781.61	213.49	36.92	0.77	249.64	531.97	558.66
Vehicles	273.92	136.71	8.81	401.82	75.10	29.74	8.57	96.27	305.55	198.82
Furniture-Fixture- Hotel	1641.36	93.55	46.84	1688.07	894.64	156.86	25.81	1025.69	662.38	746.72
Furniture-Fixture- Others	104.33	-	-	104.33	60.81	6.60	-	67.41	36.92	43.52
Office Equipment	52.50	0.14	-	52.64	33.17	3.71	-	36.88	15.76	19.33
Computer Software	15.43	9.88	-	25.31	3.92	6.30	-	10.22	15.10	11.49
Computer Equipment	215.91	8.56	191.71	32.76	196.63	2.76	191.70	7.69	25.07	19.28
TOTAL	25049.74	373.82	250.02	25173.54	5474.17	879.25	226.85	6126.56	19046.98	19575.57
PREVIOUS YEAR	25286.32	154.77	391.35	25049.74	4756.28	885.19	167.30	5474.17	19575.57	-
Capital work in Progress	-	13.82	-	13.82	-	-	-	-	13.82	-

(Rs. in lacs)

As at
31.03.2011 As at
31.03.2010

VI INVESTMENTS- AT COST (ALL LONG TERM)

Shares

A Quoted

1250 Equity Shares of Rs. 10/- each fully paid-up of ICICI Bank Limited (Market value Rs 13.91 lacs-P.Y Rs. 11.91 lacs) (Aggregate amount of quoted investment Rs 1.22 lacs-P.Y Rs. 1.22 lacs)	1.22	1.22
--	------	------

B Unquoteda Subsidiary Companies

(i) 50000 Equity Shares of Rs.10/- each fully paid up of Blue Coast Hospitality Ltd.	5.00	5.00
(ii) 50000 Equity Shares of Rs 10/- each fully paid up of Golden Joy Hotel (P) Ltd	5.00	5.00
(iii) 188510000 (P.Y 88510000) Equity Shares of Rs 10/- each fully paid up of Silver Resort Hotel India (P) Ltd	18851.00	8851.00

b Associate Companies

15600 Equity Shares of Rs.10/- each fully paid up of Joy Hotel and Resorts (P) Ltd	4275.00	4275.00
---	---------	---------

c Others

4020 Equity Shares of Rs.50/- each fully paid-up of Dombivli Nagari Sehkar Bank Ltd	2.01	2.01
(Aggregate amount of unquoted investment Rs 23138.01 lacs-P.Y Rs. 13138.01 lacs)	<u>23139.23</u>	<u>13139.23</u>

	(Rs. in lacs)	
	As at 31.03.2011	As at 31.03.2010
VII CURRENT ASSETS		
<u>Inventories (As certified by Management)</u>		
- Stores and Operating Supplies	1426.89	1317.09
- Provisions and Beverages	23.00	31.13
- Wine & Liquor	58.67	47.55
	<u>1508.56</u>	<u>1395.77</u>
<u>Sundry Debtors (Unsecured-Unconfirmed)</u>		
Exceeding six months		
- Considered Good	2.70	12.79
- Considered Doubtful	13.75	-
	<u>16.45</u>	<u>12.79</u>
- Others	524.32	336.91
	<u>540.77</u>	<u>349.70</u>
- Provision for doubtful debts	(13.75)	-
	<u>527.02</u>	<u>349.70</u>
<u>Cash & Bank Balances</u>		
Cash balance on hand	37.35	18.16
Balance with Scheduled Banks		
- In Current Accounts	150.80	430.87
- In Deposit Accounts	148.22	140.72
	<u>299.02</u>	<u>571.59</u>
	<u>336.37</u>	<u>589.75</u>
Other Current Assets		
- Interest accrued but not due	18.56	8.32
	<u>18.56</u>	<u>8.32</u>
VIII LOANS AND ADVANCES		
(Unsecured,unconfirmed but considered good)		
- Advances recoverable in cash or in kind or for value to be received	945.97	1128.22
- Other Loans and Advances	1053.39	62.08
- Recoverable from subsidiaries	136.33	77.71
	<u>2135.69</u>	<u>1268.01</u>
IX CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors :		
- Due to small and micro enterprises	-	-
- Capital Expenditure	52.09	57.96
- Others	510.21	426.40
Other Liabilities	1001.13	891.16
TOTAL	<u>1563.43</u>	<u>1375.52</u>
B. Provisions		
Provision for Taxation	38.73	198.78
Provision for Gratuity	76.98	65.34
Provision for Leave Encashment	37.20	36.85
	<u>152.91</u>	<u>300.97</u>
TOTAL(A+B)	<u>1716.34</u>	<u>1676.49</u>

Schedules forming part of the Profit and Loss Account

For the year ended 31st March, 2011

				(Rs. in lacs)	
				Year Ended 31.03.2011	Year Ended 31.03.2010
X Operational Revenue					
Accommodation				5842.74	5645.76
Food & Beverages				2223.62	2118.29
Wines & Liquor				392.40	373.82
Commission on sale at shops				51.47	59.73
Transportation				113.96	91.00
Spa/ Fitness Centre				339.82	357.10
Other Departments				64.08	73.03
				<u>9028.09</u>	<u>8718.73</u>
XI Other Income					
Interest income from fixed deposits with banks				11.37	8.32
Misc Income				159.18	112.94
Exchange fluctuation				18.23	14.68
				<u>188.78</u>	<u>135.94</u>
XII Consumption of Stores, Supplies and Materials					
	Opening Stock	Purchases	Closing Stock		
Stores & Operating supplies	1317.09	946.60	1426.89		
Provisions & Beverages	31.13	740.35	23.00		
Wine & Liquor	47.55	57.95	58.67		
	<u>1395.77</u>	<u>1744.90</u>	<u>1508.56</u>	<u>1632.11</u>	<u>1628.09</u>
XIII Payment to and Provision for Employees					
Salaries , Wages and bonus				1161.02	1169.29
Contribution to Provident fund and other funds				71.42	65.11
Gratuity, L.T.A				77.34	39.95
Workmen and staff welfare				219.59	180.11
				<u>1529.37</u>	<u>1454.46</u>
XIV Operating & General Expenses					
Telephone				29.71	34.28
Electricity & Fuel Expenses				465.21	456.68
Repairs to Buildings				46.55	30.77
Repairs to Machinery				204.68	185.94
Insurance				31.16	24.14
Rent				35.33	33.95
Travelling				103.23	80.33
Recruitment & Training				50.42	61.21
Legal & Professional				287.30	316.82
Secretarial & Roc Exp				1.66	2.58
Printing & Stationery				40.83	36.66
Management fees				640.69	622.05
Sales & Marketing Exp				651.03	633.85
Provision for Bad & Doubtful Debts				13.75	-
Misc. Expense written off				4.55	1.14
Loss on sale of Fixed Assets				19.83	13.38
Rates & Taxes				10.46	4.49
Prior Period Expenses				0.49	0.39
Misc Expenses				413.33	318.24
				<u>3050.21</u>	<u>2856.90</u>
XV Interest & Finance Charges					
Interest				2663.48	1189.17
Finance/bank Charges				25.83	171.97
				<u>2689.31</u>	<u>1361.14</u>

Schedule XVI

Significant Accounting Policies and Notes on Accounts - year ended 31.03.2011

I. SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of accounts

These financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable.

b) Use of Estimates

The preparation of financial statement requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

c) Fixed Assets

i) Fixed assets are recorded at cost of acquisition and stated at historical cost.

ii) Expenditure incurred on projects during implementation including cost of borrowing is capitalized and shown as capital work-in-progress and is apportioned to various assets on commissioning / completion of the same. Capital work- in-progress includes capital advances also.

d) Depreciation

Depreciation on fixed assets is provided on straight line method in accordance with Section 205(2)(b) of the Companies Act, 1956 at the rates which are not lower than the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5,000/- each are fully depreciated.

e) Investments

Investments are stated at cost of acquisition. Provision is made, where, there is a permanent fall in the value of investment. Investments, unless stated otherwise, are long term investments

f) Revenue recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/ collection. Dividend income is accounted for when the right to receive the same is established.

g) Share Issue Expenses

Share issue expenses including advertisement, printing & stationery and communication expenses are written off against securities premium account.

h) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date and the resultant net gains or losses are recognized as incomes or expenses in the year in which they arise.

i) Inventory

Stock of food & beverages, wine and liquor, store and operating supplies have been valued at cost on first-in-first-out basis or net realizable value whichever is less.

j) Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount of an asset which is identified as impaired is estimated and impairment loss is recognized.

k) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

l) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

m) Earning per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

n) Employee Retirement benefits**Short term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the profit and loss account in the period in which the employee renders the related service.

Defined benefit plans

Defined benefit plans of the company consists of gratuity and provident fund.

- Gratuity

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

- Provident Fund

The company makes specified monthly contribution towards the employees' provident fund for eligible employees.

The liability in respect of defined benefit plans, other than provident fund, is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary. The contribution made to the provident fund are charged to profit and loss account as and when these become payable.

Defined contribution plans**- Leaves Encashment**

As per the company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods either to be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefits is determined based on the seniority and the employee's salary.

The company accounts for the liability for leave encashment payable in future on the basis of actuarial valuation carried out by an independent actuary.

II. NOTES ON ACCOUNTS

1. Share Capital

1.1 Preference share capital amounting to Rs. 8150.00 lacs consists 41,50,000, 10 % cumulative redeemable preference shares of Rs.100/- each redeemable at par in the year 2017-18 and 40,00,000, 1% cumulative redeemable preference share of Rs.100/- each redeemable at par in the year 2019-20. All these shares are participating preference shares and are subject to put and call option exercisable at the end of 3rd, 6th, 9th and 12th year of allotment. In terms of the provisions contained in section 87(2)(b)(i) of the Companies Act, 1956 members holding these shares are entitled to vote on every resolution placed before the company at any meeting. The shareholders, in their Annual General Meeting, held on 30th September 2009 have approved the conversion of 40,00,000, 1% cumulative redeemable preference share of Rs.100/- each into equity shares of Rs.10/- each in accordance with the applicable guidelines, rules and regulations. The company is in the process of conversion of preference share capital into equity share capital.

2. Secured Loans

2.1 During the year, to make further investment in a subsidiary company which is in process of setting up a five star hotel project at Delhi, the company has allotted 10000, 12% Non Convertible Debentures of Rs 100000/- each on privately placement basis to an Indian company. These debentures are redeemable at a premium of 8% per annum in three equal installments after a period of 36 months, 42 months and 48 months after the date of allotment. The first installment for redemption of debentures will fall due on 1st March, 2014.

All these debentures are secured by a second charge on all immovable properties of the company both present and future subsequent to the first charge of term loan lenders and second charge of working capital loans from banks.

2.2 Working Capital loans from banks amounting to Rs. 665.06 lacs (P.Y.-Rs. 672.49 lacs) are secured by way of hypothecation of raw materials, semi-finished goods, finished goods, stores, book debts and other current assets of the company in addition to second pari-passu charge over the entire fixed assets of the company present and future with other term lenders.

2.3 Other loans of Rs. 144.73 lacs (P.Y. 58.16 lacs) are secured against specific fixed assets of the company.

2.4 During the year, the company has taken short term Corporate Loan of Rs 1000.00 lacs from a financial institution.

All Long Term Loan from Banks/ Financial Institution/Short term corporate loan are secured by first mortgage on hotel property of the company at Goa and further secured by personal guarantee of executive directors.

The company has given of following properties of the company for securing the repayment of the Debentures together with interest, redemption premium etc. :

- a. a first charge over the immovable Property of Rs. 6.00 lacs in Gujarat;
- b. Second charge on Company's immovable properties located at 263C, Arossim, Cansaulim, Goa, both present and future and the charges of the Debenture holders shall be subject/subsequent to the prior following existing charges:
 - i. First charge on all the company's immovable properties, both present and future, on which term loan and corporate loan lenders have their charge for the principal amounts and interest thereon or any other charges due to the bank in the ordinary course of business.
 - ii. Second charge on all the company's immovable properties, both present and future, on which lenders of working capital limits have their charge for principal amounts and interest thereon or any other charges due to the bank in the ordinary course of business.
- c. A pledge of 26% percent equity shareholding of the company as held by its promoters and affiliates in favour of Debenture Trustees, which is currently held by term loan lender, after securing release of the same within a period of 90 days from the date of receipt of full subscription amount.

- d. Pending creation of the security envisaged in (c) above, 10,00,00,000 number of equity shares of Silver Resort Hotel India Private Limited held by the company are pledged with the Debenture Trustees as interim Security. This Interim Security shall be released once the security as envisaged in clause c above has been created in favour of the Debenture Trustees.

3. Unsecured Loans

During the Year the company has repaid the short term loans of Rs 80.90 lacs taken from banks secured by irrevocable and unconditional personal guarantee of a director.

4. Fixed Assets

During the year, the company has made addition to fixed assets of Rs 373.82 lacs (Previous Year Rs 154.77 lacs). Fixed Assets installed & put to use have been certified by the management.

5. Investments

During the year, the company made an investment of Rs. 10,000.00 lacs in acquiring 10,00,00,000 equity share of Rs. 10/- each fully paid up of a subsidiary company Silver Resort Hotel India (P) Limited to meet the fund requirements of the subsidiary to set up a five star hotel project at Delhi. These equity shares are pledged with debenture holders as interim security. The rest of the investment in Silver Resort Hotel India (P) Limited i.e. 8,85,10,000 equity shares are pledged with Term Lenders.

6. Stock of stores, supplies, food, beverages, wine & liquor has been taken, valued and certified by the management.
7. The bank balance in deposit accounts Rs 148.22 lacs (previous year Rs.140.72 lacs) are in the form of Fixed Deposit Receipts and are pledged with the banks as margin money for the issuance of Bank Guarantee.
8. During the year, the company has entered into space agreement for opening new office in the commercial area in upcoming five star hotel in Delhi being developed jointly by Silver Resort Hotel India Pvt. Limited, a subsidiary of the company and another company in which directors and relatives of directors of the company are interested as directors. Advance of Rs. 937.37 lacs given for this agreement is included in other loans and advances under the head "Loans and Advances".

9. Recoverable from Subsidiaries-

(Rs.in lacs)

	31.3.2011	31.03.2010
a. Blue Coast Hospitality Limited (Maximum balance outstanding-recoverable Rs. 1.38 lacs)	1.38	1.37
b. Golden Joy Hotel (P) Limited (Maximum balance outstanding-recoverable Rs. 134.95 lacs)	134.95	76.34
	136.33	77.71

10. Interest and finance charges of Rs. 2689.31 lacs appearing in the profit and loss account includes interest of Rs. 1499.97 lacs paid on loans taken for making investment in subsidiary company Silver Resort Hotel India (P) Limited setting up a five star hotel at Delhi. The investment in shares in Silver Resort Hotel India (P) Limited and other subsidiaries is made solely with the motive to acquire and retain controlling stake ,in furtherance of its business interests in the hotel business.

11. Contingent liabilities not provided for-

	(Rs.in lacs)	
	31.3.2011	31.3.2010
a. Bank Guarantees	579.13	549.27
b. Other Contingent Liabilities	40.00	40.00
c. Dividend on cumulative preference shares -10% cumulative redeemable pref. shares(9 years dividend) -1% cumulative redeemable pref. shares(7 years dividend)	3746.70	3291.70
	4365.83	3880.97

12. In the opinion of Directors-

- a) The current assets, loans and advances have a value at least equal to the amount at which these are stated if realized in the ordinary course of business.
- b) The provision for depreciation and for all known liabilities is adequate and considered reasonable.

13. Employee Benefits-

The Company primarily provides the following retirement benefits to its employees-

- (a) Gratuity
(b) Leave Encashment

During the year, the Company has recognized an expense of Rs. 71.42 lacs (P.Y Rs 65.11 lacs) pertaining to employers' contribution to provident fund shown under the head contribution to provident fund & other funds in Schedule XIII.

The following tables sets out the disclosure relating to Gratuity & Leave Encashment benefits as required by Accounting Standard- 15 "Employee Benefits":

(Rs. In lacs)					
i.	Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Change in the present value of obligation:				
	Present Value of Obligation as at 01.04. 2010	65.34	44.96	36.85	29.95
	Add: Interest Cost	5.10	3.51	2.87	2.34
	Add: Current Service Cost	18.04	14.66	6.61	10.20
	Less : Benefit Paid	(21.77)	-	(17.98)	(16.38)
	Add: Actuarial loss on obligations	10.27	2.21	8.85	10.74
	Present Value of Obligation as at 31.03.2011	76.98	65.34	37.20	36.85
ii.	Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Change in the fair value of Plan Assets:				
	Fair Value of Plan Assets at the beginning of 1.04.2010	-	-	-	-
	Add: Expected Return on Plan Assets	-	-	-	-
	Add: Contributions	-	-	-	-
	Less : Benefits Paid	-	-	-	-
	Fair Value of Plan Assets as of 31.03.2011	-	-	-	-

iii. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Expense recognized in the Profit and Loss Account				
Current Service Cost	18.04	14.66	6.61	10.20
Add: Interest Cost	5.10	3.51	2.87	2.34
Less: Expected Return On Plan Assets	-	-	-	-
Less: Settlement Credit	-	-	-	-
Add: Net actuarial loss recognized	10.27	2.21	8.85	10.74
Total expenses recognized in Profit & Loss Account	33.41	20.38	18.33	23.28

The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-

iv. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Discount Rate	8.00%	7.80%	8.00%	7.80%
Rate of Increase in Compensation Levels	10.00%	10.00%	10.00%	10.00%
Rate of Return on Plan Assets	-	-	-	-
Expected average remaining working lives of employees (years)	18-58		18-58	

14. Amounts paid to Auditors-

	(Rs. in lacs)	
	31.3.2011	31.3.2010
a. As Auditor	12.60	12.60
b. As Tax Auditor	2.80	2.80
c. Taxation matters	2.20	3.20
d. For Certification matters	1.28	1.23
	18.88	19.83
e. Service Tax	1.94	1.92
Total	20.82	21.75

15. Directors' Remuneration-

	(Rs. in lacs)	
	31.3.2011	31.3.2010
a. - Salary	36.00	90.00
- Monetary value of perquisites	-	-
	36.00	90.00
b. Directors Sitting fees	1.70	2.15
Total	37.70	92.15
c. Calculation of Profit in accordance with section 349 of the Companies Act, 1956		
Profit/ (Loss) before tax as per Profit & Loss Account	(563.38)	668.89
Add : Directors remuneration as above	36.00	90.00
Provision for Bad and doubtful Debts	13.75	-
Loss on sale of fixed assets	19.83	13.38
Prior Period Expenses	0.49	0.39
	(493.31)	772.66
10% of the above	-	77.27

Note-

- The remuneration paid to directors is as allowed under Schedule XIII of the Companies Act, 1956.

2. In view of losses during the year, the executive directors have been paid a salary of Rs 36.00 lacs out of salary of Rs 90.00 lacs. Balance salary of Rs 54.00 lacs has been forgone by them and hence not provided in the accounts. In addition to above, the executive directors have forgone the outstanding salary of Rs. 54.00 lacs pertaining to earlier years also.
16. The Company's business activity falls within a single primary business segment i. e, hotel operations, hence the disclosure requirements of Accounting Standards (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.
17. As required by Accounting Standard - 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, deferred tax asset has been created. The major components of deferred tax liability/(assets) are given below-

	Deferred Tax Liability/ (assets) as at 1.4.2010	Current year change	Deferred tax liability/ (assets) as at 31.3.2011
Depreciation-Timing difference	2272.55	41.74	2314.29
Retirement benefit to employees	(34.73)	(4.08)	(38.81)
Unabsorbed depreciation/ losses	(497.95)	(229.15)	(727.10)
Net Deferred tax liability/(Assets)	1739.87	(191.49)	1548.38

18. Expenditure incurred in foreign currency-

(Rs. in lacs)

	31.3.2011	31.3.2010
Capital Good	10.78	10.56
Other matters	811.32	959.07
Total	822.10	969.63

19. Earnings in foreign currency

3729.58

3012.24

20. Income tax deducted at source

	31.3.2011	31.3.2010
Interest income	1.18	0.96
Other income	48.85	53.94
Total	50.03	54.90

21. Corresponding figures of the previous year have been regrouped, rearranged and readjusted to conform with this year's grouping wherever necessary.

22. Earning per share:

	31.3.2011	31.3.2010
Profit/(Loss) as per Profit and Loss A/c (Rs. in lacs)	(296.94)	687.39
Less: Preference Share Dividend	455.00	455.00
Profit/(Loss) available for equity share holders (Rs. in lacs)	(751.94)	232.39
Add: Dividend on convertible preference shares (Refer Note no. 1.1 of II of Schedule XVI)	40.00	40.00
Adjusted Profit/(Loss) available for equity share holders (Rs. in lacs)	(711.94)	272.39
Weighted average number of equity shares outstanding for Basic earning per share	8864962	8864962
Effect of dilutive equity shares on account of conversion of preference shares	10000000	10000000
Weighted average number of equity shares outstanding for Diluted Earning per share	18864962	18864962
Basic earnings per share in rupees (face value- Rs.10 per share)	(8.48)	2.62
Diluted earnings per share in rupees (face value- Rs 10 per share) Potential equity shares in current year considered to be anti dilutive in nature, hence 10000000 equity share being conversion of preference shares have not been adjusted to arrive at the diluted earning per share	(8.48)	1.44

23. Additional information pursuant to the provisions of Paragraphs 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 - Value and Quantitative details of Turnover, Consumption, Purchase & Stock-

These figures are not given in view of the fact that the company has been exempted vide order no. 46/14/2010-CL-III dated 09.03.2010 of Ministry of Company Affairs, Government of India u/s 211 (4) of the Companies Act 1956 from disclosure of quantitative details of turnover, opening and closing stock, purchases, production and consumption of raw materials for the financial year ending up to March 31st, 2012.

24. In the opinion of management, there is no impairment condition exists as on 31st March, 2011. Hence no provision is required in the accounts for the current period ending.
25. Related party disclosures as required under Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below-

a.	Related parties	Name
i.	Subsidiary Companies	Blue Coast Hospitality Limited Golden Joy Hotel Pvt. Ltd Silver Resort Hotel India Pvt Ltd
ii.	Associate Company	Joy Hotel and Resorts Pvt. Limited
iii.	Key management Personnel	-Mr.P.L.Suri, Chairman & Managing Director - Mrs. Sunita Suri, Executive Director
iv.	Relatives of Key Management personnel with whom the company has transactions during the year.	Nil
v.	Entities over which management personnel/relatives of key management personnel are able to exercise significant influence with which the company has transactions during the year	Blue Coast Infrastructure Development (Pvt.) Ltd.

b.	Transaction with Related parties	Nature of transaction	Rs in lacs
1	Subsidiaries	- Loans/Advance given - Purchase of investments - Closing balance as on 31.3.2011 (Payable)/Recoverable (Maximum balance outstanding Rs 136.33 lacs during the year)	58.62 10000.00 136.33
2.	Associate Company	-Nil	Nil
3.	Key Management Personnel	- Remuneration/Perquisites Closing balance as on 31.3.2011 (Payable)/Recoverable (Maximum balance outstanding Rs. 241.75 lacs during the year)	36.00 (161.47)
4.	Entities over which management personnel/relatives of key management personnel are able to exercise significant influence	- Advance Payment towards space for office - Closing balance as on 31.3.2011 (Payable)/Recoverable (Maximum balance Outstanding Rs 937.37 lacs during the year)	937.37 937.37

26 INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details :

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital raised raised during the period (Amount in Rs. thousand)

Public Issue
 Bonus Issue
 Rights Issue
 Private Placement

III. Position of mobilisation and deployment of funds (Amount in Rs. thousand)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus
 Secured Loan Unsecured Loan
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Deferred Tax Asset
 Accumulated Loss Misc. Expenditure

IV. Performance of Company (Amount in Rs. thousands)

Turnover/Other Income Total Expenditure
 Profit/Loss Before Tax Profit /Loss After Tax
 Earning/(Loss) per share in Rs. Dividend rate %

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Product Description	Item Code No. (ITC Code)
Hotel & Resorts	N.A.

SCHEDULE I TO XVI FORM AN INTEGRAL PART OF ACCOUNTS AND HAVE BEEN DULY AUTHENTICATED.

Per our separate report of even date
 For **M.Kamal Mahajan And Co.**
 (Firm Regn No. 06855N)
 Chartered Accountants

For and on behalf of the Board

S K Maheshwari
 Partner
 M.No 504238

Place : New Delhi
 Date : 30th May, 2011

P.L. Suri
 Chairman & Managing Director
 DIN: 00256300

Suresh Gupta
 Asstt. Vice President (Fin & Accts)

Sunita Suri
 Executive Director
 DIN: 00256236

Prakash Chandra Prusty
 Company Secretary

Ashoka Kini
 Director
 DIN: 00584044

Cash Flow Statement

For the Year Ending 31st March 2011

	(Rs in lacs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax	(563.38)	668.89
Adjustments for:		
1 Preliminary expenses written off	4.55	1.14
2 Depreciation for the year	879.25	885.19
3 Loss on sale of Fixed Assets	19.83	13.38
4 Provision for doubtful debts	13.75	-
5 Provision for employee benefits	11.99	(17.39)
6 Interest & Finance charges	2689.31	1361.14
7 Interest Received	(11.37)	(8.32)
	<u>3607.31</u>	<u>2235.14</u>
Operating profit before working capital changes	3043.93	2904.03
Adjustmentd for working capital changes:		
1 Inventory	(112.79)	(36.70)
2 Debtors	(191.07)	69.66
3 Advances	(877.92)	(88.17)
4 Creditors & other liabilities	102.80	(539.74)
	<u>(1078.98)</u>	<u>(594.95)</u>
Net cash generated/ (used) in operating activities	<u>1964.95</u>	<u>2309.08</u>
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets(net)	(384.31)	56.82
Sale/(Purchase) of investments	(10000.00)	(8856.00)
Interest Received	11.37	8.32
Net cash generated/(used) in investing activities	<u>(10372.94)</u>	<u>(8790.86)</u>
C CASH FLOWS FINANCING ACTIVITIES		
Increase/ (Decrease) in Long Term Loans	(154.32)	7800.15
Increase/ (Decrease) in Short Term Loans	1005.67	(68.62)
Issue of Non Convertible Debentures	10000.00	-
Increase/ (Decrease) in working capital loan	(7.43)	(51.26)
Interest paid	(2689.31)	(1361.14)
others	-	(5.68)
Net cash generated/(used) in financing activities	<u>8154.61</u>	<u>6313.45</u>
Net increase /(decrease) in cash and cash equivalents(A+B+C)	(253.38)	(168.33)
Opening balance of cash and cash equivalents as on 01.04.2010	589.75	758.08
Closing balance of cash and cash equivalents as on 31.03.2011	<u>336.37</u>	<u>589.75</u>

Per our separate report of even date
For **M.Kamal Mahajan And Co.**
(Firm Regn No. 06855N)
Chartered Accountants

For and on behalf of the Board

S K Maheshwari
Partner
M.No 504238
Place : New Delhi
Date : 30th May, 2011

P.L. Suri
Chairman & Managing Director
DIN: 00256300
Suresh Gupta
Asstt. Vice President (Fin & Accts)

Sunita Suri
Executive Director
DIN: 00256236
Prakash Chandra Prusty
Company Secretary

Ashoka Kini
Director
DIN: 00584044

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Blue Coast Hotels Limited

We have audited the attached consolidated balance sheet of **Blue Coast Hotels Limited** and its subsidiaries (as per list appearing in Note No. 1(a) of Schedule XVII), collectively referred to as "Blue Coast Group" as at 31st March, 2011 and the consolidated profit and loss account and also the consolidated cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the "Blue Coast Group" management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding Blue Coast Group. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of accounting standards on consolidated financial statements i.e. 'AS-21' issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the parent company and its three subsidiary companies included in the consolidated financial statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports of the financial statements of the parent company and its three subsidiary companies and on the other financial information of the components, we are of the opinion that the said consolidated financial statements read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the consolidated balance sheet, of the state of affairs of the company and its subsidiaries as at 31st March, 2011;
- b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the company and its subsidiaries for the period ended on that date; and
- c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the company and its subsidiaries for the period ended on that date.

For M Kamal Mahajan And Co.
(Firm Regn. No. 06855N)
Chartered Accountants

(S K Maheshwari)
(Partner)

Membership Number 504238

Place : New Delhi
Date : 30th May, 2011

Consolidated Balance Sheet

As At 31st March 2011

		(Rs. in lacs)	
		As at	As at
		31.03.2011	31.03.2010
		Schedules	
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	I	9036.50	9036.50
Reserves & Surplus	II	7653.00	7968.68
		<u>16689.50</u>	<u>17005.18</u>
LOAN FUNDS			
Secured Loans	III	26753.27	15828.45
Unsecured Loans	IV	—	80.90
		<u>26753.27</u>	<u>15909.35</u>
MINORITY INTEREST	V	8494.84	8500.00
DEFERRED TAX LIABILITY		1548.38	1739.87
		<u>53485.99</u>	<u>43154.40</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	VI	53089.61	52369.00
Less : Depreciation		<u>6126.71</u>	<u>5474.17</u>
Net Block		46962.90	46894.83
Capital work In Progress		3487.17	1986.47
		<u>50450.07</u>	<u>48881.30</u>
INVESTMENTS	VII	4278.23	4278.23
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets	VIII		
Inventories		1508.56	1395.77
Sundry Debtors		527.02	349.70
Cash & Bank Balances		4596.35	1332.57
Other Current Assets		18.56	8.32
Loans & Advances	IX	2000.35	2208.85
		<u>8650.84</u>	<u>5295.21</u>
Less : CURRENT LIABILITIES & PROVISIONS	X		
Current Liabilities		9740.24	15132.36
Provisions		152.91	300.97
		<u>9893.15</u>	<u>15433.33</u>
NET CURRENT ASSETS		(1242.31)	(10138.12)
MISCELLANEOUS EXPENDITURE			
(To the extent not written off / adjusted)		—	132.99
		<u>53485.99</u>	<u>43154.40</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		XVII	

Per our separate report of even date
For **M.Kamal Mahajan And Co.**
(Firm Regn No. 06855N)
Chartered Accountants

For and on behalf of the Board

S K Maheshwari
Partner
M.No 504238

Place : New Delhi
Date : 30th May, 2011

P.L. Suri
Chairman & Managing Director
DIN: 00256300

Suresh Gupta
Asstt. Vice President (Fin & Accts)

Sunita Suri
Executive Director
DIN: 00256236

Prakash Chandra Prusty
Company Secretary

Ashoka Kini
Director
DIN: 00584044

Consolidated Profit and Loss Account

For the Year Ended 31st March 2011

(Rs. in lacs)

	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Operational Revenue	XI	9028.09	8718.73
Other Income	XII	189.26	135.94
		<u>9217.35</u>	<u>8854.67</u>
EXPENDITURE			
Consumption of Stores, Supplies and Materials	XIII	1632.11	1628.09
Payment to and Provision for Employees	XIV	1529.37	1454.46
Operating and General Expenses	XV	3074.41	2856.90
		<u>6235.89</u>	<u>5939.45</u>
Profit before Depreciation and Interest		2981.46	2915.22
Depreciation		879.40	885.19
Interest and Finance Charges	XVI	2689.34	1361.14
Profit /(Loss) before Tax		(587.28)	668.89
- Current Tax		-	113.68
- MAT credit entitlement		-	(113.68)
- Deferred Tax Liability / (Asset)		(191.49)	225.15
- Income Tax provision in earlier years written back		(74.95)	(243.65)
		<u>(320.84)</u>	<u>687.39</u>
Profit / (Loss) after Tax but before Minority Interest		(320.84)	687.39
Share of Minority Interest in Profit/(Loss)		(5.16)	-
Profit/(Loss) after Tax & Minority Interest		(315.68)	687.39
Balance as per last Balance Sheet		1373.85	686.46
Balance carried to Balance Sheet		1058.17	1373.85
Earning per share (Rs.)			
- Basic - Par value of Rs. 10/- per share		(8.69)	2.62
- Diluted - Par value of Rs. 10/- per share		(8.69)	1.44
(Refer Note No. 16 of II of schedule XVII)			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

XV

Per our separate report of even date

For M.Kamal Mahajan And Co.

(Firm Regn No. 06855N)

Chartered Accountants

For and on behalf of the Board

S K Maheshwari

Partner

M.No 504238

Place : New Delhi

Date : 30th May, 2011

P.L. Suri

Chairman & Managing Director

DIN: 00256300

Suresh Gupta

Asstt. Vice President (Fin & Accts)

Sunita Suri

Executive Director

DIN: 00256236

Prakash Chandra Prusty

Company Secretary

Ashoka Kini

Director

DIN: 00584044

Schedules forming part of Consolidated Balance Sheet

As at 31st March 2011

	As at 31.03.2011	(Rs. in lacs) As at 31.03.2010
I SHARE CAPITAL		
Authorised		
- 265,00,000 Equity Shares of Rs. 10/- each	2650.00	2650.00
- 81,50,000 Preference Shares of Rs. 100/- each	8150.00	8150.00
	<u>10800.00</u>	<u>10800.00</u>
Issued, Subscribed and paid up		
- 88,64,962 Equity Shares of Rs.10/- each fully paid up	886.50	886.50
- 81,50,000 Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	8150.00	8150.00
	<u>9036.50</u>	<u>9036.50</u>
II RESERVES AND SURPLUS		
Securities Premium Account	4668.15	4668.15
General Reserve	1926.68	1926.68
Surplus as per Profit & Loss Account	1058.17	1373.85
	<u>7653.00</u>	<u>7968.68</u>
III SECURED LOANS		
Long Term Loans		
Term loan from banks/Financial Institutions	14500.00	15000.00
Non Convertible Debentures	10000.00	-
Working Capital Loans from banks	665.06	672.49
Other Loans	144.73	58.16
Short Term Loans		
Corporate loan from financial institution	1000.00	-
Interest accrued and due	443.48	97.80
	<u>26753.27</u>	<u>15828.45</u>
Amount Repayable with in one year	3255.09	535.66
IV UNSECURED LOANS		
Short Term Loans from banks	-	80.90
	<u>-</u>	<u>80.90</u>
Amount Repayable with in one year	-	80.90
V MINORITY INTEREST		
Share Capital	8500.00	8,500.00
Share in profit/(loss)	(5.16)	-
	<u>8494.84</u>	<u>8,500.00</u>

VI. FIXED ASSETS

(Rs. in lacs)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Addition	Deductions	As at 31.3.2011	As at 01.04.2010	For the year	Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land and Site development										
- Land	28961.08	600.09	-	29561.17	-	-	-	-	29561.17	28961.08
- Site Development	326.83	-	-	326.83	-	-	-	-	326.83	326.83
Buildings										
- Hotel	15817.75	-	-	15817.75	1634.59	257.83	-	1892.42	13925.33	14183.17
- Others	20.42	-	-	20.42	4.84	0.33	-	5.17	15.25	15.58
Plant & Machinery	3991.51	80.85	-	4072.36	2255.58	359.89	-	2615.47	1456.89	1735.94
Operating Equipments	175.33	28.20	-	203.53	101.40	18.32	-	119.72	83.81	73.94
Electrical Installation	772.15	12.12	2.66	781.61	213.49	36.92	0.77	249.64	531.97	558.66
Vehicles	273.92	136.71	8.81	401.82	75.10	29.74	8.57	96.27	305.55	198.82
Furniture-Fixture - Hotel	1641.36	93.55	46.84	1688.07	894.64	156.86	25.81	1025.69	662.38	746.72
Furniture-Fixture - Others	104.33	-	-	104.33	60.81	6.60	-	67.41	36.92	43.52
Office Equipment	52.50	0.14	-	52.64	33.17	3.71	-	36.88	15.76	19.33
Computer Software	15.43	9.88	-	25.31	3.92	6.30	-	10.22	15.09	11.49
Computer Equipment	216.39	9.09	191.71	33.77	196.63	2.90	191.71	7.82	25.95	19.76
TOTAL	52369.00	970.63	250.02	53089.61	5474.17	879.40	226.86	6126.71	46962.90	46894.83
PREVIOUS YEAR	25286.32	27474.03	391.35	52369.00	4756.28	885.19	167.30	5474.17	46894.83	-
Capital work in Progress	1986.47	1506.32	5.62	3487.17	-	-	-	-	3487.17	1986.47

(Rs. in lacs)

As at
31.03.2011

As at
31.03.2010

VII INVESTMENTS- AT COST (ALL LONG TERM)

Shares

A Quoted

1250 Equity Shares of Rs. 10/- each fully paid-up of ICICI Bank Limited
(Market value Rs 13.91 lacs-Previous year Rs. 11.91 lacs)
(Aggregate amount of quoted investment Rs 1.22 lacs-P.Y Rs. 1.22 lacs)

1.22

1.22

B Unquoted(i) Associate Companies

15600 Equity Shares of Rs.10/- each fully paid up of
Joy Hotel and Resorts (P) Ltd.

- As Associate

1.56

1.56

- As Goodwill

4273.44

4273.44

(ii) Others

4020 Equity Shares of Rs.50/- each fully paid-up of Dombivli Nagari
Sehkari Bank Ltd.

2.01

2.01

(Aggregate amount of unquoted investment Rs 4277.01 lacs-P.Y
Rs. 4277.01 lacs)

4278.23

4278.23

Schedules forming part of Consolidated Balance Sheet

As at 31st March 2011

	(Rs. in lacs)	
	As at 31.03.2011	As at 31.03.2010
VIII CURRENT ASSETS		
<u>Inventories (As certified by Management)</u>		
- Stores and Operating Supplies	1426.89	1317.09
- Provisions and Beverages	23.00	31.13
- Wine & Liquor	<u>58.67</u>	<u>47.55</u>
	<u>1508.56</u>	<u>1395.77</u>
<u>Sundry Debtors (Unsecured-unconfirmed)</u>		
Exceeding six months		
- Considered Good	2.70	12.79
- Considered Doubtful	<u>13.75</u>	<u>-</u>
	16.45	12.79
- Others	<u>524.32</u>	<u>336.91</u>
	540.77	349.70
- Provision for doubtful debts	<u>(13.75)</u>	<u>-</u>
	<u>527.02</u>	<u>349.70</u>
<u>Cash & Bank Balances</u>		
Cash balance on hand	37.70	19.16
Balance With Scheduled Banks		
- In Current Accounts	1165.22	1082.69
- In Deposit Accounts	149.72	230.72
- Cheques in hand	<u>3243.71</u>	<u>-</u>
	<u>4558.65</u>	<u>1313.41</u>
	<u>4596.35</u>	<u>1332.57</u>
Other Current Assets		
- Interest accrued but not due	<u>18.56</u>	<u>8.32</u>
	<u>18.56</u>	<u>8.32</u>
IX LOANS AND ADVANCES		
(Unsecured, unconfirmed but considered good)		
- Advances recoverable in cash or in kind or for value to be received	946.96	1155.97
- Other Loans and Advances	<u>1053.39</u>	<u>1052.88</u>
	<u>2000.35</u>	<u>2208.85</u>
X CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors :		
- Due to Small and Micro Enterprises	-	-
- Capital Expenditure	5859.77	57.96
- Others	1969.26	14088.80
Others Liabilities	<u>1911.21</u>	<u>985.60</u>
TOTAL	<u>9740.24</u>	<u>15132.36</u>
B. Provisions		
Provision for Taxation	38.73	198.78
Provision for Gratuity	76.98	65.34
Provision for Leave Encashment	<u>37.20</u>	<u>36.85</u>
	<u>152.91</u>	<u>300.97</u>
TOTAL(A+B)	<u>9893.15</u>	<u>15433.33</u>

Schedules forming part of Consolidated Profit and Loss Account for the year

ending 31st March 2011

(Rs. in lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
XI Operational Revenue		
Accommodation	5842.74	5645.76
Food & Beverages	2223.62	2118.29
Wines & Liquor	392.40	373.82
Commission on sale at shops	51.47	59.73
Transportation	113.96	91.00
Spa/ Fitness Centre	339.82	357.10
Other Departments	64.08	73.03
	<u>9028.09</u>	<u>8718.73</u>
XII Other Income		
Interest income from fixed deposits with banks	11.37	8.32
Misc Income	159.66	112.94
Exchange fluctuation	18.23	14.68
	<u>189.26</u>	<u>135.94</u>
XIII Consumption of Stores, Supplies and Materials		
	Opening Stock	Purchases
	Closing Stock	
Stores & Operating Supplies	1317.09	946.60
Provisions & Beverages	31.13	740.35
Wine & Liquor	47.55	57.95
	<u>1395.77</u>	<u>1744.90</u>
		<u>1508.56</u>
	<u>1632.11</u>	<u>1628.09</u>
XIV Payment to and Provision for Employees		
Salaries , Wages and bonus	1161.02	1169.29
Contribution to Provident fund and other funds	71.42	65.11
Gratuity, L.T.A	77.34	39.95
Workmen and staff welfare	219.59	180.11
	<u>1529.37</u>	<u>1454.46</u>
XV Operating & General Expenses		
Telephone	30.09	34.28
Electricity & Fuel Expenses	465.21	456.68
Repairs to Buildings	46.55	30.77
Repairs to Machinery	204.68	185.94
Insurance	31.16	24.14
Rent	35.33	33.95
Travelling	103.23	80.33
Recruitment & Training	50.42	61.21
Legal & Professional	293.42	316.82
Secretarial & Roc Exp	1.69	2.58
Printing & Stationery	45.90	36.66
Management fees	640.69	622.05
Sales & Marketing Exp	651.03	633.85
Provision for Bad & Doubtful Debts	13.75	-
Misc. Expense written off	11.04	1.14
Loss on sale of Fixed Assets	19.83	13.38
Rates & Taxes	10.46	4.49
Prior Period Expenses	0.49	0.39
Misc Expenses	419.44	318.24
	<u>3074.41</u>	<u>2856.90</u>
XVI Interest & Finance Charges		
Interest	2663.48	1189.17
Finance/bank Charges	25.86	171.97
	<u>2689.34</u>	<u>1361.14</u>

Schedule XVII

Schedlues Forming Part of the Consolidated Accounts for the year ended 31st March, 2011

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

I. SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The consolidated financial statements consist of financial statements of Blue Coast Hotels Limited (parent company) and its three subsidiaries namely Blue Coast Hospitality Limited, Golden Joy Hotel Private Limited and Silver Resort Hotel India Private Limited.

Investment in Associate Company has been accounted as per Accounting Standard 23 i.e. Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

The particulars of the subsidiary companies included in consolidation and parent company's holding therein are under:-

Subsidiary Company	Country of Incorporation	Percentage of Holding (%)
Blue Coast Hospitality Ltd.	India	100
Golden Joy Hotel Private Ltd.	India	100
Silver Resort Hotel India Private Ltd.	India	69

b) Basis for preparation of accounts

These financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable.

c) Use of Estimates

The preparation of financial statement requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

d) Fixed Assets

i) Fixed assets are recorded at cost of acquisition and stated at historical cost.

ii) Expenditure incurred on projects during implementation including cost of borrowing is capitalized and shown as capital work-in-progress and is apportioned to various assets on commissioning / completion of the same. Capital work-in-progress includes capital advances also.

e) Depreciation

Depreciation on fixed assets is provided on straight line method in accordance with Section 205(2)(b) of the Companies Act, 1956 at the rates which are not lower than the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5,000/- each are fully depreciated.

f) Investments

Investments are stated at cost of acquisition. Provision is made, where, there is a permanent fall in the value of investment. Investments, unless stated otherwise, are long term investments

g) Revenue recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/ collection. Dividend income is accounted for when the right to receive the same is established.

h) Share Issue Expenses

Share issue expenses including advertisement, printing & stationery and communication expenses are written off against securities premium account.

i) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date and the resultant net gains or losses are recognized as incomes or expenses in the year in which they arise.

j) Inventory

Stock of food & beverages, wine and liquor, store and operating supplies have been valued at cost on first-in-first-out basis or net realizable value whichever is less.

k) Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount of an asset which is identified as impaired is estimated and impairment loss is recognized.

l) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

m) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

n) Earning per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

o) Employee Retirement benefits**Short term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the profit and loss account in the period in which the employee renders the related service.

Defined benefit plans

Defined benefit plans of the company consists of gratuity and provident fund.

- Gratuity

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

- Provident Fund

The company makes specified monthly contribution towards the employees' provident fund for eligible employees.

The liability in respect of defined benefit plans, other than provident fund, is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary. The contribution made to the provident fund are charged to profit and loss account as and when these become payable.

Defined contribution plans**- Leaves Encashment**

As per the company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods either to be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefits is determined based on the seniority and the employee's salary.

The company accounts for the liability for leave encashment payable in future on the basis of actuarial valuation carried out by an independent actuary.

II. NOTES ON ACCOUNTS

1. Share Capital

1.1 Preference share capital amounting to Rs. 8150.00 lacs consists 41,50,000, 10 % cumulative redeemable preference shares of Rs.100/- each redeemable at par in the year 2017-18 and 40,00,000, 1% cumulative redeemable preference share of Rs.100/- each redeemable at par in the year 2019-20. All these shares are participating preference shares and are subject to put and call option exercisable at the end of 3rd, 6th, 9th and 12th year of allotment. In terms of the provisions contained in section 87(2)(b)(i) of the Companies Act, 1956 members holding these shares are entitled to vote on every resolution placed before the company at any meeting. The shareholders, in their Annual General Meeting, held on 30th September 2009 have approved the conversion of 40,00,000, 1% cumulative redeemable preference share of Rs.100/- each into equity shares of Rs.10/- each in accordance with the applicable guidelines, rules and regulations. The company is in the process of conversion of preference share capital into equity share capital.

2. Secured Loans

2.1 During the year, to make further investment in a subsidiary company which is in process of setting up a five star hotel project at Delhi, the company has allotted 10000, 12% Non Convertible Debentures of Rs 100000/- each on privately placement basis to an Indian company. These debentures are redeemable at a premium of 8% per annum in three equal installments after a period of 36 months, 42 months and 48 months after the date of allotment. The first installment for redemption of debentures will fall due on 1st March, 2014.

All these debentures are secured by a second charge on all immovable properties of the company both present and future subsequent to the first charge of term loan lenders and second charge of working capital loans from banks.

2.2 Working Capital loans from banks amounting to Rs. 665.06 lacs (P.Y.-Rs. 672.49 lacs) are secured by way of hypothecation of raw materials, semi-finished goods, finished goods, stores, book debts and other current assets of the company in addition to second pari-passu charge over the entire fixed assets of the company present and future with other term lenders.

2.3 Other loans of Rs. 144.73 lacs (P.Y. 58.16 lacs) are secured against specific fixed assets of the company.

2.4 During the year, the company has taken short term Corporate Loan of Rs 1000.00 lacs from a financial institution.

All Long Term Loan from Banks/ Financial Institution/Short term corporate loan are secured by first mortgage on hotel property of the company at Goa and further secured by personal guarantee of executive directors.

The company has given the following properties of the company for securing the repayment of the Debentures together with interest, redemption premium etc. :

- a. a first charge over the immovable Property of Rs. 6.00 lacs in Gujarat;
- b. Second charge on Company's immovable properties located at 263C, Arossim, Cansaulim, Goa, both present and future and the charges of the debenture holders shall be subject/subsequent to the prior following existing charges:
 - i. First charge on all the company's immovable properties, both present and future, on which term loan and corporate loan lenders have their charge for the principal amounts and interest thereon or any other charges due to the bank in the ordinary course of business.
 - ii. Second charge on all the company's immovable properties, both present and future, on which lenders of working capital limits have their charge for principal amounts and interest thereon or any other charges due to the bank in the ordinary course of business.

- c. A pledge of 26% percent equity shareholding of the company as held by its promoters and affiliates in favour of Debenture Trustees, which is currently held by term loan lender, after securing release of the same within a period of 90 days from the date of receipt of full subscription amount.
- d. Pending creation of the security envisaged in (c) above, 10,00,00,000 number of equity shares of Silver Resort Hotel India Private Limited held by the company are pledged with the Debenture Trustees as interim Security. This Interim Security shall be released once the security as envisaged in clause c above has been created in favour of the Debenture Trustees.

3. Unsecured Loans

During the Year the company has repaid the short term loans of Rs 80.90 lacs taken from banks secured by irrevocable and unconditional personal guarantee of a director.

4. Fixed Assets

During the year, the company has made addition to fixed assets of Rs 970.63 lacs (Previous Year Rs 27474.03 lacs). Fixed Assets installed & put to use have been certified by the management.

5. Stock of stores, supplies, food, beverages, wine & liquor has been taken, valued and certified by the management.
6. The bank balance in deposit accounts Rs 149.72 lacs (previous year Rs. 230.72 lacs) are in the form of Fixed Deposit Receipts and are pledged with the banks as margin money for the issuance of Bank Guarantee.
7. During the year, the company has entered into space agreement for opening new office in the commercial area in upcoming five star hotel in Delhi being developed jointly by Silver Resort Hotel India Pvt. Limited, a subsidiary of the company and another company in which directors and relatives of directors of the company are interested as directors. Advance of Rs. 937.37 lacs given for this agreement is included in other loans and advances under the head "Loans and Advances".

8. Contingent liabilities not provided for :

(Rs. In lacs)

		31.3.2011	31.3.2010
a.	Bank Guarantee	579.13	549.27
b.	Capital Account	674.48	257.20
c.	Other Contingent Liabilities	40.00	40.00
d.	Dividend on cumulative preference shares	3746.70	3291.70
	-10% cumulative redeemable pref. shares(9 years dividend)		
	-1% cumulative redeemable pref. shares(7 years dividend)		
		5040.31	4138.17

9. In the opinion of Directors:-

- a) The current assets, loans and advances have a value at least equal to the amount at which these are stated if realized in the ordinary course of business.
- b) The provision for depreciation and for all known liabilities is adequate and considered reasonable.

10. Employee Benefits-

The Company primarily provides the following retirement benefits to its employees-

- (a) Gratuity
(b) Leave Encashment

During the year, the Company has recognized an expense of Rs. 71.42 lacs (P.Y Rs 65.11 lacs) pertaining to employers' contribution to provident fund shown under the head contribution to provident fund & other funds in Schedule XIV.

The following tables sets out the disclosure relating to Gratuity & Leave Encashment benefits as required by Accounting Standard- 15 "Employee Benefits":

(Rs. In lacs)

i. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	31.03.011	31.03.2010	31.03.2011	31.03.2010
Change in the present value of obligation:				
Present Value of Obligation as at 01.04. 2010	65.34	44.96	36.85	29.95
Add: Interest Cost	5.10	3.51	2.87	2.34
Add: Current Service Cost	18.04	14.66	6.61	10.20
Less : Benefit Paid	(21.77)	-	(17.98)	(16.38)
Add: Actuarial loss on obligations	10.27	2.21	8.85	10.74
Present Value of Obligation as at 31.03.2011	76.98	65.34	37.20	36.85
ii. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
Change in the fair value of Plan Assets:	31.03.011	31.03.2010	31.03.2011	31.03.2010
Fair Value of Plan Assets at the beginning of 1.04.2010	-	-	-	-
Add: Expected Return on Plan Assets	-	-	-	-
Add: Contributions	-	-	-	-
Less : Benefits Paid	-	-	-	-
Fair Value of Plan Assets as of 31.03.2011	-	-	-	-
iii. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
Expense recognized in the Profit and Loss Account	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Current Service Cost	18.04	14.66	6.61	10.20
Add: Interest Cost	5.10	3.51	2.87	2.34
Less: Expected Return On Plan Assets	-	-	-	-
Less: Settlement Credit	-	-	-	-
Add: Net actuarial loss recognized	10.27	2.21	8.85	10.74
Total expenses recognized in Profit & Loss Account	33.41	20.38	18.33	23.28

The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-

iv. Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	31.03.011	31.03.2010	31.03.2011	31.03.2010
Discount Rate	8.00%	7.80%	8.00%	7.80%
Rate of Increase in Compensation Levels	10.00%	10.00%	10.00%	10.00%
Rate of Return on Plan Assets	-	-	-	-
Expected average remaining working lives of employees (years)	18-58		18-58	

11. Directors' Remuneration :

(Rs. in lacs)

	31.3.2011	31.3.2010
a. - Salary	36.00	90.00
- Monetary value of perquisites	-	-
	36.00	90.00
b. Directors Sitting fees	1.70	2.15
Total	37.70	92.15

Note -

1. The remuneration paid to directors is as allowed under Schedule XIII of the Companies Act, 1956.
2. In view of losses during the year, the executive directors have been paid a salary of Rs 36.00 lacs out of salary of Rs 90.00 lacs. Balance salary of Rs 54.00 lacs has been forgone by them and hence not provided in the accounts. In addition to above, the executive directors have forgone the outstanding salary of Rs. 54.00 lacs pertaining to earlier years also.
12. The Company's business activity falls within a single primary business segment i. e, hotel operations, hence the disclosure requirements of Accounting Standards (AS-17) "Segment reporting", issued by the Institute of Chartered accountants of India are not applicable.
13. The company in general, is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it except undisputed amount in respect of TDS which is outstanding in the books of accounts as on 31.03.2011, for a period of six months from the date the amount became payable amounting to Rs. 35.78 lacs. The company has deposited the same before 31.3.2011.
14. As required by Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, deferred tax asset has been created. The major components of deferred tax liability/(assets) are given below-

	Deferred Tax Liability/(assets) as at 1.4.2010	Current year change	Deferred tax liability/ (assets) as at 31.3.2011
Depreciation-Timing difference	2272.55	41.74	2314.29
Retirement benefit to employees	(34.73)	(4.08)	(38.81)
Unabsorbed depreciation/ losses	(497.95)	(229.15)	(727.10)
Net Deferred tax liability/(Assets)	1739.87	(191.49)	1548.38

15. Corresponding figures of the previous year have been regrouped, rearranged and readjusted to conform with this year's grouping wherever necessary.

16. Earning per share :

	31.03.2011	31.03.2010
Profit/(Loss) as per Profit and Loss A/c (Rs. in lacs)	(315.68)	687.39
Less: Preference Share Dividend	455.00	455.00
Profit/(Loss) available for equity share holders (Rs. in lacs)	(770.68)	232.39
Add: Dividend on convertible preference share (Refer Note No. 1.1 of II of Schedules XVII)	40.00	40.00
Adjusted Profit/(Loss) available for equity share holders (Rs. in lacs)	(730.68)	272.39
Weighted average number of equity shares outstanding for Basic earning per share	8864962	8864962
Effect of dilutive equity shares on account of conversion of preference shares	10000000	10000000
Weighted average number of equity shares outstanding for Diluted Earning per share.	18864962	18864962
Basic earnings per share in rupees (face value- Rs. 10 per share)	(8.69)	2.62
Diluted earnings per share in rupees (face value- Rs. 10 per share) Potential equity shares in current year considered to be anti dilutive in nature, hence 100,00,000 equity share being conversion of preference share have not been adjusted to arrive at the diluted earning per share.	(8.69)	1.44

17. In the opinion of management, there is no impairment condition exists as on 31st March,2011. Hence no provision is required in the accounts for the current period ending.

18. Related party disclosure as required under Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below:

a. Related parties		Name
i.	Associate Company	Joy Hotel and Resorts Pvt. Limited
ii.	Key management Personnel	- Mr.P.L.Suri, Chairman & Managing Director - Mrs. Sunita Suri, Executive Director
iii.	Relatives of Key Management personnel with whom the company has transactions during the year.	Nil
iv.	Entities over which management personnel/relatives of key management personnel are able to exercise significant influence in which the company has transactions	Blue Coast Infrastructure Development Pvt. Limited

b. Transaction with Related parties		Nature of transaction	Rs. in lacs
1	Associates Company	-Nil	Nil
2	Key Management Personnel	- Remuneration/Perquisites - Closing balance as on 31.3.11 (Payable)/Recoverable (Maximum balance outstanding Rs.241.75 lacs during the year)	36.00 (161.47)
3.	Entities over which management personnel/relatives of key management personnel are able to exercise significant influence	- Advance Payment towards space for office - Closing balance as on 31.3.11 (Payable)/Recoverable ((Maximum balance Outstanding Rs. 937.37 lacs during the year)	937.37 937.37

19. Information of subsidiaries as required under section 212 of the Companies Act, 1956:

Name of Subsidiary	Blue Coast Hospitality Ltd.	Golden Joy Hotel Private Ltd.	Silver Resort Hotel India Private Ltd.
Country of origin	India	India	India
A. Share Capital	5.00	5.00	27351.00
B. Reserves	-	-	-
C. Total Liabilities	2.51	138.16	8172.46
D. Total Assets	7.51	143.16	35523.46
E. Investment included in total Assets (Except for Investment in Subsidiaries)	-	-	-
F. Turnover/Other Income	-	-	0.48
G. Profit/(Loss) before Tax	(6.34)	(0.96)	(16.59)
H. Provision for Taxation	-	-	-
I. Profit/(Loss) after Taxes	(6.34)	(0.96)	(16.59)
J. Proposed Dividend	-	-	-

Cash Flow Statement

For the year ended 31st March, 2011

	Year Ended 31.03.2011	(Rs. in lacs) Year Ended 31.03.2010
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax	(587.28)	668.89
Adjustments for:		
1 Preliminary expenses written off	11.04	1.14
2 Depreciation for the year	879.40	885.19
3 Loss on sale of Fixed Assets	19.83	13.38
4 Provision for doubtful debts	13.75	-
5 Provision for employee benefits	11.99	(17.39)
6 Interest & finance charges	2689.34	1361.14
7 Interest Received	(11.37)	(8.32)
	<u>3613.98</u>	<u>2235.14</u>
Operating profit before working capital changes	3026.70	2904.03
Adjustments for working capital changes:		
1 Inventory	(112.79)	(36.70)
2 Debtors	(191.07)	69.66
3 Advances	198.26	(1030.37)
4 Creditors & other liabilities	(5477.22)	13216.47
	<u>(5582.82)</u>	<u>12219.06</u>
Net cash generated/(used) in operating activities	<u>(2556.12)</u>	<u>15123.09</u>
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets(net)	(967.30)	(27262.45)
Capital work in progress	(1506.32)	(1981.05)
Interest Received	11.37	8.32
Net cash generated/(used) in investing activities	<u>(2462.25)</u>	<u>(29235.18)</u>
C CASH FLOWS FINANCING ACTIVITIES		
Proceeds from issuance of share capital to minority	-	8500.00
Increase/(Decrease) in Long Term Loans	(154.32)	7800.17
Increase/(Decrease) in Short Term Loans	1005.67	(68.62)
Issue of Non Convertible Debenture	10000.00	-
Increase/(Decrease) in working capital loan	(7.43)	(51.26)
Interest paid	(2689.34)	(1361.14)
others	127.57	(133.72)
Net cash generated/(used) in financing activities	<u>8282.15</u>	<u>14685.43</u>
Net increase/(decrease) in cash and cash equivalents(A+B+C)	3263.78	573.32
Opening balance of cash and cash equivalents as on 01.04.2010	1332.57	759.25
Closing balance of cash and cash equivalents as on 31.03.2011	<u>4596.35</u>	<u>1332.57</u>

Per our separate report of even date

For M.Kamal Mahajan And Co.

(Firm Regn No. 06855N)

Chartered Accountants

For and on behalf of the Board

S K Maheshwari

Partner

M.No 504238

Place : New Delhi

Date : 30th May, 2011

P.L. Suri

Chairman & Managing Director

DIN: 00256300

Suresh Gupta

Asstt. Vice President (Fin & Accts)

Sunita Suri

Executive Director

DIN: 00256236

Prakash Chandra Prusty

Company Secretary

Ashoka Kini

Director

DIN: 00584044

Blue Coast

Hotels and Resorts Ltd.

Regd. Office : 263C, Arossim, Cansaulim, Goa-403 712 INDIA Tel. : +91-832-2721234 Fax : +91-832-2721235

FORM OF PROXY

Folio No./Client ID

I/We.....
of
being a member of Blue Coast Hotels and Resorts Limited, hereby appoint
of.....
or failing him.....of.....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the members of Blue Coast Hotels Limited to be held at 263C, Arossim, Cansaulim, Goa 403712 on Friday, the 30th day of September, 2011 at 10.30 a.m. and at any adjournment thereof.

Signed this.....day of.....2011

Signed by the said.....

Affix a
1 Rupee
Revenue
Stamp

Notice : The Proxy in order to be effective 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 meeting. The Proxy need not be a member of the Company.



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ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Member's Name
(In Block Letters)

Folio No./Client ID

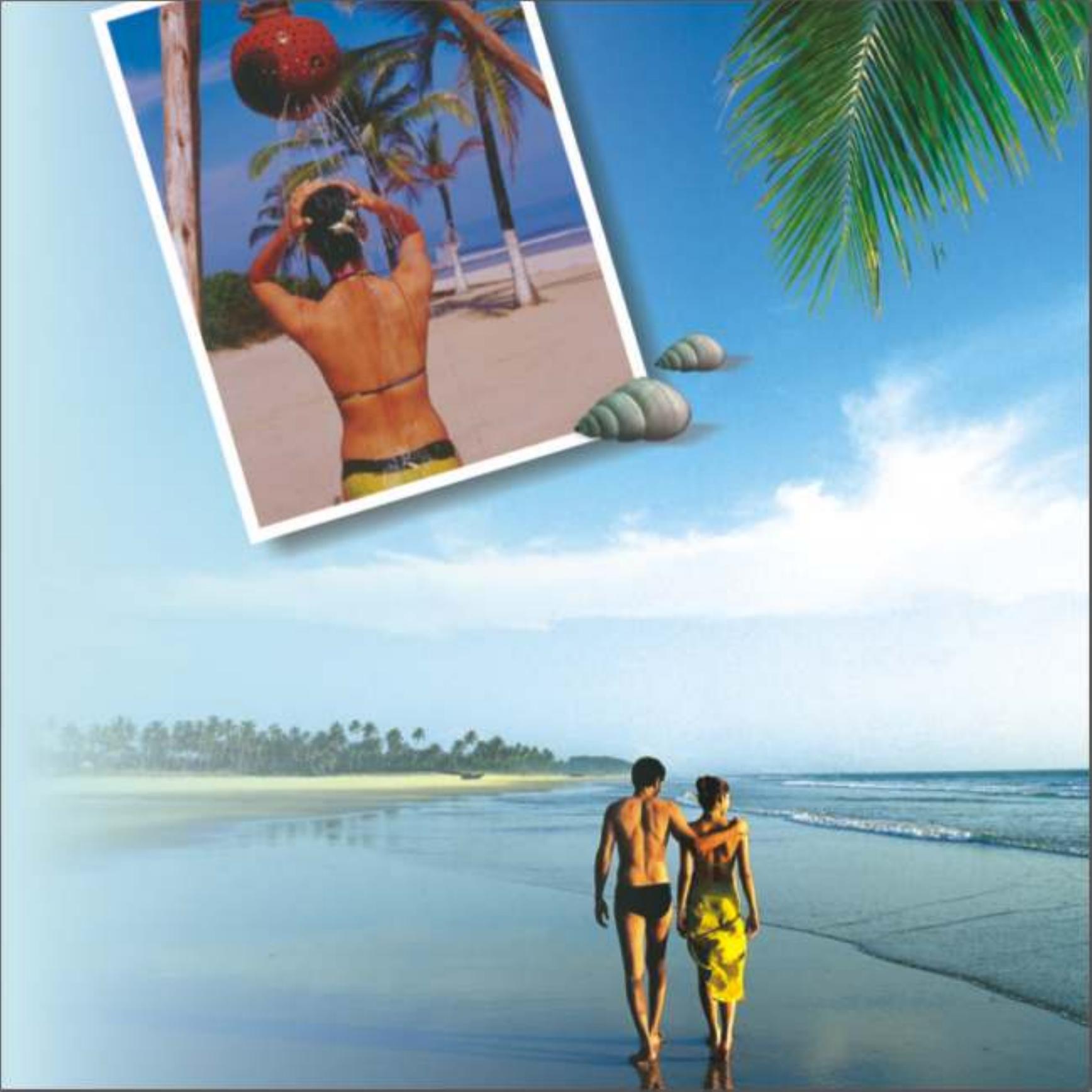
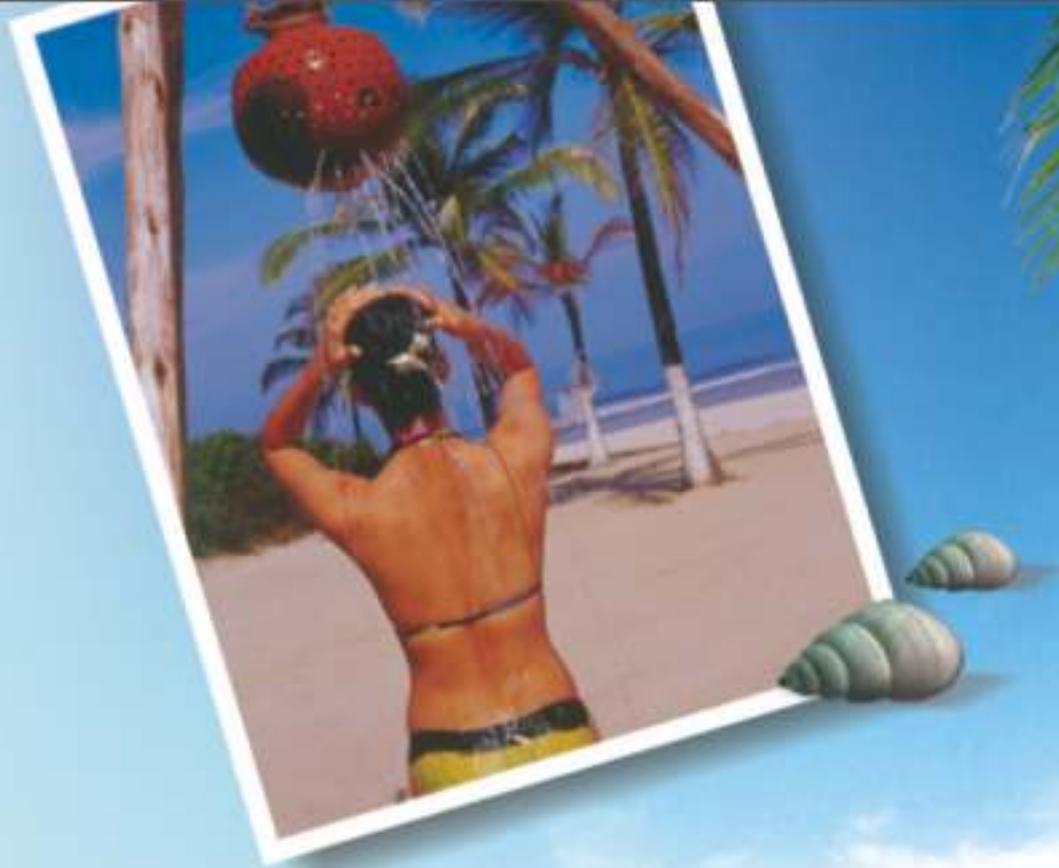
Name of Proxy
(If attending for Member)
(in Block Letters)

I hereby record my presence at the 18th Annual General Meeting of the members of Blue Coast Hotels Limited to be held at 263C, Arossim, Cansaulim, Goa - 403712 on Friday, 30th day of September, 2011 at 10.30 a.m.

.....
(Signature of the Member or Proxy if attending for member)

1. Members/Proxies are requested to bring the DULY SIGNED Attendance Slip to the Meeting and hand it over at the entrance.
2. For the convenience of Members, persons other than Members/Proxies WILL NOT BE ADMITTED.







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Hotels Ltd.

Corp. Office : 415-417, Antriksh Bhawan, 22, K G Marg, New Delhi -110 001 INDIA Tel. : +91-11-23358774 -775 Fax : +91-11-23358776.
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