

THE GL HOTELS LIMITED

BOARD OF DIRECTORS

Ravi Ghai	: <i>Chairman & Managing Director</i>
Gaurav Ghai	: <i>Joint Managing Director</i> (Appointed as Joint Managing Director w.e.f. 11th May 2007)
R.K.P.Shankardass	: <i>Director</i>
Sunil Pardal	: <i>Director</i> (Resigned as Director w.e.f. 28th July 2006)
Krishna Kumari Ghai	: <i>Director</i> (Resigned w.e.f. 28th July 06 & re-appointed on 16th October 06)
Mahendra V Doshi	: <i>Director</i> (Appointed on 22nd September 2006)
Harindra Singh	: <i>Director</i> (Appointed on 30th April 2007)
Gulshan Bijlani	: <i>Director</i> (Appointed on 30th April 2007)
Prithvibir Kaur	: <i>Director</i> (Resigned w.e.f. 21st June 2007)

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COMPANY SECRETARY

Kishor Baxi

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai-400 078.
Phone No. 022-25963838 Fax No. 022-25962691

BANKERS

Vijaya Bank,
Industrial Finance Branch, Excelsior Building Fort,
Mumbai-400 001.

AUDITORS

M/s. S.P. Chopra & Co.

REGISTERED OFFICE

"Dairy Tops" Plot No. J-177, MIDC, Bhosari, Pune-411 026
Maharashtra.
Phone No. 020-27470400 Fax No. 020-27477996

ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030
Phone No. 022-40501111 Fax No. 022-24915555

UNIT

Hotel Inter-Continental, Marine Drive, Mumbai.
Phone No. 022-39879999 Fax No. 022-39879600

MAYFAIR ROOMS

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030

MAYFAIR ROOMS

Pam Beach, Vashi, Navi Mumbai

MAYFAIR ROOMS

Corianthan Club, Pune.

46TH ANNUAL REPORT

Notice

NOTICE is hereby given that the 46th Annual General Meeting of the members of THE GL HOTELS LIMITED will be held as scheduled below:

Venue: Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune 411 026, Maharashtra.

Date : September 21, 2007

Day : Friday

Time : 1.00 p.m.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the financial year ended 31st March, 2007 and the Reports of Director's and Auditor's thereon.
2. To appoint a Director in place of Mr. R.K.P. Shankardass who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED that in partial modification of the Resolution passed at the 45th Annual General Meeting of the Company held on 22nd September 2006 and in accordance with provision of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provision of the Companies Act, 1956 and the Articles of Association of the Company, the ceilings on remuneration for Mr. Ravi Ghai, Managing Director of the Company, be and are hereby revised effective from April 1, 2007, for the remaining tenure of his appointment:
 - A. Salary—not exceeding Rs. 36 lacs per annum
 - B. Performance based incentive/commission: Amount not exceeding 50 % of the total salary and perquisites.
 - C. Allowances and Perquisites: not exceeding Rs. 12 lacs per annum.
 - D. The total remuneration including the salary, allowances, perquisites and commission shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER that all other terms and conditions of the appointment of Mr. Ravi Ghai, Managing Director as approved by Board members at Board Meeting held on 16th January 2007 shall remain unchanged.

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things as the Board may consider necessary or expedient to give effect to this Resolution."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Ravi Ghai, from time to time, beyond the proposed remuneration, as detailed hereinabove provided that any increase in the proposed remuneration, as detailed hereinabove, shall be considered as minimum remuneration payable to Mr. Ravi Ghai for the respective period, in case of no profits or inadequacy of profits in terms of section 198(4) of the said Act, provided however that under no circumstance the remuneration shall exceed in aggregate, the limits specified in para 1(B) read with para 2, both of Section-II of Part-II of Schedule XIII (as amended) to the said Act.

RESOLVED FRUTHER that in adequacy of profits during the relevant year(s), the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Ravi Ghai provided the remuneration payable in any financial year shall not exceed the prescribed limited pursuant to section 309 of the said Act.

RESOLVED FURTHER that in terms of Article 118 of the Articles of Association of the Company, Mr. Ravi Ghai shall continue to hold office of director, without being subjected to retire by rotation, so far as he continues to be the Managing Director.

5. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 198, 269, 309 and all other applicable provisions if any, of the Companies Act, 1956 (Act), read with Schedule XIII to the said Act, the Company hereby accords its approval for the appointment of Mr. Gaurav Ghai as Joint Managing Director of the Company effective from May 11, 2007 for a period of five years on payment of remuneration and on terms mentioned below:

THE GL HOTELS LIMITED

- A. Salary not exceeding Rs.30 Lacs per annum with authority granted to the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors) to determine the salary and grant increases from time to time within the aforesaid limit.
- B. Perquisites: He will be entitled to perquisites, allowances, benefits, facilities and amenities (collectively "allowances & perquisites") such as rent free furnished residential accommodation or house rent allowance in lieu thereof, maintenance of such accommodation, gas, electricity & power, water, furnishings, utility allowance, medical reimbursement, foreign travel, leave travel assistance/allowance, membership fees for clubs, hospitalization and accident insurance, security at residence and any other "allowances & perquisites" as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time provided that aggregate value of such allowances & perquisites shall not exceed Rs. 16 lacs per annum. Allowances & Perquisites to be valued as per the Income-tax rules, wherever applicable and at actual cost to the Company in other cases.

In addition to at the above, he will also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:

- (i) Company maintained car(s) with driver(s);
 - (ii) Telephone(s) and fax at residence;
 - (iii) Company's contribution to the provident Fund and Superannuation Fund;
 - (iv) Payment of gratuity and other retrial benefits; and
 - (v) Encashment of leave.
- C. Performance based incentive/commission: Amount not exceeding 50 per cent of the total salary and perquisites.
- D. The total remuneration including salary, allowances, perquisites and commission shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956
- E. Subject to superintendence, control and direction of the Board and Managing Director, he shall perform such duties and functions as would be commensurate with his position as Joint Managing Director of the Company and as may be delegated to him from time to time.
- F. The Company or he shall be entitled to terminate his appointment by giving 12 months notice in writing or such shorter notice as may be mutually agreed between him and Company

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as the Board may consider necessary or expedient to give effect to this Resolution.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Gaurav Ghai, from time to time, beyond the proposed remuneration, as detailed hereinabove provided that any increase in the proposed remuneration, as detailed hereinabove, shall be considered as minimum remuneration payable to Mr. Gaurav Ghai for the respective period, in case of no profits or inadequacy of profits in terms of section 198(4) of the said Act, provided however that under no circumstance the remuneration shall exceed in aggregate, the limits specified in para 1(B) read with para 2, both of Section-II of Part-II of Schedule XIII (as amended) to the said Act.

RESOLVED FRUTHER that in adequacy of profits during the relevant year(s), the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Gaurav Ghai provided the remuneration payable in any financial year shall not exceed the prescribed limited pursuant to section 309 of the said Act.

RESOLVED FURTHER that in terms of Article 118 of the Articles of Association of the Company, Mr. Gaurav Ghai shall continue to hold office of director, without being subjected to retire by rotation, so far as he continues to be the Managing Director.

6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mrs. Krishna Kumari Ghai, who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company subject to retirement of rotation under the provisions of the Articles of Association of the Company."

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7. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Mahendra V. Doshi, who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company subject to retirement of rotation under the provisions of the Articles of Association of the Company.”
8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :
“RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Harindra Singh, who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company subject to retirement of rotation under the provisions of the Articles of Association of the Company.”
9. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :
“RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Gulshan Bijlani, who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company subject to retirement of rotation under the provisions of the Articles of Association of the Company.”

By Order of the Board

For **THE GL HOTELS LIMITED**

KISHOR BAXI
Company Secretary

Dated: July 31, 2007.

Registered Office :

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA.

Notes :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE PROXY FORM IS ENCLOSED.
- (b) Members are requested to bring their copy of the Annual Report to the Meeting.
- (c) Members are requested to intimate changes in their addresses, if any, to the Company.
- (d) Members are requested to note that the Register of Members and the Share Transfer Books of the Company will be closed from September 17, 2007 to September 21, 2007 both days inclusive.
- (e) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on all working days up-to the date of the Annual General Meeting. The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as to enable the Directors to keep the replies ready.

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- (f) It is requested that the queries be mailed to Registrars and Share Transfer Agents:
Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L.B.S.Marg,
Bhandup (W), Mumbai- 400 078.
Phone No.022-25963838 Fax No. 022-25962691
- (g) An Explanatory Statement pursuant to Section 173 of the Company's Act 1956 relating to the Special Businesses i.e. items nos. 4 to 9 to be transacted at the meeting is annexed hereto.
- (h) The Company has transferred the unclaimed/unpaid dividend up to financial year 31st March 1998 to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claim
- (i) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the administrative office of the Company.
- (j) The Company has not declared any dividend for the last seven years. Accordingly, there is no dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.,
- (k) At the ensuing Annual General Meeting, Mrs. Krishna Kumari Ghai, Mr. Mahendra V. Doshi, Mr. Harindra Singh and Mr. Gulshan Bijlani are seeking appointment as Directors of the Company. The Details pertaining to these Directors required to be provided pursuant to Clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance published elsewhere in this Report.

By Order of the Board

For THE GL HOTELS LIMITED

KISHOR BAXI
Company Secretary

Dated: July 31, 2007.

Registered Office:

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA.

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Explanatory Statement as Annexure to the Notice (Pursuant to section 173(2) of the Companies Act, 1956)

ITEM NO. 4 :

Mr. Ravi Ghai was reappointed as Managing Director with effect from 16th January 2007 and approved by the shareholders through postal ballot on 4th June 2007 for a period of five years on the same remuneration and terms and conditions. The proposed resolution seeks to increase his remuneration with effect from 1st April 2007. The proposed remuneration which has been approved by the Board in its meeting held on 11th May 2007 is within the limits stipulated in Section II of Part I of Schedule XIII of the Companies Act, 1956.

Mr. Ravi Ghai is promoter of the company and has 4 decades of experience in Hotel Industry. The remuneration committee and Board have considered the financial position of the company, prevailing trend in the hotel industry, Mr. Ravi Ghai's experience and his past performance on proposing the revised remuneration. Mr. Ravi Ghai holds directorship in the following companies.

- (1) Mahaniya Investment Private Limited
- (2) Kwaliti Resorts and Hospitality Limited
- (3) Kwaliti Frozen Foods Private Limited
- (4) Baskin Robbins Franchise Company Private Limited
- (5) Rich Kwaliti Products Private Limited
- (6) Shilpa Securities Private Limited
- (7) Gaylords Private Limited

An abstract pursuant to provisions of section 302 of the Companies Act, 1956 and the provision of Schedule XIII to the companies Act, 1956 giving details of remuneration proposed to be paid to Mr. Ravi Ghai was sent to members on 31st May 2007.

Your Directors recommend approval of this special resolution. None of other Directors except Mr. Gaurav Ghai and Mrs. Krsihna Kumari are interested or concerned in the said resolution.

ITEM NO. 5 :

Mr. Gaurav Ghai was appointed as Joint Managing Director with effect from 11th May 2007 for a period of five years on the remuneration and terms and conditions as company's letter dated 11th May 2007 subject to approval of the shareholders. The proposed resolution seeks to appoint and fix his remuneration with effect from 11th May 2007. The proposed remuneration approved by the Board in its meeting held on 11th May 2007 is within the limits stipulated in Section II of Part I of Schedule XIII of the Companies Act, 1956.

Mr. Gaurav Ghai is promoter of the company and has 15 years experience in Hotel Industry. The remuneration committee and Board have considered the financial position of the company, prevailing trend in the hotel industry, Mr. Gaurav Ghai's experience and his past performance on proposing the remuneration. Mr. Gaurav Ghai holds directorship in the following companies.

- (1) Kwaliti Frozen Foods Private Limited
- (2) Baskin Robbins Franchise Company Private Limited
- (3) Rich Kwaliti Products Private Limited
- (4) Shilpa Security Private Limited
- (5) Mahaniya Investment Private Limited
- (6) Kwaliti Resorts and Hospitality Limited

An abstract pursuant to provisions of section 302 of the Companies Act, 1956 and the provision of Schedule XIII to the companies Act, 1956 giving details of appointment and remuneration proposed to be paid to Mr. Gaurav Ghai was sent to members on 31st May 2007.

Your Directors recommend approval of this special resolution. None of other Director except Mr. Ravi Ghai and Mrs. Krishna Kumari Ghai is interested or concerned in the said resolution.

THE GL HOTELS LIMITED

ITEM NO. 6 TO 9 :

The Board of Directors of the company (Board) in its meetings held as under has appointed following individuals as Additional Directors pursuant to provisions of section 260 of the Companies Act, 1956 and Article no.91 of the Articles of Association of the Company.

- (1) On 22nd September 2006 Mr. Mahendra V. Doshi,
- (2) On October 16, 2006 Mrs. Krishna Kumari Ghai and
- (3) On April 30, 2007 Mr. Harindra Singh and Mr. Gulshan Bijlani

In terms of the provisions of section 260 of the Companies Act, 1956 Mr. Mahendra V. Doshi, Mrs. Krishna Kumari Ghai, Mr. Harindra Singh and Mr. Gulshan Bijlani will hold the office up to the date of this Annual General meeting.

The Company had received notices in writing from the members of the company along with deposit of Rs.500/- each proposing the candidatures of Mr. Mahendra V. Doshi, Mrs. Krishna Kumari Ghai, Mr. Harindra Singh and Mr. Gulshan Bijlani for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Brief resumes of the above Directors, nature of their experience in specific functional area and name of the companies in which they hold directorship, number of shares held in the company and membership/Chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are provided in the report on Corporate Governance forming part of this report.

The Board recommends the proposed resolutions set out at item no. 6 to 9 of the Notice for your approval.

Mr. Mahendra V. Doshi, Mrs. Krishna Kumari Ghai, Mr. Harindra Singh and Mr. Gulshan Bijlani may be deemed concerned or interested in the resolutions relating to their respective appointment and Mr. Ravi Ghai and Mr. Gaurav are interested or concerned in the resolution at Item no. 6 as relatives of Mrs. Krishna Kumari Ghai.

By Order of the Board

For **THE GL HOTELS LIMITED**

KISHOR BAXI
Company Secretary

Dated: July 31, 2007.

Registered Office :

Dairy Tops, Plot No. J-177, M.I.D.C.
Bhosari, Pune-411 026, MAHARASHTRA.

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Directors' Report To the Members

The Directors present this 46th Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March, 2007. The financial results of the Company for the year under review are summarized below

1. FINANCIAL RESULTS :

(Rs. In Lakhs)

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Income	5,331.92	2,507.08
Profit/(Loss) before Interest and Depreciation	1,750.74	657.88
Interest	334.58	329.05
Depreciation	410.89	382.46
Profit/(Loss) before Taxation	1,005.26	(53.63)
Provision for Taxation		
Current tax	(15.00)	—
Deferred Tax Credit	(242.19)	(128.52)
Fringe Benefit Tax.....	(15.00)	(3.50)
Profit/(Loss) for the year	733.07	(185.65)
Balance brought forward from last period	(1,715.10)	(1,529.45)
Balance carried forward.....	(982.03)	(1,715.10)

Note: In view of Scheme of Arrangement with effect from 1st April, 2006, the figures for the current year are not comparable to those of the previous year.

2. SCHEME OF ARRANGMENT FOR AMALAGAMTION OF MAYFAIR BANQUETS PRIVATE LIMITED WITH THE COMPANY :

The Honourable High Court of Judicature at Bombay by its Order dated June 22, 2007 had approved the Scheme of Arrangement under section 391 to 394 of the companies Act, 1956 (the Scheme) for the acquisition of business of Mayfair Banquets Private Limited (MBPL) by the Company. The Scheme became effective from July 21, 2007 and appointed date under the Scheme was April 1, 2006. Further pursuant to the aforesaid Scheme, Lemman International Private Limited, (the then subsidiary of MBPL, since merged with the Company), became subsidiary of the Company.

In term of the Scheme, 58,62,171 Equity shares of the Company were issued (in ratio of 53 Equity Shares of face value of Rs. 10 each credited as fully paid-up for every one equity share of Rs. 100 each fully paid-up held) to the members of erstwhile MBPL.

3. EXPANSION PLAN, ISSUE OF WARRANTS ON PREFRETNAIL ALLOTMENT BASIS AND FUND UTILIZATION :

The Company is making foray into boutique and lifestyle hotels and has plans to invest around Rs. 500 cores in the first phase of its expansion plans. In view of this, the company had, on June 21, 2007, allotted 74,09,546 equity warrants of Rs. 10/- each at an issue price of Rs. 283.42 per share to non-promoter entities on preferential issue basis. The holders of the warrants will be entitled to apply for and be allotted one equity share of Rs. 10/- each at a price of Rs. 283.42 (including a premium of Rs. 273.42) against each equity warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment. The Warrants and shares to be allotted on exercise of the option attached to the warrants shall be locked in for a period of one year from the date of allotment. The company has already received 10 % of the issue price of warrants. The issue proceeds of these equity warrants will be utilized towards the phase 1 of the expansion plan. Out of the total proceeds, Rs. 21 Crores have been received, and have been utilized as under:

Investment in subsidiary and associates	NIL
General Corporate purpose including working capital	NIL
Money invested in Mutual Funds	Rs 21 Crores

THE GL HOTELS LIMITED

4. OPERATIONAL PERFORMANCE :

During the financial year ended 31st March 2007, the sales and operating income increased from Rs. 2507.08 lacs to Rs. 5331.92 lacs. The net profit before tax stood at Rs. 1750.74 lacs as against Rs. 657.88 lacs. The net profit after tax stood at Rs. 733.07 lacs as against loss of Rs 185.65 lacs The figures of the previous are not comparable in view of the Scheme of Amalgamation w.e.f. from April 1, 2006.

5. DIVIDEND :

Your Directors do not recommend any dividend on equity shares for the year under review.

6. AUTHORISED SHARE CAPITAL :

The Authorised share Capital of the company was increased from Rs. 12 Crores to Rs. 25 Crores comprising 2,20,00,000 Equity shares of Rs. 10/- each and 3,00,000 Preference shares of Rs. 100/- each. The issued, subscribed and paid up capital has increased from Rs. 7,01,63,790/- comprising 70,16,379 equity shares of Rs. 10/- each to Rs. 12,87,85,500/- comprising of 1,28,78,550 equity shares of Rs. 10/-each pursuant to issue of 58,62,171 Equity shares of the Company to the members of erstwhile Mayfair Banquets Private Limited on 24th July 2007.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF FINAINCAL CONSITIONS AND RESULTS OF OPERATION :

Management Discussion and Analysis of the financial conditions and Results of the operations of the company for the year under review as required by Clause 49 of the Listing Agreement with the stock exchanges, is given separately in the Annual Report.

8. NEW SUBSIDIARY COMPANY :

The Company acquired 10,000 equity shares, representing 100 % of the total paid up capital and voting rights of Kwality Resorts and Hospitality Private Limited. Pursuant to the said investment, Kwality Resorts and Private Limited became the wholly owned subsidiary of the company. Kwality Resorts and Hospitality Private Limited was converted into public limited Company w.e.f. 29th June 2007.

9. ACCOUNTS OF SUBSIDIARIES :

In pursuance of requirements of section 212 of the Companies Act, 1956, Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiaries companies viz., Leman International Private Limited and Kwality Resorts and Hospitality Limited are formed as part of this Annual Report.

10. CONSOLIDATED FINANCIAL STATEMENTS :

As stipulated in the listing agreement with stock exchanges, the consolidated financial statements have been made part of this Annual Report in accordance with the relevant accounting standards. The audited consolidated financial statements together with Auditors' Report thereon form part of this Annual report.

11. FIXED DEPOSIT :

As on 31st March, 2007 total amount of fixed deposits with the Company amounted to Rs. 46.26 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs. 0.07 lacs as on 31st March, 2007. Appropriate reminders are issued at periodic intervals, to either renew or claim repayment of the deposit.

12. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Mr. R.K.P. Shankardass, Director of the company retires by rotation and being eligible, offer himself for reappointment.

H. H. Maharani Prithvibir Kaur and Mrs. Krishna Kumari Ghai, Directors of the company had resigned during the year. Mr. Dara J. Kalyaniwala was appointd as Alternate Director to Mr. Mahendra V. Doshi w.e.f. 10th April 2007 and has ceased to be Alternate Director with effect from 10th June 2007.

Following Directors were appointed:

Name of Directors	Date of appointment
Mr. Mahednra V. Doshi	September 22, 2006
Mrs. Krishna Kumari Ghai	October 16, 2006
Mr. Harindra Singh	April 30, 2007
Mr. Gulshan Bijlani	April 30, 2007

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Mr. Gaurav Ghai has been appointed as Joint Managing Director of the company with effect from 11th May 2007.

Brief resumes of the above Directors, nature of their experience in specific functional area and name of the companies in which they hold directorship, number of shares held in the company and membership/Chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are provided in the report on Corporate Governance forming part of this report.

13. EMPLOYEES STOCK OPTION PLAN (ESOS) :

The shareholders of the Company have approved Employee stock Option Scheme (ESOS) Scheme 2007 at the meeting held on 6th June 2007. The Company has so far not granted any option to its management level I employee.

14. CORPORATE GOVERNANCE :

Your company is committed to good corporate governance practices. As per Clause 49 of the Listing Agreement, a separate report on Corporate Governance appears as a part of the Annual Report along with the Auditors report as regards compliance. A certificate from the Auditors of the company regarding compliance of conditions of the corporate governance as stipulated in clause 49 of the listing agreement as attached therewith.

15. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm the following :

- (i) In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the Profit of the Company for the period 1st April, 2006 to 31st March, 2007;
- (iii) The Directors have taken proper and sufficient care for 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 ;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

16. AUDITORS' REPORT :

The observations of the statutory auditors in their reports read with their Annexure in paragraph 3 (ix) (a) and (b) are self-explanatory.

17. CODE OF BUSINESS CONDUCT AND ETHICS :

As prescribed by the listing guidelines the Board has framed a "Code of Conduct" for the Board Members and Senior Management. The said code has been implemented and informed to the Stock Exchange.

18. LISTING :

The equity shares of your Company are presently listed on Bombay Stock Exchange Limited and Delhi Stock Exchange Association Limited and company has paid the listing fees for the financial year 2007-2008.

19. DE-LISTING :

The company has obtained members' approval on 4th June 2007 through postal ballot for voluntarily delisting of company's equity shares from the Delhi Stock Exchange Association Limited. The company is in the process of taking requisite steps required under the guidelines for de-listing the equity shares.

20. RELATED PARTY DISCLOSURES :

The Company has made disclosures in compliance with the Accounting Standards on Related Party Disclosures as required by clause 32 of the Listing Agreements with the stock exchanges.

THE GL HOTELS LIMITED

21. PARTICULARS OF EMPLOYEES :

The Company does not have any employee drawing remuneration in excess of the limits prescribed under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology is that the Company has entered, to avail international technology and expertise, into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of these agreements, IHC and its affiliates are required to provide technical services, marketing reservation and system support to the Company for its Hotel situated at Marine Drive-Mumbai.

FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lakhs)

	Current Year 2006-2007	Previous Year 2005-2006
Income	5331.92	2507.08
CIF Value of Imports	26.59	34.96
Expenditure in Foreign Currency	157.90	149.22
Earnings in Foreign Exchange	1898.69	1241.81

23. AUDITORS :

The Auditors M/s S.P. Chopra & Co., Chartered Accountants retire, and being eligible, offer themselves for re-appointment. They have furnished the Company with a written certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section 1 (B) of Section 224 of the Companies Act, 1956.

24. ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for the continued support and co-operation of the Shareholders, Banks, various Regulatory Authorities and Central and State Govt. Officials, Vendors, Customers and for valuable contributions made by the Employees of the Company.

For and on behalf of the Board of Directors

Dated: July 31, 2007
Mumbai

GAURAV GHAI
Joint Managing Director

MAHENDRA DOSHI
Director

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Management Discussion and Analysis

Industry Structure and Developments

Overview of Tourism and Indian Economy :

The performance of the tourism in general and Indian hotel industry in particular remained strong in 2006-2007 due to the fact that, in most of the major cities, a huge demand-supply gap continued, which resulted in an excellent growth in occupancies and average room rates. With over 5 million visitors arriving in the country during the last year, all hotel chains witnessed robust growth. The other key driver for this growth in the Indian tourism industry has been a fast growing economy for the last 4-5 years.

India expects its economy to grow between 8-10% per annum over the next 5 years. Based on this, the hospitality industry is witnessing unprecedented growth and increase in revenue and profitability of the most of the premium hotel segment. Premium segment hotels remained in demand following an up beat occupancy level. While most of the premium category hotels have expansion plans for the next few years, none of the capacity expansion is expected immediately. There is huge demand-supply gap among the premium Hotels. With gestation period raging between 2-3 years, most of the capacity expansion is expected to materialize in year 2009.

Opportunities :

The Hotel industry in India is booming with rising room rates and on high occupancy rates. The Country is facing a severe shortage of hotel rooms and the industry needs to more than double its room inventory from the current levels. India is becoming the epicenter for outsourcing and new age businesses and the growth in the economy is attracting tourists from all around the world. With increase in the disposable income in the hands of people, domestic tourism has also been rising very rapidly. The demand and supply imbalance of hotel rooms is pushing average room rates (ARR) further as new properties are not coming up at the same place.

Threats :

The Hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on operations and financial results of the company. Act of violence or war, in India or other neighboring countries, may affect Indian and worldwide economic markets. Increased competition in the hotel sector may adversely affect the operation of our Hotel. Surging room rates may impact room demand from foreign leisure travel segment.

Outlook :

The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. Demand for rooms across India is expected to grow annual at an average 15-20 % over the next 2-3 years.

Internal Control Systems and its adequacy :

Your company is committed to maintain high standards of internal controls. The internal audit is conducted by a firm of chartered accountants and is commensurate with the size of the business. There are proper and effective internal controls. The Audit Committee of the Board oversees the adequacy of the internal controls through regular reviews of the audit findings and monitoring implementations of internal audit recommendations.

Human resources and Industrial Relations :

Your Company recognizes the importance of human resources and seeks to attract the best talent to fulfill its expansion plans. Industrial relations throughout the year were cordial and harmonious with all the employees.

NOTE :

Inview of the amalgamation of Mayfair Banquets Private Limited with the Company w.e.f. April 1, 2006, the figures for the current year are not comparable with the figures of the previous years.

Revenues :

Income increased by 113% from Rs 2507 lacs in 2005-06 to Rs. 5332 lacs in 2006-07. Room revenue increased over 50% from Rs. 1911 lacs to Rs. 1,272 lacs.

THE GL HOTELS LIMITED

The financial performance has increased considerably due to increase in numbers of visitors and growth in foods and beverages income.

Operating Expenses :

The operating and general expenses increased from Rs. 1091 lacs to Rs. 2239 lacs due to increase in power & fuel expenses, advertisement and sales promotion expenses, travelling & conveyance expenses and basic management fees.

Interest costs and Depreciation :

Interest cost increased to Rs. 335 lacs from Rs. 329 lacs of the previous year.

Depreciation for the year was higher at Rs. 411 lacs from Rs. 382 lacs of previous year due to depreciation on new additions to fixed assets.

Profit After Tax :

The company has started making profits after taxes as compared to loss before tax for the year 2005-06.

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Report on Corporate Governance

The following Corporate Governance Report is attached as a part of the Directors' Report of the company for the year 2006-2007.

CORPORATE GOVERNANCE DISCLOSURE :

In compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice as followed by Company:

1. Company's Philosophy :

We are committed to moral and ethical codes in tandem with value based governance. The Company takes feedback to ensure combination of voluntary practice and full compliance with laws and regulations leading to effective control and management of the organization. We believe uncompromising emphasis on integrity and regulatory compliances, the company will provide high quality services to its customers and stakeholders underlying goal of value creation, over a period time.

2. Board of Directors :

(i) Composition and Category of Directors:

The Current strength of the Board of Directors is 7 (Seven) Directors, out of which two are Executive Directors (who are also Promoters), one is Non-Executive Director and remaining four are Non-Executive Independent Directors. The composition of Board is in conformity with clause 49 of listing agreements, which stipulates that at least 50 % of the Board should comprise of Independent Directors (if the Chairman is Executive Director).

During the year H. H. Maharani Prithiv Bir Kaur, Mrs. Krishna Kumari Ghai and Mr. Sunil Pardal had resigned as Director. None of the Directors are members of more than ten Board level committees nor are they chairman of more than five committees in which they are members.

The composition of the Board and other relevant details relating to the Directors are given below:

Name of the Director	Designation	Category of Directorship	No. of Other Directorships**	No. of Other Committee Memberships #	
				Chairman	Member
Mr. Ravi Ghai	Chairman and Managing Director	Non-Independent	1	...	
Mr. Gaurav Ghai	Joint Managing Director	Non-Independent	2	1	
Krishna Kumari Ghai	Director	Non-Independent			
Mahhendra V. Doshi	Director	Independent	3	1	1
Mr. R.K.P. Shankardass	Director	Independent	2
Mr. Sunil Pardal*	Director	Independent	1	1	
Mr. Harindra Singh	Director	Independent	1	...	2
Mr. Gulshna Bijlani	Director	Independent	2

* Resigned with effect from 28th July 2006

** Directorships in Private and Foreign Companies are excluded

Memberships of only Audit Committee, Share Transfer and Investor Grievances Committee have been considered.)

(ii) Board Meetings and attendance of each Director at Board Meeting and at last Annual General Meeting :

The Board of Directors met 5 times during the year viz., 28h April 2006, 28th July 2006, 22nd September 2006, 16th October 2006 and on 16th January 2007. The maximum gap between any two meetings was less than 3 months. The last Annual General Meeting of the Company was held on 22nd September 2006. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows.

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Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ravi Ghai	4	Present
Mr. Gaurav Ghai	4	Present
Mr. Sunil Pardal	2	Present
Mr. Mahendra V. Doshi	3	Present
Mr. R.K.P. Shankardass	1	Absent
Ms. Krishna Kumari Ghai	Nil	Absent
H.H. Prithvi Bir Kaur	Nil	Absent

(iii) Shareholding of Directors :

As on March 31, 2007

Name of the Director	No of shares held
Mr. Ravi Ghai	6,35,293
Mr. Gaurav Ghai	4,51,933
Mr. R.K.P. Shankardass	6,000

(iv) Code of Conduct :

The Company has adopted Code of Conduct, which lays down the procedure to be followed by the Directors and senior management personnel to ensure the highest standards of the professional conduct. The members of the Board and senior management are committed to compliance with the company's code of conduct.

(v) Directors seeking re-appointment :

Brief resumes of the Directors being eligible for re-appointment at the ensuing Annual General Meeting, nature of management expertise, names of the companies in which they hold Directorship/membership of the committee of the Board are given hereunder:

Mr. R.K.P. Shankardass :

Mr. R.K.P. Shankardass aged 77 years has been associated with the Company since more than three decades. He is a lawyer practicing in Supreme Court. He has represented many matters involving courts outside India. Mr. R.K.P. Shankardass is on the Board of the following company in addition to member of Audit Committee of the Board of the Company.

- (1) Teeumseh Products Pvt. Limited
- (2) G4S Corporate Services Pvt. Limited

Mr. Mahendra V. Doshi :

Mr. Mahendra V. Doshi, aged 54 years has passed his Masters in Business Administration (MBA). He has over 25 years experience in the field of finance, capital market, business administration. He is the Chairman of LKP Group of Companies, comprising of :

- (1) LKP Merchant Financing Limited,
- (2) LKP Forex Limited,
- (3) LKP Securities Limited.

The above Companies are actively involved in financial services namely Stock and commodity Broking, IPO distribution, Merger and Acquisitions etc. Mr. Doshi has also handled many local and international transactions, wherein we have acted as advisors and Investment Bankers. Mr. Doshi is also on the Board of Directors of several companies.

Mrs. Krishna Kumari Ghai :

Smt. Krishna Kumari Ghai aged 82 years and has been associated with the Company for over 16 years. She has a rich experience of Hotel Management and administration of more than two decades.

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Mr. Harindra Singh :

Mr. Harindra Singh aged 47 years has Bachelor of Science in Chemistry, Diploma in Hotel Management and Diploma in Advertising and Public relations. He has over 25 years experience in the field of Marketing communication business solutions and event and Sport Marketing Management. He is promoter and managing Director of Percept Adverting Limited and is on the Board of other companies comprising of :

- (a) Percept D'mark Private Limited
- (b) Percept Profile Pvt Limited
- (c) Media House (India) Pvt Limited
- (d) Infinity Communications Pvt Limited
- (e) Hakuhodo Percepts Pvt Limited
- (f) Web Percept Private Limited

Mr. Gulshan Bijlani :

Mr. Gulshan Bijlani has over 20 years of management experience and has background of production of motion pictures and is associated with film production industry. Mr. Bijlani has no directorship other the company.

(vi) Disclosure of Director's interest in the transaction with the company :

None of the non-executive Directors had any pecuniary relationship with the Company. Even where the commercial transactions have taken place with some of the companies where the Company's Executive Director holds directorship/or membership, have been on the arms length basis and have been disclosed to the Board.

3. Board Committees :

The company follows procedures and practices in conformity with the code of corporate governance. In keeping with the spirit of the code, the Board had constituted the following committees:

(i) Audit Committee :

The Audit Committee (constituted on 22nd January 2001) was last reconstituted on 30th April 2007. The present members of the Audit Committee are Mr. Mahendra V. Doshi (Chairman of the Committee), Mr. R. K. P. Shankardass, Mr. Harinder Singh, Mr. Gulshan Bijlani and Mr. Gaurav Ghai. More than two-thirds of the members of audit committee are independent directors and all members of audit committee have adequate financial and accounting knowledge. The Company Secretary of the Company acts as the secretary to the committee.

Maharani Prithvi Bir Kaur ceased to be Chairperson and member of the Committee w.e.f Septmber 22,, 2006 and Mr. Mahendra Doshi was included as new member September 22, 2006. Mr. Harinder Singh and Mr. Gulshan Bijlani were included as members of the committee on 30th April 2007.

During the financial year ended March 31, 2007, four audit committee meetings were held and meetings attended by each member during the financial year 2006-2007 were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Sunil Pardal	Member	2
Mr. Gaurav Ghai	Member	4
Mr. Mahendra V Doshi	Member	2
Mr. RKP Shankardass	Member	2

The terms of reference of the Audit Committee as approved at the Board Meeting held on 22nd January 2001 provided for adequate powers and has identified its role, which is in accordance with Clauses 49(ii) (c) and (d) of the Listing Agreement.

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The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Internal Auditors and Manager Accounts from finance are also invited to these meetings.

(ii) Share Transfer and Shareholders'/Investors' Grievance Committee:

The current Share Transfer and Investor/Shareholders' Grievance Committee met first time on 22nd May 2001 to look into and investigate the investors complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee now consists of three Non-executive Directors as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Gaurav Ghai	Chairman	12
Mr. Sunil Pardal	Member*	4
Mr. Mahendra V. Doshi	Member	7
Mr. R.K.P. Shankardass	Member	0

* Since resigned

The company secretary is also the Compliance Officer for the committee. The Committee meets at frequent intervals to consider shareholders' complaints. There was no complaint pending at the commencement of the year 2006-07. All the requests/complaints received during the year have been redressed and there is no complaint pending at the end of the year ended on 31st March 2007.

All valid share transfers received during the year 2006-07 have been acted upon by the Company and there are no pending share transfers.

(iii) Remuneration Committee :

Remuneration committee has been constituted on 30th April 2007. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra V. Doshi and Mr. Gulshan Bijlani. All the members of this committee are independent directors and all members have adequate financial and accounting knowledge. The Company Secretary of the Company acts as the secretary to the committee.

The remuneration committee had its meeting held on April 30, 2007 reviewed remuneration payable to executive directors and recommended for approval Board Meeting held on May 11, 2007 subject to approval of the members of the company. On constitution of compensation committee, this committee has been merged with Compensation Committee.

(iii) (A) Compensation Committee :

The Compensation Committee has been constituted on 11th May 2007 to review the performance of Management Level I employees and grant them suitable options on the basis of their performance pursuant to stock option scheme to be adopted by Board and subject to approval by the shareholders. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra V. Doshi and Mr. Gulshan Bijlani. All the members of this committee are independent directors and all members have adequate financial and accounting knowledge. The Company Secretary of the Company acts as the secretary to the committee. In view of formation of Compensation Committee, Board has merged the remuneration committee with it.

Moreover, the company has following Remuneration Policy:

Management Staff :

The shareholders of the company has approved Employee stock Option Scheme (ESOS) Scheme 2007 at the meeting held on 6th June 2007. The company has so far not granted any option to its management level I employee. Remuneration of other employees largely consists of basic remuneration; perquisites the components of the total remuneration vary for different grades and are governed by industrial patterns, qualifications and experience of the employees, responsibilities handled by him, his individual performance, etc.

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Non-Executive Directors :

The Company pays only the sitting fees for Board Meeting attended to all the Non-executive Directors within the limits prescribed by the Companies Act, 1956. The sitting fees paid to the Directors during the year under review are as under:

Name of the Director	Fees for Board Meeting (Rupees)
Mr. Gaurav Ghai	15,000
Mr. Sunil Pardal	5,000
Mr. R.K.P. Shankardass	5,000
Mr. Mahendra Doshi	10,000

Executive Directors:

The Managing Director is the only Executive Director in the Company. His remuneration is approved by the shareholders at the General Meeting as required by the Companies Act, 1956.

Remuneration to Managing Director :

Details of remuneration paid to the Managing Director of the Company for the year ended March 31, 2007 is given below:

Particulars	Amount (Rupees)
(i) Remuneration of Managing Director	16.40,000
(ii) Estimated monetary value of perquisites	1,82,400
Total	18,22,400

4. General Body Meetings :

(i) *Location, time and date where last three Annual General Meetings were held are given below :*

Financial Year	Date	Time	Location of the Meeting
2003-04	August 27, 2004	11.30. A.M.	Dairy Tops, J-177, MIDC , Bhosari, Pune-411 026
2004-05	September 27, 2005	1100. A.M.	Dairy Tops, J-177, MIDC , Bhosari, Pune-411 026
2005-06	September 22, 2006	11.00. A.M.	Dairy Tops, J-177, MIDC , Bhosari, Pune-411 026

(ii) *Special Resolution :*

The share holders passed all the resolution as set out in the respective notices unanimously.

(iii) *Postal Ballot :*

For the year ended 31st March 2007, following ordinary and special resolutions were passed by the Company through postal ballot with requisite majority. The Company had appointed Mr. D. A. Kamat, Practicing Company Secretary as Scrutinizer at its meeting held on April 30, 2007, for conducting the postal ballot voting process.

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01.	Increase in the Authorized Share Capital from Rs. 12 Crores to Rs. 25 Crores
02.	Alteration of Memorandum of Association – Para 1 of Clause V substituted by new Clause V
03.	Alteration of Articles of Association – Article 4(i) substituted by new Article (i)
04.	Increase in borrowing limits up to Rs. 500 Crores
05.	Creation of charge on assets of the Company
06.	Making loans/investments/giving corporate guarantees in excess of limits prescribed u/s 372A
07.	Voluntary delisting of equity shares of the company from The Delhi Stock Exchange Association Limited
08.	Re-appointment of Mr. Ravi Ghai as Managing Director of the company for a further period of 5 years
09.	Alteration of Articles of Association – insertion of clause (e) after clause (d) of Article 4 enabling issue of Share Warrants
10.	Alteration of Articles of Association – insertion of clause (f) after clause (e) of Article 4 enabling issue of shares under Employees Stock Option Plan (ESOP)

5. Disclosures :

(i) Related Party Transactions :

There were no material significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large. Members may refer to the notes to the accounts for details of other related party transaction.

(ii) Compliance with regulations related to Capital Markets :

The company has complied fully with the requirement of the regulatory authorities on the capital markets. There were no instance of non-compliance nor have any penalties, or strictures have been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets

(iii) Accounting Standards :

The company has followed the accounting standards laid down by the Institute of the Chartered Accounts of India.

(iv) Risk Management :

The company is in process of forming a draft Risk Management Policy, which would lay down the procedure to inform Board members about the risk assessment and minimization of risk.

(v) CEO/CFO Certificate :

Chief Executive Officer and Chief Financial Officer of the company have furnished the requisite certificate to the Board of Directors under clause 49 of the listing Agreement.

6. Means of Communication :

The Company regularly submits quarterly results to the Stock Exchange Mumbai and Delhi Stock Exchange on which the shares of the Company are listed. The said results are also published in the newspapers.

- (a) The Company does not send its half-yearly report to its shareholders.
- (b) The quarterly, half-yearly and full year results are published in the Kesari and Maharashtra Herald newspapers at Pune
- (c) No presentations were made to institutional investors or to analysts.
- (d) The Company has website viz www.glhotels.com.
- (e) Management Discussion and Analysis is given separately in this Annual Report.

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7. General Shareholder Information :

(i) 46th Annual General Meeting :

Date and Time	Friday, September 21, 2007 at 1.00 p.m.
Venue	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026.

(ii) Financial Calendar :

The Company follows April-March as its financial year. The unaudited financial result for every quarter beginning from April is declared in the month following the quarter and audited results for the year is declared within 5 months of the close of the year.

(iii) Date of Book Closure :

The date of book closure is from September 17, 2007 to September 21, 2007 (both days inclusive) for the purpose of annual general meeting.

(iv) Dividend Payment Date :

The Board has not proposed any dividend.

(v) Listing on Stock Exchanges :

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and Delhi Stock Exchange Association Limited and the Company has paid Listing Fees for the year 2007-2008 to the Stock Exchanges.

Stock Exchanges	Stock Code	ISIN
Bombay Stock Exchange Ltd	509546	INE214F01018
Delhi Stock Exchange Association Ltd	3318	INE214F01018

(vi) Market Price Data :

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd. during each month in last financial year are as follows:

Month	High (Rupees)	Low (Rupees)
April 2006	108.15	94.00
May 2006	118.00	94.10
June 2006	122.00	93.65
July 2006	115.00	94.35
August 2006	120.75	99.00
September 2006	112.45	81.05
October 2006	206.70	110.00
November 2006	215.00	155.00
December 2006	223.50	182.75
January 2007	362.00	190.60
February 2007	329.95	285.00
March 2007	363.30	293.40

(vii) Registrar and Share Transfer Agent

Address	Contacts Numbers
Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai-400078.	022 - 25963838

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(viii) Share Transfer System :

Applications for transfer of shares held in physical form are received at the office of the Company. The processing of transfers is attended immediately and share transfers are processed by Intime Spectrum Registry Ltd. – the Registrar and Share Transfer Agent for the Company. The Shareholder/Investor Grievance Committee is authorized to approve the transfers of shares and the same is ratified at the next Board Meeting.

(ix) Category wise Distribution of Shareholding as at March 31, 2007 :

Category	No. of Shares	Percentage of
Promoters Holding Indian Promoters	4,461,141	63.58
FOREIGN PROMOTOR		
Persons Acting in Concert:		
Promoters relatives, related firms, trusts and HUFs	—	—
Non-Promoter Holding Institutional Investors		
(a) Mutual Funds and UTI	—	—
(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-government Institutions)		
(i) General Insurance Corporation of India	1,900	0.03%
(ii) Nationalised Banks	—	—
(c) FII's	—	—
Sub Total	1900	0.03
Others		
Private Corporate Bodies	94,465	1.36%
Indian Public	459,997	6.55%
N.R.I.	660	0.01
OCB's	850,000	12.11%
Foreign Companies	877,047	12.50%
Trust	271,169	3.86%
Sub Total	2,552,678	36.39%
Grand Total	7,016,379	100%

Category wise Distribution of Shareholding (Rupees) as at March 31, 2007 :

Shareholding of Nominal Value (Rupees)	No. of Shareholders	% of Total	Share Capital Amount (Rupees)	% of Total
1-5,000	1266	89.470	17,99,520	2.56
5,001-10,000	97	6.855	8,16,280	1.16
10,001-20,000	14	0.989	1,96,900	0.28
20,001-30,000	7	0.495	1,71,940	0.25
30,001-40,000	5	0.353	1,68,610	0.24
40,001-50,000	1	0.071	43,090	0.06
50,001-100,000	6	0.424	4,06,750	0.58
100,001-99,999,999	19	1.343	6,65,60,700	94.87
TOTAL	1415	100.0000	7,01,63,790	100.0000

(x) Dematerialization of Shares and Liquidity :

The equity shares of the Company are traded on the Stock Exchange Mumbai and Delhi Stock Exchange. The Company has entered into Tri-Partite Agreement with NSDL and CDSL for dematerialization of Equity shares of the Company. Approximately, 5,822,373 (82.98%) Equity shares are in dematerialized form as on July 27, 2007.

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(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity :

The Company has not issued any GDRs/ADRs and therefore there were no outstanding convertible warrants as on March 31, 2007. However, 74,09,546 equity warrants of Rs. 10/- each issued at price of Rs. 283.42 per share to non-promoters on preferential issue basis, entitling holders thereof to apply for and be allotted one equity share of Rs. 10/- each at a price of Rs. 283.42 (including a premium of Rs. 273.42) against each equity warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, are outstanding as on July 31, 2007.

(xii) Plant Locations :

The Company's Administrative office	254-C, Dr. Annie Besant Road, Worli Mumbai-400 030
Registered office at Pune	Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026
Plant Locations	Hotel Inter-Continental, Marine Drive, 135, Netaji Subhash Road, Mumbai-400 020.
Banquets	Mayfair Rooms 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030
	Mayfair Rooms Pam Beach, Vashi, Navi Mumbai
	Mayfair Rooms Corianthan Club, Pune.

(xiii) Address for Investor Correspondence :

For any assistance regarding shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares and for general correspondence, please write to:

The Company's Administrative office located at 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030. With kind attention to Assistant Company Secretary Tele: 022 - 40501111 Fax: 022 - 24915555.

(xiv) Unclaimed Dividends :

The Company has not declared dividend for the last 7 years. Accordingly, there is no dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.

(xv) Nomination :

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose favor the shares shall be transferable in case of death of the registered shareholder. Nomination forms can be obtained from the company's registrar and share transfer agent. The nomination facility in respect of shares in electronic form is also available with depository participants.

(xvi) Certificate on Corporate Governance :

The company has obtained a certificate from the auditors of the company confirming compliances with the conditions of corporate governance as stipulated in the listing agreement with stock exchanges. This certificate is annexed to the Directors' Report.

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Certification by Chief Executive Officer and Chief Financial Officer **The GL Hotels Limited**

We hereby certify that for the financial year ended 31st March, 2007, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2007, which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) There have been no significant changes in internal control during this year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control systems.

Mumbai
Dated: July 31, 2007

RAMAN MEHRA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

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Auditors' Certificate

To the Members of the GL Hotels Limited

We have examined the compliance of conditions of Corporate Governance by The GL Hotels Limited for the year ended 31 March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Share Transfer Agents on behalf of the Company, there were no investor grievances remaining unattended/pending more than 30 days.

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

For **S.P. CHOPRA & CO.**
Chartered Accountants

Y. K. SHANKARDASS
Partner
Membership No.F-5106

Place: Mumbai
Dated: 31 July 2007

THE GL HOTELS LIMITED

Auditors' Report

To the Members of the GL Hotels Limited

1. We have audited the attached Balance Sheet of The GL Hotels Limited, as at 31 March 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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 Companies (Auditor's Report) (Amendment) Order, 2004 (CARO), 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:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, 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 except however, the treatment of reserves in the Balance Sheet is as per the Scheme of Arrangement for Amalgamation approved by the Hon'ble Bombay High Court. (Refer to Note 14(d) of the Schedule 'O' to the Balance sheet).
 - (e) On the basis of written representations received from the Directors, as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.P. CHOPRA & CO.**
Chartered Accountants

Y. K. SHANKARDASS
Partner
Membership No.F-5106

Place: Mumbai
Dated: 31 July 2007

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Annexure to the Auditors' Report

Referred to in paragraph 3 of our Report of even date to the Members of The GL Hotels Limited

- (i)(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed off some of the fixed assets but the same do not comprise substantial part of the fixed assets of the Company. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the disposal of the said fixed assets has not affected the going concern status of the Company.
- (ii)(a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii)(a) Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company had taken unsecured loans from two companies and two persons covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 176,843,845 and the year-end balance of loans from such parties was Rs. 8,225,135. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties are *prima facie*, not prejudicial to the interest of the Company. The Company is regular in repaying the principal amounts where stipulated and has been regular in the payment of interest wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not come across any continuing failure to correct major weakness in internal control system.
- (v)(a) Based on the audit procedures applied by us and according to the information and explanations given to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under this 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 *prima facie* 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 complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix)(a) According to the records of the Company, *except for certain dues in respect of income tax (tax deducted at source), sales tax and service tax*, the Company is regular in depositing with appropriate authorities undisputed

THE GL HOTELS LIMITED

statutory dues including provident fund, investor education protection fund, employees' state insurance, wealth tax, customs duty, excise duty, cess and other statutory dues applicable to it

- (b) According to the information and explanations given to us, *except for sales tax payable of Rs. 3,947,752*, no undisputed amounts payable in respect of income-tax, wealth tax, customs duty and excise duty were outstanding, as at 31 March 2007 for a period of more than six months from the date they became payable,
- (c) According to the records of the Company, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year. The accumulated losses of the Company at the end of the financial year on 31 March 2007 are not more than fifty percent of its net worth.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of (CARO) is not applicable to the Company as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) Clause (xiv) of (CARO) regarding dealing and trading in shares etc. is not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no fund raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) No debentures have been issued by the Company during the period covered by our audit report.
- (xx) The Company has not raised any money by way of public issues during the year.
- (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 course of our audit.

For **S.P. CHOPRA & CO.**
Chartered Accountants

Y. K. SHANKARDASS
Partner
Membership No.F-5106

Place: Mumbai
Dated: 31 July 2007

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Balance Sheet

as at 31 March 2007

	Schedule	As at 31/03/2007 Rupees	As at 31/03/2006 Rupees
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	A	70,163,790	70,163,790
Share Capital Suspense	A-1	58,621,710	
Reserves and Surplus	B	1,182,028,406	158,720,503
		<u>1,310,813,906</u>	<u>228,884,293</u>
Loan Funds :			
Secured Loans	C	384,221,153	408,934,722
Unsecured Loans	D	39,419,739	197,881,042
		<u>423,640,892</u>	<u>606,815,764</u>
		<u>1,734,454,798</u>	<u>835,700,057</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,689,069,006	637,404,638
Less: Depreciation		158,021,556	117,627,776
Net Block		<u>1,531,047,450</u>	<u>519,776,862</u>
Investments	F	39,881,678	15,198,780
Deferred Tax Assets (Net) (Note ' 11')		36,896,734	60,518,529
Current Assets Loans and Advances:			
Inventories	G	13,875,997	11,566,869
Sundry Debtors		41,834,848	9,128,405
Cash and Bank Balances		61,905,188	44,668,656
Loans and Advances		60,231,615	24,612,213
		<u>177,847,648</u>	<u>89,976,143</u>
Less: Current Liabilities and Provisions:			
Current Liabilities	H	60,831,304	33,284,403
Provisions		3,776,315	3,430,607
		<u>64,607,619</u>	<u>36,715,010</u>
Net Current Assets		<u>113,240,029</u>	<u>53,261,133</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Pre-commencement expenses (Note '12')		10,074,731	20,149,451
Amalgamation Expenses (Note '13 ')		3,314,176	...
Profit and Loss Account	I	...	166,795,302
		<u>1,734,454,798</u>	<u>835,700,057</u>
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES			
	O		

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

RAMAN MEHRA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Mumbai,
Dated: 31st July, 2007

KISHOR BAXI
Company Secretary

THE GL HOTELS LIMITED

Profit and Loss Account for the year ended 31st March 2007

	Schedule	Year ended 31/03/2007 Rupees	Year ended 31/03/2006 Rupees
INCOME			
Sales and Other Services	J	520,393,327	244,700,285
Other Income	K	12,798,667	6,007,278
TOTAL		533,191,994	250,707,563
 EXPENDITURE			
Consumption of Food and Beverages	L	75,452,653	31,054,750
Employees' Remuneration and Benefits	M	73,130,521	44,770,125
Operating and General Expenses	N	209,535,051	109,094,528
Interest		33,458,378	32,905,444
Depreciation		41,088,945	38,245,635
TOTAL		432,665,548	256,070,482
 PROFIT/(LOSS)			
Profit /(Loss) before Taxation		100,526,446	(5,362,919)
Provision for Taxation—			
Current Tax		(1,500,000)	-
Deferred Tax Credit/(Debit) (Net)		(24,219,351)	(12,851,897)
Fringe Benefit Tax		(1,500,000)	(350,000)
Profit /(Loss) after Taxation		73,307,095	(18,564,816)
Balance brought forward		(171,509,762)	(152,944,946)
Balance carried to Balance Sheet (Schedule 'I')		(98,202,667)	(171,509,762)
Basic and Diluted Earning per Share (Note '10')		10.45	(2.65)
NOTES ON ACCOUNTS AND SINGNIFICANT ACCOUNTING POLICIES	O		

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

RAMAN MEHRA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

Mumbai,
Dated: 31st July, 2007

KISHOR BAXI
Company Secretary

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Schedules

forming part of the Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees	As at 31/03/2006 Rupees
SCHEDULE 'A' – SHARE CAPITAL		
Authorised:		
30,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company.	3,000,000	3,000,000
24,700,000 Equity shares (previous year 11,700,000) of Rs. 10 each.	247,000,000	117,000,000
	<u>250,000,000</u>	<u>120,000,000</u>
Note: The Authorised Equity Share Capital of the Company was increased from Rs. 117,000,000 (11,700,000 shares of Rs. 10 each) to Rs. 247,000,000 consisting of 24,700,000 equity shares of Rs. 10 each in the Extra Ordinary General Meeting of the shareholders held on 4 June 2007.		
Issued, Subscribed and Paid-up:		
6,003,713 Equity shares of Rs. 10 each for cash	60,037,130	60,037,130
108,000 Equity shares of Rs. 10 each issued to Industrial Finance Corporation of India for the option exercised as per conversion clause in the loan agreement.	1,080,000	1,080,000
776,333 Equity shares of Rs. 10 each as Bonus Shares from Capital Redemption and General Reserves Account.	7,763,330	7,763,330
128,333 Equity shares of Rs. 10 each issued as a result of Amalgamation of Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash.	1,283,330	1,283,330
	<u>70,163,790</u>	<u>70,163,790</u>
SCHEDULE 'A-1' – SHARE CAPITAL SUSPENSE		
5,862,171 Shares of Rs. 10 each fully paid up to be issued to the erstwhile shareholders of Mayfair Banquets Pvt. Ltd. in pursuance of Scheme of Arrangement as approved by Hon High Court, Mumbai (Note "14c").	58,621,710	—
	<u>58,621,710</u>	<u>—</u>
SCHEDULE 'B' – RESERVES AND SURPLUS		
Capital Reserves:		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad.	778,000	778,000
Share Premium Account: As per last account	157,942,503	157,942,503
General Reserve: As per last account	4,714,460	4,714,460
Add: Reserve arising on revaluation of Land of the Company (Note "14d(ii)")	1,026,648,000	—
Add: Adjustments on Amalgamation (Note "14d(i)")	90,148,110	—
	<u>1,121,510,570</u>	<u>4,714,460</u>
Less: Adjustment due to Amalgamation		
Less: Adjusted against debit balance in Profit and Loss Account (Schedule 'I')	(98,202,667)	(4,714,460)
	<u>1,023,307,903</u>	<u>—</u>
	<u>1,182,028,406</u>	<u>158,720,503</u>

THE GL HOTELS LIMITED

Schedules

forming part of the Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees	As at 31/03/2006 Rupees
SCHEDULE 'C' – SECURED LOANS		
From Bank:		
From Vijaya Bank:		
(Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director).		
(a) Term Loan	141,879,782	171,473,182
(b) Foreign Currency Loan VFRL (US Dollars 3,354,373)	145,582,843	150,208,823
(c) Interest accrued and due	1,339,571	1,330,089
From UTI Bank:		
(a) Term Loan-1		
(Secured by First Charge over the company's assets and movable fixed assets, both present and future, Personal Guarantees by Mr Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited)		
	2,712,518	—
(b) Term Loan-2		
(Secured by First Charge over the company's assets and movable fixed assets which were sold prior to 31 March 2007, Personal Guarantees by Mr Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited)		
	5,656,483	—
From Others:		
SC Hotels & Resorts India Pvt Ltd.		
(Secured by second charge over the properties of Kwality Frozen Foods Private Limited, the Company under the same management and a personal guarantee of the Managing Director)		
(a) Ordinary Loan	17,492,000	17,492,000
(b) Preferred Loan	65,595,000	65,595,000
(c) Interest accrued and due	1,017,510	1,017,510
From other Banks and Financial Institutions:		
Deferred Payment Liabilities (Note '3a')		
(secured by hypothecation of Vehicles)		
	2,945,446	1,818,118
	384,221,153	408,934,722
SCHEDULE 'D' – UNSECURED LOANS		
Fixed Deposits:		
Public	3,956,000	3,961,000
Directors	670,000	670,000
	4,626,000	4,631,000
Interest accrued and due	162,414	—
	4,788,414	4,631,000
Other Loans and Advances (Note '5')		
From Shareholders	33,446,343	193,250,042
From Others	1,184,982	—
	34,631,325	—
	39,419,739	197,881,042

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Schedules

forming part of the Balance Sheet as at 31st March, 2007

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 01-04-2006	On Amalgamation	Additions	Sales/ Adjustments (Note "3" below)	As at 31-03-2007	Upto 31-03-2006	On Amalgamation	For the Year	Adjustments	Upto 31-03-2007	As at 31-03-2007	As at 31-03-2006
Licence Fees (Note "1" below)	—	—	531,885	—	531,885	—	—	132,971	—	132,971	398,914	—
Leasehold Lands (Note "14d(ii) in Schedule 'O')	585,000	1,026,648,000	—	—	1,027,233,000	—	—	—	—	—	1,027,233,000	585,000
Buildings	315,376,699	—	5,590,300	—	320,966,999	31,061,229	—	10,617,280	—	41,678,509	279,288,490	284,315,470
Premises (Note "2" below)	—	2,905,036	—	2,905,036	—	—	64,331	64,863	129,194	—	—	—
Plant and Machinery	55,232,264	8,296,274	1,676,787	5,743,802	59,461,523	16,411,186	377,640	5,906,903	481,361	22,214,368	37,247,155	38,821,077
Furniture, Fittings and Electrical Installations	183,979,854	6,185,941	499,097	4,599,053	186,065,839	50,752,850	411,677	17,917,676	547,613	68,534,590	117,531,249	133,227,004
Hotel and Office Equipment	49,574,344	174,157	687,402	59,455	50,376,448	10,756,292	20,374	2,604,643	3,141	13,378,168	36,998,280	38,818,053
Information Technology	14,605,916	1,983,080	933,141	753,531	16,768,606	6,960,627	238,941	2,705,261	162,640	9,742,189	7,026,417	7,645,289
Vehicles	4,751,159	494,494	10,577,473	1,730,600	14,092,526	1,665,592	76,653	1,139,348	560,832	2,340,761	11,751,765	3,065,567
Advances on capital account:	—	—	—	—	—	—	—	—	—	—	—	11,650,000
Purchase of property	11,650,000	—	—	11,650,000	—	—	—	—	—	—	—	—
Construction Contractors / Suppliers	1,649,402	—	13,572,180	1,649,402	13,572,180	—	—	—	—	—	13,572,180	1,649,402
TOTAL	637,404,638	1,046,686,982	34,068,265	29,090,879	1,689,069,006	117,627,776	1,189,616	41,088,945	1,884,781	158,021,556	1,531,047,450	519,776,862
Total (previous year)	622,820,361	—	16,021,980	1,437,703	637,404,638	79,759,230	...	38,245,635	377,089	117,627,776	519,776,862	—

Notes:

1. The licence fees is towards obtaining the software licence which is to be depreciated @ 25% per annum
2. This amount represents the cost of improvements to the premises at New Delhi taken on lease.
3. Sales/Adjustment are on account of sale of all assets at the premises at New Delhi which had been taken on lease by the Company.

THE GL HOTELS LIMITED

Schedules

forming part of the Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees	As at 31/03/2006 Rupees
SCHEDULE 'F' – INVESTMENTS (FULLY PAID UP) (AT COST)		
Trade Investment in Equity Shares:		
Unquoted:		
530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	5,300	5,300
20 of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	1,000	1,000
*1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	55,710	55,710
Trade Investment in Equity Shares in subsidiary Company:		
10,000 of Kquality Resorts & Hospitality Limited of Rs. 10 each (out of which 2,400 jointly held with third parties)	100,000	...
76,422 of Leman International Pvt Ltd of Rs. 10 each on amalgamation	1,289,000	...
Other than Trade- Mutual Funds:		
Unquoted:		
127,882.741 units of Rs. 10 each in Prudential ICICI Liquid Fund	...	1,513,160
402,340.897 units of Rs. 10 each in DSP ML Floating Rate Fund	...	4,037,426
392,051.096 units of Rs. 10 each in Deutsche Floating Rate Fund	...	4,037,338
142,383.568 units of Rs. 10 each in HDFC Cash Management Fund	...	1,513,728
402,526.728 units of Rs. 10 each in Templeton Floating Rate Income Fund	...	4,035,118
1,344,201.663 units of Rs. 10 each in Prudential ICICI Liquid Fund	15,930,668	...
750,000.000 units of Rs. 10 each in Reliance Fixed Horizon Fund II	7,500,000	...
1,500,000.000 units of Rs. 10 each in Reliance Interval Fund	15,000,000	...
TOTAL	39,881,678	15,198,780
Aggregate value of Unquoted Investments	39,881,678	15,198,780
*(Note: 190 shares are held in the name of Mr. Ravi Ghai, Managing Director and Mr. Gaurav Ghai, Joint Managing Director of the Company.)		
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets:		
(a) Inventories – At cost		
(as valued and certified by the Management):		
(i) Food and Beverages	8,822,268	4,718,821
(ii) Stores and Other Operating Supplies	5,053,729	6,848,048
	13,875,997	11,566,869
(b) Sundry Debtors (Unsecured, considered good): (Note' 6 ')		
Outstanding over six months	2,830,721	779,553
Other debts	39,004,127	8,348,852
	41,834,848	9,128,405
(c) Cash and Bank Balances:		
Cash on hand (as confirmed by the Managing Director)	2,116,889	3,121,023
Balances with Scheduled Banks in:		
Current Accounts	21,846,987	4,844,733
Deposit/Margin Money Accounts (lodged as securities with the banks)	11,427,913	5,915,879
Other Deposit Accounts	26,513,399	30,787,021
	61,905,188	44,668,656

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Schedules

forming part of the Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees	As at 31/03/2006 Rupees
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES—contd.		
Loans and Advances:		
Advances recoverable in cash or in kind or value to be received	33,761,270	13,604,104
Due from Kwaliti Resorts & Hospitality Ltd. (Subsidiary Company)	59,780	—
Due from Leman International Private Ltd. (Subsidiary Company)	8,597,563	—
Security and other Deposits	12,498,688	8,942,748
Advance Income-tax (including Tax deducted at source)	5,314,314	2,065,361
	<u>60,231,615</u>	<u>24,612,213</u>
TOTAL	<u>177,847,648</u>	<u>89,976,143</u>
 SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Note '7')	47,129,553	26,234,522
Other Liabilities	13,701,751	7,049,881
	<u>60,831,304</u>	<u>33,284,403</u>
Provisions		
Leave Encashment	1,386,745	1,129,150
Gratuity (Note '2')	2,389,570	2,301,457
	<u>3,776,315</u>	<u>3,430,607</u>
TOTAL	<u>64,607,619</u>	<u>36,715,010</u>
 SCHEDULE 'I' – PROFIT AND LOSS ACCOUNT		
Profit and Loss Account as per Account annexed	98,202,667	171,509,762
Less: Adjusted out of General Reserve (Schedule 'B')	98,202,667	4,714,460
	<u>—</u>	<u>166,795,302</u>

THE GL HOTELS LIMITED

Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2007

	Year ended 31/03/2007 Rupees	Year ended 31/03/2006 Rupees
SCHEDULE 'J' – SALES AND OTHER SERVICES		
Room Sales	191,056,550	122,729,959
Food and Beverages	287,722,750	95,469,735
Other Services	41,614,027	26,500,591
TOTAL	520,393,327	244,700,285
SCHEDULE 'K' – OTHER INCOME		
Miscellaneous receipts	452,780	1,694,378
Dividend Income	1,133,390	137,723
Interest Income		
(Tax deducted at source – Rs.484,801) (previous year Rs. 255,357)	2,263,840	1,182,457
Profit on sale of investments	28,479	20,099
Profit on sale of assets	900,000	—
Sales Tax refund	—	721,332
Unclaimed Credit Balances written off (net)	3,259,399	2,110,899
Exchange Rate Difference (net)	4,524,578	—
Foreign Exchange Commission	236,201	140,390
TOTAL	12,798,667	6,007,278
SCHEDULE 'L' – CONSUMPTION OF FOOD AND BEVERAGES		
Stock at Commencement	4,718,821	2,293,100
Purchases during the year	79,556,100	33,480,471
	84,274,921	35,773,571
Less: Stock at close	8,822,268	4,718,821
TOTAL	75,452,653	31,054,750
SCHEDULE 'M' – EMPLOYEES' REMUNERTION AND BENEFITS		
Salaries, Wages, Bonus and Gratuity (Note '8')	62,908,975	37,815,150
Company's Contribution to Provident and Other Funds	5,164,978	3,011,932
Staff Welfare Expenses	5,056,568	3,943,043
TOTAL	73,130,521	44,770,125

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Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2007

	Year ended 31/03/2007 Rupees	Year ended 31/03/2006 Rupees
SCHEDULE 'N' – OPERATING AND GENERAL EXPENSES		
Operating Expenses:		
Power, Fuel and Water	25,231,953	17,493,009
Repairs and Maintenance:		
Building	2,619,064	1,141,643
Machinery	1,349,395	674,406
Other Assets	10,352,957	5,769,072
Crockery, Linen, Uniforms and Room Supplies	11,202,147	7,010,158
Washing and Laundry Expenses	6,362,087	6,458,976
Business Operating expenses	29,729,860	9,663,242
Hall Decoration	5,683,032	—
Music and other Operating expenses	7,091,516	4,761,580
General Expenses:		
Rent	1,933,245	24,000
Rates and Taxes	5,609,811	4,220,222
Insurance	2,151,309	1,846,366
Hire Charges	4,296,012	285,626
Advertisement and Sales Promotion	11,053,043	10,513,615
Commission of Sales	15,452,241	2,874,441
Travelling and Conveyance	13,083,932	3,843,848
Vehicle Maintenance and expenses	387,935	4,706
Printing and Stationery	2,844,032	1,737,114
Postage and Telephones	5,776,195	3,727,758
Other Expenses	11,592,809	5,510,764
Payments to Auditors (Note '9')	349,367	182,500
Legal and Professional Charges	3,632,388	3,004,021
Exchange Rate Difference	—	235,187
Basic Management Fee	11,391,081	6,977,723
Donation	53,700	10,000
Lease Rental	359,085	899,372
Directors Sitting Fees	35,000	35,000
Loss on sale of Assets	624,743	115,345
Loss on sale of Investments	—	114
Prior Period expenses (Note "4")	7,170,000	—
Bad debts written off	1,213,848	—
Amortisation of Pre-commencement expenses (Note '12')	10,074,720	10,074,720
Amortisation of Amalgamation Expenses (Note '13')	828,544	—
TOTAL	209,535,051	109,094,528

Schedules

Notes to the Accounts

SCHEDULE 'O' – NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. The Company is contingently liable in respect of:
 - (a) Bank Guarantees given to the extent of Rs. 50,670,425 (previous year Rs. 25,118,636)
 - (b) Difference in rate of Luxury Tax payable of Rs. 3,874,334 for the year 2004-05
2. (a) The total present liability of the Company for gratuity (other than erstwhile employees of Mayfair Banquets Private Limited) as on 31 March 2007 as per valuation carried out by Life Insurance Corporation of India under Group Gratuity Scheme comes to Rs. 6,746,358 (previous year 5,763,764), out of which Rs. 4,822,059 has been paid to Life Insurance Corporation of India (Group Gratuity Scheme Account) upto 31 March 2007 and balance of Rs. 1,924,299 (previous year Rs. 2,301,457) is to be paid in installments in subsequent years.
 - (b) Upto 31 March 2003 the Company was depositing its gratuity liability with the Gratuity Trust formed by the Company. From 1 April 2003 the Company has opened a Group Gratuity Scheme Account with Life Insurance Corporation of India. The amount lying in gratuity trust account of Rs. 836,241 (previous year Rs. 690,747) is to be utilised in subsequent years by way of contribution towards group gratuity scheme with Life Insurance Corporation of India.
3. (a) Finance Lease:

The Company has taken on finance lease, cost of assets having an aggregate value of Rs. 6,847,867 (previous year Rs. 6,259,118) against which the future obligations aggregate to Rs. 2,945,446 (previous year Rs. 1,818,118) excluding the lease charge Rs. 639,535 (previous year Rs. 230,480) and the same are payable as under:

Period	2006-2007		2005-2006	
	Minimum Lease Payment (Rupees)	Present Value (Rupees)	Minimum Lease Payment (Rupees)	Present Value (Rupees)
Not later than 1 year	1,560,696	895,113	971,065	819,713
Later than 1 year but not later than 5 years	2,485,686	2,050,333	1,077,533	998,405

- (b) Operating Lease:

The Company has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

Period	2006-2007 Minimum Lease Payment (Rupees)	2005-2006 Minimum Lease Payment (Rupees)
Not later than 1 year	10,656,700	359,085
Later than 1 year but not later than 5 years	86,103,350	235,050
Later than 5 years	59,745,000	...

4. Rs. 7,170,000 paid as a security deposit in an earlier year against Technical Know-how fee as per Management Agreement dated 24 August 2001 to Bass Hotels & Resorts (India) Private Limited (now SC Hotels & Resorts (India) Private Limited), is being charged to Profit and Loss Account as prior period expenses.

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Notes to the Accounts — (Contd.)

5. The unsecured loans from Others includes:		
(a) Rs. 6,925,153 (previous year 166,728,852) loan from Kwaliti Frozen Foods Private Limited Company under the same management. The amount repayable as installments (principal) within one year is Rs. 1,211,882.		
(b) Rs.14,391,891 (previous year Rs. 14,391,891) interest free loan from SC Hotels & Resorts India Private Limited. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.		
(c) Rs. 12,129,299 (previous Rs. 12,129,299) interest free loan from InterContinental Hotels Corporation, U.S.A. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.		
(d) Rs. 1,184,982 loan from Ambition Trading Private Limited a company under the same management. The amount repayable as installments (principal) within one year is Rs. 424,000.		
6. Particulars of "Sundry Debtors" for debts due from companies under the same management are as follows:		
	2006-2007	2005-2006
	Rupees	Rupees
Kwaliti Frozen Foods Private Limited	20,031,209	3,084,203
Maharashtra Dairy Products Manufacturing Company Private Limited	—	10,181
Rich Kwaliti Products Private Limited	409,558	745,847
Mahaniya Investments Private Limited	231,992	248,361
Baskin Robbins Franchise Company Private Limited	—	206,693
	20,672,759	4,295,285
7. Amounts if any due to small scale Industrial undertakings could not be disclosed as such parties could not be identified from the records of the Company.		
8. Remuneration paid to the Managing Director		
Salary	1,640,000	960,000
Contribution to provident and superannuation funds	182,400	115,200
Other Perquisites	—	212,682
	1,822,400	1,287,882
9. Remuneration Payable to Auditors:		
Audit Fee	255,000	140,000
Certification Charges	94,367	42,500
	349,367	182,500
10. Earning per Share:		
Weighted average number of equity shares	7,016,379	7,016,379
Weighted average number of equity shares including share capital suspense	12,878,550	—
Net profit/ (loss) after taxation	73,307,095	(18,564,816)
Earning per share-Basic & diluted (in Rs.)	10.45	(2.65)
Earning per share-Basic & diluted including share capital suspense (in Rs.)	5.69	—
Nominal value per equity share (in Rs.)	10	10
11. The deferred tax asset/(liability) as on 31 March 2007 is as follows:		
Deferred tax asset due to:		
(a) Unabsorbed depreciation and carried forward business loss under the Income-tax Act, 1961	77,077,982	100,510,782
(b) Items covered under section 43B of Income-tax Act, 1961	2,041,948	223,194
Deferred tax liability due to:		
Depreciation	(42,223,196)	(40,215,447)
Net deferred tax assets	36,896,734	60,518,529

Notes to the Accounts — (Contd.)

12. The pre-commencement expenses incurred during the period from January 1999 to April 2003 are being written off over a period of five years.
13. Amalgamation expenses amounting to Rs. 4,142,720 are to be written off over a period of five years. Accordingly Rs. 828,544 has been written off during the year and the balance of Rs. 3,314,176 carried forward.
14. Scheme of Arrangement between Mayfair Banquets Private Limited and the Company:
The Hon'ble Bombay High Court has sanctioned a Scheme of Arrangement for Amalgamation of Mayfair Banquets Private Limited (MBPL) with the Company under Section 391 to 394 of the Companies Act, 1956 ('the Scheme'). Upon necessary filing with the respective Registrars of Companies in Mumbai and Pune, the Scheme has become effective on 21 July 2007. Consequently, in terms of the Scheme:
- (a) Entire business of MBPL including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from April 1, 2006 being the Appointed Date.
 - (b) MBPL was primarily engaged in the business of banqueting.
 - (c) 5,862,171 ordinary shares of Rs. 10 each of the Company are to be issued to the Shareholders of MBPL in ratio of 53 fully paid up equity shares of the Company for each fully paid up equity share of Rs. 100 each held in MBPL on Effective Date. Pending allotment, an amount of Rs. 58,621,710 representing the face value of the shares to be issued, has been included in the Share Capital Suspense Account as at 31 March 2007 (Schedule A-1)
 - (d) The Amalgamation in the nature of merger has been accounted for under the 'purchase method' as prescribed by Accounting Standard 14—"Accounting for Amalgamations", issued by the Institute of Chartered Accountants of India. As provided in the Scheme and in terms of the Court Order:
 - (i) Rs 90,148,110 being the excess of amount of the fair value (as determined by the management) of the net assets of of MBPL over the consideration has been credited to the General Reserve Account of the Company as Adjustment on Amalgamation.
 - (ii) The Company has revalued its land at Mumbai to Rs. 1,026,648,000 during the year and this amount being the revaluation amount has been credited to General Reserve Account of the Company on Amalgamation.
- These Accounting treatments to the General Reserve Account of the Company have been prescribed in the Scheme. Had the Scheme not prescribed these treatments, the amount of Rs. 90,148,110 would have been credited to Capital Reserve Account and Rs. 1,026,648,000 would have been credited to Revaluation Reserve Account of the Company.
- (e) Pursuant to the Scheme the inter-corporate deposits/loans and advances outstanding between MBPL and the Company have been cancelled and there shall be no further obligation/outstanding in this behalf.
15. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

A. List of Related Parties (relied on the details provided by the management):

(i) Shareholders/Directors

Mr. Ravi Ghai, Mrs Krishana Ghai, Maharani Prithvibir Kaur, Mr. Gaurav Ghai, *Mr. RKP Shankardass, Mr. Sunil Pardal (*no transactions during the year)

(ii) Other related parties where the common control exists

Kwality Frozen Foods Private Limited, Rich Kwality Products Private Limited, Baskin Robbins Franchise Private Limited, Leman International Private Limited, Mahaniya Investments Private Limited, Kwality Resorts and Hospitality Limited.

*Idar Hotels Private Limited., *Gaylord Private Limited, *Oregaon Realtys Private Limited, *Perfect Livestock Private Limited., *Satinetta Finelease and Investments Private Limited, *Baskin Robbins India Private Limited, *Kwality Walls Fanatasy Limited (*no transactions during the year)

(iii) Managing Director

Mr. Ravi Ghai

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Notes to the Accounts — (Contd.)

B. Transactions with Related Parties:

	Rupees	2006-2007 Rupees	2005-2006 Rupees
(i) Sale			
Other related parties where the common control exists		75,589,707	2,711,294
(ii) Expenditure and other services fees paid			
Shareholders/Directors/Managing Director	1,906,903		
Other related parties where the common control exists	<u>3,932,129</u>	5,839,032	4,334,115
(iii) Income and other services fees received			
Other related parties where the common control exists		—	14,113,738
(iv) Managerial Remuneration			
Managing Director		1,822,400	1,287,882
(v) Loans obtained			
Other related parties where the common control exists		—	...
(vi) Debtors			
Other related parties where the common control exists		20,379,800	4,615,041
(vii) Loans outstanding			
Other related parties where the common control exists		6,925,153	166,728,852
(viii) Outstanding payables			
Other related parties where the common control exists		155,086	925,831

16. As the turnover of the Company includes sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumed. However the Company is making the following disclosures:

	2006-2007 Rupees	2005-2006 Rupees
(a) Income from Sales & Other Services includes:		
(i) Room Sales	191,056,550	122,729,959
(ii) Income from sale of Wine, Beer and Spirits	70,094,316	43,631,290
(iii) Income from sale of Food & Beverages excluding Wine & Liquor	217,628,434	51,838,445
(iv) Income from Telephone and Telex	3,851,231	2,443,382
(v) Income from other services	<u>37,762,796</u>	<u>24,057,209</u>
	<u>520,393,327</u>	<u>244,700,285</u>
(b) Food and Beverages (excluding wine and liquor) and tobacco consumed		
(i) Opening Stock	2,230,393	1,116,673
(ii) Purchase	66,044,029	22,605,571
(iii) Less: Closing Stock	<u>3,567,946</u>	<u>2,230,393</u>
Consumption	<u>64,706,476</u>	<u>21,491,851</u>
(c) Wine and Liquor consumed		
(i) Opening Stock	2,488,428	1,176,427
(ii) Purchase	13,512,072	10,874,900
(iii) Less: Closing Stock	<u>5,254,322</u>	<u>2,488,428</u>
Consumption	<u>10,746,177</u>	<u>9,562,899</u>

THE GL HOTELS LIMITED

Notes to the Accounts — (Contd.)

17. Value of raw materials and stores consumed:

	2006-2007		2005-2006	
	Percentage of Total Consumption (Rupees)	Amount (Rupees)	Percentage of Total Consumption (Rupees)	Amount (Rupees)
Raw Materials:				
Imported	2.97	2,244,151	0.68	211,979
Indigenous	97.03	73,208,502	99.32	30,842,771
Stores:				
Imported	3.27	68,526	21.02	346,122
Indigenous	96.73	2,024,982	78.98	1,300,052

18. Value of imports (CIF value):

	2006-2007	2005-2006
	Rupees	Rupees
(a) Stores, Supplies and Spare Parts for Machinery	68,526	346,122
(b) Capital Goods	345,903	1,703,566
(c) Raw Material	2,244,151	1,445,775

19. Earnings in Foreign Exchange:

(a) Sale of Rooms/F & B Income	180,421,273	113,316,608
(b) Encashment of Foreign Exchange	9,448,048	10,864,691

20. Expenditure in Foreign Currencies:

(a) Fees and Subscriptions	—	71,318
(b) Travelling - Directors	980,500	708,000
(c) Travelling - Others	1,386,483	858,023
(d) Agency Commission	92,173	122,843
(e) Advertisement	116,564	2,057,682
(f) Basic Management Fees	12,824,548	8,999,535
(g) Others	389,237	2,104,495

21. In view of the aforesaid amalgamation with effect from 1st April 2006, the figures for the current year are not comparable to those of the previous year.

22. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.

23. Significant Accounting Policies:

- (a) The financial statements have been prepared under the historical cost convention on an accrual basis.
- (b) Revenue has been recognized on accrual basis. Sales comprise of sale of goods and services and are net of Sales Tax.
- (c) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.

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Notes to the Accounts — (Contd.)

-
- (d) Depreciation has been charged in the accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except Licence Fee is depreciated at the rate of 25%.
- (e) Investments are stated at cost of acquisition.
- (f) Stocks and Stores are valued at cost. (Cost being the purchase price and other related expenses to bring the materials into present location and condition).
- (g) The retirement benefits of the employees are provided for by way of payment to Provident Fund and Group Gratuity Scheme. The Company's contribution in respect of Provident Fund and Group Gratuity Scheme is charged against revenue.
- (h) Leases:
- (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.
- (ii) Operating lease expense is recognised in the Profit and Loss Account on a straight line basis over the lease term.
- (i) Taxation:
Provision for income tax comprises current tax and fringe benefit tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
- (j) Transactions in foreign exchange are accounted for at exchange rates prevailing on the date of transaction or on the date of remittance/realisation of the amount during the year. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing at the year end.
- (k) Borrowing costs:
Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Signature to Schedules 'A' to 'O'

For S. P. CHOPRA & CO.
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

RAMAN MEHRA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

THE GL HOTELS LIMITED

Cash Flow Statement for the Year Ended 31 March 2007

	Rupees	As at 31/03/2006 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	100,526,446	(5,362,919)
Adjusted for		
Depreciation	41,088,945	38,245,635
Pre-commencement expenses written off	10,074,720	10,074,720
Amalgamation expenses written off	828,544	—
Interest paid	33,458,378	32,905,444
Interest received	(2,263,840)	(1,182,457)
Dividend received	(1,133,390)	(137,723)
Profit on sale of investments	(28,479)	(20,099)
Loss on sale of fixed assets	624,743	115,345
	82,649,621	80,000,979
Operating profit before working capital changes	183,176,067	74,638,060
Adjustment for:		
(Increase)/Decrease in Sundry Debtors	(32,706,443)	6,586,745
(Increase)/Decrease in Inventories	(2,309,128)	1,637,847
(Increase)/Decrease in Loans and Advances	(35,619,402)	(7,522,642)
Increase/(Decrease) in Current Liabilities	27,883,128	(2,519,163)
	(42,751,845)	(1,817,213)
Cash generated from operations	140,424,222	72,820,847
Interest paid	(33,448,896)	(32,905,444)
Direct Taxes paid...(net of refund)	(3,597,556)	(1,632,276)
NET CASH FROM OPERATING ACTIVITIES	103,377,770	38,283,127
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed asstes	(50,596,589)	(16,021,980)
Amalgamation expenses	(4,142,720)	—
Advance on capital account adjusted	1,649,402	914,269
Sale of fixed assets	22,610,910	31,000
Purchase of Investments	(39,819,668)	(15,136,770)
Sale of Investments	15,165,249	39,554
Dividend received	1,133,390	137,723
Interest received	2,263,840	1,182,457
NET CASH USED IN INVESTMENT ACTIVITIES	(51,736,186)	(28,853,747)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Suspense Account	58,621,710	—
Net adjustment due to Amalgamation	90,148,110	—
Net proceeds from long term borrowings	(183,174,872)	(48,886,656)
NET CASH USED IN FINANCING ACTIVITIES	(34,405,052)	(48,886,656)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	17,236,532	(39,457,277)
Cash and cash equivalents – Opening balance	44,668,656	84,125,932
Cash and cash equivalents – Closing balance	61,905,188	44,668,656

Notes: (1) Figures in brackets are outflows/deductions.

(2) Previous year's figures have been regrouped where necessary.

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

RAMAN MEHRA
Chief Executive Officer

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

(1) Registration Details

Registration No: L55101PN1959PLC012763
 Balance Sheet Date: 31 03 2007
 Date Month Year

State Code: 11
 (Refer Code List)

(2) Capital Raised during the year (amount in Rs. thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

(3) Position of Mobilisation and Deployment of Funds (amount in Rs. thousands)

SOURCES FUND	Total Liabilities	State Capital Expenditure	Total Assets
	1734455	58622	1734455
	Paid-up Capital		Reserves and Surplus
	70164		1182028
	Secured Loans		Unsecured Loans
	384221		39420
APPLICATION OF FUNDS	Net Fixed Assets		Fixed Capital Expenditure
	1531047		NIL
	Investments		Net Current Assets
	39882		113240
	Deferred Tax Assets (Net)		Misllaneous Expenditure
	36897		13389
	Accumulated Losses		
	Nil		

(4) Performance of Company (amount in Rs. thousands)

Turnover	533192	Total Expenditure	432666
(Please tick appropriate box + for Profit, - for Loss)		+/- Profit/Loss ater deferred tax credit	
+/- Profit/Loss before tax	+ 100526	+ 73307	
Earning per share (Rs.)		Dividend Rate %	
Basic	+ 10.45	Nil	
Diluted	+ 5.69		

(5) Generic of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code): NA
 Product Description: HOSPITALITY INDUSTRY

GAURAV GHAI
 Joint Managing Director

M. V. DOSHI
 Director

RAMAN MEHRA
 Chief Executive Officer

AMIT JAIN
 Chief Financial Officer

KISHOR BAXI
 Company Secretary

Mumbai, dated: 31st July, 2007

THE GL HOTELS LIMITED

Auditors' Report on the Consolidated Financial Statements of The GL Hotels Limited To the Board of Directors,

1. We have audited the attached Consolidated Balance Sheet of The GL Hotels Limited and its Subsidiary companies, (the Group) as at 31 March 2007, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 misstatements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2007
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, the cash flows for the year ended on that date.

For **S.P. CHOPRA & CO.**
Chartered Accountants

Y. K. SHANKARDASS
Partner
Membership No.F-5106

Place: Mumbai
Dated: 31 July 2007

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Consolidated Balance Sheet

as at 31st March, 2007

	Schedule	As at 31/03/2007 Rupees
SOURCES OF FUNDS		
Shareholders' Funds:		
Share Capital	A	70,163,790
Share Capital Suspense	A-1	58,621,710
Reserves and Surplus	B	1,149,830,679
		<u>1,278,616,179</u>
Loan Funds:		
Secured Loans	C	384,221,153
Unsecured Loans	D	76,578,742
		<u>460,799,895</u>
TOTAL		<u><u>1,739,416,074</u></u>
APPLICATION OF FUNDS		
Fixed Assets:		
Gross Block	E	1,709,913,342
Less: Depreciation		163,928,786
Net Block		<u>1,545,984,556</u>
Investments		
Deferred Tax Assets (Net) (Note '12')	F	38,492,678
		39,070,132
Current Assets Loans and Advances:		
Inventories	G	14,108,810
Sundry Debtors		42,992,010
Cash and Bank Balances		62,640,951
Loans and Advances		53,491,356
		<u>173,233,127</u>
Less: Current Liabilities and Provisions:		
Current Liabilities	H	66,977,419
Provisions		3,776,315
		<u>70,753,734</u>
Net Current Assets		<u>102,479,393</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Pre-commencement expenses (Note '13')		10,075,139
Amalgamation Expenses (Note '14 ')		3,314,176
Profit and Loss Account	I	
TOTAL		<u><u>1,739,416,074</u></u>
NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES	O	

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

THE GL HOTELS LIMITED

Consolidated Profit and Loss Account for the year ended 31st March, 2007

	Schedule	Year ended 31/03/2007 Rupees
INCOME		
Sales and Other Services	J	549,069,386
Other Income	K	13,418,811
TOTAL		<u>562,488,197</u>
 EXPENDITURE		
Consumption of Food and Beverages	L	81,142,434
Employees' Remuneration and Benefits	M	78,884,698
Operating and General Expenses	N	223,932,299
Interest		38,021,527
Depreciation		43,036,821
TOTAL		<u>465,017,779</u>
 PROFIT/(LOSS)		
Profit /(Loss) before Taxation		97,470,418
Provision for Taxation:		
Current Tax		(1,500,000)
Deferred Tax Credit/(Debit) (Net)		(29,241,031)
Fringe Benefit Tax		(1,640,000)
Profit /(Loss) after Taxation		<u>65,089,387</u>
Balance brought forward		<u>(194,965,801)</u>
Balance carried to Balance Sheet (Schedule 'I')		<u>(129,876,414)</u>
 Basic and Diluted Earning per Share (Note ' 11')		 9.28
 NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES	 O	

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

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Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees
SCHEDULE 'A' – SHARE CAPITAL	
Authorised:	
30,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company	3,000,000
24,700,000 Equity shares	247,000,000
	<u>250,000,000</u>
Note:	
The Authorised Equity Share Capital of the Company was increased from Rs. 117,000,000 (11,700,000 shares of Rs. 10 each) to Rs. 247,000,000 consisting of 24,700,000 equity shares of Rs. 10 each in the Extra Ordinary General Meeting of the shareholders held on 4 June 2007.	
Issued, Subscribed and Paid-up:	
6,003,713 Equity shares of Rs. 10 each for cash	60,037,130
108,000 Equity shares of Rs. 10 each issued to Industrial Finance Corporation of India for the option exercised as per conversion clause in the loan agreement	1,080,000
776,333 Equity shares of Rs. 10 each as Bonus Shares from Capital Redemption and General Reserves Account	7,763,330
128,333 Equity shares of Rs. 10 each issued as a result of Amalgamation of Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash	1,283,330
	<u>70,163,790</u>
SCHEDULE 'A -1' – SHARE CAPITAL SUSPENSE	
5,862,171 Shares of Rs. 10 each fully paid up to be issued to the erstwhile shareholders of Mayfair Banquets Private Limited in pursuance of Scheme of Arrangement as approved by Hon High Court, Mumbai (Note "15c ")	58,621,710
	<u>58,621,710</u>
SCHEDULE 'B' – RESERVES AND SURPLUS	
Capital Reserves:	
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad	778,000
Share Premium Account:	
Balance brought forward	157,942,503
General Reserve:	
Balance brought forward	4,714,460
Add: Reserve arising on revaluation of Land of the Company (Note "15d(ii)")	1,026,648,000
Add: Adjustments on Amalgamation (Note "15d(i)")	90,148,110
	<u>1,121,510,570</u>
Less: Goodwill on Consolidation adjusted (Note "1(a)(iii))	(523,980)
Less: Adjusted against debit balance in Profit and Loss Account (Schedule 'I')	(129,876,414)
	<u>991,110,176</u>
	<u>1,149,830,679</u>

THE GL HOTELS LIMITED

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees
SCHEDULE 'C' – SECURED LOANS	
From Bank:	
From Vijaya Bank:	
(Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director).	
(a) Term Loan	141,879,782
(b) Foreign Currency Loan VFRL (US Dollars 3,354,373)	145,582,843
(c) Interest accrued and due	1,339,571
From UTI Bank:	
(a) Term Loan -1	
(Secured by First Charge over the company's assets and movable fixed assets, both present and future, Personal Guarantees by Mr Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited)	
	2,712,518
(b) Term Loan -2	
(Secured by First Charge over the company's assets and movable fixed assets which were sold prior to 31 March 2007, Personal Guarantees by Mr. Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited)	
	5,656,483
From Others:	
SC Hotels & Resorts India Pvt Ltd.	
(Secured by second charge over the properties of Kwality Frozen Foods Private Limited, the Company under the same management and a personal guarantee of the Managing Director)	
(a) Ordinary Loan	17,492,000
(b) Preferred Loan	65,595,000
(c) Interest accrued and due	1,017,510
From others- Banks and Financial Institutions:	
Deferred Payment Liabilities (Note '4a')	
(secured by hypothecation of Vehicles)	
	2,945,446
	384,221,153
SCHEDULE 'D' – UNSECURED LOANS	
Fixed Deposits:	
Public	3,956,000
Directors	670,000
	4,626,000
Interest accrued and due	162,414
	4,788,414
Other Loans and Advances (Note '6 ')	
From Shareholders	15,662,553
From Others	56,127,775
	76,578,742

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Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2007

SCHEDULE 'E' – FIXED ASSETS

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK
	As at 01-04-2006	On Amalgamation	Additions	Sales/ Adjustments (Note "3" below)	As at 31-03-2007	Upto 31-03-2006	On Amalgamation	For the Year	Adjustments	Upto 31-03-2007	As at 31-03-2007
Licence Fees (Note "1" below)	—	—	531,885	—	531,885	—	—	132,971	—	132,971	398,914
Leasehold Lands (Note "15d(ii) in Schedule 'O')	585,000	1,026,648,000	—	—	1,027,233,000	—	—	—	—	—	1,027,233,000
Buildings	315,376,699	—	5,590,300	—	320,966,999	31,061,229	—	10,617,280	—	41,678,509	279,288,490
Premises (Note "2" below)	7,110,762	2,905,036	330,026	2,905,036	7,440,788	1,598,110	640,903	640,903	129,194	2,174,150	5,266,638
Plant and Machinery	59,434,054	8,296,274	1,705,308	5,743,802	63,691,834	17,525,477	377,640	6,337,931	481,361	23,759,687	39,932,147
Furniture, Fittings and Electrical Installations	187,608,829	6,185,941	1,471,797	4,599,053	190,667,514	51,881,870	411,677	18,770,547	547,613	70,516,481	120,151,033
Hotel and Office Equipment	49,712,401	174,157	698,402	59,455	50,525,505	10,773,670	20,374	2,621,642	3,141	13,412,545	37,112,960
Information Technology	14,883,816	1,983,080	933,141	753,531	17,046,506	7,061,182	238,941	2,776,199	162,640	9,913,682	7,132,824
Vehicles	4,751,159	494,494	10,577,473	1,730,600	14,092,526	1,685,592	76,653	1,139,348	560,832	2,340,761	11,751,765
Advances on capital account:											
Purchase of property	11,650,000	—	—	11,650,000	—	—	—	—	—	—	—
Construction Contractors / Suppliers	1,649,402	—	17,716,785	1,649,402	17,716,785	—	—	—	—	—	17,716,785
TOTAL	652,762,122	1,046,686,982	39,555,117	29,090,879	1,709,913,342	121,587,130	1,189,616	43,036,821	1,884,781	163,928,786	1,545,984,556

Notes:

1. The licence fees is towards obtaining the software licence which is to be depreciated @ 25% per annum
2. This amount represents the cost of improvements to the premises at New Delhi taken on lease.
3. Sales/Adjustment are on account of sale of all assets at the premises at New Delhi which had been taken on lease by the Company.

THE GL HOTELS LIMITED

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees
SCHEDULE 'F' – INVESTMENTS (FULLY PAID UP) (AT COST)	
Trade Investment in Equity Shares:	
Unquoted:	
530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	5,300
20 of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	1,000
*1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	55,710
Other than Trade—Mutual Funds:	
Unquoted:	
127,882.741 units of Rs. 10 each in Prudential ICICI Liquid Fund	...
402,340.897 units of Rs. 10 each in DSP ML Floating Rate Fund	...
392,051.096 units of Rs. 10 each in Deutsche Floating Rate Fund	...
142,383.568 units of Rs. 10 each in HDFC Cash Management Fund	...
402,526.728 units of Rs. 10 each in Templeton Floating Rate Income Fund	...
1,344,201.663 units of Rs. 10 each in Prudential ICICI Liquid Fund	15,930,668
750,000.000 units of Rs. 10 each in Reliance Fixed Horizon Fund II	7,500,000
1,500,000.000 units of Rs. 10 each in Reliance Interval Fund	15,000,000
	38,492,678
Aggregate value of Unquoted Investments	38,492,678
*(Note: 190 shares are held in the name of Mr. Ravi Ghai, Managing Director and Mr. Gaurav Ghai, Joint Managing Director of the Company.)	
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES	
Current Assets:	
(a) Inventories - At cost	
(as valued and certified by the Management):	
(i) Food and Beverages	9,055,081
(ii) Stores and Other Operating Supplies	5,053,729
	14,108,810
(b) Sundry Debtors (Unsecured, considered good): (Note' 7 ')	
Outstanding over six months	3,276,457
Other debts	39,715,553
	42,992,010
(c) Cash and Bank Balances:	
Cash on hand (as confirmed by the Managing Director)	2,203,081
Balances with Scheduled Banks in:	
Current Accounts	22,496,558
Deposit/Margin Money Accounts (lodged as securities with the banks)	11,427,913
Other Deposit Accounts	26,513,399
	62,640,951
Loans and Advances:	
Advances recoverable in cash or in kind or value to be received	31,306,707
Security and other Deposits	16,478,638
Advance Tax and Tax deducted at source (Net of Provisions)	5,706,011
	53,491,356
TOTAL	173,233,127

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Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2007

	As at 31/03/2007 Rupees
SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities	
Sundry Creditors (Note '8')	52,271,592
Other Liabilities	14,705,827
	<u>66,977,419</u>
Provisions	
Leave Encashment	1,386,745
Gratuity (Note '3')	2,389,570
	<u>3,776,315</u>
TOTAL	<u><u>70,753,734</u></u>
 SCHEDULE 'I' – PROFIT AND LOSS ACCOUNT	
Profit and Loss Account as per Account annexed	129,876,414
Less: Adjusted out of General Reserve (Schedule 'B')	129,876,414
	<u><u>—</u></u>

THE GL HOTELS LIMITED

Schedules

forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2007

	Year ended 31/03/2007 Rupees
SCHEDULE 'J' – SALES AND OTHER SERVICES	
Room Sales	191,056,550
Food and Beverages	316,398,809
Other Services	41,614,028
	<u>549,069,387</u>
SCHEDULE 'K' – OTHER INCOME	
Miscellaneous receipts	471,100
Dividend Income	1,133,390
Interes Income (Tax deducted at source - Rs.484,801)	2,263,840
Profit on sale of investments	28,479
Profit on sale of assets/scrap	900,000
Unclaimed Credit Balances written off (net)	3,861,223
Exchange Rate Difference (net)	4,524,578
Foreign Exchange Commission	236,201
	<u>13,418,811</u>
SCHEDULE 'L' – CONSUMPTION OF FOOD AND BEVERAGES	
Stock at Commencement	5,308,748
Purchases during the year	84,888,767
	<u>90,197,515</u>
Less: Stock at close	9,055,081
	<u>81,142,434</u>
SCHEDULE 'M' – EMPLOYEES' REMUNERATION AND BENEFITS	
Salaries, Wages, Bonus and Gratuity (Note ' 9 ')	68,170,708
Company's Contribution to Provident and Other Funds	5,573,378
Staff Welfare Expenses	5,140,612
	<u>78,884,698</u>

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Schedules

forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2007

	Year ended 31/03/2007 Rupees
SCHEDULE 'N' – OPERATING AND GENERAL EXPENSES	
Operating Expenses:	
Power, Fuel and Water	26,467,373
Repairs and Maintenance:	
Building	3,164,655
Machinery	1,388,077
Other Assets	11,043,803
Crockery, Linen, Uniforms and Room Supplies	11,419,926
Washing and Laundry Expenses	6,629,732
Business Operating expenses	33,324,069
Hall Decoration	5,683,032
Music and other Operating expenses	7,091,516
General Expenses:	
Rent	2,229,245
Rates and Taxes	7,452,409
Insurance	2,250,475
Hire Charges	5,629,886
Advertisement and Sales Promotion	11,302,888
Commission of Sales	15,470,053
Traveling and Conveyance	13,959,370
Vehicle Maintenance and expenses	387,935
Printing and Stationery	2,892,722
Postage and Telephones	6,192,223
Other Expenses	12,742,911
Payments to Auditors (Note '10')	402,690
Legal and Professional Charges	4,145,778
Basic Management Fee	11,391,081
Donation	53,700
Lease Rental	359,085
Directors Sitting Fees	35,000
Loss on sale of Assets	624,743
Prior Period expenses (Note "5")	7,170,000
Bad debts written off	2,124,250
Amortisation of Pre-commencement expenses (Note ' 13')	10,075,128
Amortisation of Amalgamation Expenses (Note ' 14 ')	828,544
	<u>223,932,299</u>

THE GL HOTELS LIMITED

Schedules

Notes to the Accounts

SCHEDULE 'O' – NOTES TO THE ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Consolidation:

- (a) The Consolidated Financial Statements relate to The GL Hotels Limited (the Company) and its Subsidiary Companies as at 31 March 2007. The Consolidated Financial Statements have been prepared on the following basis:
- (i) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements; issued by the Institute of Chartered Accountants of India.
 - (ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as that of the Company, i.e. 31 March 2007.
 - (iii) The excess of cost to the Company of its investment in the subsidiary companies over the Company's portion of equity is recognised in the financial statements as Goodwill adjusted against General Reserve as prescribed by Accounting Standard '21'.
 - (iv) All the Subsidiary Companies are fully owned subsidiary companies of The GL Hotels Limited.
- (b) The list of Subsidiary Companies which are included in the consolidation with their respective country of incorporation are as given below:

Name of Company	Country of Incorporation	Holding %
Leman International Private Limited	India	100
Kwality Resort and Hospitality Limited	India	100

2. The Company (including Subsidiaries) is contingently liable in respect of:
- (a) Bank Guarantees given to the extent of Rs. 50,670,425
 - (b) Difference in rate of Luxury Tax payable of Rs. 3,874,334 for the year 2004-05
 - (c) Estimated amount of Rs 45,250,000 approximately for contracts remaining to be executed on capital account not provided for.
3. (a) The total present liability of the Parent Company for gratuity (other than erstwhile employees of Mayfair Banquets Private Limited) as on 31 March 2007 as per valuation carried out by Life Insurance Corporation of India under Group Gratuity Scheme comes to Rs. 6,746,358 out of which Rs. 4,822,059 has been paid to Life Insurance Corporation of India (Group Gratuity Scheme Account) upto 31 March 2007 and balance of Rs. 1,924,299 is to be paid in installments in subsequent years.
- (b) Upto 31 March 2003 the Parent Company was depositing its gratuity liability with the Gratuity Trust formed by the Company. From 1 April 2003 the Company has opened a Group Gratuity Scheme Account with Life Insurance Corporation of India. The amount lying in gratuity trust account of Rs. 836,241 is to be utilised in subsequent years by way of contribution towards group gratuity scheme with Life Insurance Corporation of India.
4. (a) Finance Lease:
The Parent Company has taken on finance lease, cost of assets having an aggregate value of Rs. 6,847,867 against which the future obligations aggregate to Rs. 2,945,446 excluding the lease charge Rs. 639,535 and the same are payable as under:

Period	Minimum Lease Payment (Rupees)	Present Value (Rupees)
Not later than 1 year	1,560,696	895,113
Later than 1 year but not later than 5 years	2,485,686	2,050,333

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Notes to the Accounts — (Contd.)

(b) Operating Lease:

The Group has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

Period	Minimum Lease Payment (Rupees)
Not later than 1 year	11,616,700
Later than 1 year but not later than 5 years	88,983,350
Later than 5 years	59,745,000

5. Rs. 7,170,000 paid as a security deposit in an earlier year against Technical Know-how fee as per Management Agreement dated 24 August 2001 to Bass Hotels & Resorts (India) Private Limited (now SC Hotels & Resorts (India) Private Limited), is being charged to Profit and Loss Account as prior period expenses.

6. The unsecured loans from Others includes:

In case of Parent Company:

(a) Rs. 6,925,153 loan from Kquality Frozen Foods Private Limited company under the same management. The amount repayable as installments (principal) within one year is Rs. 1,211,882.

(b) Rs.14,391,891 interest free loan from SC Hotels & Resorts India Private Limited. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.

(c) Rs. 12,129,299 interest free loan from InterContinental Hotels Corporation, U.S.A. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.

(d) Rs. 1,184,982 loan from Ambition Trading Private Limited a company under the same management. The amount repayable as installments (principal) within one year is Rs. 424,000.

In case of Subsidiary Companies:

(a) Rs. 21,393,050 loan from Kquality Frozen Foods Private Limited company under the same management. The amount repayable as installments (principal) within one year is Rs. 378,055

(b) Rs. 100,000 loan from a Director. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.

7. Particulars of "Sundry Debtors" for debts due from companies under the same management are as follows:

	Rupees
Kquality Frozen Foods Private Limited	20,031,209
Rich Kquality Products Private Limited	409,558
Mahaniya Investments Private Limited	231,992
	20,672,759

8. Amounts if any due to small scale Industrial undertakings could not be disclosed as such parties could not be identified from the records of the Company.

9. Remuneration paid to the Managing Director

	Rupees
Salary	1,640,000
Contribution to provident and superannuation funds	182,400
	1,822,400

THE GL HOTELS LIMITED

Notes to the Accounts — (Contd.)

	Rupees
10. Remuneration Payable to Auditors:	
Audit Fee	292,500
Tax Audit Fee	10,000
Certification Charges and other charges	100,190
	402,690
11. Earning per Share:	
Weighted average number of equity shares	7,016,379
Weighted average number of equity shares including share capital suspense	12,878,550
Net profit/ (loss) after taxation	65,089,387
Earning per share-Basic & diluted (in Rs.)	9.28
Earning per share-Basic & diluted including share capital suspense (in Rs.)	5.05
Nominal value per equity share (in Rs.)	10
12. The deferred tax asset/(liability) as on 31 March 2007 is as follows:	
Deferred tax asset due to	
(a) Unabsorbed depreciation and carried forward business loss under the Income-tax Act, 1961	79,251,380
(b) Items covered under section 43B of Income-tax Act, 1961	2,041,948
Deferred tax liability due to	
Depreciation	(42,223,196)
Net deferred tax assets	39,070,132
13. The pre-commencement expenses incurred during the period from January 1999 to April 2003 are being written off over a period of five years.	
14. Amalgamation expenses amounting to Rs. 4,142,720 are to be written off over a period of five years. Accordingly Rs. 828,544 has been written off during the year and the balance Rs. 3,314,176 carried forward.	
15. Scheme of Arrangement between Mayfair Banquets Private Limited and the Company	
The Hon'ble Bombay High Court has sanctioned a Scheme of Arrangement for Amalgamation of Mayfair Banquets Private Limited (MBPL) with the Company under Section 391 to 394 of the Companies Act, 1956 ('the Scheme'). Upon necessary filing with the respective Registrars of Companies in Mumbai and Pune, the Scheme has become effective on 21 July 2007. Consequently, in terms of the Scheme:	
(a) Entire business of MBPL including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from April 1, 2006 being the Appointed Date.	
(b) MBPL was primarily engaged in the business of banqueting.	
(c) 5,862,171 ordinary shares of Rs. 10 each of the Company are to be issued to the Shareholders of MBPL in ratio of 53 fully paid up equity shares of the Company for each fully paid up equity share of Rs. 100 each held in MBPL on Effective Date. Pending allotment, an amount of Rs. 5,86,21,710 representing the face value of the shares to be issued, has been included in the Share Capital Suspense Account as at 31 March 2007 (Schedule A-1)	
(d) The Amalgamation in the nature of merger has been accounted for under the 'purchase method' as prescribed by Accounting Standard 14- "Accounting for Amalgamations", issued by the Institute of Chartered Accountants of India. As provided in the Scheme and in terms of the Court Order:	
(i) Rs 90,148,110 being the excess amount of fair value (as determined by the management) of the net assets of MBPL over the consideration has been credited to the General Reserve Account of the Company as Adjustment on Amalgamation.	
(ii) The Company has revalued its land at Mumbai to Rs. 1,026,648,000 during the year and this amount being the revaluation amount has been credited to General Reserve Account of the Company on Amalgamation.	

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Notes to the Accounts — (Contd.)

These Accounting treatments to the General Reserve Account of the Company have been prescribed in the Scheme. Had the Scheme not prescribed these treatments, the amount of Rs. 90,148,110 would have been credited to Capital Reserve Account and Rs. 1,026,648,000 would have been credited to Revaluation Reserve Account of the Company.

- (e) Pursuant to the Scheme the inter-corporate deposits/loans and advances outstanding between MBPL and the Company have been cancelled and there shall be no further obligation/outstanding in this behalf.

16. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

A. List of Related Parties (relied on the details provided by the management)

(i) Shareholders/Directors

Mr. Ravi Ghai, Mrs Krishana Ghai, Maharani Prithvibir Kaur, Mr. Gaurav Ghai, *Mr. RKP Shankardass, Mr. Sunil Pardal (*no transactions during the year)

(ii) Other related parties where the common control exists

Kwality Frozen Foods Private Limited, Rich Kwality Products Private Limited, Baskin Robbins Franchise Private Limited, Leman International Private Limited Mahaniya Investments Private Limited, Kwality Resorts & Hospitality Limited

*Idar Hotels Private Limited, *Gaylord Private Limited, *Oregon Realtys Private Limited, *Perfect Livestock Private Limited, *Satinetta Finelease & Investments Private Limited, *Baskin Robbins India Private Limited, *Kwality Walls Fanatasy Limited (*no transactions during the year)

(iii) Managing Director

Mr Ravi Ghai

B. Transactions with Related Parties:

	Rupees	Rupees
(i) Sale		
Other related parties where the common control exists	74,618,065	
(ii) Expenditure and other services fees paid		
Shareholders/Directors/Managing Director	4,510,221	
Other related parties where the common control exists	3,932,129	8,442,350
(iii) Income and other services fees received		
Other related parties where the common control exists		—
(iv) Managerial Remuneration		
Managing Director		1,822,400
(v) Loans obtained		
Shareholders/Directors/Managing Director		1,891,888
(vi) Debtors		
Other related parties where the common control exists		20,379,800
(vii) Loans outstanding		28,318,203
Other related parties where the common control exists		
(viii) Outstanding payables		
Other related parties where the common control exists		448,045

THE GL HOTELS LIMITED

Notes to the Accounts — (Contd.)

17. As the turnover of the Company includes sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumed. However the Company is making the following disclosures:

	Rupees
(a) Income from Sales & Other Services includes:	
(i) Room Sales	191,056,550
(ii) Income from sale of Wine, Beer and Spirits	70,094,316
(iii) Income from sale of Food & Beverages excluding Wine & Liquor	246,304,493
(iv) Income from Telephone and Telex	3,851,231
(v) Income from other services	37,762,796
	549,069,386
(b) Food and Beverages (excluding wine and liquor) and tobacco consumed	
(i) Opening Stock	2,820,320
(ii) Purchase	71,376,696
(iii) Less: Closing Stock	3,800,759
(iv) Consumption	70,396,257
(c) Wine and Liquor consumed	
(i) Opening Stock	2,488,428
(ii) Purchase	13,512,071
(iii) Less: Closing Stock	5,254,322
(iv) Consumption	10,746,177

18. Value of raw materials and stores consumed:

	% of Total Consumption	Amount (Rupees)
Raw Materials:		
Imported	2.77	2,244,151
Indigenous	97.23	78,898,283
Stores:		
Imported	3.27	68,526
Indigenous	96.73	2,024,982

19. The comparative figures for the previous year has not been given as this is the first occasion that the consolidated financial statements are presented as prescribed in Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.
20. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.
21. Significant Accounting Policies:
- (a) The financial statements have been prepared under the historical cost convention on an accrual basis.
 - (b) Revenue has been recognized on accrual basis. Sales comprise of sale of goods and services and are net of Sales Tax.
 - (c) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
 - (d) Depreciation has been charged in the accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except:

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Notes to the Accounts — (Contd.)

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- (i) In case of Leman International Private Limited (subsidiary company) where depreciation has been charged in the accounts on written down value method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (ii) License fees is depreciated at the rate of 25%
- (e) Investments are stated at cost of acquisition.
- (f) Stocks and Stores are valued at cost. (Cost being the purchase price and other related expenses to bring the materials into present location and condition).
- (g) The retirement benefits of the employees are provided for by way of payment to Provident Fund and Group Gratuity Scheme. The Company's contribution in respect of Provident Fund and Group Gratuity Scheme is charged against revenue.
- (h) Leases:
- (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.
- (ii) Operating lease expense is recognised in the Profit and Loss Account on a straight line basis over the lease term.
- (i) Taxation:
Provision for income tax comprises current tax and fringe benefit tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
- (j) Transactions in foreign exchange are accounted for at exchange rates prevailing on the date of transaction or on the date of remittance/realisation of the amount during the year. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing at the year end.
- (k) Borrowing costs:
Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Signature to Schedules 'A' to 'O'

For S. P. CHOPRA & CO.
Chartered Accountants

M. V. DOSHI
Director

GAURAV GHAI
Joint Managing Director

Y. K. SHANKARDASS
Partner

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

THE GL HOTELS LIMITED

Consolidated Cash Flow Statement for the Year Ended 31 March, 2007

	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before tax and extra ordinary items	97,470,418
Adjusted for:	
Depreciation	43,036,821
Pre-commencement expenses written off	10,075,128
Amalgamation expenses written off	828,544
Interest paid	38,021,527
Interest received	(2,263,840)
Dividend received	(1,133,390)
Profit on sale of investments	(28,479)
Loss on sale of fixed assets	624,743
	89,161,054
Operating profit before working capital changes	186,631,472
Adjustment for:	
(Increase)/Decrease in Sundry Debtors	(29,260,725)
(Increase)/Decrease in Inventories	(1,952,014)
(Increase)/Decrease in Loans and Advances	(39,561,941)
Increase/(Decrease) in Current Liabilities	22,384,515
	(48,390,165)
Cash generated from operations	138,241,307
Interest paid	(38,012,045)
Direct Taxes paid (net of refund)	(3,989,710)
NET CASH FROM OPERATING ACTIVITIES	96,239,552
B. CASH FLOW FROM INVESTING ACTIVITIES	
Addition to fixed assets	(56,083,440)
Amalgamation expenses	(4,142,720)
Advance on capital account adjusted	1,649,402
Sale of fixed assets	22,610,910
Purchase of Investments	(39,819,668)
Sale of Investments	15,165,249
Dividend received	1,133,390
Interest received	2,263,840
NET CASH USED IN INVESTMENT ACTIVITIES	(57,223,037)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Share Capital Suspense Account	58,621,710
Net adjustment due to Amalgamation	90,148,110
Net proceeds from long term borrowings	(171,665,873)
NET CASH USED IN FINANCING ACTIVITIES	(22,896,053)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	16,120,462
Cash and cash equivalents - Opening balance	46,520,489
Cash and cash equivalents - Closing balance	62,640,951
Notes: (1) Figures in brackets are outflows/deductions.	

Auditors' Report to the Members of The GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**
Chartered Accountants

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

Y. K. SHANKARDASS
Partner

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007

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Balance Sheet Abstract and Company's General Business Profile

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

(1) Registration Details

Registration No:	L55101PN1959PLC012763		
Balance Sheet Date	31	03	2007
	Date	Month	Year

State Code	11
(Refer Code List)	

(2) Capital Raised during the year (amount in Rs. thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

(3) Position of Mobilisation and Deployment of Funds (amount in Rs. thousands)

SOURCES FUND	Total Liabilities	State Capital Expenditure	Total Assets
	1739416	58622	1739416
	Paid-up Capital		Reserves and Surplus
	70164		1149831
	Secured Loans		Unsecured Loans
	384221		76579
APPLICATION OF FUNDS	Net Fixed Assets		Fixed Capital Expenditure
	1545985		NIL
	Investments		Net Current Assets
	38493		102479
	Deferred Tax Assets (Net)		Misllaneous Expenditure
	39070		13389
	Accumulated Losses		
	Nil		

(4) Performance of Company (amount in Rs. thousands)

Turnover	562488	Total Expenditure	465018
(Please tick appropriate box + for Profit, - for Loss)		+/- Profit/Loss ater deferred tax credit	
+/- Profit/Loss before tax	+ 97470	+ 65089	
Earning per share (Rs.)		Dividend Rate %	Nil
Basic	+ 9.28		
Diluted	+ 5.05		

(5) Generic of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NA
Product Description	HOSPITALITY INDUSTRY

GAURAV GHAI
Joint Managing Director

M. V. DOSHI
Director

AMIT JAIN
Chief Financial Officer

KISHOR BAXI
Company Secretary

Mumbai, dated: 31st July, 2007