

# GRAVISS HOSPITALITY LIMITED

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## **BOARD OF DIRECTORS**

Ravi Ghai	: <i>Chairman &amp; Managing Director</i>
Gaurav Ghai	: <i>Joint Managing Director</i>
R.K.P. Shankardass	: <i>Director</i>
Mahendra V. Doshi	: <i>Director</i>
Harindra Singh	: <i>Director</i>
Gulshan Bijlani	: <i>Director</i>
Arun Todarwal	: <i>Director</i>
Dalip Sehgal	: <i>Director</i>

## **COMPANY SECRETARY**

Lajja Shah

## **REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),  
Mumbai-400 078.  
Phone No. 022-2596 3838 Fax No. 022-2596 2691

## **BANKERS**

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

## **Axis Bank**

Ground floor, Aman Chambers, Opp. New Passport office,  
Veer Savarkar Marg, Prabhadevi, Mumbai-400 025

## **AUDITORS**

M/s. V. Sankar Aiyar & Co.  
Chartered Accountants

## **REGISTERED OFFICE**

"Dairy Tops" Plot No. J-177, MIDC, Bhosari, Pune-411 026  
Maharashtra  
Phone No. 020-30681102, Fax No. 020-30681139

## **ADMINISTRATIVE OFFICE**

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030  
Phone No. 022-4050 1111, Fax No. 022-2491 5555

## **UNIT**

Hotel Inter-Continental, Marine Drive, Mumbai-400 020  
Phone No. 022-3987 9999, Fax No. 022-3987 9600

## **MAYFAIR BANQUETS**

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

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## Notice

NOTICE is hereby given that the 51<sup>st</sup> Annual General Meeting of the members of GRAVISS HOSPITALITY LIMITED will be held on Tuesday, 10<sup>th</sup> July, 2012 at 2.00 p.m. at Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune-411 026, Maharashtra to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit and Loss Account for the year ended on that date together with the schedules annexed thereto as well as the reports of the Board of Directors and Auditors' attached thereon.
2. To confirm the payment of Interim Dividend, being final dividend.
3. To appoint a Director in place of Mr. Gulshan Bijlani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Harindra Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. V. Sankar Aiyer & Co., Chartered Accountants (Firm Reg. No.0027855), be and are hereby re-appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration, taxes and out of pocket expenses, as may be fixed by the Board of Directors of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to implement this resolution."

### SPECIAL BUSINESS:

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

Appointment of Mr. Dalip Sehgal as Director of the Company:

**"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. Dalip Sehgal 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."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** 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 any statutory modification and re-enactment thereof for the time being in force and the Articles of Association of the Company, the Company hereby accords its approval for the re-appointment of Mr. Ravi Ghai as Managing Director of the Company effective from 1<sup>st</sup> April, 2012 for a further period of five years till 31<sup>st</sup> March 2017 on the existing terms and conditions mentioned below:

- 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 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 are hereby authorized to vary, alter or modify the different components of the above-stated remuneration as may be agreed to between the Board of Directors and Mr. Ravi Ghai.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Ravi Ghai, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under para 2 of Section II, Part II of Schedule XIII under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

**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 subject to retire by rotation, so far as he continues to be the Managing Director.”

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

**“RESOLVED THAT** in accordance with provision(s) of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provision of the Companies Act, 1956 including any statutory modification and re-enactment thereof for the time being in force and the Articles of Association of the Company, the Company hereby accords its approval for the re-appointment of Mr. Gaurav Ghai as Joint Managing Director of the Company effective from 11<sup>th</sup> May, 2012 for a further period of five years on the existing terms and conditions mentioned below:

- 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 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 retiral benefits and (v) Encashment of leave

- C. Performance based incentive/commission: Amount not exceeding 50 % 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 are hereby authorized to vary, alter or modify the different components of the above-stated remuneration as may be agreed to between the Board of Directors and Mr. Gaurav Ghai.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Gaurav Ghai, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under para 2 of Section II, Part II of Schedule XIII under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

**RESOLVED FURTHER** that in terms of Article 118 of the Articles of Association of the Company, Mr. Gaurav Ghai

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shall continue to hold office of director, without being subject to retire by rotation, so far as he continues to be the Joint Managing Director.”

By Order of the Board  
For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
Company Secretary

Dated: April 27, 2012.

**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 DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT 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 Monday, July 2, 2012 to Tuesday, July 10, 2012 (both days inclusive).
- (e) As required under Clause 49 of the Listing Agreement particulars of directors seeking appointment/re-appointment are annexed to this Notice below.
- (f) Relevant 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.
- (g) 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.
- (h) It is requested that the queries be mailed to Registrars and Share Transfer Agents:  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.  
Phone No. 022-2596 3838, Fax No. 022-2596 2691
- (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 had declared an Interim dividend of Rs. 0.24 per equity share for the financial year ended 31<sup>st</sup> March 2012. The dividend remaining unpaid or unclaimed has been transferred to the unpaid dividend account of the company. However, there is no dividend remaining unpaid or unclaimed which requires to be transferred to Investor Education and Protection Fund.
- (k) At the ensuing Annual General Meeting, Mr. Dalip Sehgal, is seeking appointment as Director of the Company. The details pertaining to him required to be provided pursuant to clause 49 of the Listing Agreement is furnished as an Annexure to this Notice.
- (l) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.

By Order of the Board  
For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
Company Secretary

Dated: April 27, 2012

**Registered Office:**

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

## **Explanatory Statement as Annexure to the Notice**

**[Pursuant to section 173(2) of the Companies Act, 1956]**

### **ITEM No. 6:**

The Board of Directors of the Company (Board) in its meeting held on October 21, 2012 has appointed Mr. Dalip Sehgal as Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article no.91 of the Articles of Association of the Company.

In terms of the provisions of section 260 of the Companies Act, 1956, Mr. Dalip Sehgal, will hold the office upto the date of this Annual General Meeting.

The Company had received notice in writing from the members of the company along with deposit of Rs.500/- proposing the candidature of Mr. Dalip Sehgal for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Brief resume of Mr. Dalip Sehgal, Director, nature of his experience in specific functional area and name of the companies in which he holds directorship, number of shares held in the company and membership/Chairmanship of the Board Committees as stipulated under the clause 49 of the Listing Agreement with the stock exchanges, are provided in the Annexure to the Notice.

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

None of the director except Mr. Dalip Sehgal is concerned or interested in the said resolution.

### **ITEM NO.7**

Mr. Ravi Ghai was re-appointed as Managing Director with effect from 1<sup>st</sup> April 2012 for a further period of five years on the existing remuneration and terms and conditions at the Board Meeting held on 31<sup>st</sup> January 2012. The said appointment is within the limits stipulated in the Companies Act, 1956.

Mr. Ravi Ghai, born in the year 1943 is known as one of the pioneers in the hotel industry in India. Mr. Ravi Ghai was appointed on the Board of Company in the year 1977 and is serving as Chairman and Managing Director since the last 2 decades. He is well-respected for his vast and varied experience in the field of Hospitality business. Mr. Ravi Ghai has played a lead role in formulating the Company's strategy and has also been actively involved in international collaborations.

The pre dominant position which the Company occupies in the Hotel industry today is due to his very advanced and specialized knowledge in the field of Hospitality coupled with wide and varied experience in that field. The Directors consider it to be in the interest of the company to continue to avail the services of Mr. Ravi Ghai as its Managing Director.

The contents of the text of special resolution are self-explanatory in so far as terms and conditions of re-appointment are concerned and may be treated, for the purposes of section 302 of the Act, as an abstract of the contract between the Company and the Managing Director.

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

### **ITEM NO.8**

Mr. Gaurav Ghai was re-appointed as Joint Managing Director with effect from 11<sup>th</sup> May 2012 for a period of further period of five years on the existing remuneration and terms and conditions at the Board Meeting held on 27<sup>th</sup> April 2012. The said appointment is within the limits stipulated in the Companies Act, 1956.

Mr. Gaurav Ghai is the promoter of the Company and has 15 years of experience in Hotel Industry. Mr. Gaurav Ghai is in charge of day-to-day management of the company.

The contents of the text of ordinary resolution are self-explanatory in so far as terms and conditions of re-appointment are concerned and may be treated, for the purposes of section 302 of the Act, as an abstract of the contract between the Company and the Joint Managing Director.

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Your Directors recommend approval of this ordinary resolution. None of other Director other than Mr. Gaurav Ghai and Mr. Ravi Ghai are interested or concerned in the said resolution.

By Order of the Board

For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
Company Secretary

Dated: April 27, 2012

**Registered Office:**

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

Details of the Directors seeking appointment/re-appointment at this Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Gulshan Bijlani	Mr. Harinder Singh	Mr. Dalip Sehgal
Date of Birth	14th September, 1951	15th August, 1960	27th December, 1958
Date of Appointment	27th April 2007	30th April 2007	21st October 2011
Areas of Expertise	Director & Producer in films	Advertising and Media	Marketing, General Management
List of other Public Companies incorporated in India, in which directorships held.	None	Percept Limited	Graviss Hotels & Resorts Ltd.
List of Chairmanships/ memberships of committees of the Board of other Public Companies incorporated in India in which directorships held.	None	Percept Limited	None
No. of shares held in the Company prior to the appointment/re-appointment	17350 Equity shares of Rs. 2/- each.	None	None

## Directors' Report

### The Members of Graviss Hospitality Limited

Your Directors are pleased to present their 51<sup>st</sup> Annual Report together with the Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2012 :

#### 1. SNAP SHOT OF FINANCIAL RESULTS:

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
		(Rs. in Lacs)
Income	6210	7,136
Profit before Interest & Depreciation	1472	1,824
Interest	89	160
Depreciation	502	520
Profit before Taxation	881	1,144
Provision for Taxation:		
Current tax	(290)	(220)
Deferred Tax Credit	45	100
MAT Credit set off	0	(255)
Profit for the year	636	769
Balance brought forward from last period	1490	1,109
Balance carried forward	1821	1,490

#### 2. OPERATIONAL PERFORMANCE:

During the financial year ended 31<sup>st</sup> March, 2012, the sales and operating income was Rs. 6210 Lacs and last year it was Rs.7162 Lacs (which includes Rs. 636 lacs of special catering). The net profit after tax stood at Rs.636 Lacs as against Rs. 769 Lacs during the previous year.

#### 3. DIVIDEND:

During the year under review, your company had declared an Interim dividend of Rs. 0.24 (12%) per equity share for the financial year ended 31<sup>st</sup> March, 2012 at its Board meeting held on January 31, 2012 which is treated as the final dividend.

#### 4. DIRECTORS:

During the year, Mr. Ravi Ghai was re-appointed as the Managing Director for a term of five years w.e.f. 1<sup>st</sup> April, 2012 at the Board Meeting dated 31<sup>st</sup> January, 2012, subject to the approval of the Members of the Company at the forthcoming Annual General Meeting of the Company.

Mr. Gaurav Ghai will be re-appointed as the Joint Managing Director of the company w.e.f 11<sup>th</sup> May, 2012 for a further term of five years, as approved by the Board of Directors vide their Meeting held on 27<sup>th</sup> April, 2012, subject to the approval of the Members of the company at the forthcoming Annual General Meeting of the Company.

In terms of the provisions of sections 255 and 256 of the Companies Act, 1956, Mr. Gulshan Bijlani and Mr. Harindra Singh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

During the year under review, Mr. Vikram Seth ceased to be the Director of the Company due to his pre-occupation.

Mr. Dalip Sehgal was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 in its meeting held on 21<sup>st</sup> October, 2012. The approval of the shareholders is being sought for the appointment of Mr. Dalip Sehgal as Director of the Company at its ensuing Annual General Meeting of the company.

A brief resume of the Director reappointed/appointed at the ensuing Annual General Meeting, nature of expertise and name of companies in which he holds directorship and/or membership/chairmanship of the committees of the Board as stipulated under clause 49 of the Listing Agreement is annexed to the Notice forming part of the Annual Report.

#### 5. MANAGEMENT DISCUSSION AND ANALYSIS:

A separate report on the Management Discussion and Analysis is attached as a part of the Annual Report.

#### 6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In 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 31<sup>st</sup> March, 2012 and of the Profits of the Company for the year ended 31<sup>st</sup> March, 2012;
- (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.



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## 7. SUBSIDIARY COMPANIES:

In terms of the approval granted by your Directors vide circular resolution dated March 7, 2011 and in compliance with the circular issued by Ministry of Corporate Affairs on February 8, 2011, copies of the Balance Sheet, Profit and Loss account, Report of the Board of Directors and Auditors of Subsidiaries have not been attached with the Balance Sheet of the Company. The Annual Accounts and other related detailed information of the Company as well as of the subsidiary companies will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The Annual accounts of the company as well as of the subsidiary companies will also be kept for inspection by any shareholders in the head office of the company and the subsidiary companies concerned.

## 8. CONSOLIDATED FINANCIAL STATEMENTS:

Your Directors have pleasure in attaching the duly audited Consolidated Financial Statements of the holding company and all its subsidiaries as a part of the Annual Report and prepared in accordance with the Accounting Standards 21 issued by the Institute of Chartered Accountants of India and where applicable, Listing Agreement, as prescribed by the Securities Exchange Board of India.

## 9. FIXED DEPOSITS:

During the Year under review, your Company has not accepted or invited any deposits from public.

## 10. CORPORATE GOVERNANCE:

The Company has adopted the corporate governance policies which has set out the systems, process and policies vital to enable companies to compete globally in a sustained manner and let them flourish and grow. A separate report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual report. A Certificate from the auditors of the Company M/s V. Sankar Aiyar & Co., confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49 is annexed to this report.

## 11. CODE OF BUSINESS CONDUCT AND ETHICS:

As prescribed by the listing Agreement, the Board has adopted a "Code of Conduct" for the Board Members and Senior Management Personnel. During the year under review, all the Board members and the senior management personnel have complied with the Company's Code of Conduct. A declaration to this effect signed by the CEO has been obtained.

## 12. LISTING:

The equity shares of your company are presently listed on Bombay Stock Exchange Limited and company has paid the listing fees for the financial year 2012-2013.

## 13. PARTICULARS OF EMPLOYEES:

During the year under review, the Company has not employed any person who was in receipt of remuneration which, in aggregate, was not less than Rupees Five Lacs per month or Rupees Sixty Lacs per annum.

## 14. 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 Lacs)

Particulars	Current Year 2011-2012	Previous year 2010-2011
CIF Value of Imports	63.47	57
Expenditure in Foreign Currency	216	376
Earnings in Foreign Exchange	1826	2,025

## 15. 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.

## 17. AUDITORS:

At the Annual General Meeting, M/s. V. Sankar Aiyer & Co, Chartered Accountants who are the Statutory Auditors of the Company, will retire and being eligible, have offered themselves for re-appointment as the Company's auditors. In the terms of the provisions of Section 224 (1)(B) of the Companies Act, 1956, the Company has obtained a written confirmation from M/s. V. Sankar Aiyer & Co that their re-appointment, if made, at the ensuing Annual General Meeting, would be in conformity within the limits specified in the Section.

## 18. 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 government officials, vendors, customers and for valuable contributions made by the employees of the company.

For and on behalf of the Board of Directors



## Management Discussion and Analysis Industry Structure and Developments

### Overview of Tourism and Indian Economy:

The financial year 2011-2012 has been challenging for the world at large. With the global economic machinery almost shuttering to a halt, the corporate world had been engaged in cost cutting via drastic cut backs on non essential expenses; this drop in corporate travel had adversely affected the Indian Hospitality sector. The government too is making conscious efforts to revive the industry through a slew of policy decisions as many new and ongoing hotel projects had stalled during the downturn. These includes Reserve Bank of India ruling, which states that loans for construction of hotels will not be classified as commercial real estate, relaxation in External Commercial Borrowings norms and the recently announced investment linked tax deduction for new hotels of two star category and above. The Indian Hospitality industry is beginning to show a few signs of recovery.

### Opportunities:

The Hotel industry in India is expected to boom with rising room rates and on high occupancy rates. The Country is facing a 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. This represents a significant opportunity for the Company.

### 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 global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualise strong economic growth in the advanced economies in 2012. The implications for this, for India's strategy to return to the 9.0% growth trajectory are that public policy must promote business confidence and facilitate increased investment. Despite a positive long term view, the current business environment remains challenging. The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. It should be noted that the base for tourism in India is still very low. The sudden surge in demand for hotel accommodation over the last three years has inflated hotel rooms in the country. However, a number of international brands across all hotel segments are planning to or have recently entered the Indian market. Domestic hotel chains, too, are embarking on strong expansion and development plans across all hotel segments. As the gap between supply and demand for hotel accommodation narrows over the next few years, we expect room rates to rationalize, which would encourage leisure travel.

## Report on Corporate Governance

In accordance with clause 49 of the Listing Agreement and some of the best practices of Corporate Governance, the report containing the details of governance systems and processes at Graviss Hospitality Limited is as under:

### 1. Philosophy:

The Company's policy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interaction with stakeholders, including shareholders, employees, the government, lenders and society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

### 2 Board of Directors:

#### (i) Composition of the Board:

The Board of Directors provides strategic directions and thrust to the operations of the Company. Currently the total strength of the Board is Eight Directors. The Board has an executive chairman and the number of Non-Executive Independent Director is more than one-half of the total number of Directors. None of the Directors on the Board is a member on more than ten committees and chairman of more than five committees (as specified in clause-49) across all the companies in which he is a Director. Hence the Company complies with the listing agreement norms for Composition of Board of Directors.

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The composition of the Board and other relevant details relating to the Directors are as under:

Name of the Directors	Designation	Category	No. of Other Directorships*	No. of Other Committee Memberships#	
				Chairman	Member
Mr. Ravi Ghai	Chairman & Managing Director	Promoter, Executive, Non-Independent	1	—	—
Mr. Gaurav Ghai	Joint Managing Director	Promoter, Executive, Non-Independent	—	1	2
Mr. Mahendra Doshi	Director	Non-Executive, Independent	4	1	2
Mr. R.K.P. Shankardass	Director	Non-Executive, Independent	—	—	2
Mr. Harindra Singh	Director	Non-Executive, Independent	1	—	1
Mr. Gulshan Bijlani	Director	Non-Executive, Independent	—	—	1
Mr. Arun Todarwal	Director	Non-Executive, Non Independent	7	1	8
Mr. Dalip Sehgal	Additional Director	Non Executive, Non Independent	1	—	—

Note: 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:**

During the year under review, the Board of Directors met Four times during the year viz. 29<sup>th</sup> April, 2011, 1<sup>st</sup> August, 2011, 21<sup>st</sup> October, 2011 and 31<sup>st</sup> January, 2012. The maximum gap between any two consecutive meetings did not exceed four months. The last Annual General Meeting of the Company was held on 30<sup>th</sup> June, 2011. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ravi Ghai	2	Absent
Mr. Gaurav Ghai	2	Absent
Mr. Harindra Singh	2	Absent
Mr. Mahendra V. Doshi	4	Absent
Mr. R.K.P. Shankardass	1	Absent
Mr. Dalip Sehgal*	1	Not Applicable
Mr. Gulshan Bijlani	2	Absent
Mr. Arun Todarwal	4	Present
Mr. Vikram Seth**	1	Present

\*Appointed as Non Executive Director w.e.f. 21<sup>st</sup> October 2011

\*\* Resigned as Non Executive Director w.e.f. 21<sup>st</sup> October 2011

**(iii) Code of Conduct:**

The Board has laid down the Code of Conduct for all Board members and Senior Management of the Company and the same is posted on the website of the Company. A Certificate from Mr. Harsh Varma, Chief Executive Officer with regard to the compliance of code of conduct by the Board members and the senior management for the year ended 31<sup>st</sup> March, 2012 is enclosed and forms part of this report.

**(iv) Directors seeking re-appointment:**

Mr. Gulshan Bijlani and Mr. Harindra Singh, Directors of the company shall retire by rotation at the ensuing Annual General meeting and is eligible for re-appointment. Mr. Dalip Sehgal was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 in its meeting held on October 21, 2011. The approval of the shareholders is being sought for the appointment of Mr. Dalip Sehgal as Director of the Company at its ensuing Annual General Meeting of the company. The brief resumes and the details of their other directorships including their shareholding have already been provided in the Notice.

**(v) Other Provisions:**

The Company confirms that it did not have any material pecuniary relationship or transaction with any Non Executive Director during the year under review, except for the payment of sitting fees made to them for attending the Board and/or Committee meetings.

The information as required under Annexure I to Clause 49 of the Listing Agreement is being made available to the Board. The Board periodically reviews the Compliance report submitted by the Managing Director regarding compliance with the various laws applicable to the company.

**3. Board Committees:**

**(i) Audit Committee:**

The composition of Audit Committee as on 31<sup>st</sup> March, 2012, is as follows:

Mr. Mahendra V Doshi (Chairman), Mr. Gaurav Ghai, Mr. Gulshan Bijlani, Mr. RKP Shankardass, Mr. Harindra Singh Mr. Arun Todarwal

Two third of the total strength of the Audit Committee are Independent Directors. Statutory Auditors, Internal Auditors and CFO attend the meetings of the Committee on invitation of the Chairman. The Company Secretary acts as the Secretary of the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company has complied with the requirements of clause 49(II) (A) as regards composition of Audit Committee.

The Audit Committee reviews the financial statements and recommends its suggestions to the Board. It reviews the reports of the Statutory and Internal Auditors and also discusses its suggestions with them.

During the year under review, the Audit Committee met four times on 29<sup>th</sup> April, 2011, 1<sup>st</sup> August, 2011, 21<sup>st</sup> October, 2011 and 31<sup>st</sup> January, 2012 with a gap of not more than four months. The details of the meetings attended by the Members are given below:

Name of the Members	Category	No. of Meetings Attended
Mr. Mahendra Doshi	Non Executive, Independent Chairman	4
Mr. Gaurav Ghai	Executive, Non Independent	2
Mr. Gulshan Bijlani	Non Executive, Independent	2
Mr. RKP Shankardass	Non Executive, Independent	1
Mr. Harindra Singh	Non Executive, Independent	2
Mr. Arun Todarwal	Non Independent	4

The terms of reference of the Audit Committee has been approved at the Board Meeting held on 22<sup>nd</sup> January 2001. It provided for adequate powers and has access of all the information required and performing all the functions which are in accordance with Clauses 49(II) (C) and (D) of the Listing Agreement:

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

The Share Transfer and Investor Grievance Committee deals with the matters relating to the transfer/transmission of shares and monitor the redressal of the investors complaints relating to non-receipt of dividends, non-receipt of annual accounts etc. The Committee comprises of three members with two third of the members as independent directors viz. Mr. Gaurav Ghai, Chairman, Mr. R.K.P. Shankardass, Member and Mr. Mahendra Doshi, Member. The Committee meets at frequent intervals to consider requests for share transfer or to consider shareholders' queries/complaints:

The Meetings of the Committee were held on the following dates:

30.4.2011, 31.05.2011, 30.6.2011, 30.7.2011, 31.8.2011, 30.9.2011, 31.10.2011, 30.11.2011, 31.12.2011, 31.01.2012, 29.02.2012 and 31.3.2012.

Name and Designation of Compliance Officer:

Ms. Lajja Shah, Company Secretary

The company received total 43 (Forty three) investor complaints/request during the year for non receipt of dividend/annual reports/dematerializations which were resolved and there is no request/queries/complaint pending at the end of the year ended on 31<sup>st</sup> March 2012.

**(iii) Remuneration and Compensation Committee:**

The Remuneration and Compensation Committee comprises of three non-executive independent directors. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra Doshi and Mr. Gulshan Bijlani. All the members of this committee have adequate experience and financial knowledge. The Company Secretary of the company acts as secretary to the committee.

The role of the committee is to review the market practice and decide on the remuneration package applicable to the executive directors and senior management personnel.

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**(iv) Finance, Investment and Banking Operation Committee:**

There was no Finance, Investment and Banking Operation Committee meeting during the year from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March 2012.

The Company Secretary of the company acts as the secretary to the committee.

**(v) Compensation to Non-Executive Directors:**

The Non Executive Directors do not draw any remuneration from the Company except the Sitting Fees which is paid to them for attending Board/Committee meetings. The sitting fees paid to the directors during the year under review are as under:

Name of the Director	Fees for Board meeting (in Rs.)
Mr. R.K.P. Shankardass	20,000
Mr. Gulshan Bijlani	40,000
Mr. Mahendra Doshi	80,000
Mr. Harindra Singh	40,000
Mr. Arun Todarwal	80,000
Mr. Vikram Seth	20,000
Mr. Dalip Sehgal	20,000

**(vi) Executive Directors and Remuneration:**

The Managing Director and Joint Managing Director are the Executive Directors in the Company. Their remunerations are fixed by the remuneration/compensation committee and subsequently approved by the Board of Directors and the shareholders of the company.

Details of remuneration paid to the Managing Director and Joint Managing Director of the Company for the year ended March 31, 2012 are as under:

S.N.	Particulars	Amount Mr. Ravi Ghai (Rs. In Lacs)	Amount Mr. Gaurav Ghai (Rs. In Lacs)
I	Salary	30.00	24.00
II	Contribution to Provident Fund	3.60	2.88
III	Estimated monetary value of perquisites	11.85	2.25
	<b>Total</b>	<b>45.45</b>	<b>29.13</b>

**4. General Body Meetings:**

**(i) The details of the Annual General Meetings held during the last three years are as follows:**

Financial Year	No. of AGM	Date, Day & Time of AGM	Venue of AGM
2010-11	50	June, 30 <sup>th</sup> 2011 at 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026
2009-10	49	June, 30 <sup>th</sup> 2010 at 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026
2008-09	48	June 25 <sup>th</sup> 2009 at 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026

**(ii) Special Resolutions passed in previous three Annual General Meetings are as follows:**

No. of AGM	Date, Day & Time of AGM	Particulars of Special Resolutions passed
50	June 30, 2011, 1.00 P.M.	N.A.
49	June 30, 2010, 1.00 P.M.	N.A.
48	June 25, 2009, 1.00 P.M.	N.A.

**(iii) Resolution through Postal Ballot:**

During the year ended 31<sup>st</sup> March 2012, the company has not passed any resolution through the postal ballot.

**(iv) Extra-Ordinary General Meeting:**

No extra-ordinary general meeting of the company had been held during the year ended 31<sup>st</sup> March 2012.

## 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 requirements of the regulatory authorities of the capital markets. There were no instance of non-compliance nor have any penalties, or strictures have been imposed by Stock Exchange 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 Accountants of India.

### (iv) **Risk Management:**

The company will adopt 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(V) of the listing Agreement.

## 6. Means of Communication:

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

- (a) The Company publishes its quarterly, half-yearly and year to date results in the Maharashtra Times and Economic Times newspapers at Pune.
- (b) These results are not sent individually to its shareholders.
- (c) No presentations have been made to institutional investors or to analysts.
- (d) The Company's website - [www.gravissgroup.com](http://www.gravissgroup.com).
- (e) Management Discussion and Analysis is given separately in this Annual Report.

## 7. General Shareholder Information:

### (i) **51st Annual General Meeting:**

Date and Time : 10<sup>th</sup> July, 2012 at 2.00 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 one month of the close of the year.

### (iii) **Date of Book Closure:**

The date of book closure is from 2<sup>nd</sup> July, 2012 to 10<sup>th</sup> July, 2012 (both days inclusive) for the purpose of annual general meeting.

### (iv) **Listing on Stock Exchanges:**

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and the Company has paid Listing Fees for the year 2011-2012 to the Stock Exchanges.

### (v) **Stock Exchanges**

Stock Exchanges	Stock Code	ISIN
Bombay Stock Exchange Ltd	509546	INE214F01026

### (vi) **Market Price Data:**

The monthly high and low quotations of shares, face value of which is Rs.2 per Equity Share, traded on the Bombay Stock Exchange Ltd. during each month in last financial year are as follows:

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Month	High (Rs.)	Low (Rs.)
April 2011	30.45	24.10
May 2011	28.45	21.75
June 2011	27.80	23.80
July 2011	28.65	23.30
August 2011	25.00	19.80
September 2011	26.00	20.00
October 2011	24.70	21.90
November 2011	23.10	20.00
December 2011	25.75	23.30
January 2012	24.65	23.20
February 2012	24.55	20.10
March 2012	24.80	19.80

**(vii) Registrar and Share Transfer Agent:**

Address	Contact Number
Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.	022-2596 3838

**(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 Link Intime India Pvt. Ltd. - the Registrar and Share Transfer Agent of 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) Shareholding pattern as on March 31, 2012:**

Category	No. of Shareholders	No. Of Shares	Percentage
<b>Promoters Holding</b>			
Indian Promoters	7	52,044,154	60.21
Foreign Promoter		Nil	Nil
Persons Acting in Concert		Nil	Nil
Promoters relatives, related firms, trusts & HUFs		Nil	Nil
<b>Non-Promoter Holdings Institutional Investor</b>			
(a) Mutual Funds & UTI		Nil	Nil
(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-government Institutions)	1	1250	0.00
(l) General Insurance Corporation of India		Nil	Nil
(ii) Nationalised Banks		Nil	Nil
(c) FIIs		Nil	Nil
<b>Others</b>			
Private Corporate Bodies	37	6,74,006	0.78
Indian Public	1379	17,99,832	2.08
N.R.I. & NRN	13	18,204	0.02
OCB's	1	36,73,531	4.25
Foreign Companies	2	26,898,635	31.12
Trust	3	1,325,845	1.53
Clearing Member	9	9603	0.01
<b>Total</b>	<b>1,452</b>	<b>86,445,060</b>	<b>100</b>

Distribution of Shareholding (Rupees) as on March 31, 2012

Shareholding of Nominal Value (Rupees)	No. of Shareholders	% of Total	Share Capital Amount (Rupees)	% of Total
1-4,000	1283	88.36	1,390,792	0.81
4,001-6,000	38	2.62	194,494	0.11
6,001-8,000	12	0.83	89,944	0.05
8,001-10,000	60	4.13	545,140	0.32
10,001-20,000	22	1.52	296,554	0.17
20,001-999,999,999	37	2.55	170,373,196	98.55
Total	1452	100	172,890,120	100.00

**(x) Dematerialization of Shares and Liquidity:**

The equity shares of the Company are traded on the Bombay Stock Exchange Limited. The Company has entered into an agreement with both National Securities Depository Limited and Central Depository Services Limited for dematerialization of equity shares of the company. Approximately, 81,187,920 (93.92%) of the equity shares of the company have been dematerialized as on 31<sup>st</sup> March 2012.

**(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 GDRs / ADRs.

**(xii) Plant Locations:**

<b>Unit</b>	Hotel Inter-Continental Marine Drive,135, Netaji Subhash Road, Mumbai 400 020.
<b>Mayfair Banquets</b>	<b>Locations</b>
	254-C, Dr. Annie Besant Road, Worli, Mumbai 400 030.

**(xiii) Address for Investor Correspondence:**

In case of any query or assistance, the investors may contact or write to:

<p><b>Registered Office</b> Dairy Tops, Plot No. J-177, MIDC Bhosari, Pune-411 026, Maharashtra Tel: 020-3068 1102/3068 1139 Fax: 020-2747 7996</p>	<p><b>Registrar &amp; Transfer Agent</b> Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 Tel: 022-2596 3838, Fax: 022-2596 2691</p>
<p><b>Administrative Office</b> 254-C, Dr. Annie Besant Road, Worli Mumbai: 400 030. Tel: 022 – 4050 1111 Fax: 2491 5555</p>	<p><b>Mrs. Lajja Shah</b> Company Secretary &amp; Compliance Officer 254-C, Dr. Annie Besant Road, Worli Mumbai: 400 030 Tel: 022 – 4050 1111 Fax: 022 – 2491 5555</p>

**(xiv) Unclaimed Dividends:**

The company declared an interim dividend of Rs. 0.24 per equity share (12%) on its equity shares for the year ended 31<sup>st</sup> March 2012. The dividend remaining unclaimed / unpaid has been transferred to the Graviss Hospitality Ltd. unpaid dividend A/ c. However there is no dividend remaining unpaid or unclaimed for a 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.

## Declaration by the Chief Executive Officer regarding compliance with the company's code of conduct

This is to confirm that the company has adopted a code of conduct for its Board members and senior management of the company.

I hereby confirm that the Board Members and senior management team of the company have affirmed the compliance of the Code of conduct as applicable to them in respect of the financial year ended March 31, 2012.

Place: Mumbai  
Date: 31<sup>st</sup> March, 2012

**HARSH VARMA**  
Chief Executive Officer



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## Certification by Chief Executive Officer and Chief Financial Officer

We hereby certify that for the financial year ended 31<sup>st</sup> March, 2012, 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 31<sup>st</sup> March, 2012, 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.

Place: Mumbai  
Date: 31<sup>st</sup> March, 2012

**HARSH VARMA**  
*Chief Executive Officer*

**AMIT JAIN**  
*Chief Financial Officer*

## **Auditors' Certificate on Corporate Governance**

We have examined the compliance of conditions of Corporate Governance by the Graviss Hospitality Limited (the Company) for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement entered of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors/Shareholders Grievance and Share Transfer Committee. 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 **V. Shankar Aiyar & CO.**  
*Chartered Accountants*  
*Firm Regn. No. 109208W*

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 29th April, 2011

## Auditors' Report

### To the Members of Graviss Hospitality Limited

1. We have audited the attached Balance Sheet of GRAVISS HOSPITALITY LIMITED as at 31st March, 2012 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) 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 in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the 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 Company's 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, to the extent applicable;
  - (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
    - (ii) In the case of the 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 V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 27th April, 2012

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## Annexure to the Auditors' Report

Annexure referred to the Auditor's Report to the Members of Graviss Hospitality Limited on the Financial Statements for the year ended 31st March 2012.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, physical verification of high value fixed assets was carried out by an external agency during the year. As certified by the said agency there were no material discrepancies noticed on such verification.
- (c) Since there is no disposal of a substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- (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 are 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 is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the record of inventories.
- (iii) (a) The company has granted interest free long term unsecured loans to two companies (wholly owned subsidiary companies), covered in the register maintained under Section 301 of the Companies Act, 1956. (Attention is also invited to Note 27.B.18 to the financial statements. Considering the long term interest of the company in the subsidiaries, the terms and conditions of the loans are not prima facie prejudicial to the interest of the company. The maximum amount involved during the year was Rs 10,939.57 Lacs and the year end balance is Rs.10,939.57 lacs.
- (b) The company has not taken any unsecured loans from any of the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) According to the information and explanations given to us, the transactions made (sale of goods and purchase of services) in pursuance of contracts or arrangements exceeding the value of rupees five lakhs in respect of two parties in the financial year, have been made at reasonable prices having regard to the explanation that for such transactions comparable quotations are not available since alternative sources of supply are limited with reference to quality, delivery schedules and credit period.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of the Company's business.
- (viii) According to the information and explanations given to us, 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 maintained by the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues where applicable.

# GRAVISS HOSPITALITY LIMITED

According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2012, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the company, there are no dues of sales tax/income tax/customs duty/wealth tax/service tax/excise duty/cess, which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions/Banks or Debenture holders.
- (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) The Company is not a chit fund or a nidhi or a mutual benefit society. Therefore the provisions of sub para (xiii) of para 4 of the Order are not applicable to the Company.
- (xiv) In respect of shares, securities and other investments dealt in or traded by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for any loans taken by others from any bank or financial institution.
- (xvi) In our opinion, the term loans taken during the year have, prima facie, been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company, related information made available to us and as represented to us by the Management, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end-use of money raised by any public issue does not arise.
- (xxi) According to the information and explanations given to us and based on audit procedures performed and representations obtained from the management, we report that no fraud on or by the company, has been noticed or reported during the year under audit.

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 27th April, 2012

# 51ST ANNUAL REPORT

## Balance Sheet

as at 31st March, 2012

	Note No.	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	1,728.90	1,728.90
Reserves and Surplus	2	27,163.18	26,768.07
		<u>28,892.08</u>	<u>28,496.97</u>
<b>Non-current Liabilities:</b>			
Long-term borrowings	3	148.22	349.66
Deferred Tax Liability (Net)	4	252.03	297.03
		<u>400.25</u>	<u>646.69</u>
<b>Current Liabilities:</b>			
Trade payables		385.03	379.89
Other current liabilities	5	621.91	688.90
Short term provisions	6	21.32	72.00
		<u>1,028.26</u>	<u>1,140.79</u>
<b>TOTAL</b>		<u><u>30,320.59</u></u>	<u><u>30,284.45</u></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets:			
Tangible assets	7	14,365.32	14,688.37
In-tangible assets	8	2.31	6.44
Capital work-in-progress		55.88	41.99
		<u>14,423.51</u>	<u>14,736.80</u>
Trade receivables			
Non-current investments	9	21.66	21.66
Long-term loans and advances	10	12,335.59	10,953.36
Other non-current assets	11	262.97	150.62
		<u>27,043.73</u>	<u>25,862.44</u>
<b>Current Assets:</b>			
Current Investment	12	1,190.76	2,677.36
Inventories	13	209.25	205.81
Trade receivables	14	533.68	461.13
Cash and Bank Balances	15	1,235.01	917.47
Short-term loans and advances	16	108.16	160.24
		<u>3,276.86</u>	<u>4,422.01</u>
<b>TOTAL</b>		<u><u>30,320.59</u></u>	<u><u>30,284.45</u></u>

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES  
FORMINS PART OF FINANCIAL STATEMENT

27

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**RAVI GHAI**  
Chairman and Managing Director

**M.V. DOSHI**  
Director

**G SANKAR**  
Partner (Membership No. 46050)

**AMIT JAIN**  
Chief Financial Officer

**Lajja Shah**  
Company Secretary

Mumbai,  
Dated: 27th April, 2012

**Statement of Profit and Loss Account**  
for the year ended 31st March, 2012

	Note No.	For the year 31/03/2012 (Rs. in lacs)	For the year 31/03/2011 (Rs. in lacs)
<b>INCOME</b>			
Revenue from operations	17	5,907.21	6,924.64
Other Income	18	303.18	210.85
<b>TOTAL</b>		<b>6,210.39</b>	7,135.49
<b>EXPENSES</b>			
Purchase of Stock-in-Trade	19	1,028.34	1,155.05
Change in Stock-in-Trade	20	(35.41)	(10.00)
Employee benefits expense	21	1,175.80	1,098.03
Finance costs	22	89.16	159.68
Depreciation and amortisation expenses	23	501.77	520.38
Other expenses	24	2,599.95	2,801.10
<b>TOTAL</b>		<b>5,359.61</b>	5,724.24
<b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>			
Exceptional items	25	850.78	1,411.25
		<b>30.46</b>	(267.19)
<b>PROFIT/(LOSS) BEFORE TAX</b>			
		<b>881.24</b>	1,144.06
<b>Tax expense::</b>			
Current tax		(290.00)	(220.00)
Deferred Tax (Net) (Refer Note "4")		45.00	100.30
MAT Credit set off		—	(255.00)
<b>PROFIT/(LOSS) FOR THE PERIOD AFTER TAX</b>			
		<b>636.24</b>	769.36
<b>Earning per equity share - Rs.</b>			
	26		
(a) Basic		<b>0.74</b>	0.89
(b) Diluted		<b>0.74</b>	0.89
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES</b>			
<b>FORMINS PART OF FINANCIAL STATEMENT</b>			
	27		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**G. SANKAR**  
Partner (Membership No. 46050)

Mumbai,  
Dated: 27th April, 2012

**RAVI GHAI**  
Chairman and Managing Director

**AMIT JAIN**  
Chief Financial Officer

**M.V. DOSHI**  
Director

**Lajja Shah**  
Company Secretary

# 51ST ANNUAL REPORT

## Notes

### Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '1' – SHARE CAPITAL</b>		
<b>(a) Authorised:</b>		
230,000 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	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	2,270.00	2,270.00
	<b>2,500.00</b>	2,500.00
<b>(b) Issued, Subscribed and Paid-up:</b>		
86,445,060 Equity shares of Rs. 2 each for cash	1,728.90	1,728.90
86,445,060	<b>1,728.90</b>	1,728.90
<b>(c) Aggregate numbers of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date</b>		
29,310,855 Equity shares of Rs. 2 each issued as a result of Amalgamation of Mayfair Banquets Private Limited with the company	586.22	586.22
<b>(d) Reconciliation of the number of shares</b>		
Opening	86,445,060	86,445,060
Add: Issued	—	—
Closing	<b>86,445,060</b>	86,445,060
<b>(d) Share held by each shareholder holding more than 5% shares</b>		
Equity shares of Rs. 2 each fully paid		
Graviss Holdings Private Limited - 25.24% (25.24%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited - 26.57% (26.57%)	22,967,844	22,967,844
Dunearn Investments (Mauritius) Pte Limited - 26.05% (26.05%)	22,513,400	22,513,400
Inter Continental Hotels Corporation, USA - 5.08% (5.08%)	4,385,235	4,385,235
<b>NOTE '2' – RESERVES AND SURPLUS</b>		
<b>Capital Reserves:</b>		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad.	7.78	7.78
Warrants Forfeited Account As per last account	850.01	850.01
	<b>850.01</b>	850.01
Share Premium Account: As per last account	13,164.55	13,164.55
General Reserve: As per last account	11,255.29	11,170.29
Add: Transferred from Profit & Loss Account	65.00	85.00
	<b>11,320.29</b>	11,255.29
Profit and Loss Account: Opening balance	1,490.44	1,108.49
Add: Net profit after tax transferred from Statement of Profit and Loss	636.24	769.36
Amount available for appropriation	<b>2,126.68</b>	1,877.85
Appropriations:		
Interim Dividend	207.47	207.47
Tax on Interim Dividend	33.66	34.46
Proposed Dividend	—	51.87
Tax on Proposed Dividend	—	8.61
Transfer to General Reserve	65.00	85.00
	<b>306.13</b>	387.41
Balance in Profit and Loss Account	<b>1,820.55</b>	1,490.44
	<b>27,163.18</b>	26,768.07



**Notes**

**Note forming part of the Financial Statements as at 31st March, 2012**

	<b>As at 31/03/2012 (Rs. in lacs)</b>	<b>As at 31/03/2011 (Rs. in lacs)</b>
<b>NOTE '3' – LONG TERM BORROWINGS</b>		
<b>(A) Term loan from Bank</b>		
I. Indian Rupees Loan (Secured)	97.62	175.06
II. Foreign Currency Loan (Secured)	—	155.53
	97.62	330.59
 Note:		
(a) Indian rupee loan from bank carries interest @ 13% p.a. Part of the loan is repayable in 12 quarterly instalments of Rs. 53.33 lacs each along with interest, from the date of loan, viz, 17th December 2007. Balance part of the loan is repayable in 20 quarterly instalments of Rs. 19.36 lacs each along with interest, from the date of loan viz, 19th March 2008. The loan is secured by first charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan.		
(b) Foreign currency loan from bank carries interest @ LIBOR + 700 BPS p.a. The loan is repayable in 20 quarterly instalments of Rs. 75 lacs each alongwith interest, from the date of loan, viz, 25th September 2009. The loan is secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director.		
 <b>(B). Deferred payment liabilities:</b>		
(carry interest rates ranging from 10% to 12%, repayable in various EMI's and secured by hypothecation of vehicles)		
	50.60	19.07
	148.22	349.66
 <b>NOTE '4' – DEFERRED TAX LIABILITIES</b>		
Deferred tax liabilities:		
Depreciation on fixed assets	296.51	313.71
Deferred tax assets:		
Items covered u/s 43B of the Income Tax Act, 1961	44.48	16.68
	252.03	297.03
 <b>NOTE '5' – OTHER CURRENT LIABILITIES</b>		
Unpaid Dividends	2.47	1.46
Interest free deposits from customers	12.73	81.61
Expenses payable	108.50	106.25
Gratuity obligation	52.94	57.37
<b>Statutory dues payable</b>		
– TDS payable	13.62	29.95
– Service Tax payable	1.66	—
– VAT payable	44.80	28.92
– Luxury Tax payable	16.62	—
– Advance Income tax (net)	66.58	(191.27)
– Others	38.19	25.08
 <b>Current maturities of long term debt: (Refer Note "3" above)</b>		
Term Loans repayable in 12 months		
– Indian Rupee Loan	77.44	236.71
– Foreign Currency Loan	172.92	301.98
– Deferred Payment Liability	13.44	10.84
	621.91	688.90

# 51ST ANNUAL REPORT

## Notes

Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '6' – SHORT-TERM PROVISIONS</b>		
Provision for leave benefits	21.32	11.52
Proposed Equity Dividend	—	51.87
Provision for tax on proposed quity dividend	—	8.61
	<b>21.32</b>	<b>72.00</b>

**NOTE '7'** (Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2011	Additions	Deductions/ Adjustments	As at 31/03/2012	Upto 31/03/2011	For the Year	Deductions/ Adjustments	Upto 31/03/2012	As at 31/03/2012	As at 31/03/2011
<b>Tangible Assets:</b>										
Leasehold Lands	10,272.33	—	—	<b>10,272.33</b>	—	—	—	—	<b>10,272.33</b>	10,272.33
Buildings	3,339.25	43.87	—	<b>3,383.12</b>	846.17	108.39	—	954.56	<b>2,428.56</b>	2,493.08
Premises	152.12	—	64.80	<b>87.32</b>	37.97	15.88	42.01	11.84	<b>75.48</b>	114.16
Plant and Machinery	846.21	26.80	62.85	<b>810.16</b>	472.66	72.78	8.59	536.85	<b>273.31</b>	373.55
Furniture and Fixtures	2,262.36	83.54	50.83	<b>2,295.07</b>	1,450.28	215.50	18.19	1,647.59	<b>647.48</b>	812.08
Vehicles	233.05	98.36	19.25	<b>312.16</b>	84.85	28.30	10.68	102.47	<b>209.69</b>	148.21
Office equipment	604.18	17.22	2.70	<b>618.70</b>	178.81	29.08	0.63	207.26	<b>411.44</b>	433.61
Computers	308.04	25.14	—	<b>333.18</b>	258.44	27.71	—	286.15	<b>47.03</b>	41.35
<b>TOTAL</b>	18,017.54	294.93	200.43	<b>18,112.04</b>	3,329.18	497.64	80.10	3,746.72	<b>14,365.32</b>	14,668.37
Total (previous year)	18,021.28	484.14	487.88	18,017.54	3,009.15	515.05	195.03	3,329.17	14,688.37	

**NOTE '8'** (Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2011	Additions	Deductions/ Adjustments	As at 31/03/2012	Upto 31/03/2011	For the Year	Deductions/ Adjustments	Upto 31/03/2012	As at 31/03/2012	As at 31/03/2011
<b>Intangible Assets:</b>										
Computer software	26.41	—	—	<b>26.41</b>	19.97	4.13	—	24.10	<b>2.31</b>	6.44
<b>TOTAL</b>	26.41	—	—	<b>26.41</b>	19.97	4.13	—	24.10	<b>2.31</b>	6.44
Total (previous year)	26.41	—	—	<b>26.41</b>	14.68	5.29	—	19.97	<b>6.44</b>	

**Notes**

Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '9' – NON CURRENT INVESTMENT</b>		
<b>TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):</b>		
<b>Unquoted equity instruments:</b>		
Investment in subsidiaries		
50,000 of Graviss Hotels and Resorts Limited of Rs. 10 each	5.00	5.00
76,422 (out of which 50 jointly held with third parties) of Graviss Catering Private Limited of Rs. 10 each	12.89	12.89
<b>NON-TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):</b>		
Unquoted:		
530 Equity shares of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20 Shares of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1857 Equity shares of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56
Quoted:		
1910 Equity Shares of Edelweiss Capital Limited of Rs. 5 each	3.15	3.15
	<b>21.66</b>	<b>21.66</b>
Aggregate value of unquoted investments	18.51	18.51
Aggregate value of quoted investments	3.15	3.15
Market value of quoted investments	0.52	0.76
*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman and Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company)		
<b>NOTE '10' – LONG-TERM LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD:</b>		
Security Deposits	1,096.02	1,082.47
<b>Loans to subsidiary companies:</b>		
– Graviss Hotels and Resorts Limited	10,555.67	9,201.83
– Graviss Catering Private Limited	383.90	369.06
Capital advance	300.00	300.00
	<b>12,335.59</b>	<b>10,953.36</b>
<b>NOTE '11' – OTHER NON-CURRENT ASSETS:</b>		
Fixed Deposits maturing after one year	255.12	—
Margin Money Deposit with Bank	7.85	150.62
	<b>262.97</b>	<b>150.62</b>

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## Notes

Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '12' – CURRENT INVESTMENTS IN MUTUAL FUNDS (Valued at lower of cost and market value):</b>		
706 units of Rs. 10 each in ICICI Prudential Flexible Income Plan Premium - Daily Div	0.75	2.22
2,035,460 units of Rs. 10 each in ICICI Prudential Interval Fund III Quarterly Interval Plan	203.55	—
1,500,000 units of Rs. 10 each in ICICI Prudential FMP Series 53 -6 Months Plan A Div	—	150.00
3,035,460 units of Rs. 10 each in ICICI Prudential Interval Fund III Quarterly Interval Plan	—	303.55
5,000,000 units of Rs. 10 each in DSP Black Rock FMP 3M Series 28 Dividend Payout	—	500.00
1,018,052 units of Rs. 10 each in Fidelity FMP Series 5 - Plan D Dividend	—	101.81
1,000,000 units of Rs. 10 each in Fidelity FMP Series 3 - Plan F Growth	—	100.00
8,099 units of Rs. 10 each in Birla Sun Life Short Term Fund	8.42	9.72
2,113 units of Rs. 10 each in Birla Sun Life Short Term FMP Series 5 Div Pay	2.11	227.79
2,277,900 units of Rs. 10 each in Birla Sun Life Cash Manager Weekly Dividend Plan	48.16	—
2,273,653 units of Rs. 10 each in Reliance Interval Fund- Quarterly Plan Series -III Inst. Div Plan	—	300.12
4,997,951 units of Rs. 10 each in Reliance Quarterly Interval Fund Series II-Retail Div Plan	—	500.00
3,017,741 units of Rs. 10 each in Reliance Monthly Interval Fund Series - I Inst. Div Plan	—	302.00
176,345 units of Rs. 10 each in Reliance Medium Term Fund DDR	—	30.15
26,496 units of Rs. 10 each in Reliance Money Manager Fund Institutional Option Daily Dividend	265.33	—
2,035,699 units of Rs. 10 each in Quarterly Interval Fund Series II- Inst. Dividend	204.28	—
3,998,361 units of Rs. 10 each in Quarterly Interval Fund Series II- Retail Dividend Plan	400.00	—
926 units of Rs. 10 each in Reliance Medium Term Fund Weekly Dividend	0.16	—
579,861 units of Rs. 10 each in HDFC Quarterly Interval Fund- Plan B Retail Dividend	58.00	—
1,500,000 units of Rs. 10 each in Kotak Quarterly Interval Plan Series 8 Dividend	—	150.00
	<b>1,190.76</b>	<b>2,677.36</b>
Aggregate value of current quoted investments	<b>1,190.76</b>	<b>2,677.36</b>
Net Assets Value (NAV) of Mutual Funds	<b>1,207.97</b>	<b>2,694.51</b>
<b>NOTE '13' – INVENTORIES (Valued at lower of cost and net realisable value):</b>		
Food and Beverages	<b>175.78</b>	140.37
Stores and Other Operating Supplies	<b>33.47</b>	65.44
	<b>209.25</b>	<b>205.81</b>
<b>NOTE '14' – TRADE RECEIVABLES:</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	<b>18.68</b>	23.18
Other debts	<b>515.00</b>	437.95
	<b>533.68</b>	<b>461.13</b>
<b>NOTE '15' – CASH AND BANK BALANCES:</b>		
Cash and Cash Equivalents		
Balances with bank in:		
Current accounts	<b>534.89</b>	464.26
Unpaid Dividend accounts	<b>2.47</b>	1.46
Fixed Deposit with banks maturing within one year	<b>668.07</b>	425.95
Cheques on hand	<b>16.93</b>	—
Cash on hand	<b>12.65</b>	25.80
	<b>1,235.01</b>	<b>917.47</b>

**Notes**

**Note forming part of the Financial Statements as at 31st March, 2012**

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '16' – SHORT-TERM LOANS AND ADVANCES:</b>		
(Unsecured, considered good)		
Advances to others:		
Prepared expenses	48.57	55.56
Loans to employees	25.86	22.68
Balances with statutory/government authorities	1.94	29.28
Advance to suppliers	26.96	40.61
Other advances	4.83	12.11
	<u>108.16</u>	<u>160.24</u>
<b>NOTE '17' – REVENUE FROM OPERATIONS</b>		
Sales-Room	1,764.87	1,939.88
Sales-Food Beverages	3,285.50	4,090.68
Sales of services	856.84	894.08
	<u>5,907.21</u>	<u>6,924.64</u>
<b>NOTE '18' – OTHER INCOME</b>		
Interest received on deposits with banks	92.36	25.65
Dividend Income	118.05	168.14
Gain/(Loss) on sale of investment	35.33	(25.61)
Insurance Claim received	10.00	—
Unclaimed Credit balances written back	6.69	11.58
Foreign exchange commission	5.06	3.14
Miscellaneous receipts	35.69	27.95
	<u>303.18</u>	<u>210.85</u>
<b>NOTE '19' – PURCHASE OF STOCK-IN-TRADE</b>		
Food and Beverages	1,028.34	1,155.05
	<u>1,028.34</u>	<u>1,155.05</u>
<b>NOTE '20' – CHANGE IN STOCK-IN-TRADE (Food &amp; Beverages items)</b>		
Opening stock	140.37	130.37
Closing stock	175.78	140.37
Increase/(Decrease) in stock	<u>(35.41)</u>	<u>(10.00)</u>
<b>NOTE '21' – EMPLOYEE BENEFITS EXPENSE (Refer note "27.B.4")</b>		
Salaries and Wages (including bonus and gratuity)	1,059.07	977.73
Contributions to:		
Provident, Family pension and other Funds	77.16	80.07
Staff welfare expenses	39.57	40.23
	<u>1,175.80</u>	<u>1,098.03</u>
<b>NOTE '22' – FINANCE COSTS</b>		
Interest expense (Bank loans)	75.27	143.29
Other borrowing costs	2.49	10.90
Bank charges	11.40	5.49
	<u>89.16</u>	<u>159.68</u>

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## Notes

Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>NOTE '23' – DEPRECIATION AND AMORTISATION EXPENSES:</b>		
Depreciation of tangible assets	497.64	515.09
Amortisation of intangible assets	4.13	5.29
	<b>501.77</b>	<b>520.38</b>
<b>NOTE '24' – OTHER EXPENSES</b>		
<b>Operating Expenses:</b>		
Power, Fuel and Water	289.15	339.88
Repairs and Maintenance:		
Building	79.97	81.26
Machinery	9.48	14.02
Others	160.29	169.29
Stores and Supplies including Linen and Uniforms	171.31	133.02
Washing and Laundry expenses	84.31	92.36
Business Operating expenses	275.42	315.01
Music and other Operating expenses	82.96	86.43
<b>General Expenses:</b>		
Rent	47.26	84.77
Rates and Taxes	88.42	62.77
Insurance	31.16	31.22
Hire charges	24.68	30.37
Advertisement and Sales Promotion	165.02	168.91
Commission on Sales	180.88	200.67
Travelling and Conveyance	154.96	190.97
Printing and Stationery	29.38	27.02
Postage and Telephones	59.09	61.14
Other expenses	94.64	100.96
Payments to Auditors (Note "27.B.5")	7.72	6.00
Legal and Professional charges	285.71	306.99
Exchange Rate Difference	52.77	62.93
Franchise and Corporate Service fees	202.22	207.18
Donations	5.90	5.62
Directors Sitting fees	3.00	2.80
Loss on sale of Assets	4.12	11.22
Amortisation of Amalgamation Expenses	—	8.29
Bad Debts written off	10.13	—
	<b>2,599.95</b>	<b>2,801.10</b>
<b>NOTE '25' – EXCEPTIONAL ITEMS (Note "27.B.15")</b>		
Loss on sale of discontinuance of operation	—	(267.19)
Profit on sale of fixed assets	30.46	—
	<b>30.46</b>	<b>(267.19)</b>
<b>NOTE '26' – EARNING PER EQUITY SHARE (Basic and Diluted)</b>		
Net profit after Taxation (in Rs.)	634.24	769.36
Weighted average number of equity shares	86,445,060	86,445,060
Earnings per equity shares (in Rs.)	0.74	0.89
Nominal value per share (Rs.)	2.00	2.00

## Notes 27

## Notes to the Accounts

NOTE '27'  
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

## A Significant Accounting Policies

## I SYSTEM OF ACCOUNTING

- (a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The financial statements have been prepared in all material respects in accordance with the accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- (b) Financial statements are prepared on historical cost basis and as a going concern.

## II USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

## III FIXED ASSETS AND DEPRECIATION

- (a) **Fixed Assets**  
Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (b) **Depreciation**  
Depreciation is 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 as follows:
  - Licence Fee is depreciated at the rate of 25%
  - Leased premises are depreciated at the rate of 20%

## IV REVENUE RECOGNITION

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- (a) Sales : Revenue is recognized on accrual basis. Sales comprise of sale of goods and services and are net of Value Added Tax and Service Tax.
- (b) Interest : Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.
- (c) Dividends : Revenue is recognized when the right to receive payment is established.

## V INVESTMENTS

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

## VI INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

## VII FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- (b) Monetary items denominated in foreign currencies (such as cash receivables , payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date.
- (c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account, except as indicated in Note B-13 below.

## VIII BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred

## IX EMPLOYEE BENEFITS

- (a) Contributions to Provident Fund are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- (b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Met Life Insurance Co. Premium charged by the Met Life Insurance Co, based on actuarial valuation is debited to the Profit and Loss account.
- (c) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

## X PROVISIONS &amp; CONTINGENCIES

- (a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- (b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- (c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.



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## Notes 27 to the Accounts — (Contd.)

### XI TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same. Deferred Tax which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

### XII IMPAIRMENT OF ASSET

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

### XIII LEASES

Assets acquired under finance leases are capitalized 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.

Operating lease expense is recognized in the Profit and Loss Account on straight line basis over the lease term.

### B. Other Notes forming part of Financial Statements

#### 1. A Contingent Liabilities:

- Bank Guarantees given to the extent of Rs. 13.61 lacs (previous year Rs. 236.66 lacs).
- Disputed property tax demand NIL (previous year Rs.259.48 lacs).
- The company has received Income Tax demand of Rs. 452.22 lacs in respect of AY 2009-10 on account of certain disallowances / additions to income and has preferred an appeal with the appellate authorities. The company is hopeful of getting the appellate order in its favour and therefore has not made any provision for the same in the financial statements.

#### B Capital and Other Commitments

- Estimated amount of contracts remaining to be executed on capital account NIL (Previous year NIL)
- Lease commitments are disclosed under Note B-3 below

Note: Commitments which are material and which will result in a penalty disproportionate to the benefits involved, based on the judgement of the management are only disclosed.

#### 2. Retirement benefit

Disclosure pursuant to Accounting Standard -15 (Revised) Employee Benefits:

The Company has classified the various benefits provided to employees as under:

#### Defined Benefit Plans:

	Gratuity		Leave Encashment	
	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
<b>Changes in the Present Value of Obligation</b>				
(a) Present Value of Obligation as at 1st April, 2011	134.58	121.14	13.43	24.12
(b) Interest Cost	9.99	9.37	0.74	1.93
(c) Service Cost	23.13	23.35	19.43	18.95
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(16.41)	(8.01)	(5.36)	—
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	1.24	(11.28)	(5.23)	(31.57)
(i) Present Value of Obligation as at 31st March, 2012	152.52	134.58	23.01	13.43
<b>Changes in the Fair Value of Plan Assets</b>				
(a) Present Value of Plan Assets as at 1st April, 2011	—	—	—	—
(b) Expected Return on Plan Assets	—	—	—	—
(c) Actuarial (Gain)/Loss	—	—	—	—
(d) Employers' Contributions	—	—	—	—
(e) Benefits Paid	—	—	—	—
(f) Present Value of Obligation as at 31st March, 2012	—	—	—	—

**Notes 27 to the Accounts — (Contd.)**

	Gratuity		Leave Encashment	
	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
<b>Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>				
(a) Present Value of Defined Benefit Obligation as at 31st March, 2012	152.52	134.58	23.01	13.43
(b) Fair Value of Plan Assets as at 31st March, 2012	99.58	77.20	1.70	1.91
(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2012)	52.94	57.37	21.32	11.52
<b>Expenses Recognized in the Profit and Loss Account</b>				
(a) Service Cost	23.13	23.35	19.43	18.95
(b) Interest Cost	9.99	9.37	0.74	1.93
(c) Expected Return on Plan Assets	(8.75)	(4.49)	(0.20)	—
(d) Curtailment Cost/(Credit)	1.24	(6.79)	(5.26)	(31.57)
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Net Actuarial (Gain)/Loss	—	—	—	—
(g) Total Expenses recognized in the Profit and Loss A/c	25.60	21.45	14.71	(10.69)
<b>Actuarial Assumptions</b>				
Retirement age	58 Years	58 Years		
Discount rate	7 to 8%	7 to 8%		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult		
Withdrawal rate	1.30%	1.30%		
Salary escalation	5 to 10%	5 to 10%		

**3. Finance Lease:**

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.132.30 lacs (previous year Rs. 129.06 lacs) upto March 2012 against which the future obligations aggregate to Rs. 80.37 lacs (previous year Rs.38.43 lacs) excluding the lease charge Rs. 16.33 lacs (previous year Rs. 8.52 lacs) and the same are payable as under:

Period	2011-2011		2010-2011	
	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)	Minimum Lease Payment (Rs. in lacs)	Present Value (Rs. in lacs)
Not later than 1 year	20.15	13.44	17.90	10.84
Later than 1 year but not later than 5 years	60.22	50.60	20.53	19.07

**4. Employee's Remuneration & Benefits includes**

Remuneration paid to the Managing Director and Joint Managing Director

	2011-12 (Rs. in lacs)	2010-2011 (Rs. in lacs)
Salary	54.00	54.00
Contribution to Provident Fund	6.48	6.48
Other Perquisites	14.10	14.10
	74.58	74.58

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## Notes 27 to the Accounts — (Contd.)

	2011-12 (Rs. in lacs)	2010-2011 (Rs. in lacs)
5. Payments to Auditors		
Audit Fee	6.07	4.00
Certification charges	1.65	0.47
	7.72	4.47

6. (a) Particulars of Trade Receivables and Loans and Advances for debts due from companies under the same management are as follows (related parties):

	2011-2012 (Rs. in lacs)	2010-2011 (Rs. in lacs)
<b>Trade Receivables (Current):</b>		
Graviss Holdings Private Limited	393.33	291.18
Rich Graviss Products Private Limited	3.04	2.69
Graviss Foods Private Limited	—	3.45
	396.37	297.32
<b>Loans and Advances:</b>		
<b>Security Deposits: (Non Current)</b>		
Graviss Holdings Private Limited	200.00	200.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	1,004.00	1,004.00

- (b) Confirmations of balances from some of sundry debtors and creditors have not been received.

7. 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, Mr Gaurav Ghai, Mr. RKP Shankardass.

**ii Other related parties where the common control exists**

Graviss Holdings Pvt Ltd., Graviss Foods Pvt Ltd., Graviss Catering Pvt Ltd, Rich Graviss Products Private Limited, Pure Foods & Ice Creams

\*Mahaniya Investments Pvt Ltd., Graviss Hotels & Resorts Limited, Crossword Beverages Pvt. Ltd\*., Brown Hills Realty Pvt. Ltd.\*

\*Idar Hotels Pvt. Ltd., \*Gaylord Pvt. Ltd., \*Oregon Realties Pvt Ltd,\* Perfect Livestock Pvt. Ltd\*.,

\*Satinetta Finelease & Investments Pvt. Ltd.," Kwaliti Walls Fanatasy Ltd.

(\*no transactions during the year)

**iii Managing and Joint Managing Director**

Mr Ravi Ghai and Mr Gaurav Ghai

Notes 27 to the Accounts — (Contd.)

**B. Transactions with Related Parties:**

	(Rs. in lacs)	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
<b>I Sale</b>			
Other related parties where the common control exists		954.10	917.39
<b>II Expenditure and other services fees paid</b>			
Shareholders/Directors/Managing Director	3.81		
Other related parties where the common control exists	88.96	92.77	118.97
<b>iii Managerial Remuneration</b>			
Managing Director and Joint Managing Director		74.58	74.58
<b>iv Loans /Advances/ Deposits given</b>			
Other related parties where the common control exists		11,943.57	10,577.25
<b>v Debtors</b>			
Other related parties where the common control exists		396.37	297.32
<b>vi Outstanding payables</b>			
Other related parties where the common control exists		8.39	2.28

8. Value of raw materials and stores consumed:

	2011-2012		2010-2011	
	% of total consumption	Amount (Rs. in lacs)	% of total consumption	Amount (Rs. in lacs)
Raw Materials:				
Indigenous	100	992.93	100	1,145.05
Stores:				
Indigenous	100	55.28	100	44.65

	2011-2012 (Rs. in lacs)	2010-2011 (Rs. in lacs)
<b>9. Value of imports (CIF value):</b>		
Capital Goods	67.47	57.09
<b>10. Earnings in Foreign Exchange:</b>		
(a) Sale of Rooms and Food and Beverages Income	1,733.73	1,966.99
(b) Encashment of Foreign Exchange	91.95	57.84
<b>11. Expenditure in Foreign Currencies:</b>		
(a) Travelling - Directors	16.43	52.16
(b) Travelling - Others	6.04	16.06
(c) Agency Commission	18.20	28.90
(d) Consultants Fees	56.62	106.46
(e) Franchise Fees	103.40	168.88
(f) Others	14.92	3.53
12. Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.		
13. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with paras 46 and 46A Companies (Accounting Standards) Amendment Rules 2009/2011 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009 and on 29th December, 2011 respectively. Accordingly an amount of Rs. 52.77 lacs (loss) has been charged to Profit & Loss Account.		
14. Provision for current tax during the year has been made on regular basis.		
15. The Company's banquet operations at Corinthians Club, Pune were sold during the year ended 31 March 2012. Profit on sale of Rs.30.46 lacs has been credited to the profit and loss account. (Loss on discontinued operations of Rs. 267 lacs for the year ended 31 March 2011).		

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## Notes 27 to the Accounts — (Contd.)

16. Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.
17. 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'.
18. The Company has an investment in the equity shares of Graviss Catering Private Limited, a subsidiary, of Rs. 7.65 lacs and has also granted interest free loans to the said subsidiary of Rs. 383.90 lacs. The accumulated losses of the said subsidiary exceed its net worth. In the opinion of the management, having regard to the long term interest of the Company in the said subsidiary there is no diminution in the value of investments and the Company is also hopeful of recovering the loan.
- The Company has an investment in the equity shares of Graviss Hotels and Resorts Limited, a subsidiary, of Rs. 5 lacs and also has granted interest free loan to the said subsidiary of Rs. 10,555.67 lacs. The said subsidiary has purchased lands at various places for developing hotels and is in the process of construction / development. In the opinion of the management, having regard to the long term interest of the Company in the subsidiary and steps taken by the management to complete the projects, there is no diminution in the value of investment and company is also hopeful of recovering the loan.
19. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.
20. **Previous year figures:**  
Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W  
**G SANKAR**  
*Partner (Membership No. 46050)*  
Mumbai,  
Dated: 27th April, 2012

**Signature to Schedules '1' to '27'**

**RAVI GHAI**  
*Chairman and Managing Director*

**AMIT JAIN**  
*Chief Financial Officer*

**M.V. DOSHI**  
*Director*  
  
**Lajja Shah**  
*Company Secretary*

**Cash Flow Statement for the Year Ended 31st March, 2012**

	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	881.24	1,144.06
Adjusted for:		
Depreciation/Amortisation	501.77	528.67
Exchange difference on ECB Loan	52.77	71.24
(Profit)/loss on sale of fixed assets	(26.34)	11.22
Loss/(profit) on discontinuation of operations	—	267.19
Interest income	(92.36)	(25.65)
Dividend income	(118.05)	(168.14)
Interest expense	77.76	154.19
Operating profit before working capital changes	1,276.79	1,981.78
Increase/(decrease) in trade payables	5.14	(32.02)
Increase/(decrease) in short-term provisions	9.80	(10.61)
Increase/(decrease) in other current liabilities	(324.84)	42.89
Decrease/(Increase) in trade receivables	(72.55)	(69.49)
Decrease/(Increase) in inventories	(3.44)	4.15
Decrease/(Increase) in long-terms loans and advances	(1,382.25)	(1,780.37)
Decrease/(Increase) in short-terms loans and advances	52.08	107.22
Decrease/(Increase) in other non-current assets	(112.35)	(150.62)
Cash generated from operations	(551.62)	92.93
Income tax paid	(32.15)	(206.00)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(583.77)</b>	<b>(113.07)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(308.82)	(486.85)
Proceeds from sale of fixed assets	146.70	14.45
Proceeds of non-current investments	—	1.00
Proceeds from sale/maturity of current investments	1,486.60	1,771.57
Interest received	92.36	25.65
Dividend received	118.05	168.14
<b>NET CASH USED IN INVESTMENT ACTIVITIES (B)</b>	<b>1,534.89</b>	<b>1,493.96</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long-term borrowings	(254.21)	(781.28)
Interest paid	(77.76)	(154.19)
Dividend paid on equity shares (Interim)	(207.47)	(207.47)
Tax on equity dividend paid (Interim)	(33.66)	(34.46)
Dividend paid on equity shares (Final)	(51.87)	—
Tax on equity dividend paid (Final)	(8.61)	—
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(633.58)</b>	<b>(1,177.40)</b>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	317.54	203.49
Cash and cash equivalents at beginning of period:		
Cash on hand and balances with bank	917.47	713.98
<b>Total</b>	<b>917.47</b>	<b>713.98</b>
Cash and cash equivalents at end of period:		
Cash on hand and balances with bank	1,235.01	917.47
<b>Total</b>	<b>1,235.01</b>	<b>917.47</b>
Net Increase/(decrease) in cash and cash equivalents	(317.54)	(203.49)

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**G. SANKAR**  
Partner (Membership No. 46050)

Mumbai,  
Dated: 27th April, 2012

**RAVI GHAI**  
Chairman and Managing Director

**AMIT JAIN**  
Chief Financial Officer

**M.V. DOSHI**  
Director

**Lajja Shah**  
Company Secretary

# 51ST ANNUAL REPORT

## 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

State Code

11

Balance Sheet Date

31 03 2011  
Date Month Year

(Refer Code List)

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

Public Issue

NIL

Right Issue

NIL

Bonus Issue

NIL

Preferential Allotment

NIL

### (3) Position of Mobilisation and Deployment of Funds (Amount in Rs. lacs)

SOURCES FUND

Total Liabilities

29693

Share Application Money

NIL

Total Assets

29693

Paid-up Capital

1729

Reserves and Surplus

26768

Secured Loans

899

Unsecured Loans

NIL

Deferred Tax Liability (Net)

297

APPLICATION OF FUNDS

Net Fixed Assets

14737

Expenditure Pending

Capitalisation

NIL

Investments

2699

Net Current Assets

12257

Deferred Tax Assets (Net)

NIL

Misllaneous Expenditure

NIL

Accumulated Losses

NIL

### (4) Performance of Company (Amount in Rs. lacs)

Turnover

7162

Total Expenditure

6018

(Please tick appropriate box + for Profit, - for Loss)

+/- Profit/Loss before tax

1144

+/- Profit/Loss after tax

769

Earning per share (Rs.)

Basic

0.89

Dividend Rate %

12.00

Diluted

0.89

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

Item Code No. (ITC Code)

NA

Product Description

HOSPITALITY INDUSTRY

**RAVI GHAI**

Chairman and Managing Director

**M. V. DOSHI**

Director

**HARSH VARMA**

Chief Executive Officer

**AMIT JAIN**

Chief Financial Officer

Mumbai,

dated: 29th April, 2011

**Chanda Behl**

Company Secretary



## Auditors' Report to the Board of Directors of Graviss Hospitality Limited on the Consolidated Financial Statements of Graviss Hospitality Limited and Subsidiaries

To the Board of Directors,

1. We have audited the attached Consolidated Balance Sheet of **GRAVISS HOSPITALITY LIMITED** (the Company) and its Subsidiaries (the Group) as at 31<sup>st</sup> March, 2012, the Consolidated Profit and Loss Account and 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 and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary company whose financial statement reflects total assets of Rs.146.35 lacs as at 31<sup>st</sup> March, 2012, the total revenue of Rs. (0.06) lacs and cash flows amounting to Rs. Nil for the year ended on that date. These financial statements have been audited by the other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued under Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidation financial statements read with the Significant Accounting Policies and other notes thereon, 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 March 31, 2012
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 2th April, 2012

# 51ST ANNUAL REPORT

## Consolidated Balance Sheet as at 31st March, 2012

	Note No.	As at 31/03/2012 (Rs. in lacs)	As at 31/03/2011 (Rs. in lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	1,728.90	1,728.90
Monority Interest		0.00	0.00
Reserves and Surplus	2	26,664.64	26,266.53
		<b>28,393.54</b>	<b>27,995.43</b>
<b>Non-current Liabilities:</b>			
Long-term borrowings	3	322.53	524.44
Deferred Tax Liability (Net)	4	181.57	217.37
		<b>504.10</b>	<b>741.81</b>
<b>Current Liabilities:</b>			
Trade payables		409.05	384.75
Other current liabilities	5	755.25	774.16
Short term provisions	6	21.32	72.00
		<b>1,185.62</b>	<b>1,230.91</b>
<b>TOTAL</b>		<b>30,083.26</b>	<b>29,968.15</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets:			
Tangible assets	7	17,947.10	18,276.86
In-tangible assets	8	2.31	6.44
Capital work-in-progress		6,873.40	5,433.60
		<b>24,822.81</b>	<b>23,716.90</b>
Trade receivables			
Non-current investments	9	3.77	3.77
Long-term loans and advances	10	1,418.15	1,399.13
Other non-current assets	11	307.94	192.83
		<b>26,552.67</b>	<b>25,312.63</b>
<b>Current Assets:</b>			
Current Investment	12	1,190.76	2,677.36
Inventories	13	209.25	205.82
Trade receivables	14	554.58	470.11
Cash and Bank Balances	15	1,268.18	1,006.01
Short-term loans and advances	16	307.82	296.22
		<b>3,530.59</b>	<b>4,655.52</b>
		<b>30,083.26</b>	<b>29,968.15</b>

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES  
FORMINS PART OF FINANCIAL STATEMENT

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**RAVI GHAI**  
Chairman and Managing Director

**M.V. DOSHI**  
Director

**G SANKAR**  
Partner (Membership No. 46050)

**AMIT JAIN**  
Chief Financial Officer

**Lajja Shah**  
Company Secretary

Mumbai,  
Dated: 27th April, 2012

**Consolidated Statements of Profit and Loss Account**  
for the year ended 31st March, 2012

	Note No.	Year ended 31/03/2012 (Rs. in lacs)	Year ended 31/03/2011 (Rs. in lacs)
<b>INCOME</b>			
Revenue from operations	17	6,253.10	7,208.46
Other Income	18	303.18	210.86
<b>TOTAL</b>		<b>6,556.28</b>	<b>7,419.32</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade	19	1,050.81	1,155.05
Change in Stock-in-Trade	20	(35.41)	(10.00)
Employee benefits expense	21	1,192.42	1,111.61
Finance costs	22	104.43	183.61
Depreciation and amortisation expenses	23	513.00	531.45
Other expenses	24	2,868.05	3,012.09
<b>TOTAL</b>		<b>5,693.30</b>	<b>5,983.81</b>
<b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>		<b>862.98</b>	1,435.51
Exceptional items	25	30.46	(267.19)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>893.44</b>	1,168.32
<b>Tax expense:</b>			
Current tax		(290.00)	(220.00)
Deferred Tax (Net)		35.80	105.75
MAT Credit set off		—	(255.00)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>639.24</b>	799.07
<b>Earning per equity share - Rs.</b>			
(a) Basic	26	0.74	0.92
(b) Diluted		0.74	0.92
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMINS PART OF FINANCIAL STATEMENT</b>		27	

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**RAVI GHAI**  
Chairman and Managing Director

**M.V. DOSHI**  
Director

**G. SANKAR**  
Partner (Membership No. 46050)

**AMIT JAIN**  
Chief Financial Officer

**Lajja Shah**  
Company Secretary

Mumbai,  
Dated: 27th April, 2012

# 51ST ANNUAL REPORT

## Notes

### Note forming part of the Financial Statements as at 31st March, 2012

	As at 31/03/2012 Rs. in lacs	As at 31/03/2011 Rs. in lacs
<b>NOTE '1' – SHARE CAPITAL</b>		
<b>(a) Authorised:</b>		
230,000 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	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	2,270.00	2,270.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>(b) Issued, Subscribed and Paid-up:</b>		
86,445,060 Equity shares of Rs. 2 each for cash	1,728.90	1,728.90
86,445,060	<b>1,728.90</b>	<b>1,728.90</b>
<b>(c) Aggregate numbers of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date</b>		
29,310,855 Equity shares of Rs. 2 each issued as a result of Amalgamation of Mayfair Banquets Private Limited with the company	586.22	586.22
<b>(d) Reconciliation of the number of shares</b>		
Opening	86,445,060	86,445,060
Add: Issued	—	—
Closing	<b>86,445,060</b>	<b>86,445,060</b>
<b>(e) Share held by each shareholder holding more than 5% shares</b>		
Equity shares of Rs. 2 each fully paid		
Graviss Holdings Private Limited - 25.24% (25.214%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited - 26.57% (26.57%)	22,967,844	22,967,844
Dunearn Investments (Mauritius) Pte Limited - 26.05% (26.05%)	22,513,400	22,513,400
Inter Continental Hotels Corporation, USA - 5.08% (5.08%)	4,385,235	4,385,235
<b>NOTE '2' – RESERVES AND SURPLUS</b>		
<b>Capital Reserves:</b>		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad – As per last account	7.78	7.78
Warrants Forfeited Account As per last account	850.01	850.01
	<b>850.01</b>	<b>850.01</b>
Share Premium Account: As per last account	13,164.55	13,164.55
General Reserve: As per last account	11,255.29	11,170.29
Add: Transferred from Profit & Loss Account	65.00	85.00
	<b>11,320.29</b>	<b>11,255.29</b>
Goodwill on Consolidation	(112.44)	(112.44)
Profit and Loss Account: Opening balance	1,101.34	689.68
Add: Net profit after tax transferred from Statement of Profit and Loss	639.24	799.07
Amount available for appropriation	<b>1,740.58</b>	<b>1,488.75</b>
Appropriations:		
Interim Dividend	207.47	207.47
Tax on Interim Dividend	33.66	34.46
Proposed Dividend	—	51.87
Tax on Proposed Dividend	—	8.61
Transfer to General Reserve	65.00	85.00
	<b>306.13</b>	<b>387.41</b>
Balance in Profit and Loss Account	<b>1,434.45</b>	<b>1,101.34</b>
	<b>26,664.64</b>	<b>26,266.53</b>

**Notes**

**Note forming part of the Financial Statements as at 31st March, 2012**

	<b>As at 31/03/2012 Rs. in lacs</b>	<b>As at 31/03/2011 Rs. in lacs</b>
<b>NOTES '3' – SHARE CAPITAL</b>		
<b>(A) Term loan from Bank</b>		
I. Indian Rupees Loan (Secured)	97.62	175.06
II. Foreign Currency Loan (Secured)	—	155.53
	97.62	330.59
<b>Note:</b>		
(a) Indian rupee loan from bank carries interest @ 13% p.a. Part of the loan is repayable in 12 quarterly instalments of Rs. 53.33 lacs each along with interest, from the date of loan, viz, 17th December 2007. Balance part of the loan is repayable in 20 quarterly instalments of Rs. 19.36 lacs each along with interest, from the date of loan viz, 19th March 2008. The loan is secured by first charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan.		
(b) Foreign currency loan from bank carries interest @ LIBOR + 700 BPS p.a. The loan is repayable in 20 quarterly instalments of Rs. 75 lacs each alongwith interest, from the date of loan, viz, 25th September 2009. The loan is secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director.		
<b>(B). Unsecured loans:</b>		
From Graviss Holdings Private Limited (a related party) (Interest @ 12.5% p.a. and not repayable within one year)	166.32	166.55
<b>(C). Deferred payment liabilities:</b>		
(carry interest rates ranging from 10% to 12%, repayable in various EMLs and secured by hypothecation of vehicles)	58.59	27.30
	322.53	524.44
<b>NOTE '4' – DEFERRED TAX LIABILITIES</b>		
<b>Deferred tax liabilities:</b>		
Depreciation on fixed assets	293.34	310.54
<b>Deferred tax assets:</b>		
Items covered u/s 43B of the Income Tax Act, 1961	111.77	93.17
	181.57	217.37
<b>NOTE '5' – OTHER CURRENT LIABILITIES</b>		
Unpaid Dividends	2.47	1.46
Interest free deposits from customers	12.73	81.61
Expenses payable	109.77	107.48
Gratuity obligation	52.94	57.37
<b>Statutory dues payable</b>		
– TDS payable	17.17	34.57
– Service Tax payable	1.66	—
– VAT payable	46.78	28.92
– Luxury Tax payable	16.62	—
– Advance Income tax (net)	52.08	(199.69)
– Others	40.13	35.73
Liability for capital expenditure	136.55	72.55
<b>Current maturities of long term debt:</b>		
Term Loans repayable in 12 months		
– Indian Rupee Loan	77.44	236.71
– Foreign Currency Loan	172.92	301.98
– Deferred Payment Liability	15.99	15.47
	755.25	774.16