

Asian Hotels (East) Limited

5th Annual Report and Accounts 2011-12



BOARD OF DIRECTORS

Radhe Shyam Saraf	— Chairman
Arun K Saraf	— Joint Managing Director
Umesh Saraf	— Joint Managing Director
Rama Shankar Jhawar	— Independent Director
S. S. Bhandari	— Independent Director
Padam K Khaitan	— Independent Director

CHIEF LEGAL OFFICER & COMPANY SECRETARY

Saumen Chattopadhyay

AUDITORS

S. S. Kothari Mehta & Co.
Chartered Accountants
21, Lansdowne Place
4th Floor, Kolkata - 700 029, W.B., India

BANKERS

Standard Chartered Bank
IDBI Bank Limited
State Bank of India

REGISTERED OFFICE

Hyatt Regency Kolkata
JA-1, Sector-III, Salt Lake City
Kolkata - 700 098, W. B., India
Tel.No.033-2335 1234
Fax No. 033-2335 8246
www.ahleast.com

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
17-24, Vittal Rao Nagar, Madhapur
Hyderabad - 500 081
Andhra Pradesh, India

CONTENTS

Notice	2-3
Directors' Report	4-7
along with following annexure :	
Annexure-A, Particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988	8
Annexure-B, Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956	8
Annexure-C, Management Discussion and Analysis	9-10
Annexure-D, Report on Corporate Governance	11-20
Auditors' Report	21-23
Accounts – Asian Hotels (East) Limited (Standalone)	24-42
Statement pursuant to Section 212 of the Companies Act, 1956	43
Annual Reports of the Subsidiaries	
(a) GJS Hotels Limited	44-57
(b) Regency Convention Centre and Hotels Limited	58-73
Auditors' Report on Consolidated Financial Statement of Asian Hotels (East) Limited and its Subsidiary Companies	74
Consolidated Accounts	75-92
Green Initiative Letter and Request Registration Form	93
Blank Page	94
Proxy Form & Attendance Slip	95
Blank Page	96

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 5TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT REGENCY BALL ROOM, HYATT REGENCY KOLKATA, JA-1, SECTOR-III, SALT LAKE CITY, KOLKATA - 700 098, WEST BENGAL, ON THURSDAY, THE 19TH JULY, 2012 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS:

01. To consider and adopt the audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
02. To declare a dividend on equity shares.
03. To appoint a Director in place of Mr. Padam K Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint the Statutory Auditors of the Company and to fix their remuneration.

Registered Office:

Hyatt Regency Kolkata
JA-1, Sector- III
Salt Lake City
Kolkata - 700 098

Date: 11th May 2012

By Order of the Board of Directors

Saumen Chattopadhyay
Chief Legal Officer &
Company Secretary

Notes:

- (01) **A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited to the Company at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
- (02) Members/Proxies should bring the enclosed Attendance Slip duly filled in and signed in terms of specimen signature lodged with the Company alongwith their copies of Annual Report for attending the Meeting. Members attending the Annual General Meeting are requested to bring with them DP & Client ID Numbers, Folio Numbers for dematerialized holdings and physical holdings respectively. The Company would accept only the Attendance Slip from a member actually attending the Meeting or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours before the commencement of the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting or relating to Proxies which are invalid will not be accepted from any other member/person.
- (03) Corporate Members intending to send their authorized representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
- (04) In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.
- (05) The Register of Members and the Share Transfer Books of the Company will remain closed from 12th July 2012 to 19th July 2012 (both days inclusive).
- (06) Final Dividend on equity shares, when approved at the Meeting, will be paid/credited/dispatched on or after 23rd July 2012 to those members.
 - (a) whose names appear as beneficial owners as at the end of business hours on 11th July 2012 in the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 11th July 2012.
- (07) Members holding shares in physical form are requested to notify to the Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081 quoting their folio, any change in their registered address with pin code/mandate/bank details and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
- (08) Kind attention of the members are drawn to the recent Circular bearing No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs (MCA) read with their earlier Circular bearing No.17/2011 dated 21.04.2011, wherein it is clarified that Company would be complying the provisions of Section 53 of the Companies Act, 1956, if the service of the document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholders, to register their e-mail addresses and changes therein from time to time with the Company. Further, it is also clarified that Company would be in compliance of provisions of Section 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc., is sent by electronic mail to its members subject to the above cited compliance.

In view of the above, notice is hereby given to every member of the Company including NRI shareholders to get their e-mail addresses registered with their respective Depository Participants (DP) in case shares are held in Demat form and with the Registrar & Share Transfer Agent (RTA) viz. Karvy Computershare Private Limited, Hyderabad, if the shares are held by them in physical mode. If the e-mail addresses are already registered with the respective DPs/RTA of the Company by the shareholders, it is requested to ensure that registered e-mail ids are current, operative and all the addressed correspondences are received through it.
- (09) All NRI Members of the Company are hereby requested to get their Indian Postal addresses, e-mail ids and bank details with their NRE/NRO account nos. registered with their respective DP/RTA of the Company, so as to facilitate to provide smoother, faster, cost effective and proper service to them by the Company.
- (10) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. Dividend will be credited to the Member's bank account through NECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's record.

In view of the above, all the members of the Company having their holding in Demat form are requested to get their latest postal addresses, e-mail ids and bank details, such as name of the bank, its address, A/c No., IFS Code and MICR No. etc. recorded with the respective DPs, so as to facilitate a smooth remittance of dividend by way of NECS/NEFT by the Company. Request is also made to the shareholders having their shares in physical mode to get their latest postal addresses, e-mail ids and above cited bank account details recorded with RTA of the Company by way of written request letter duly signed.

Asian Hotels (East) Limited

- (11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ RTA.
- (12) Members holding shares in physical form can avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Registrar & Share Transfer Agent. Members desiring to avail this facility may send their Nomination Form duly filled in, to the Company or its Registrar & Share Transfer Agent by quoting their respective folio numbers.
- (13) Members are requested to send all communications relating to shares and unclaimed dividends either to the Company at its registered office address or to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, at its address mentioned earlier in this Notice.
- (14) Members are requested to encash their Dividend Warrants on receipt, as Dividend remaining unclaimed for 7 years are required to be transferred to the Investor Education & Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to this fund, members will not be entitled to claim these dividends.
- (15) The Company is in process of completing compliance with Clause 5A II of the Listing Agreement.
- (16) Members are requested not to carry any briefcase, carry bag, shopping bag and the like to the venue since these will not be allowed inside for security reasons. The Meeting is for members or their proxies only. Please avoid being accompanied by non-member/children.
- (17) The Company is also in receipt of complaints from various shareholders from time to time regarding non-receipt of Annual Report. In this connection, kind attention of the shareholders is drawn towards SEBI's Circular No. Cir/CFD/DCR/5/2010 dated 07.05.2010 read with amended Clause 31 of the Listing Agreement whereby filing of the soft copy of the full Annual Report to BSE by every listed company is made mandatory and in turn BSE is putting that Annual Report on its website for the reference and perusal of all the interested members. Hence, members may download the copy of full Annual Report of the Company from BSE website for their immediate reference and perusal.
Further, the Company is also maintaining a functional website in compliance with Clause 54 of the Listing Agreement entered with the stock exchanges. Annual Report and other documents are available on the website of the Company for inspection.
- (18) It is also noticed that many members holding shares in physical mode are holding insignificant shares under multiple folios. In order to provide cost effective, faster and prompt service, all Members concerned are requested to get their shareholding consolidated in one folio only.
- (19) Disclosure pursuant to Clause 49(IV)(G) of the Listing Agreement with respect to the Director seeking appointment and re-appointment at the forthcoming AGM is given herein below:

Mr. Padam K Khaitan

Mr. Padam K Khaitan is an Attorney-at-Law & Advocate with over 34 years of experience in legal field and is a Partner of M/s. Khaitan & Co., Advocates, Kolkata.

Mr. Padam K Khaitan is on the Board of the following Companies:

- | | |
|-----------------------------------------|-------------------------------------------|
| 1) Ramkrishna Forgings Limited | 10) Kilburn Engineering Ltd. |
| 2) Rungamattee Tea & Industries Limited | 11) Upper Ganges & Sugar Industries Ltd. |
| 3) Williamson Magor & Co. Ltd. | 12) Time Leverage Instruments (P) Limited |
| 4) Cheviot Company Limited | 13) Cheviot Agro Industries Pvt. Limited |
| 5) Manjushree Plantations Limited | 14) Auro Holdings Pvt. Ltd. |
| 6) R.V. Investment & Dealers Limited | 15) Auro Investments Pvt. Ltd. |
| 7) Khaitan Consultants Limited | 16) ITSA Warehouses Pvt. Ltd. |
| 8) GJS Hotels Limited | 17) NOTT Investments Pvt. Ltd. |
| 9) McNally Sayaji Engineering Ltd. | |

Foreign Companies :

- | | | |
|----------------------|-----------------|----------------|
| 18) Trans Global Plc | 19) Novener SAS | 20) Uniross SA |
|----------------------|-----------------|----------------|

Names of firms in which he is a partner :

- | | | |
|---------------------------|--------------------------|-----------------------------|
| 1) Khaitan & Co., Kolkata | 2) Khaitan & Co., Mumbai | 3) Khaitan & Co., Bangalore |
| 4) Khaitan & Co. LLP | 5) Khaitan & Co. AOP | |

Mr. Padam K Khaitan is not holding any shares capital of 2% or more in any Companies.

He is the Chairman/Member in the following Committees:

- Chairman : Shareholders Grievance Committee of Manjushree Plantations Ltd.
Share Transfer & Shareholders'/ Investors' Grievance-cum Share Transfer Committee of Kilburn Engineering Ltd.
Borrowing Committee of Kilburn Engineering Ltd.
- Member : Audit Committee of Magor & Co. Ltd.
Shareholders' Grievance Committee of Williamson Magor & Co. Ltd.
Remuneration Committee of Williamson Magor & Co. Ltd.
Shareholders' Grievance Committee of McNally Sayaji Engineering Ltd.
Audit Committee of McNally Sayaji Engineering Ltd.
Remuneration Committee of McNally Sayaji Engineering Ltd.

Mr. Padam K Khaitan, aged about 58 years, does not have any equity share of the Company.

Except Mr. Padam K Khaitan, none of the other Directors may be deemed to be concerned or interested in this item.

Registered Office:

Hyatt Regency Kolkata
JA-1, Sector- III
Salt Lake City
Kolkata - 700 098

Date: 11th May 2012

By Order of the Board of Directors

Saumen Chattopadhyay
Chief Legal Officer &
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their 5th Annual Report on the business and operation of the Company together with the audited annual accounts of the Company for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

Your Company's performance during the year under review is summarised as under:

Particulars	Standalone (Rs. in lacs)		Consolidated (Rs. in lacs)	
	2011-12	2010-11	2011-12	2010-11
Total Revenue	10097.65	10095.17	10097.66	10198.16
Profit before Depreciation and Tax Expenses	4284.92	4300.53	4277.18	4398.73
Less: Depreciation	685.03	679.51	685.03	679.52
Profit Before Tax	3599.89	3621.01	3592.14	3719.21
Less: Current Tax	801.68	623.00	801.58	625.50
Deferred Tax	(5.52)	(18.67)	(5.52)	(18.67)
Profit for the year	2803.72	3016.68	2796.08	3112.38
Add: Balance in Statement of Profit & Loss	12273.25	10154.61	12474.07	10259.74
Less: Transferred to General Reserve	280.37	301.67	280.37	301.67
Proposed Dividend on Equity/ Preference* Shares	514.82	513.13*	514.82	513.13*
Tax on Dividend	83.52	83.24	83.52	83.24
Closing Balance	14198.26	12273.25	14391.44	12474.07

*Proposed Dividend includes dividend proposed on both equity and preference shares of the Company.

STAND-ALONE PERFORMANCE

- Total Revenue during the financial year 2011-12 increased to Rs. 10097.65 lacs as against Rs. 10095.17 lacs during the financial year 2010-11.
- Profit Before Tax during the financial year 2011-12 is Rs. 3599.89 lacs as against Rs. 3621.01 lacs during the financial year 2010-11.
- Profit for the year is Rs. 2803.72 lacs during the financial year 2011-12 as compared to Rs. 3016.68 lacs during the financial year 2010-11.

CONSOLIDATED PERFORMANCE

- Consolidated Total Revenue during the financial year 2011-12 is Rs. 10097.66 lacs as against Rs. 10198.16 lacs during the financial year 2010-11.
- Profit Before Tax during the financial year 2011-12 is Rs. 3592.14 lacs as against Rs. 3719.21 lacs during the financial year 2010-11.
- Profit for the year is Rs. 2796.08 lacs during the financial year 2011-12 as compared to Rs. 3112.38 lacs during the financial year 2010-11.

APPROPRIATIONS

During the year 2011-12 an amount of Rs. 280.37 lacs has been appropriated to General Reserve (Rs.301.67 lacs last year).

Asian Hotels (East) Limited

DIVIDEND

The Board of Directors are pleased to recommend a dividend @ 45%, i.e. Rs. 4.50/- per equity share (previous year Rs. 4.50/- per equity share) on 1,14,40,585 equity shares of Rs. 10/- each for the year ended 31st March 2012. The total cost to the Company on account of dividend payment will be Rs. 598.34 lacs including dividend distribution tax of Rs. 83.52 lacs.

ISSUE AND ALLOTMENT OF EQUITY SHARES PURSUANT TO CONVERSION OF 27,780 1% FULLY CONVERTIBLE PREFERENCE SHARES (FCPS) OF THE COMPANY AND ITS CONSEQUENT LISTING AND TRADING

During the financial year 2011-12 the Company had issued and allotted 38,803 equity shares of Rs. 10/- each to the preference shareholders pursuant to conversion of their 27,780 1% Fully Convertible Preference Shares (FCPS) in terms of Clause 5.3.1 of the sanctioned Scheme of Arrangement and Demerger and directions of the stock exchanges under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and these shares were subsequently listed and traded taking the issued, subscribed and paid-up equity capital of the Company to Rs. 11,44,05,850/- consisting of 1,14,40,585 equity shares of Rs. 10/- each fully paid up duly listed on the stock exchanges. As on the date of the Report, the Company has no outstanding preference share capital.

BUSINESS OVERVIEW

Your Board is pleased to inform you that during the financial year 2011-12 with a focus on marketing efforts, cost control and effective working capital management, the Company maintained its performance which has already been highlighted above and in the Management Discussion and Analysis.

Hyatt Regency Kolkata (HRK) follows an On-line Customer Satisfaction Survey called HyattSat, based on the ratings between the scale of 1 to 10, where 10 indicates the maximum positive and rating 1 is for the maximum negative. Ratings by the guests on the Hotel are satisfactory. Your Board is constantly on the look out for offering the highest consistency in quality, service and setting new standards to make the guests feel at home. Adequate internal controls have been laid down by the Company to safeguard and protect its assets as well as to improve the overall productivity of its operations and even steps were taken by your Board during the financial year 2011-12 to conduct a complete Insurance Audit in order to evaluate the risk involved and the right mix of insurance coverage to be taken for ensuring safety, security and quality.

COMPLIANCE WITH NOTIFICATION NO. S.O. 301(E) DATED 8TH FEBRUARY 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS UNDER SECTION 211(3) OF THE COMPANIES ACT, 1956

Since Central Government had issued a Notification No. S.O. 301 (E) dated 8th February 2011 in exercise of the powers conferred by Section 211(3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their Statement of Profit and Loss as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfillment of few conditions, your Company has duly complied with all conditions of the notification to seek general exemption under Section 211(4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March 2012. Your Board has passed necessary resolution to comply with one of the conditions of the notification for the same.

SUBSIDIARY COMPANIES

GJS Hotels Limited and Regency Convention Centre and Hotels Limited continue to be wholly owned subsidiary and subsidiary of your Company.

As required under Section 212 of the Companies Act, 1956, the Audited Statements of Accounts, along with the Report of the Board of Directors relating to the Company's subsidiaries together with respective Auditors' Reports thereon for the year ended 31st March 2012 are annexed.

OPENING OF HYATT REGENCY CHENNAI

Your Company, together with its wholly-owned subsidiary GJS Hotels Limited, holds investment of around Rs. 266 Crores in preference share capital of Robust Hotels Private Limited which owns Hyatt Regency Chennai, a 5 Star premium business hotel located in Chennai's central business district and which was opened on 8th August 2011. The 327-room Hyatt Regency Chennai, with a project cost of around Rs. 656 Crores, opens with more than 20,000 sq ft (1,900 sq m) of versatile convention and event space, a fully-equipped fitness centre, some great restaurants and a sun-filled atrium lobby with soothing water features and green landscaping. The Hotel has been received well by the guests.

AUDITORS & AUDITORS' REPORT

M/s S. S. Kothari Mehta & Co., Chartered Accountants, Kolkata, the present auditors of the Company, retires at the forthcoming Annual General Meeting and is eligible for re-appointment as auditors. Members are requested to re-appoint them and fix their remuneration. The Company has received confirmation from the firm to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for reappointment within the meaning of Section 226 of the said Act. The Audit Committee of the Board has recommended their re-appointment.

Asian Hotels (East) Limited

Directors' clarification/explanations/comments under Section 217(3) of the Companies Act, 1956 for observation and comments referred in the Clause 4(V) of the Auditors' Report including Auditors' Report on Consolidated Financial Statements read with Note 33 and 27 to the Notes forming part of Accounts and Consolidated Financial Statements respectively are as under:

Observation of the Auditors:

No provision for impairment has been made in respect of the investment made by the Company in its subsidiary namely Regency Convention Centre and Hotels Limited.

Our Explanation:

Regency Convention Centre and Hotels Limited (RCC) is in possession of two opinions given by the highest legal authorities which, inter-alia, states that RCC has fair chance of winning the legal disputes with the Airport Authority of India (AAI). In view of this, your Board is hopeful about the outcome of the Suit, pending before the Hon'ble High Court of Bombay, involving RCC as plaintiff and accordingly your Company has not made any provision for impairment in the value of investment made in RCC. Lately, AAI has made an effort to resolve the issue amicably by offering an alternate pocket of land in lieu of the suit land. Your subsidiary has accepted the proposal subject to the alternate land is free, clear and unencumbered.

During the year under review, Internal Audit of the Company has been carried out by M/s. KSMN & Company, Chartered Accountants, Kolkata. Their findings have been satisfactory.

Further, Secretarial Audit has been carried by a firm of Company Secretaries. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibitions of Insider Trading) Regulations, 1992.

BOARD OF DIRECTORS

Mr. Padam K Khaitan retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

The Board of Directors appointed Mr. Anil Goenka, a Chartered Accountant as an alternate to Mr. R. S. Jhawar on 10th November 2011, who vacated office on 17th November 2011. The Board placed on record its appreciation for the services rendered by the outgoing Director during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

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

- that in the preparation of annual accounts for the year ended 31st March 2012, the applicable Accounting Standards have been followed along with proper explanation relating to materials departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and pursuant so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for the financial year;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, pertaining to conservation of energy, technology absorption, and foreign exchange earnings and outgo, to the extent possible in the opinion of your Directors, is annexed hereto being Annexure-A and forming part of this Report.

The Company's earnings and outgo in foreign exchange for the year under review were Rs. 3349.22 lacs /Rs. 671.75 lacs respectively.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of the employees concerned are given in the Annexure-B which is attached hereto and forms part of the Directors' Report.

Asian Hotels (East) Limited

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Management Discussion and Analysis Report as Annexure-C and Corporate Governance as Annexure-D and Compliance Certificate on Corporate Governance are annexed to this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company is associated with charitable and social activities and thereby playing a pro-active role in the socio-economic growth. During the financial year 2011-12, your Company celebrated Earth Hour, Green Board, Best out of Waste Activity and Earth Day.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation towards all associates including customers, the Government of India, Government of West Bengal, Government Agencies, Hyatt International Corporation, U.S.A., Bankers, Suppliers, Shareholders, Employees and others who have reposed their confidence in the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 11th May 2012

Radhe Shyam Saraf
Chairman

ANNEXURE - A FORMING PART OF DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY

Sl. No.	Energy Conservation measures taken during the year 2011-12	Impact (savings in Rupees per annum)
1	Installation of Steam Traps	1,50,000
2	LED light installation	1,25,000
3	VFD installation for club prana AHU	28,000
4	Installation of Heat Exchanger to recover the heat from steam condensate	50,000
5	Air condition Automation done for Finance , Exe office , Human Resources, Guchhi, Bar and La Cucina	3,00,000

B) TECHNOLOGY ABSORPTION

In the opinion of the Board, the required particulars, pertaining to technology absorption in items of Rule 2 of the Companies (Disclosures of Particulars in the Report of Directors) Rules, 1988, are not applicable as hotel forms part of the service industry and the Company does not have any manufacturing operations.

ANNEXURE - B FORMING PART OF DIRECTORS' REPORT

PARTICULARS OF EMPLOYEE PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT,1956

Sl. No.	Name	Age (Years)	Designation/ Nature of duties	Gross Remuneration* (Rs.)	Qualification	Experience (in Years)	Date of commencement of employment	Particulars of Employment held
---------	------	-------------	-------------------------------	---------------------------	---------------	-----------------------	------------------------------------	--------------------------------

EMPLOYED FOR FULL YEAR

1	Arun K Saraf	53	Joint Managing Director	16,360,069	Graduate in Business Administration	30	04.08.2010	Asian Hotels Ltd., Executive Director, 5 years
2	Umesh Saraf	49	Joint Managing Director	14,352,000	B.Sc	27	22.02.2010	Asian Hotels Ltd., Managing Director (East), 4 years
3	Marc Steven Lorenz	47	General Manager	10,127,196	Graduate in Hotel Management	19	11.12.2010	Grand Hyatt Santiago, Resident Manager, 4 years

EMPLOYED FOR PART OF THE FINANCIAL YEAR

(NONE)

Notes :

*Gross remuneration comprises of Basic Salary, HRA, Special Allowance, Company's contribution to Provident Fund, LTA, monetary value of perquisites, if any, on the basis of Income Tax Rules, performance incentive, encashment of Restricted Stock Unit and Commission to Managing Directors on payment basis.

ANNEXURE - C FORMING PART OF DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT, OPPORTUNITIES AND OUTLOOK

The Indian hospitality sector is expected to witness high growth over the long term. The next one or two years may be a phase of building before the high growth trajectory emerges. The sector will see robust growth in the coming years. Both international and domestic travels are expected to grow in the coming years with particularly domestic travel having the great potential for the sector. Business travel and MICE (Meetings, Incentives, Conferences and Exhibitions) might also be the other possible growth segments. Locational preference for investment in the sector will be metros, Tier I and Tier II towns. Budget and mid-market segments have emerged as the most preferred investment categories. To make the most of the long-term growth of this sector, hotel developers are expected to invest significantly in the next two to three years and considering that India will be the prime market for growth in the hotel business, top international hotel brands are expected to offer their service to the hotel developers in India. Since there will be growth in across all the locations and categories, Kolkata will also witness a good number of branded hotels coming to the city which has already a large pipeline inventory with commissioning scheduled over the next five years.

In a bid to attract more foreign tourist arrivals in 2012, the Ministry of Tourism (MoT) has decided to aggressively promote India as a '12 months destination'. Certain measures like Visa-on-Arrival (VoA) scheme by the Government of India has a long term positive impact on drawing travellers. This VoA facility is also available from Kolkata Airport to the citizens of 11 countries. The Ministry of Tourism (MoT) has also identified 45 mega tourist destinations/circuits in consultation with the concerned state governments and union territories (UTs) administrations on the basis of footfall and their future tourism potential. Steps like these should make a positive impact on the hotels operating in the identified mega tourist destinations and circuits.

RISKS, CONCERNS AND THREATS

India has often been cited as one of the most lucrative albeit difficult markets to develop properties in. Issues like land availability, rising land prices, licensing issues, multiple approvals, complex approval procedures, high financing costs lead to a long development cycle of 3-5 years for a 5 star hotel in India which ultimately results in high room tariffs and long gestation periods for achieving break even. There are several other challenges in the sector that needs to be addressed & key among them include talent management, tax and regulatory issues and the infrastructure deficit. Around five (5) luxury/business hotels are expected to be operational in Kolkata in next 2-3 years. Your Board has already advised the Management for taking all-out efforts for ensuring existing market share and be prepared for meeting the challenges.

The Union Budget 2012-13 has impacted the Indian hospitality industry with the hike of a 2% in the service tax from the existing 10%. With the service tax hike and other hikes in indirect taxes, custom and excise duties, the construction and operation of the hotels would become more difficult and expensive. Given the intense competition in the industry, the players will have limited ability to pass on the service tax through higher room rates.

SEGMENTWISE PERFORMANCE

The Company operates in the only segment i.e., hoteliering.

FINANCIAL AND OPERATING PERFORMANCE

Standalone Financials

Revenue

Total Revenue during the financial year 2011-12 increased to Rs. 10097.65 lacs as against Rs. 10095.17 lacs during the financial year 2010-11.

Profit Before Tax (PBT)

Profit Before Tax during the financial year 2011-12 is Rs. 3599.89 lacs as against Rs. 3621.01 lacs during the financial year 2010-11.

Profit for the year

Profit for the year is Rs. 2803.72 lacs during the financial year 2011-12 as compared to Rs. 3016.68 lacs during the financial year 2010-11.

Consolidated Financials

The current year results include the results of the 3 companies including 2 subsidiaries. These have been prepared under historical cost convention accrual basis to comply in all material respect with the mandatory accounting standards notified by the Companies Accounting Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. These subsidiaries are yet to start their operation.

Revenue

Consolidated total Revenue during the financial year 2011-12 is Rs. 10097.66 lacs as against Rs. 10198.16 lacs during the financial year 2010-11.

Asian Hotels (East) Limited

Profit Before Tax (PBT)

Profit Before Tax during the financial year 2011-12 is Rs. 3592.14 lacs as against Rs. 3719.21 lacs during the financial year 2010-11.

Profit for the year

Profit for the year is Rs. 2796.08 lacs during the financial year 2011-12 as compared to Rs. 3112.38 lacs during the financial year 2010-11.

Net Worth

The net worth in the current year stands at Rs. 77855.77 lacs as compared to Rs. 71703.26 lacs in the previous year.

The Average Room Rate during the year under review was recorded at Rs. 7242/-. Room and rental revenues in the financial year 2011-12 is Rs. 3975/- lacs.

The Food and Beverage revenue in the financial year 2011-12 is Rs. 3490/- lacs.

EFFICIENT INTERNAL CONTROL SYSTEM

Adequate internal controls have been laid down by the Company to safeguard and protect its assets as well as to improve the overall productivity of its operations. The Internal Auditor carries out in-depth internal audits for each department of Hotel Hyatt Regency Kolkata. The detailed process of review not only ensures reliability of control systems and legal compliances with applicable legislation, defined policies and processes but also reviews efficiency of systems and ensures safeguarding of tangible and intangible assets. The Audit Committee of the Board reviews the findings of the Internal Auditor and closely monitors the implementation of their recommendations by reviewing the compliance reports furnished.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's real strength lies in the commitment and quality of its people. Hotel Hyatt Regency Kolkata is known worldwide for its impeccable services – a reflection of careful employee selection, training and motivation. Employees are provided opportunity to grow and prosper. The authority and responsibility chain is clearly defined and the employees are free to convey their ideas and suggestions to their superiors. Team meetings are held at frequent intervals to improve communication and interactions between the employees.

Industrial relations remained stable throughout the financial year 2011-12.

As on 31st March 2012, the number of people employed by the Company was 323.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis, describing the Company's objectives, projections, estimates, predictions and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 11th May 2012

Radhe Shyam Saraf
Chairman

ANNEXURE - D FORMING PART OF DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Asian Hotels (East) Limited believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders' value. The Company's philosophy on Corporate Governance is aimed at the attainment of highest level of transparency, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance. This has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. It is Asian Hotels (East) Limited's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The Board of Directors has also institutionalized best management practices to bring about an atmosphere of accountability. Systems have been put into place to ensure effective strategic planning, optimum risk management, financial plans, budgets, integrity controls, reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning, financial and total compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

The Company has complied with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, which deals with the compliance of Corporate Governance requirements as detailed below:

BOARD OF DIRECTORS

The Composition of the Board complies with the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

As at the end of the financial year 2011-12, the total Board strength of six (6) Directors includes a Non-Executive Chairman, two (2) Joint Managing Directors and three (3) other Independent Directors.

None of the Directors is a Director in more than 15 Companies and Member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49, across all the companies in which he is a Director.

The Board normally meets four times a year and as and when required. The time gap between two Board Meetings has not exceeded the limit of four months as specified under Clause 49(I)(C) of the Listing Agreement with the Stock Exchanges. During the financial year under review, four (4) Board Meetings were held i.e. on 28th May 2011, 29th July 2011, 14th November 2011 and 3rd February 2012. In addition, the Board approved various resolutions by circulation on 30th April 2011, 4th July 2011, 7th October 2011, 4th November 2011, 23rd December 2011 and 10th March 2012 during the year.

All statutory and other significant and material information as mentioned in Annexure IA to Clause 49 of the Listing Agreement are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. The members of the Board have the complete freedom to express their opinion and decisions are taken after detailed discussion.

Details of Director seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the meeting of the members. No Directors hold any equity shares of the Company.

Pursuant to the provisions of Clause 49(I) of the Listing Agreement, the composition of the Board, details of Directorships held, Committee Memberships / Chairmanships held, and attendance of the Director at the Board Meetings and previous Annual General Meeting (AGM) are given below as on 31st March 2012:

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Last AGM attended	No. of other Directorship(s) #	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies +	
						Member	Chairman
1.	Mr. Radhe Shyam Saraf @	Non-Independent, Non-Executive Chairman	0	Yes	1	0	0
2.	Mr. R. S. Jhawar	Independent, Non-Executive	3	No	7	1	1
3.	Mr. S. S. Bhandari	Independent, Non-Executive	4	Yes	2	2	1
4.	Mr. Padam K Khaitan	Independent, Non-Executive	3	No	10	4	1
5.	Mr. Arun K Saraf @	Joint Managing Director	2	Yes	3	1	0
6.	Mr. Umesh Saraf @	Joint Managing Director	4	Yes	6	0	0
7.	Mr. Anil Goenka (w.e.f. 10th November 2011 to 17th November 2011)*	Alternate Director	1	N.A.	N.A.	N.A.	N.A.

The Directorship held by Directors as mentioned above does not include Alternate Directorships and Directorships in Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

+ In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committee and Shareholders'/ Investors' Grievance Committees in all Public Limited Companies [excluding Asian Hotels (East) Limited] have been considered.

@ No Directors other than Mr. Radhe Shyam Saraf, Mr. Arun K Saraf and Mr. Umesh Saraf are related to each other as father, sons and brothers.

* Further, Mr. Anil Goenka, a Chartered Accountant was appointed as an Alternate Director to Mr. R. S. Jhawar pursuant to Section 313 of the Companies Act, 1956 by Resolution passed through Circulation on 10th November 2011. Mr. Anil Goenka vacated such office on 17th November 2011 on return of Mr. R.S. Jhawar to the State of West Bengal.

Asian Hotels (East) Limited

COMMITTEE OF BOARD OF DIRECTORS

1) Audit Committee

The role and terms of reference of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements with the Stock Exchanges. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements.

The Committee presently comprises three (3) Directors amongst which two (2) are Independent Non-Executive Directors, namely Mr. S. S. Bhandari and Mr. R. S. Jhawar and one (1) is Joint Managing Director namely Mr. Umesh Saraf.

During the year under review Mr. Anil Goenka, Chartered Accountant, was appointed as Member of the Audit Committee subsequent to his appointment as an Alternate Director to Mr. R.S. Jhawar. He ceased to be a Member upon his vacation of office of directorship as alternate.

All the members of the Audit Committee possess sound knowledge on accounts, audit, finance, internal controls etc. Mr. S. S. Bhandari had been senior partner in leading firms of Chartered Accountants. Mr. R. S. Jhawar, a Chartered Accountant, is a renowned financial professional in the industry. Mr. Umesh Saraf has held Managing Directorship in renowned Indian Companies. Mr. Anil Goenka is a Practising Chartered Accountant. Further, the Chairman of the Audit Committee was present at the last Annual General Meeting.

During the financial year 2011-12, four (4) Audit Committee meetings were held on 28th May 2011, 29th July 2011, 14th November 2011, and 3rd February 2012 respectively. Necessary quorum was present for all the meetings. The time gaps between any two Audit Committee meetings were not more than four months.

Attendance of each Member at the Audit Committee meeting held during the year:

Name of the Chairman/Member	Meetings Attended
Mr. S. S. Bhandari - Chairman	4
Mr. R. S. Jhawar	3
Mr. Umesh Saraf	4
Mr. Anil Goenka (w.e.f. 10th November 2011 to 17th November 2011)	1

Mr. Saumen Chattopadhyay, Chief Legal Officer & Company Secretary is the Secretary to the Audit Committee.

Mr. Radhe Shyam Saraf, Chairman, Mr. Arun K Saraf, Joint Managing Director, Mr. Bimal K Jhunjhunwala, Vice President-Corporate Finance, Mr. Prosenjit De, Director of Finance and Mr. Mark Steven Lorenz, General Manager along with the Statutory and Internal Auditors of the Company attend the Meetings of the Audit Committee.

2) Remuneration Committee

The Remuneration Committee acts in terms of the prescribed provisions of Part II of Schedule XIII of the Companies Act, 1956 as well as requirement of Clause 49 of the Listing Agreement with Stock Exchanges and shall review and/or determine the remuneration packages of the executive directors of the Company.

The composition of the Committee is as under:

Name of Member	Status
Mr. R. S. Jhawar	Chairman
Mr. S. S. Bhandari	Member
Mr. Padam K Khaitan	Member

The Committee did not meet during the year. The Remuneration Committee when required, reviews the remuneration packages of the Joint Managing Directors and recommend suitable revision to the Board. The remuneration is then subject to Members' approval.

Details of remuneration paid/payable to the Directors during the financial year ended 31st March 2012:

(a) Joint Managing Directors

(Rs. in Lacs)

Name	Salary	Perquisites and allowances	Commission payable	Total amount paid/payable in 2011-12	Period of appointment
Mr. Arun K Saraf	73.92	39.60	71.29	184.81	5 years starting from 4th August 2010
Mr. Umesh Saraf	73.92	39.60	71.29	184.81	5 years starting from 22nd February 2010

Asian Hotels (East) Limited

(b) Non-Executive Directors :

Name	Sitting fees (Rs.)*
Mr. Radhe Shyam Saraf	—
Mr. S. S. Bhandari	96,000
Mr. R. S. Jhawar	77,000
Mr. Padam K Khaitan	41,000
Mr. Anil Goenka (w.e.f. 10th November 2011 to 17th November 2011)	24,000

* No remuneration other than sitting fees for attending Board and Committee Meetings was paid to the Non-Executive Directors. A conveyance of Rs. 3,000/- is paid for all meetings attended on the same day. The above figures are exclusive of the conveyance expenses paid to the Directors/Members.

The Company does not have any stock option plan or performance linked incentive or bonus for the Joint Managing Directors.

Mr. Saumen Chattopadhyay, Chief Legal Officer & Company Secretary acts as Secretary to the Remuneration Committee.

There were no other shares and convertible instruments held by any Director of the Company. There were no pecuniary relationships or transaction between any of the Non- Executive Directors and the Company.

3) Share Transfer and Shareholders'/Investors' Grievance Committee

The Company has a Share Transfer and Shareholders'/Investors' Grievance Committee to carry out handling of transfer and transmission of shares, issue of duplicate/re-materialise shares and consolidation and splitting of certificates etc. and handling of shareholders'/investors' grievances. The brief terms of reference of the Committee include redressing of shareholders and investors' complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc. and to expedite the process of share transfer. The Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The composition of the Committee is as under:

Name of the Members	Status
Mr. Padam K Khaitan	Chairman
Mr. R. S. Jhawar	Member
Mr. Umesh Saraf	Member

The Committee meets on need basis. The Committee met once on 29th July 2011 during the year which was attended by all the Members. In addition, the Committee approved 29 Resolutions by Circulation for effecting registration of transfer of shares and other issues concerning investors' services during the year.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 67. There are no pending complaints as on 31st March 2012. Further, all the requests for transfer of shares have also been processed in time and no transfer was pending for registration for more than 30 days as on 31st March 2012.

Minutes of meetings of the Share Transfer and Shareholders'/Investors' Grievance Committee/Resolutions by Circulations are circulated to the Board.

Compliance Officer

Mr. Saumen Chattopadhyay, Chief Legal Officer & Company Secretary is the Compliance Officer and acts as Secretary to the Committee.

GENERAL BODY MEETINGS

Financial Year	Nature of meeting	Venue	Date	Time	Special Resolutions passed
2008-09	2nd Annual General Meeting	Conference Room, Hyatt Regency Delhi, Bhikaji Cama Place, Mahatma Gandhi Marg, New Delhi - 110607	29.09.2009	3.30 p.m	None
2009-10	3rd Annual General Meeting	Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata- 700098, West Bengal.	29.09.2010	11.30 a.m	None
2010-11	4th Annual General Meeting	Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata- 700098, West Bengal.	24.08.2011	11.00 a.m	None

Asian Hotels (East) Limited

Postal Ballot

No resolutions were passed through Postal Ballot under Section 192A of the Companies Act, 1956 during the financial year 2011-12.

SUBSIDIARY

The Company has two subsidiaries out of which one is wholly owned and a material non-listed Indian subsidiary within the meaning of the explanations given in Explanations 1 of Clause 49(III) of the Listing Agreement with the Stock Exchanges.

Pursuant to Clause 49(III)(i) of the Listing Agreement with the Stock Exchanges, Mr. Padam K Khaitan, Independent Director of the Company is on the Board of GJS Hotels Limited, a material non-listed Indian subsidiary of the Company.

DISCLOSURES

- (i) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee/Board regularly for its approval. Transactions with related parties as per AS 18 are disclosed in the Notes to the Annual Accounts for the financial year 2011-12.
- (ii) No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.
- (iii) The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 while preparing the Financial Statements.
- (iv) The Company has in place a mechanism to inform the Board members about the risk assessment and mitigation plans and periodical review to ensure that the critical risks are controlled by the executive management through means of a properly defined framework.
- (v) The Company has not come out with any public issue or right issue etc. during the financial year under review. However, during the financial year 38,803 equity shares of Rs. 10/- each were issued to the preference shareholders consequent to conversion of their 27,780 1% Fully Convertible Preference Shares (FCPS) in terms of Clause 5.3.1 of the sanctioned Scheme of Arrangement and Demerger and under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (vi) The Company has complied with all the applicable requirements of the Listing Agreements with the Stock Exchanges where the equity shares of the Company are listed. The Company has adopted a suitable reporting system on compliances of all major laws applicable to the Company, which is placed before the Board of Directors of the Company at its periodic meeting.
- (vii) The Company has not adopted the non-mandatory requirements of the Listing Agreement except relating to the Remuneration Committee.

COMPLIANCE

• Code of Conduct

The Company has adopted a Code of Conduct for Board and Senior Management in terms of Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges. All Directors and the Senior Management personnel have affirmed in writing their adherence to the above Code. The full text of the Code is displayed at Company's website www.ahleast.com. A declaration signed by the Joint Managing Director is attached and forms part of the Annual Report of the Company.

• Corporate Governance Compliance

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreements with the Stock Exchanges for the purpose of Corporate Governance. A certificate has been obtained from M/s. S.S. Khothari Mehta & Co., Chartered Accountants, the Statutory Auditors of the Company.

• Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices

As per the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. All the Directors, employees at the senior management level and other employees and all concerned who could have access to the unpublished price sensitive information of the Company are governed by this Code. The Company has appointed Mr. Saumen Chattopadhyay, Chief Legal Officer & Company Secretary, as Compliance Officer who is responsible for setting forth procedures, implementation and compliance of the Code of Conduct for trading in Company's securities. During the year under review there has been due compliance with the said Code and the Code underwent amendment pursuant to SEBI Notification No. LAD-NRO/GN/2011-12/16/26150 dated 16th August 2011 and to make it more in line with the prescribed Model Code.

CEO/CFO CERTIFICATION

The Joint Managing Director and Vice President-Corporate Finance of the Company have issued necessary certificate to the Board pursuant to the provisions of Clause 49(V) of the Listing Agreements with the Stock Exchanges and the same is attached and forms part of the Annual Report.

INFORMATION PURSUANT TO CLAUSE 49 (IV)(G) OF THE LISTING AGREEMENT

The Company has furnished information pursuant to Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, relating to the appointment of a new Director or re-appointment of a Director. Shareholders may kindly refer to the Notice convening the 5th Annual General Meeting of the Company and this Corporate Governance Report. The names of the Companies in which the person concerned holds Directorship and Membership of Committees of the Board are given separately.

Asian Hotels (East) Limited

MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in the Financial Express and Mint, all India editions and Aajkal and Sakalbela, Kolkata edition only.

These results alongwith Annual Reports, Shareholding Patterns and quarterly Corporate Governance Report, etc. pursuant to Clause 52 and Clause 54 of the Listing Agreement with the Stock Exchanges are simultaneously posted on the Corporate Filing and Dissemination System (CFDS) viz. www.corpfiling.co.in website maintained by SEBI in association with the National Informatics Centre (NIC) and on the website of the Company at www.ahleast.com.

GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Day, Date & Time : Thursday, 19th July 2012
At 11.00 a.m.
Regency Ball Room, Hyatt Regency Kolkata,
JA-1, Sector III, Salt Lake City, Kolkata – 700 098.

Financial Year : 31st March 2012

Financial Calendar :

1st Quarterly Results
2nd Quarterly/ Half yearly Results
3rd Quarterly Results

Within 45 days from the end of the quarter

Audited yearly Results for the year ending 31st March 2012 : Within 60 days of the end of the Financial Year.

Date of Book closure : 12th July 2012 to 19th July 2012 (both days inclusive)

Dividend Payment date : Within 30 days from the date of declaration.

Listing on Stock Exchanges

Details of listing of equity shares of the Company:

Sl.No.	Name and address of the Stock Exchanges	Scrip Code/ Symbol	ISIN
1.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	533227	INE926K01017
2.	National Stock Exchange Limited. Exchange Plaza, C-1, Block-G, Bandra - Kurla Complex, Bandra (East), Mumbai – 400 051	AHLEAST	

Annual listing fees as prescribed, has been paid by the Company to the above Stock Exchanges for the financial year 2012-13.

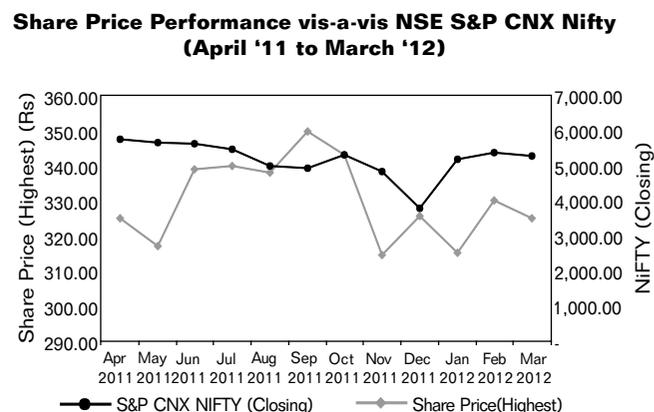
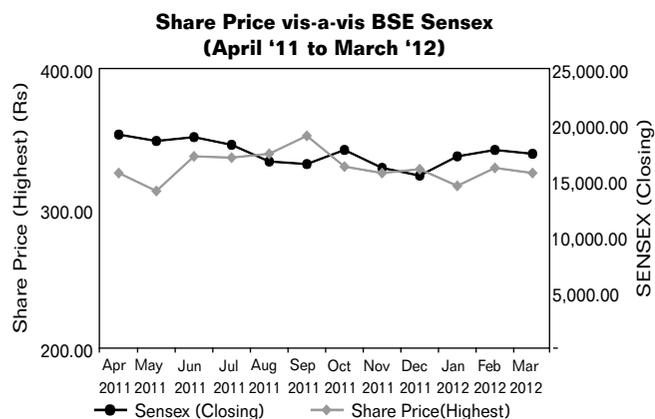
The Company has paid the annual custody/issuer fee to NSDL and CDSL for the financial year 2012-13.

Corporate Identity Number (CIN): L15122WB2007PLC162762

Market Price Data during the period from April 2011 to March 2012

Month	Bombay Stock Exchange				National Stock Exchange			
	High Rs.	Low Rs.	Total Number of Shares Traded	Sensex (Closing)	High Rs.	Low Rs.	Total Number of Shares Traded	S&P CNX NIFTY (Closing)
Apr 2011	324.90	285.00	20,032	19,135.96	325.00	271.00	28,229	5,749.50
May 2011	312.00	258.00	115,104	18,503.28	316.90	255.55	168,925	5,560.15
Jun 2011	337.00	295.00	33,086	18,845.87	339.00	295.00	34,970	5,647.40
Jul 2011	336.00	299.00	4,996	18,197.20	339.90	295.00	10,006	5,482.00
Aug 2011	339.00	270.55	116,584	16,676.75	337.95	250.25	116,591	5,001.00
Sep 2011	352.00	275.05	61,068	16,453.76	349.90	285.00	70,658	4,943.25
Oct 2011	330.00	292.10	4,737	17,705.01	343.00	272.25	22,899	5,326.60
Nov 2011	325.00	270.00	8,865	16,123.46	314.50	253.00	13,346	4,832.05
Dec 2011	327.90	256.50	101,134	15,454.92	325.50	253.70	91,646	4,624.30
Jan 2012	316.45	281.00	2,983	17,193.55	315.00	284.50	8,480	5,199.25
Feb 2012	329.00	280.00	15,624	17,752.68	330.00	278.90	9,538	5,385.20
Mar 2012	325.00	273.60	13,073	17,404.20	324.90	270.40	19,659	5,295.55

Asian Hotels (East) Limited



Share Transfer System

Share transfers in physical form are generally registered within a fortnight from the date of receipt provided the documents are found to be in order. Share Transfer & Shareholders'/ Investors' Grievance Committee considers and approves the transfer proposals.

In view of the Securities and Exchange Board of India (SEBI) Circular No. CIR/OIAE/2/2011 dated 3rd June 2011, the Company has obtained a user ID and password for processing the investor complaints in a centralized web based SEBI Complaints Redress System 'SCORES'. This enables the investors' online viewing of the actions taken by the Company on the complaints and its current status by logging on to the SEBI's website i.e. www.sebi.gov.in. The Company affirms that no shareholders' complaints was lying pending as on 31st March 2012 under SCORES.

Requests for dematerialization of shares being in order is generally processed within 21 days of receipt of the request and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Unclaimed Shares

The Company has issued three (3) reminders, including the first reminder issued in the previous financial year, to the holders of Unclaimed Equity Shares of the Company at their registered addresses available with the Company, pursuant to Clause 5A II of the Listing Agreements and there has been fair number of responses. Further, the Company has opened an unclaimed suspense account under the nomenclature of AHEL-Unclaimed Suspense Account and these shares will be transferred into this account after being consolidated into one folio. The voting rights on the shares after being transferred to such account shall remain frozen till the rightful owner of such shares claims shares.

Equity Dividend History of the Company

Financial Year	Date of Declaration	Equity Dividend per share (Rs.)
2009-10	29th September 2010	3.00/-
2010-11	24th August 2011	4.50/-

Transfer of unpaid/unclaimed equity dividend to Investors Education & Protection Fund (IEPF)

Pursuant to Sections 205A & 205C & other applicable provisions, if any, of the Companies Act, 1956, all unclaimed / unpaid equity dividend remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred to the IEPF established by the Central Government. No claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment be made in respect of such claims. Members who have not yet encashed their equity dividend warrant(s) for the financial year 2009-10 and 2010-11 are requested to make their claims by submitting their un-encashed warrant(s) without any delay to the Company / Company's Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited, Hyderabad.

The following table of information relating to the outstanding dividend accounts and the dates by which they need to be transferred:

Financial Year	Date of Declaration	Date of payment	Date on which dividend will become part of IEPF
2009-10	29th September 2010	20th October 2010	28th September 2017
2010-11	24th August 2011	30th August 2011	23rd August 2018

Asian Hotels (East) Limited

Distribution of Shareholding as on 31st March 2012

DISTRIBUTION SCHEDULE AS ON 31/03/2012					
Sl. No.	Category	Cases	% of Cases	Amount (Rs.)	% Amount
1	upto 1 - 5000	15898	96.96	9265190.00	8.10
2	5001 - 10000	283	1.73	2024590.00	1.77
3	10001 - 20000	105	0.64	1452480.00	1.27
4	20001 - 30000	31	0.19	777710.00	0.68
5	30001 - 40000	20	0.12	700910.00	0.61
6	40001 - 50000	12	0.07	548070.00	0.48
7	50001 - 100000	18	0.11	1315060.00	1.15
8	100001 & ABOVE	29	0.18	98321840.00	85.94
	Total:	16396	100.00	114405850.00	100.00

No. of Shares

Physical : 4,37,600

Electronic Mode:

– NSDL : 1,07,27,020

– CDSL : 2,75,965

Shareholding Pattern as on 31st March 2012

Category	No. of Shares held	% of shareholding
A. Promoters shareholding		
– Indian	3127072	27.33
– Foreign	3630630	31.74
Total Promoters Shareholding	6757702	59.07
B. Public Shareholding		
– Mutual Fund	575	0.01
– Indian Financial Institutions	185282	1.62
– Banks	642594	5.61
– FII's	31871	0.28
– NRI's	237568	2.08
– Bodies Corporate (Domestic)	2140428	18.70
– Individuals (Indian Public)	1399189	12.23
– Clearing members	6295	0.06
– Foreign Corporate Bodies	38803	0.34
– Trust	278	0.00
Total Public Shareholding	4682883	40.93
TOTAL	11440585	100

Asian Hotels (East) Limited

Registrar and Share Transfer Agent

Karvy Computershare Private Limited

'Karvy House'
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad- 500 081
Tel No. 040-23114058/ 23420818,
Fax No. 040-23420814
E-mail: mailmanager@karvy.com

Karvy Computershare Private Limited

49, Jatin Das Road, Kolkata 700 029
Tel No. 033- 2464 4891/ 7231/2463-4787-89
Website: www.karvy.com

Dematerialisation of Equity Shares

1,10,02,985 shares (equivalent to 96.17%) of the total outstanding shares of the Company are held in dematerialized form as on 31st March 2012.

The Company's shares are traded at BSE & NSE.

The Company has not issued GDRs/ADRs/Warrants or any Convertible Instruments likely to impact on equity.

Hotel Location

Hyatt Regency Kolkata
Plot JA-1, Sector III,
Salt Lake City
Kolkata 700 098

Address for correspondence

The investor may address their correspondence directly to the Legal & Secretarial Department located at the registered office of the Company (as detailed below) or to the Registrar & Share Transfer Agent at the addresses mentioned in this Report.

Registered Office Address

Legal & Secretarial Department
Asian Hotels (East) Limited
Hyatt Regency Kolkata
JA-1, Sector III,
Salt Lake City
Kolkata 700 098
Telephone No. :033-2335-1009
Fax No. : 033-2335-8246

Exclusive e-mail ID for Investors' Grievances

Pursuant to Clause 47(f) of the Listing Agreement with the Stock Exchange, the following e-mail id has been designated for communicating investors' grievances:

investorrelations@ahleast.com.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 11th May 2012

Radhe Shyam Saraf
Chairman

Asian Hotels (East) Limited

To
The Board of Directors
Asian Hotels (East) Limited
Hyatt Regency Kolkata,
JA-1, Sector - III,
Salt Lake City
Kolkata 700 098.

**Sub: Joint Managing Director/ Vice President - Corporate Finance Certification
pursuant to Clause 49V of the Listing Agreement with the Stock Exchanges.**

We, the undersigned, in our capacities as the Joint Managing Director / Vice President Corporate Finance of Asian Hotels (East) Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended 31st March 2012 and based on our knowledge and belief, we state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions executed into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We are responsible for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting 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 system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
- (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Thanking you,

Yours faithfully,

For **Asian Hotels (East) Limited**

Place: Kolkata
Date: 11th May 2012

Umesh Saraf
Joint Managing Director

Bimal K Jhunjhunwala
Vice President-Corporate Finance

Asian Hotels (East) Limited

DECLARATION

In compliance with Clause 49(I)(D) of the Listing Agreement, I, Umesh Saraf, Joint Managing Director of the Company hereby declare on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the compliance of their respective Code of Conducts adopted by the Board for Financial Year 2011-12.

For **Asian Hotels (East) Limited**

Place: Kolkata
Date: 11th May 2012

Umesh Saraf
Joint Managing Director

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of Asian Hotels (East) Limited

We have reviewed the implementation of Corporate Governance procedure by the company during the twelve-month period ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges in India with the relevant records/documents maintained by the Company furnished to us for our review and the report of Corporate Governance as approved by the Board of Directors.

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

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

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

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No: 000756N

Place: Kolkata
Date: 11th May 2012

K K Tulshan
Partner
Membership No: 085033

AUDITORS' REPORT

TO THE MEMBERS OF ASIAN HOTELS (EAST) LIMITED

1. We have audited the attached Balance Sheet of **ASIAN HOTELS (EAST) LIMITED** as at March 31, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and 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 have 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 (Auditors' Report) Order 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - I) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - II) In our opinion, proper Books of Account as required by law have been kept by the company so far as it appears from our examination of those books;
 - III) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
 - V) Without qualifying our opinion, we draw attention to Note 33 in Note to Financial Statements of the Notes annexed to the Accounts regarding the investment in Regency Convention Centre and Hotels Limited (a subsidiary company) amounting to Rs. 2579.01 lakhs and other receivables amounting to Rs. 435.18 lakhs relating thereto. As elucidated in the said note, considering that the value of the investments cannot be reasonably ascertained at present, resultantly, no provision for impairment has been made in the said financial statements.
 - VI) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - VII) Read with the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No: 000756N

K K Tulshan
Partner
Membership No: 085033

Place: Kolkata
Date: 11th May 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of Asian Hotels (East) Limited as at and for the year ended March 31, 2012)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the period and as informed, no material discrepancies were noticed on such verification.
- c) There was no substantial disposal of fixed assets during the period.
- ii) a) The stocks of stores, provisions, beverages, crockery etc., have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
- iii) The Company has not granted or taken any loan, secured or unsecured, to or from companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (b) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) According to the information and explanations given to us, there is no transaction in excess of Rs. 5 lakhs in respect of any party and hence the question of reasonable prices in respect of such transactions having regard to the prevailing market prices does not arise.
- vi) The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under during the period.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- viii) To the best of our knowledge, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 as prescribed by the Central Government is not applicable to the Company.
- ix) a) According to the records of the Company examined by us, the Company has been *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 applicable statutory dues.
According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid dues that were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- b) According to the records of the Company examined by us, and according to the information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty, Sales Tax, Service Tax and Cess which have not been deposited on account of any dispute except as given below:-

Nature of Dues	Amount (₹ in lakhs)
Sales Tax / VAT	55.83
Service Tax	102.89
ESIC	21.80

- x) Since the Company has been registered for less than five years, reporting on accumulated losses at the end of the year and cash loss is not required.
- xi) As the Company does not have any dues payable to any Financial Institutions, Banks and Debenture Holder, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances against security by way of pledge of shares, debentures and other securities.

Asian Hotels (East) Limited

- xiii) In our opinion, the Company is not a Chit fund/ Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order 2003 (as amended) are not applicable.
- xiv) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts of dealing or trading in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments in its own name.
- xv) According to the information and explanations given to us, the Company has not given guarantees, comfort for loans taken by others from bank or financial institutions.
- xvi) There were no term loans raised during the period by the Company for any purpose. The provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. The provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) The Company has not issued any debentures during the period; the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) As the Company has not raised any money through public issue during the period, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no instances of fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No: 000756N

K K Tulshan
Partner
Membership No: 085033

Place: Kolkata
Date: 11th May 2012

Asian Hotels (East) Limited

BALANCE SHEET as at 31st March 2012

	Note	As at 31st March 2012	Amount in ₹ As at 31st March 2011
Equity and Liabilities			
Shareholders' Fund			
(a) Share Capital	3	114,405,850	114,295,620
(b) Reserves and Surplus	4	7,809,660,563	7,589,233,062
		7,924,066,413	7,703,528,682
Non-Current Liabilities			
(a) Deferred Tax Liabilities	5	210,648,195	211,200,618
(b) Long Term Provisions	6	12,263,058	9,086,942
		222,911,253	220,287,560
Current Liabilities			
(a) Trade Payables	7	85,452,984	75,836,252
(b) Other Current Liabilities	8	37,593,584	29,969,896
(c) Short Term Provisions	9	60,086,847	59,885,031
		183,133,415	165,691,179
Total		8,330,111,081	8,089,507,421
Assets			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		1,507,367,567	1,571,656,643
(ii) Capital Work-In-Progress		15,774,447	15,774,447
(b) Non-Current Investments	11	3,219,640,784	3,219,640,784
(c) Long Term Loans and Advances	12	55,345,889	53,521,996
		4,798,128,687	4,860,593,870
Current Assets			
(a) Current Investments	13	2,020,786,779	2,885,611,356
(b) Inventories	14	17,214,440	21,029,417
(c) Trade Receivables	15	27,083,431	18,856,435
(d) Cash and Bank Balances	16	655,546,693	44,402,422
(e) Short Term Loans and Advances	17	777,590,214	254,330,828
(f) Other Current Assets	18	33,760,837	4,683,093
		3,531,982,394	3,228,913,551
Total		8,330,111,081	8,089,507,421
Notes forming part of Financial Statements	1-39		

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Asian Hotels (East) Limited

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

	Note	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
Income			
Revenue from Operations	19	843,973,512	826,067,194
Other Income	20	165,791,638	183,450,189
		1,009,765,150	1,009,517,383
Expenditure			
Consumption of Provisions, Beverages, Smokes & Others	21	94,223,575	92,356,240
Employee Benefits Expenses	22	181,915,097	162,815,200
Depreciation & Amortization Expenses	10	68,503,726	67,951,667
Other Expenses	23	305,134,213	324,292,730
		649,776,611	647,415,837
Profit Before Tax		359,988,539	362,101,546
Tax Expenses			
Current tax		80,168,482	62,300,000
Deferred tax		(552,423)	(1,866,681)
Profit for the Year		280,372,480	301,668,227
Earnings per Equity Share			
	25		
(a) Basic		24.51	26.46
(b) Diluted		24.51	26.37
Notes forming part of Financial Statements	1-39		

As per our report of even date

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

For and on behalf of the Board of Directors

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjhunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Asian Hotels (East) Limited

CASH FLOW STATEMENT for the year ended 31st March 2012

	Year Ended 31 March, 2012	Amount in ₹ Year Ended 31 March, 2011
Cash Flow from Operating Activities		
Profit before tax	359,988,539	362,101,546
Adjustment for :		
Depreciation/amortization	68,503,726	67,951,667
Loss/(profit) on sale of fixed assets	2,125,017	953,898
Provision for bad and doubtful debts written back	(184,237)	150,000
Net loss/(gain) on sale of current investments	(5,526,367)	108,076
Interest income	(65,287,538)	(33,739,503)
Dividend income	(94,793,496)	(149,710,686)
Operating profit before working capital changes	264,825,644	247,814,998
Movements in working capital :		
Increase/(decrease) in trade payables	9,616,732	(28,028,448)
Increase/(decrease) in long term provisions	3,176,116	975,229
Increase/(decrease) in short term provisions	2,117	—
Increase/(decrease) in other current liabilities	6,944,497	269,463
Decrease/(increase) in trade receivables	(8,042,759)	5,573,204
Decrease/(increase) in inventories	3,814,977	(90,935)
Decrease/(increase) in long term loans and advances	(1,880,000)	(93,000)
Decrease/(increase) in short term loans and advances	11,415,615	8,511,681
Cash generated from / (used in) operations	289,872,939	234,932,192
Direct taxes paid (net of refunds)	(78,948,219)	(72,098,951)
Net cash flow from/ (used in) Operating Activities (A)	210,924,720	162,833,241
Cash Flow from Investing Activities		
Payments for fixed assets	(8,277,748)	(13,045,414)
Proceeds from sale of fixed assets	774,000	231,000
Purchase of non-current investments	—	(615,374,060)
Purchase of current investments	(2,893,555,609)	(5,797,020,728)
Proceeds from sale/maturity of current investments	3,763,906,553	6,180,250,258
Short term loans and advances given	(616,675,000)	(274,844,375)
Short term loans and advances repaid	82,000,000	116,540,243
Interest received	36,209,794	29,056,410
Dividend received	94,793,496	149,710,686
Net cash flow from/ (used in) Investing Activities (B)	459,175,486	(224,495,980)
Cash Flow from Financing Activities		
Redemption of Preference shares	—	(9,332,000)
Dividend paid on shares	(50,631,606)	(34,214,004)
Tax on dividend paid	(8,324,329)	(5,814,670)
Net cash flow from/ (used in) in Financing Activities (C)	(58,955,935)	(49,360,674)
Net increase/ (decrease) in Cash and Cash Equivalents (A + B + C)	611,144,271	(111,023,413)
Cash and Cash Equivalents at the beginning of the year	44,402,422	155,425,835
Cash and Cash Equivalents at the end of the year	655,546,693	44,402,422

Notes forming part of Financial Statements

1-39

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Notes to Financial Statements for the Year Ended 31st March 2012

1. Corporate Overview

Asian Hotels (East) Limited is a Public Limited Company listed with Bombay Stock Exchange and National Stock Exchange and is primarily engaged in the Hotel business through "Hyatt Regency Kolkata" a five-star Hotel situated in the city of Kolkata.

2. Basis of Preparation

The financial statements have been prepared to comply with all material respects with the mandatory Accounting Standards (AS) notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below, if any.

2.1 Significant Accounting Policies

a. Presentation and disclosure of 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, for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for the preparation of financial statements. However, it has significant impact on preparation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/amortization. Cost represents the direct expenses incurred on acquisition/construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

d. Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. If the asset is purchased on or before the 15th of month depreciation is charged from the month of purchase, otherwise depreciation is charged from the month following the month of purchase. No depreciation is charged for the quarter on the assets sold/ discarded during the year.

e. Impairment of Tangible Assets

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is determined for assets or group of assets which are capable of generating independent cash flows i.e. cash generating units.

f. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Notes to Financial Statements for the Year Ended 31st March 2012

g. Inventories

Inventory is valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated realizable value in the normal course of business less the estimated costs necessary to make the sale.

Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.

Shares held as Stock-in-trade are valued at cost or market value whichever is lower.

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
- ii. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income from investments is recognized when the Company's right to receive payment is established.
- iv. Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.

i. Foreign Currency Transaction

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences are recognized as income or as expenses in the period in which they arise.

Income in Foreign Exchange

The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.

Expenses remittable in foreign exchange

These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.

j. Retirement and other employee benefits

Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet. The valuation is done by an independent actuary using the projected unit credit method.

All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

k. Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Notes to Financial Statements for the Year Ended 31st March 2012

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

i. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

n. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

p. Dividend

Dividend recommended by the Board of Directors, if any, is provided for in the accounts pending shareholders' approval.

Notes to Financial Statements for the Year Ended 31st March 2012

3. Share Capital	Amount in ₹	
	As at 31st March 2012	As at 31st March 2011
Authorised Shares		
14,000,000 (31 March 2011: 14,000,000) Equity Shares of ₹10 each	140,000,000	140,000,000
1,000,000(31 March 2011: 1,000,000) Preference Shares of ₹10 each	10,000,000	10,000,000
Issued, Subscribed and fully Paid-up Shares		
11,440,585 (31 March 2011: 11,401,782) Equity Shares of ₹10 each	114,405,850	114,017,820
Nil (31 March 2011: 27,780) 1% Cumulative Fully Convertible Preference Shares of ₹10 each	—	277,800
	114,405,850	114,295,620

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	11,401,782	114,017,820	11,401,782	114,017,820
Issued during the year (refer note 3.2)	38,803	388,030	—	—
At the end of the year	11,440,585	114,405,850	11,401,782	114,017,820

1% Cumulative Fully Convertible

Preference Shares (FCPS)

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	27,780	277,800	27,780	277,800
Issued during the year	—	—	—	—
Redemption/Conversion during the year	27,780	277,800	—	—
At the end of the year	—	—	27,780	277,800

1% Cumulative Redeemable

Non- Convertible

Preference Shares (NCPS)

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	—	—	100,000	1,000,000
Issued during the year	—	—	—	—
Redemption/Conversion during the year	—	—	100,000	1,000,000
At the end of the year	—	—	—	—

3.2 Conversion of Fully Convertible Preference Shares : The Company vide Circular Resolution dated 30th April 2011, has issued and allotted fresh 38,910 equity shares of ₹10 each at a price of ₹385.53 per share (including security premium of ₹375.53 per share) to the holders of Fully Convertible Preference Shares (FCPS) holding 27,780 FCPS on conversion in terms of Clause 5.3.1 of the Scheme of Arrangement and Demerger between Asian Hotels Limited (Transferor Company) now renamed as Asian Hotels (North) Limited and its shareholders and creditors; Chillwinds Hotels Limited (Transferee Company-I) now renamed as Asian Hotels (West) Limited and its shareholders; and Vardhman Hotels Limited (Transferee Company-II) now renamed as Asian Hotels (East) Limited and its shareholders read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Subsequently, the company made applications to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the company are listed, for obtaining the in principle approval for the said issue and allotment of 38,910 equity shares.

While dealing with the Company's application for issue of in-principle approval by BSE and NSE, the Company was directed by them, to revise the issue price of ₹385.53. Accordingly, the Board of Directors of the Company considered the directions of the Stock Exchanges and revised the earlier issue price from ₹385.53 to ₹386.59 and consequently issued and allotted 38,803 equity shares of ₹10 each of the company with effect from 30th April, 2011, vide its Circular Resolution dated 4th July, 2011, in suspension to its earlier Board Resolution dated 30th April, 2011.

3.3 Terms/rights attached to Equity Shares

Equity Shares

The Company has one class of equity shares having a par value of ₹10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

Preference Shares

The rights, preferences and restrictions attached to the preference shares are in accordance with the provisions of the Companies Act, 1956, unless stated otherwise.

3.4 Details of shareholders holding more than 5% of the aggregate shares in the Company

Equity Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Saraf Industries Limited	3,630,630	31.73	3,630,630	31.84
Forex Finance Private Limited	3,127,072	27.33	3,127,072	27.43
Jesmin Investments Limited	693,851	6.06	693,851	6.09
Axis Bank Limited	620,974	5.43	—	—

1% Cumulative Fully Convertible

Preference Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Fineline Holdings Limited	—	—	18,520	66.67
Global Operations Pte Limited (Through its UDT enterprises Pty Ltd)	—	—	9,260	33.33

3.5 11,401,782 equity shares of ₹10 each fully paid up have been issued during the fiscal year ended 31st March, 2010 pursuant to the scheme of Arrangement and Demerger approved by the Hon'ble Hight Court of Delhi vide order dated 13th January 2010.

4. Reserves and Surplus

	As at 31st March 2012	As at 31st March 2011
Capital Reserve	141,043	141,043
Capital Redemption Reserve (for redeemed Non Convertible Preference Shares-NCPS)	2,000,000	2,000,000
Securities Premium Account		
Opening Balance	14,723,400	22,723,400
Add: Created on conversion of 27,780 1% Cumulative Fully Convertible Preference Shares of ₹10 each into 38,803 Equity Shares of ₹10 each at a premium of ₹376.59 each per Equity Share (Refer Note No. 3.2)	14,612,822	—
Less: Utilized for conversion of 27,780 1% Cumulative Fully Convertible Preference Shares of ₹10 each at a premium of ₹530 each	14,723,400	—
Less: Utilized for premium on redemption on 100,000 1% Redeemable NCPS of ₹10 each a premium of ₹80 each	—	8,000,000
Closing Balance	14,612,822	14,723,400
Tourism Development Utilised Reserve	533,202,000	533,202,000
General Reserve		
Opening Balance	5,811,841,255	5,781,674,432
Add: Amount transferred from Statement of Profit and Loss	28,037,248	30,166,823
Closing Balance	5,839,878,503	5,811,841,255
Surplus in the Statement of Profit and Loss		
Opening Balance	1,227,325,364	1,015,461,585
Add: Profit for the year	280,372,479	301,668,228
Less: Appropriations		
Proposed final equity dividend *	51,482,630	51,308,019
Tax on dividend	8,351,770	8,324,329
Dividend on NCPS	—	2,500
Dividend on FCPS	—	2,778
Transfer to general reserve	28,037,248	30,166,823
Closing Balance	1,419,826,195	1,227,325,364
Total Reserves and Surplus	7,809,660,563	7,589,233,062

* The Board of Directors at their meeting held on 11th May 2012 has recommended a final dividend of ₹4.50 per share (Previous Year ₹4.50 per share).

Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
5. Deferred Tax Liabilities (net)		
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged in the financial reporting	217,311,373	216,633,384
Gross deferred tax liabilities	217,311,373	216,633,384
Deferred tax assets		
Gratuity Payable	2,846,517	2,634,937
Leave Encashment Payable	1,214,138	394,541
Bonus Payable	1,281,620	751,610
Demerger Expenses u/s 35DD	541,998	812,997
Provision for doubtful debts and advances	778,905	838,681
Gross deferred tax assets	6,663,178	5,432,766
Net deferred tax liabilities	210,648,195	211,200,618
6. Long Term Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 24)	8,634,424	7,906,301
Provision for leave benefits (refer note 24)	3,628,634	1,180,641
	12,263,058	9,086,942
7. Trade Payables		
Trade payables (including acceptances) (refer note 30 for details of dues to micro and small enterprises)	85,452,984	75,836,252
	85,452,984	75,836,252
8. Other Current Liabilities		
Advance from customers	22,641,204	17,499,393
Salary Payable	9,142,943	6,372,103
Unpaid dividend	1,126,692	447,501
Other Payables	4,682,745	5,650,899
	37,593,584	29,969,896
9. Short Term Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 24)	138,938	214,941
Provision for leave benefits (refer note 24)	113,509	35,389
	252,447	250,330
Other provisions		
Proposed equity dividend	51,482,630	51,308,019
Proposed preference dividend	—	2,778
Dividend tax	8,351,770	8,323,904
	59,834,400	59,634,701
Total	60,086,847	59,885,031

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

10. Fixed Assets

Particulars	Gross Carrying Value				Depreciation				Net Carrying Value	
	Balance as at 1st April 2011	Additions	Deduction during the year	Balance as at 31 March 2012	Balance as at 1st April 2011	Depreciation for the period	Deduction during the year	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Tangible Assets										
Lease Hold Land	255,755,628	—	—	255,755,628	—	—	—	—	255,755,628	255,755,628
<i>Previous Year</i>	255,755,628	—	—	255,755,628	—	—	—	—	255,755,628	255,755,628
Buildings	984,836,462	98,745	—	984,935,207	131,813,069	16,053,512	—	147,866,581	837,068,626	853,023,393
<i>Previous Year</i>	984,836,462	—	—	984,836,462	115,760,228	16,052,841	—	131,813,069	853,023,393	869,076,234
Plant and Equipment	708,347,625	6,213,976	8,074,996	706,486,605	294,991,113	34,797,364	5,175,979	324,612,498	381,874,107	413,356,512
<i>Previous Year</i>	701,785,471	8,964,048	2,401,894	708,347,625	261,920,724	34,287,386	1,216,997	294,991,113	413,356,512	439,864,747
Furniture and Fixtures	171,905,808	189,644	—	172,095,452	130,278,455	16,254,127	—	146,532,582	25,562,870	41,627,353
<i>Previous Year</i>	171,730,980	174,828	—	171,905,808	114,051,549	16,226,906	—	130,278,455	41,627,353	57,679,431
Vehicles	15,219,285	611,302	—	15,830,587	7,325,528	1,398,723	—	8,724,251	7,106,336	7,893,757
<i>Previous Year</i>	13,398,453	1,820,832	—	15,219,285	5,940,994	1,384,534	—	7,325,528	7,893,757	7,457,459
Total	2,136,064,808	7,113,667	8,074,996	2,135,103,479	564,408,165	68,503,726	5,175,979	627,735,912	1,507,367,567	1,571,656,643
Previous Year	2,127,506,994	10,959,708	2,401,894	2,136,064,808	497,673,495	67,951,667	1,216,997	564,408,165	1,571,656,643	1,629,833,498
Capital work-in-progress	15,774,447	—	—	15,774,447	—	—	—	—	15,774,447	15,774,447
<i>Previous Year</i>	15,774,447	—	—	15,774,447	—	—	—	—	15,774,447	15,774,447
Total	2,151,839,255	7,113,667	8,074,996	2,150,877,926	564,408,165	68,503,726	5,175,979	627,735,912	1,523,142,014	1,587,431,090
Previous Year	2,143,281,441	10,959,708	2,401,894	2,151,839,255	497,673,495	67,951,667	1,216,997	564,408,165	1,587,431,090	

As at
31st March 2012 **As at**
31st March 2011

11. Non-Current Investments

Trade, Unquoted, Fully Paid Up

In Equity Shares of Subsidiary Companies

91,652 (Previous year 91,652) Equity Shares of Regency Convention Centre and Hotels Limited of ₹10 each **257,901,724** 257,901,724

1,09,61,000 (Previous year 1,09,61,000) Equity Shares of GJS Hotels Limited of ₹10 each **2,346,365,000** 2,346,365,000

In Preference Shares of Related Party

43,00,000 (Previous Year 43,00,000) 12% Preference Shares of Robust Hotels Private Limited of ₹100 each **615,374,060** 615,374,060

3,219,640,784 3,219,640,784

Aggregate amount of Unquoted Investment **3,219,640,784** 3,219,640,784

12. Long Term Loans and Advances

(Unsecured, considered good)

Capital Advance **3,249,784** 2,085,706

Security Deposit **3,331,745** 1,451,745

Advances for acquisition of shares from shareholders of Regency Convention Centre and Hotels Limited **33,448,275** 33,448,275

Other loans and advances

 Advance Income Tax (net of provision for taxes) **15,316,085** 16,536,270

55,345,889 53,521,996

Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
13. Current Investments		
Non-Trade, Unquoted		
In Bonds, Shares and Debentures		
Nil (Previous year 105) 10% Non Convertible Debentures of Brassco Estates Pvt. Ltd of ₹10,00,000 each	—	105,000,000
Nil (Previous year 45) 10.2% Non Convertible Debentures of Brassco Estates Pvt. Ltd of ₹10,00,000 each	—	45,000,000
Nil (Previous year 200) 11.5% Non Convertible Debentures of Harshil Projects Ltd of ₹10,00,000 each	—	193,315,200
Nil (Previous year 100) 11% Bonds of Educomp Infrastructure & School Management Ltd of ₹10,00,000 each	—	100,000,000
Total (A)	—	443,315,200

Non-Trade, Unquoted	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Investment in Mutual Fund (Face Value of ₹10 each, unless otherwise stated)	No. of Units	No. of Units	₹	₹
Birla Sun life Fixed Term Plan-Series ET	21,296,534	—	212,965,340	—
BSL Fixed Term Plan Series DX-Growth	4,604,329	—	46,043,290	—
DSP Black Rock FMP - 12M - Series 14 Growth	—	1,200,000	—	12,000,000
DSP Black Rock FMP - 3M - Series 27 Dividend	—	1,000,000	—	10,000,000
DSP Black Rock FMP Series-35-3M	1,800,000	—	18,000,000	—
DWS Fixed Term Fund-Series 88	15,000,000	—	150,000,000	—
DWS Money Plus Fund Institutional DDR	—	2,037,142	—	20,532,349
DWS Treasury Fund-Regular Plan-DDR	810,249	—	8,282,365	—
Fidelity FMP Series 5-Plan D- Dividend	—	10,334,183	—	103,341,830
HDFC FMP 370D December 2011(I)-Growth	8,254,644	—	82,546,440	—
HDFC FMP 391D March 2012(1) Growth	1,784,913	—	17,849,130	—
ICICI Prudential FMP - Series 54 - 1 year plan	10,000,000	10,000,000	100,000,000	100,000,000
ICICI Prudential FMP Series 55 -1 Year Plan	12,500,000	—	125,000,000	—
Kotak Floater Long Term Fund - DDR	993,983	21,062,760	10,019,153	212,308,411
Kotak FMP Series 51-Growth	35,000,000	—	350,000,000	—
Kotak FMP Series 80-Growth	37,751,658	—	377,516,580	—
Kotak Gilt (Investment Regular) Growth (Face Value ₹35 each)	1,390,364	—	50,000,000	—
Kotak Quarterly Interval Plan Series-1 Dividend	8,506,448	31,000,000	85,064,481	310,000,000
Kotak Quarterly Interval Plan-Series 4-Option Dividend	—	1,999,340	—	20,000,000
Reliance Fixed Horizon Fund-XIX-Series 10- Growth Plan	10,000,000	10,000,000	100,000,000	100,000,000
Reliance Fixed Horizon Fund-XVIII-Series 6 -Dividend Plan	—	25,000,000	—	250,000,000
Reliance Fixed Horizon Fund-XVIII-Series-5-Dividend Plan	—	20,000,381	—	20,003,814
Reliance Fixed Horizon Fund-XVII-Series I-Dividend Plan	—	20,000,000	—	200,000,000
Reliance Interval Fund-Quarterly Plan-Series I-Inst. Dividend	—	38,173,946	—	382,488,151
Reliance Quarterly Interval Fund Series-III-Institutional	—	20,193,517	—	202,010,129
SBI Debt Fund Series-370 Days	10,000,000	—	100,000,000	—
Tata Fixed Income Port Folio Fund-B3	—	31,211,147	—	312,111,472
UTI Fixed Income Interval Fund	18,750,000	18,750,000	187,500,000	187,500,000
Total (B)			2,020,786,779	2,442,296,156
Total (A+ B)			2,020,786,779	2,885,611,356
Aggregate amount of Unquoted Investment			2,020,786,779	2,885,611,356

Asian Hotels (East) Limited

Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
14. Inventories		
(Valued at Cost or Net realisable value whichever is lower)		
Food, Liquor & Tobacco	11,175,708	15,786,640
Crockery, Cutlery, Silverware & Linen	3,388,861	3,151,841
General Stores & Spares	2,649,871	2,090,936
	17,214,440	21,029,417
15. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,202,509	2,705,626
Doubtful	2,400,694	2,584,931
	6,603,203	5,290,557
Less: Provision for doubtful receivables	2,400,694	2,584,931
(A)	4,202,509	2,705,626
Other receivables		
Unsecured, considered good	22,880,922	16,150,809
(B)	22,880,922	16,150,809
Total (A+B)	27,083,431	18,856,435
16. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with banks in Current Accounts	10,325,155	22,590,738
Cash on hand (Including Stamps in Hand ₹200,000)	1,214,103	1,364,181
Other Bank Balances		
Fixed Deposits- Held as security with Electricity Deptt.	20,000,000	20,000,002
Fixed Deposits- Maturing within 12 months of reporting dates	622,880,743	—
Unpaid Dividend Accounts	1,126,692	447,501
	655,546,693	44,402,422
17. Short Term Loans and Advances		
(Unsecured, considered good)		
Advances to Related Parties (refer note 17.1)		
GJS Hotels Limited	668,525,000	210,400,000
Regency Convention Centre and Hotels Limited	10,069,474	8,519,474
Other loans and advances		
Inter Corporate Deposits	75,000,000	—
Advance to Suppliers	2,960,436	6,752,275
Prepaid Expenses	6,636,733	2,929,000
Stamp Duty Recoverable from Odisha Govt.	14,000,000	14,000,000
VAT Credit Receivable	—	11,005,629
Others	398,571	724,450
	777,590,214	254,330,828
17.1 Additional disclosure under clause 32 of the listing agreement		
Maximum amount outstanding at anytime during the year		
– Regency Convention Centre and Hotels Limited	10,069,474	8,584,024
– GJS Hotels Limited	720,525,000	210,400,000
18. Other Current Assets		
Interest accrued but not due on fixed deposits	33,760,837	4,683,093
	33,760,837	4,683,093

Asian Hotels (East) Limited

Notes to Financial Statements for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
19. Revenue From Operations		
Sale of Products		
Wines & Liquor	47,593,736	45,925,601
Foods, Smokes and Other Beverages	301,697,949	284,924,796
	349,291,685	330,850,397
Less: Excise Duty	293,955	241,969
	348,997,730	330,608,428
Sale of Services		
Rooms	397,502,307	389,152,727
Banquets Misc. Income	15,009,850	15,413,660
Communication	9,285,157	8,923,903
Other Operating Revenue	73,178,468	81,968,476
	843,973,512	826,067,194
20. Other Income		
Interest Income from Current Investments	7,238,537	31,286,329
Interest Income from Others	58,049,001	2,453,174
Dividend Income from Current Investments	94,793,496	149,710,686
Net Gain on Sale of Current Investments	5,526,367	—
Excess Provision written back	184,237	—
	165,791,638	183,450,189
21. Consumption of Provisions, Beverages, Smokes & Others		
Wine & Liquor		
Opening Stock	11,460,693	8,379,033
Add: Purchases	12,295,397	16,019,002
	23,756,090	24,398,035
Less: Closing Stock	8,202,798	11,460,693
(A)	15,553,292	12,937,342
Food, Provisions, Other Beverages & Smokes		
Opening Stock	4,325,947	4,141,750
Add: Purchases	70,238,360	69,295,744
	74,564,307	73,437,494
Less: Closing Stock	2,972,911	4,325,947
(B)	71,591,396	69,111,547
Cost of Telephones		
Cost of Calls	207,756	165,459
Lease Line Rentals	2,820,042	3,634,563
(C)	3,027,798	3,800,022
Cost of Guest Transportation		
Vehicle Fuel	3,050,132	6,201,687
Vehicle Upkeep	1,000,957	305,642
(D)	4,051,089	6,507,329
Total (A+B+C+D)	94,223,575	92,356,240

Asian Hotels (East) Limited

Notes to Financial Statements for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
22. Employee Benefit Expenses		
Salaries, wages and bonus	151,146,864	134,342,828
Contribution to provident and other funds	9,858,301	7,529,083
Staff welfare expenses *	17,978,972	17,806,263
Recruitment & Training	2,930,960	3,137,026
	181,915,097	162,815,200
*Staff welfare expenses includes		
Cost of provisions consumed in Staff Cafeteria	9,939,221	8,919,511
Less: Realisation on sale of food coupons to staff	50,160	528,876
	9,889,061	8,390,635
23. Other Expenses		
Contract Labour and Service	19,886,733	22,100,534
Linen, Room, Catering & Other supplies	30,077,126	25,220,729
Operating Equipments Consumption	4,366,410	7,908,941
Fuel, Power & Light	84,246,763	83,354,381
Repairs, Maintenance & Refurbishing**	43,771,166	43,784,462
Lease Rent	308,268	231,193
Rent	—	39,827
Rates & Taxes	5,910,912	2,873,797
Insurance	2,212,455	4,444,700
Directors' Sitting Fees	238,000	204,000
Legal & Professional Expenses	13,403,615	24,760,892
Payment to Auditors	678,284	649,589
Printing & Stationery	2,627,495	2,689,721
Travelling & Conveyance***	9,889,205	11,693,058
Communication Expenses	1,927,669	2,739,948
Prior Period Expenses	77,067	—
Technical Services	33,965,009	33,066,309
Advertisement & Publicity	15,226,321	23,175,089
Shareholders' Meeting Expenses	74,054	118,188
Postal Ballot Expenses	—	157,675
Commission & Brokerage	27,682,126	24,168,218
Charity & Donation	4,563,700	7,602,000
Bank Charges and Commission	278,657	264,371
Provision for Bad & Doubtful Debts	—	150,000
Loss on Sale of Current Investments	—	108,076
Loss on Sale of Fixed Assets	2,125,017	953,898
Miscellaneous Expenses	1,598,161	1,833,134
	305,134,213	324,292,730
** Repairs, Maintenance & Refurbishing includes		
Repairs & Maintenance - Buildings	4,788,056	6,374,083
Repairs & Maintenance - Plant & Machinery	23,349,168	19,687,660
Repairs & Maintenance - Others	15,554,120	16,507,941
*** Travelling & Conveyance includes		
Travel of Directors	949,532	1,427,085

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

24. Gratuity and other post-employment benefit plans

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

- a) Defined contribution plans
 - i. Provident fund
- b) Defined benefit plans
 - i. Contribution to Gratuity fund
 - ii. Compensated absences Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions: -

Economic Assumptions

The discount rate and salary increases assumed are key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long-term risk free investments. For the current valuation a discount rate of 9 % p.a. compound, has been used.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

The following tables set out the unfunded status of the gratuity plan and earned leaves and amounts recognised in the Company's financial statements as at 31st March 2012:

i. Change in benefit obligations:

Particulars	Gratuity (Unfunded)		Compensated absences Earned leave (Unfunded)	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Present value of obligations as at the beginning of the year	8,121,242	6,665,903	1,216,030	1,696,140
Current Service Cost	2,481,028	2,076,863	1,710,280	468,399
Interest Cost	690,306	533,272	103,363	135,691
Benefit Paid	(2,321,915)	(947,892)	(737,861)	(693,020)
Actuarial (gain)/ loss on obligation	(197,299)	(206,904)	1,450,331	(391,180)
Present value of obligations as at the year end	8,773,362	8,121,242	3,742,143	1,216,030

ii. Expenses recognised in the Statement of Profit and Loss :

Particulars	Gratuity (Unfunded)		Compensated absences Earned leave (unfunded)	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Current Service Cost	2,481,028	2,076,863	1,710,280	468,399
Interest Cost	690,306	533,272	103,363	135,691
Actuarial (gain)/loss recognized during the year	(197,299)	(206,904)	1,450,331	(391,180)
Expenses recognised in Statement of Profit and Loss	2,974,035	2,403,231	3,263,974	212,910

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

iii. Principal Actuarial assumptions:

Particulars	Refer Note below	Year ended 31.03.2012	Year ended 31.03.2011
Discount rate (p.a.)	1	9%	8%
Salary escalation rate (p.a.)	2	8%	8%

Notes:

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.
3. The gratuity plan and earned leave is unfunded.

Demographic assumptions:

- a. Retirement age : 58 years
- b. Mortality rate : Published rates under LIC (1994-96) mortality table.

	31st March 2012	31st March 2011
25. Earnings per share (Basic & Diluted)		
A. Basic		
(i) Profit / (Loss) for the period	280,372,480	301,668,227
(ii) Provision for Preference Dividend	—	6,164
(iii) Profit available for Equity Shareholders	280,372,480	301,662,063
(iv) Weighted average number of Equity Shares of ₹10 each	11,440,585	11,401,782
(v) Earnings/(Loss) per share	24.51	26.46
B. Diluted		
(i) Profit / (Loss) for the period	280,372,480	301,668,227
(ii) Provision for Preference Dividend	—	6,164
(iii) Profit available for Equity Shareholders	280,372,480	301,662,063
(iv) Weighted average number of Equity Shares of ₹10 each used in computing Basic EPS	11,440,585	11,401,782
Add: Weighted average number of potential equity shares on account of conversion of FCPS to equity shares	—	38,910
(v) Weighted average number of Equity Shares of ₹10 each for diluted EPS	11,440,585	11,440,692
(vi) Earnings/(Loss) per share (₹)	24.51	26.37
26. C.I.F. Value of Imports:		
Stores & Spares	1,545,696	1,304,056
Capital Goods	696,342	5,772,388
Beverages - through canalizing agencies	5,743,500	14,594,457
Others	—	6,838,813
	7,985,538	28,509,714
27. Expenditure in Foreign Currency (on payment basis)		
Technical Services	33,494,110	35,483,940
Commission & Brokerage	11,203,552	9,292,506
Training & Recruitment	1,159,002	54,878
Others	13,333,324	6,220,993
	59,189,988	51,052,317

Notes to Financial Statements for the Year Ended 31st March 2012

	Amount in ₹	
	<u>31st March 2012</u>	<u>31st March 2011</u>
28. Earnings in Foreign Currency (on receipt basis)	334,922,037	309,709,796
29. As the company is engaged in only one segment of Hotel business, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.		
30. The Company had sent letters to its suppliers for confirmation of their status and registration under "Micro, Small and Medium Enterprises (Development) Act, 2006" and the company has not received any intimation from any of its suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the year end along with interest paid / payable as required under the said Act have not been given.		
31. Contingent Liabilities :		
a. Export obligation in respect of EPCG Licenses: ₹2,43,01,279 (Previous year ₹2,43,01,279).		
b. Claims against the Company not acknowledged as debts:		
i) Sales Tax/VAT ₹55,82,211 (Previous Year ₹28,56,304)		
ii) Service Tax ₹1,02,89,320 (Previous Year ₹1,45,97,672)		
iii) ESIC ₹21,80,235 (Previous Year Rs ₹21,80,235)		
iv) Letter of Credit for ₹50,00,000 issued by IDBI Bank Ltd in favour of West Bengal Electricity Distribution Company Ltd. (Previous Year ₹50,00,000)		
v) Suit instituted by a party before State Consumer Disputes Reddresal Commission, West Bengal ₹ 98,00,000 (Previous Year ₹98,00,000)		
	<u>31st March 2012</u>	<u>31st March 2011</u>
32. Payment to Auditors		
– Statutory Audit Fees	500,000	450,000
– Tax Audit Fees	150,000	150,000
– Certification Charges	5,538	—
– Reimbursement of Expenses	22,746	649,589
	<u>678,284</u>	<u>649,589</u>
33. As on date, the Company holds 91,652 Equity shares of ₹10 each of its subsidiaries, Regency Convention Centre and Hotels Limited (RCC), representing 58.99% of the paid up capital of RCC. Apart from the above, the Company had also made an advance of ₹3,34,48,275 for acquiring further shares of RCC from their existing shareholders and paid advances to Regency Convention Centre and Hotels Limited amounting to ₹1,00,69,474 up to the Balance Sheet date which has been disclosed as a recoverable advance.		
The principal assets of Regency Convention Centre and Hotels Limited comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court. However Regency Convention Centre and Hotels Limited is in possession of opinions given by the highest legal authorities clearly stating that Regency Convention Centre and Hotels limited has a reasonable chance of winning the ongoing legal dispute. Such assets form part of the Company's undertaking at book values.		
The value of the above assets is primarily dependent on the legal dispute and is, therefore, subject matter of uncertainty at this juncture. As such, the ultimate outcome of the matter and, therefore, whether there is impairment, if any, in the value of the aforesaid assets cannot be reasonably determined at present. As per the earlier terms of agreement with the Regency Convention Centre and Hotels Limited and its shareholders, the company has to make additional payment for acquiring the balance shares of Regency Convention Centre and Hotels Limited, the amount of which is unascertainable and dependent on the outcome of the dispute is pending in the Bombay High Court.		
34. Pursuant to the Scheme of Arrangement & Demerger, the company had obtained approval of the Government of West Bengal for the vesting of the leasehold property upon which Hotel Hyatt Regency Kolkata is situated. Liabilities for registration of the same will be determined as and when the registration is done.		
35. The Company has not recognised any loss on impairment in respect of assets of the Company since there is no reduction in value of any asset. In respect of subsidiaries, such decision is based on the audited accounts of the subsidiaries.		
36. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them are as follows: -		
Related Party Disclosures		
(i) List of Related Parties		
(a) Subsidiaries :		
GJS Hotels Limited		
Regency Convention Centre and Hotels Limited		

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

- (b) Key Management Personnel :
Umesh Saraf
Arun Kumar Saraf
- (c) Entities over which directors or their relatives can exercise significant influence/control :
- | | |
|---------------------------------------------|-------------------------------------------------|
| (i) Robust Hotels Private Limited | (xi) Sara Hospitality Limited, Hong Kong |
| (ii) Nepal Travel Agency Pvt. Ltd., Nepal | (xii) Juniper Investments Limited |
| (iii) Unison Hotels Limited | (xiii) Chartered Hotels Pvt. Ltd. |
| (iv) Vedic Hotels Limited | (xiv) Blue Energy Private Limited |
| (v) Unison Power Limited | (xv) Footsteps of Buddha Hotels Private Limited |
| (vi) Unison Hotels South Limited | (xvi) Sara International Limited, Hong Kong |
| (vii) Juniper Hotels Private Limited | (xvii) Samra Importex Private Limited |
| (viii) Yak & Yeti Hotels Limited, Nepal | (xviii) Forex Finance Private Limited |
| (ix) Taragaon Regency Hotels Limited, Nepal | (xix) Saraf Industries Limited, Mauritius |
| (x) Saraf Investments Limited, Mauritius | (xx) Saraf Hotels Limited, Mauritius |

(ii) Details of Transactions with Related Parties during the year :

Transactions during the year	Subsidiary Company		Key Management Personnel		Entities Controlled by Directors or their Relatives		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Dividend Paid								
Forex Finance Private Limited	—	—	—	—	14,071,824	9,381,216	14,071,824	9,381,216
Saraf Industries Limited	—	—	—	—	16,337,835	10,891,890	16,337,835	10,891,890
Services Availed during the Year								
Nepal Travel Agency Pvt. Ltd.	—	—	—	—	—	428,270	—	428,270
Expenses Incurred (Reimbursement)								
GJS Hotels Limited	—	1,747,813	—	—	—	—	—	1,747,813
Regency Convention Centre and Hotels Limited	—	96,562	—	—	—	—	—	96,562
Robust Hotels Private Limited	—	—	—	—	135,499	—	135,499	—
Investment in Preference Shares								
Robust Hotels Private Limited	—	—	—	—	615,374,060	615,374,060	615,374,060	615,374,060
Advance Given								
GJS Hotels Limited	540,125,000	271,400,000	—	—	—	—	540,125,000	271,400,000
Regency Convention Centre and Hotels Limited	1,550,000	1,600,000	—	—	—	—	1,550,000	1,600,000
Advance Repaid								
GJS Hotels Limited	82,000,000	114,700,000	—	—	—	—	82,000,000	114,700,000
Managerial Remuneration								
Umesh Saraf	—	—	18,480,059	13,320,000	—	—	18,480,059	13,320,000
Arun Kr. Saraf	—	—	18,480,059	11,804,844	—	—	18,480,059	11,804,844

Closing Balance as on Balance Sheet Date	Subsidiary Company		Key Management Personnel		Entities Controlled by Directors or their Relatives		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Account Payables								
Umesh Saraf	—	—	7,128,059	3,000,000	—	—	7,128,059	3,000,000
Arun Kr. Saraf	—	—	7,128,059	5,008,069	—	—	7,128,059	5,008,069
Account Receivables								
GJS Hotels Limited	668,525,000	210,400,000	—	—	—	—	668,525,000	210,400,000
Regency Convention Centre and Hotels Limited	10,069,474	8,519,474	—	—	—	—	10,069,474	8,519,474
Investments as at year end								
GJS Hotels Limited	2,346,365,000	2,346,365,000	—	—	—	—	2,346,365,000	2,346,365,000
Regency Convention Centre and Hotels Limited	257,901,724	257,901,724	—	—	—	—	257,901,724	257,901,724
Robust Hotels Private Limited	—	—	—	—	615,374,060	615,374,060	615,374,060	615,374,060

Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

- 37.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 20,79,031 (Previous Year ₹ Nil)
- 38.** 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.
- 39.** There are no other disclosure requirements which need to be disclosed as per Accounting Standard and Revised Schedule VI to the Companies Act 1956.

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf	Chairman
Arun K Saraf	Joint Managing Director
Umesh Saraf	Joint Managing Director
Rama Shankar Jhavar	Director
S S Bhandari	Director
Padam K Khaitan	Director

Bimal K Jhunjhunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

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

Sl. No.	Name of the Subsidiary	GJS Hotels Limited	Regency Convention Centre and Hotels Limited
1	Financial Year of the Subsidiary ended on	31-Mar-12	31-Mar-12
2	Date from which it became subsidiary	31-Oct-09	31-Oct-09
3	(a) Number of shares in the subsidiary held by the Holding Company in its own name / name of the nominee(s) at the end of the previous financial year of the subsidiary	10,961,000	91,652
	(b) Extent of interest of the Holding Company at the end of the previous financial year of the subsidiary	100%	58.994%
4	The net aggregate amount of the subsidiary company's profit / (loss) so far it concerns the members of the Holding Company and is not dealt with in the Holding Company's Accounts :		
	(a) for the subsidiary's financial year ended on 31-Mar-2012	(656,914)	(107,357)
	(b) for prior years since becoming subsidiary	20,082,319	Nil
5	The net aggregate amount of the subsidiary company's profit / (loss) so far it concerns the members of the Holding Company and has been dealt with in the Holding Company's Accounts :		
	(a) for the subsidiary's financial year ended on 31-Mar-2012	Nil	Nil
	(b) for prior years since becoming subsidiary	Nil	Nil
6	Changes, if any, in the Holding Company's interest in the subsidiary between the end of the previous financial year of the subsidiary and the end of the previous financial year of the Holding Company	Nil	Nil
7	Details of material changes, if any, which occurred between the end of the previous financial year of the subsidiary and the end of previous financial year of Holding Company, in respect of :		
	(a) The subsidiary's Fixed Assets	Nil	Nil
	(b) The subsidiary's Investments	Nil	Nil
	(c) The moneys lent by it	Nil	Nil
	(d) The moneys borrowed by it for any purpose other than that of meeting Current Liabilities	Nil	Nil

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

TENTH ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

UMESH SARAF
PADAM K KHAITAN
AMIT MODI

COMPANY SECRETARY

MANISHA CHOUDHARY

AUDITORS

M/S. KSMN & COMPANY
CHARTERED ACCOUNTANTS
21, LANSDOWNE PLACE,
KOLKATA - 700 029.

BANKERS

IDBI BANK LIMITED
CITI BANK, N.A.

REGISTERED OFFICE

C/O. ASIAN HOTELS (EAST) LIMITED,
HYATT REGENCY KOLKATA
JA-1, SECTOR-III,
KOLKATA - 700 098
WEST BENGAL

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Tenth Annual Report on the business and operation of the Company together with the audited accounts of the Company for the year ended 31st March 2012.

STATUS OF HOTEL PROJECT ON THE LAND AT BHUBANESWAR, ODISHA

The Company has taken necessary steps to obtain extension of time for 4-5 years from the Government of Odisha in respect of its land admeasuring 7.00 acres in Unit XX, Mouza Jagamara, Bhubaneswar, District - Khurda, Odisha to commence its hotel projects thereat. Steps have also been taken for mutation of the above leasehold land in the name of the Company in order to reflect its name in the Records of Right (RoR), a Register maintained by the Government of Odisha for the purpose.

The Company could not start its hotel project at the above piece of land which has been allotted by the Government of Odisha exclusively for hotel projects in the financial year 2011-12 due to absence of these major mandatory permissions/ approvals which are pending receipt from the Government of Odisha for a long time. Regular follow-ups are being made with the Officers/ Departments concerned of the Government of Odisha to receive the same at the earliest. Once these permissions/ approvals are obtained, the Company will endeavour to take all necessary steps to start its hotel project at the above site. During these periods in the absence of the hotel project, your Board has used the Company's funds judiciously and is hopeful of receiving the permissions/ approvals in the current financial year.

OBJECTS, OPERATIONS AND FINANCIAL RESULTS

During the year under review, your Company has applied to subscribe to 4342239 (fractional entitlement, if any, to be adjusted) 1% Cumulative Redeemable Optionally Convertible Preference Shares (CROCPS) of Rs. 10/- each at a premium of Rs. 205/- per share i.e., at an issue price of Rs. 215/- each of Robust Hotels Private Limited, owner of Hotel Hyatt Regency Chennai, aggregating to Rs. 93,35,81,440/- which are convertible into equity at a conversion price of Rs. 32/- per equity share as per the Valuation Report of M/s. S.S. Kothari Mehta & Co., Chartered Accountants and that all terms and conditions of the issue are identical to the existing CROCPS carrying the same coupon rate of dividend and will rank pari passu in all respect.

GJS Hotels Limited

As on 31st March 2012, the Company has investment of Rs. 1,74,57,08,625/- in 0.001% 81,19,575 CROCPS and Rs. 30,01,40,000/- in 1% 13,96,000 CROCPS respectively issued by Robust Hotels Private Limited.

The financial performance of your Company during the financial year 2011-12 is as follows :

Particulars	For the year ended 31st March 2012 (Rs.)
Profit / (loss) before tax	(6,66,910)
Tax adjustment for earlier years	9,996
Profit/(Loss) for year	(6,56,914)

Your Directors do not recommend payment of any dividend.

OPENING OF HYATT REGENCY CHENNAI

Your Company holds investment of around Rs. 204.50 Crores in preference share capital of Robust Hotels Private Limited which owns Hyatt Regency Chennai, a 5 Star premium business hotel located in Chennai's central business district and which was opened on 8th August 2011. The 327-room Hyatt Regency Chennai, with a project cost of around Rs. 656 Crores, opens with more than 20,000 sq ft (1,900 sq m) of versatile convention and event space, a fully-equipped fitness centre, some great restaurants and a sun-filled atrium lobby with soothing water features and green landscaping. The Hotel has been received well by the guests.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Umesh Saraf retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

Your Directors recommend his appointment to the Board in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

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

- that in the preparation of annual accounts for the year ended 31st March 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and pursuant so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for the financial year;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS & AUDITORS' REPORT

M/s. KSMN & Company, Chartered Accountants, Statutory Auditors of the Company will hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no particulars to furnish under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

PERSONNEL

The Company has no employee falling under the categories mentioned in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

For and on behalf of the Board of Directors

For **GJS Hotels Limited**

Umesh Saraf
Director

Padam K Khaitan
Director

Place: Kolkata
Date: 21st April 2012

AUDITORS' REPORT

TO THE MEMBERS OF **GJS HOTELS LIMITED**

1. We have audited the attached Balance Sheet of **GJS HOTELS LIMITED** as at March 31, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and 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 have 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 (Auditors' Report) Order 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper Books of Account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - (b) In the case of the Statement of Profit & Loss, of the Loss for the year ended on that date and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Kolkata
Date : 21st April 2012

For **KSMN & Company**
Chartered Accountants
Firm Registration No. 001075N

Rana Sen
Partner
Membership No. :066759

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of GJS Hotels Limited as at and for the year ended March 31, 2012)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the period and as informed, no discrepancies were identified on such verification.
- c) There was no disposal of fixed assets during the period.
- ii) As the Company does not have any inventory, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- iii) The Company has not granted or taken any loan, secured or unsecured, to or from companies covered in the register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (b) to (f) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. There were no transactions of purchase of inventory and for the sale of goods and services during the year. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that needs to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(v) (a) & (b) of the order is not applicable to the Company.
- vi) The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under during the period.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- viii) To the best of our knowledge, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 as prescribed by the Central Government is not applicable to the Company.
- ix) a) According to the records of the Company examined by us, the provisions of Sales-Tax, Provident fund, Employees State Insurance, Service tax, Cess and income tax were not applicable to it. The Company has deposited income tax as applicable to it, in accordance with the provision of Income Tax Act'1961. There are no undisputed dues payable for a period of more than six months from the date they became payable as at 31st March 2012.
- b) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty, Sales Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses at the end of the financial period and it has incurred cash losses of Rs. 606,587 in the current financial period. There were no cash losses in the immediately preceding financial year.
- xi) As the Company does not have any dues payable to any Financial Institutions, Banks and Debenture Holder, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances against security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a Chit fund/ Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4(xiii) of the order are not applicable.
- xiv) According to the information and explanations given to us, during the year the Company has not dealt or traded in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions.
- xvi) There were no term loans raised during the period by the Company for any purpose, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

GJS Hotels Limited

- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956; the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) The Company has not issued any debentures during the period; the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) As the Company has not raised any money through public issue during the period, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no instances of fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Kolkata
Date : 21st April 2012

For **KSMN & Company**
Chartered Accountants
Firm Registration No. 001075N

Rana Sen
Partner
Membership No. :066759

GJS Hotels Limited

BALANCE SHEET as at 31st March 2012

	Note	As at 31st March 2012	Amount in ₹ As at 31st March 2011
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	109,610,000	109,610,000
(b) Reserves and Surplus	4	2,256,180,405	2,256,837,319
		2,365,790,405	2,366,447,319
Current Liabilities			
(a) Short Term Borrowings	5	668,525,000	210,400,000
(b) Other Current Liabilities	6	90,372	55,619
		668,615,372	210,455,619
Total		3,034,405,777	2,576,902,938
Assets			
Non-Current Assets			
(a) Fixed Assets			
Tangible assets	7	54,539,349	54,539,349
(b) Non Current Investments	8	2,045,848,625	2,045,848,625
(c) Long Term Loans and Advances	9	2,000	2,000
		2,100,389,974	2,100,389,974
Current Assets			
(a) Current Investments	10	933,581,440	475,795,000
(b) Cash and Bank Balances	11	232,210	500,237
(c) Short Term Loans and Advances	12	202,153	217,727
		934,015,803	476,512,964
Total		3,034,405,777	2,576,902,938

Notes forming part of the Financial Statements 1 to 25

As per our report of even date

For **KSMN & Company**
Chartered Accountants
Firm Regn. No. 001075N

Rana Sen
Partner
Membership No. 066759
Place : Kolkata
Date : 21st April 2012

For and on behalf of the Board of Directors

Umesh Saraf **Padam Kr. Khaitan**
Director Director

Manisha Choudhary
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

	Note	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
Income			
Revenue from Operations		—	—
Other Income	13	1,270	10,298,925
		1,270	10,298,925
Expenses			
Employee Benefits Expense	14	299,884	154,876
Other Expenses	15	368,296	324,158
		668,180	479,034
Profit/(loss) Before Tax		(666,910)	9,819,891
Tax Expenses			
Current Tax (including earlier years)		(9,996)	250,000
Deferred Tax		—	—
Profit/(Loss) for the Year		(656,914)	9,569,891
Earnings per equity share			
	16		
(a) Basic		(0.06)	0.87
(b) Diluted		(0.06)	0.87
Notes forming part of the Financial Statements	1 to 25		

As per our report of even date

For **KSMN & Company**
Chartered Accountants
Firm Regn. No. 001075N

Rana Sen
Partner
Membership No. 066759
Place : Kolkata
Date : 21st April 2012

For and on behalf of the Board of Directors

Umesh Saraf
Director

Padam Kr. Khaitan
Director

Manisha Choudhary
Company Secretary

CASH FLOW STATEMENT for the year ended 31 March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
A. Cash Flow from Operating Activities		
Profit before tax	(666,910)	9,819,891
Adjustment for:		
Interest income	—	(1,247,812)
Dividend income	—	(9,051,113)
Operating profit/(loss) before working capital changes	(666,910)	(479,034)
Adjustments for:		
Other Current Liabilities	34,753	(292,988)
Short term Loans and Advances	—	6,594,892
Cash generated from operations	(632,157)	5,822,870
Direct taxes	25,570	(1,866,021)
Net Cash generated from/(used in) Operations	(606,587)	3,956,849
B. Cash Flow from Investing Activities		
Purchase of investment - share application money	(457,786,440)	(475,795,000)
Interest Received	—	1,247,812
Dividend Received	—	9,051,113
Net Cash flow from/(used in) Investing Activities	(457,786,440)	(465,496,075)
C. Cash Flow from Financing Activities		
Proceeds from short term borrowings	540,125,000	271,400,000
Repayment of short term borrowings	(82,000,000)	(114,700,000)
Net cash flow from/(used in) Financing Activities	458,125,000	156,700,000
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	(268,027)	(304,839,226)
Cash and Cash Equivalents at the beginning of the year	500,237	305,339,463
Cash and Cash Equivalents at the end of the year	232,210	500,237

Notes forming part of the Financial Statements

1 to 25

As per our report of even date

For **KSMN & Company**
Chartered Accountants
Firm Regn. No. 001075N

Rana Sen
Partner
Membership No. 066759
Place : Kolkata
Date : 21st April 2012

For and on behalf of the Board of Directors

Umesh Saraf
Director

Padam Kr. Khaitan
Director

Manisha Choudhary
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

1. Company Overview

The Company is a wholly Owned subsidiary of Asian Hotels (East) Limited which is listed in Bombay Stock Exchange and National Stock Exchange. The Company possess leasehold land in Bhubaneswar (Odisha) for setting up a hotel. The Company is in the initial stages of renewing /applying various permissions and approvals from the appropriate authorities for construction of the hotel.

2. Basis of Preparation

The financial statements have been prepared to comply with all material respects with the mandatory Accounting Standards (AS) notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Significant Accounting Policies

a. Presentation and disclosure of Financial Statements

During the year ended 31st March 2012, the new Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for the preparation and presentation of its financial statements. The adoption of this Schedule VI does not impact recognition and measurement principles followed for the preparation of financial statements. However, it has significant impact on preparation and disclosures made in the financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

d. Depreciation

Since there are no assets other than the expenditures related to land as referred above, no depreciation has been provided.

Amortization of leasehold land shall be provided on commencement of commercial operation.

e. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from Interest is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend Income is recognized when rights to receive payment is established.

f. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).

Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

Amount in ₹

g. Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Statement of Profit and Loss. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account.

h. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

Previously recognized impairment losses are reversed where the recoverable amount increases because of favorable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been (net of depreciation or amortization) had no impairment loss been recognized in prior years.

i. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

j. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

k. Provision and Contingent Liabilities

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

	As at 31st March 2012	As at 31st March 2011
3. Share Capital		
Authorised Shares		
14,000,000 (31 March 2011: 14,000,000) Equity Shares of ₹ 10/- each	140,000,000	140,000,000
Issued, Subscribed and fully Paid-up Shares		
10,961,000 (31 March 2011: 10,961,000) Equity Shares of ₹ 10/- each	109,610,000	109,610,000
	109,610,000	109,610,000

3.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

	As at 31st March 2012		As at 31st March 2011	
	No. of Share	₹	No. of Share	₹
Equity Shares				
At the beginning of the year	10,961,000	109,610,000	10,961,000	109,610,000
Issued during the year	—	—	—	—
Buy Back during the year	—	—	—	—
At the end of the year	10,961,000	109,610,000	10,961,000	109,610,000

3.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

	Amount in ₹	
	<u>As at 31st March 2012</u>	<u>As at 31st March 2011</u>
3.3 Shares held by Holding/ultimate Holding Company and/or their subsidiaries/associates		
Asian Hotels (East) Limited, the Holding Company		
10,961,000 (31 March 2011: 10,961,000) equity shares of ₹10 each fully paid	109,610,000	109,610,000
3.4 Details of shareholders Holding more than 5% shares in the Company		
	<u>As at 31st March 2012</u>	<u>As at 31st March 2011</u>
Equity Shares	<u>No. of Share</u>	<u>% of Holding</u>
Asian Hotels (East) Limited	10,961,000	100
(including their nominees)	10,961,000	100
3.5 No class of shares have been allotted for consideration other than cash or as bonus shares and no shares have been bought back during the period of five years immediately preceding the balance sheet date including the previous year.		
	<u>As at 31st March 2012</u>	<u>As at 31st March 2011</u>
4. Reserves and Surplus		
a. Securities Premium Account		
Opening Balance	2,236,755,000	2,236,755,000
Add: Transfer during the year	—	—
Closing Balance	2,236,755,000	2,236,755,000
b. Surplus/(deficit) in the Statement of Profit and Loss		
Opening Balance	20,082,319	10,512,428
Add : Profit / (Loss) for the year	(656,914)	9,569,891
Closing Balance	19,425,405	20,082,319
Total	2,256,180,405	2,256,837,319
5. Short Term Borrowings		
Loan from related party repayable on demand (unsecured) (refer note 17)	668,525,000	210,400,000
Total	668,525,000	210,400,000
6. Other Current Liabilities		
Other Payables		
TDS payable	5,515	5,515
Expense Payable	84,857	50,104
Total	90,372	55,619
7. Fixed Assets - Tangible assets		
Leasehold Land (Gross/Net Carrying Value) (refer note 2.1c)	54,539,349	54,539,349
Total	54,539,349	54,539,349
8. Non Current Investments		
Non-Trade, Unquoted (At Cost, Fully Paid Up)		
Investment in Preference Shares of related party - Robust Hotels Private Limited		
8,119,575 (Previous year 8,119,575) 0.001% Cumulative Redeemable Optional Convertible Preference Shares of ₹10 /- each	1,745,708,625	1,745,708,625
1,396,000 (Previous year 1,396,000) 1% Cumulative Redeemable Optional Convertible Preference Shares of ₹10 /- each	300,140,000	300,140,000
Total	2,045,848,625	2,045,848,625
Aggregate value of Unquoted Investment	2,045,848,625	2,045,848,625

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
9. Long Term Loans and Advances		
Security Deposit (Unsecured, considered good)	2,000	2,000
Total	2,000	2,000
10. Current Investments		
Other Investments		
Share Application Money - Related party (refer note 17)	933,581,440	475,795,000
Total	933,581,440	475,795,000
11. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with Banks:		
Current Accounts	227,586	499,897
Cash on hand	4,624	340
Total	232,210	500,237
12. Short Term Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or kind	200,000	200,000
Other loans and advances		
Advance Taxes (net of Provision for Taxes)	2,153	17,727
Total	202,153	217,727
	Year Ended 31st March 2012	Year Ended 31st March 2011
13. Other Income		
Interest Income from Others	—	1,247,812
Dividend Income from Current Investments	—	9,051,113
Other Non-operating Income	1,270	—
Total	1,270	10,298,925
14. Employee Benefit Expenses		
Salaries and bonus	282,747	150,272
Staff welfare expenses	17,137	4,604
Total	299,884	154,876
15. Other Expenses		
Travelling and conveyance	218,963	123,617
Payment to auditor		
Statutory audit fees	38,605	38,605
Tax audit fees	16,545	16,545
Printing & Stationery	44,904	26,400
Legal & Professional expenses	9,412	30,500
Loss on sale of current investment (net)	—	22,001
Miscellaneous expenses	39,867	66,490
Total	368,296	324,158

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
16. Earnings per Share		
(i) Profit available for Equity Shareholders	(656,914)	9,569,891
(ii) Weighted average number of Equity Shares @ ₹10 each	10,961,000	10,961,000
(iii) Earnings/(Loss) per share (₹)	(0.06)	0.87

17. In accordance with the Accounting Standard on " Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -

Related Party Disclosures

(i) List of Related Parties

- (a) Holding Company :
Asian Hotels (East) Limited
- (b) Fellow Subsidiary Company :
Regency Convention Centre and Hotels Limited
- (c) Entities over which directors or their relatives can exercise significant influence/control :
 - (i) Robust Hotels Private Limited
 - (ii) Nepal Travel Agency Pvt. Ltd., Nepal
 - (iii) Unison Hotels Limited
 - (iv) Vedic Hotels Limited
 - (v) Unison Power Limited
 - (vi) Unison Hotels South Limited
 - (vii) Juniper Hotels Private Limited
 - (viii) Yak & Yeti Hotels Limited, Nepal
 - (ix) Taragaon Regency Hotels Limited, Nepal
 - (x) Saraf Industries Limited, Mauritius
 - (xi) Saraf Investments Limited, Mauritius
 - (xii) Sara Hospitality Limited, Hong Kong
 - (xiii) Juniper Investments Limited
 - (xiv) Chartered Hotels Pvt. Ltd.
 - (xv) Blue Energy Private Limited
 - (xvi) Footsteps of Buddha Hotels Private Limited
 - (xvii) Sara International Limited, Hong Kong
 - (xviii) Samra Importex Private Limited
 - (xix) Forex Finance Private Limited
 - (xx) Saraf Hotels Limited, Mauritius

(ii) Details of transactions with Related Parties during the year :

<u>Transactions</u>	<u>31st March 2012</u>	<u>31st March 2011</u>
Investment made by Holding Company		
During the year	—	—
Year end balance	2,346,365,000	2,346,365,000
Investment in Robust Hotels Private Limited		
During the year	457,786,440	475,795,000
Year end balance *	2,979,430,065	2,521,643,625
Loans & Advances taken from Holding Company		
Taken during the year	540,125,000	271,400,000
Repaid during the year	(82,000,000)	(114,700,000)
Year end balance	668,525,000	210,400,000
Reimbursement of expense by Holding Company		
During the year	—	1,747,813

* Includes ₹933,581,440 towards share application money pending allotment (Previous year ₹475,795,000)

- 18.** No amount is due to Micro, Small and Medium enterprises (identified on the basis of information made available during the year by such enterprises to the Company). No interest in terms of Micro, Small and Medium Enterprises Development Act, 2006 has been either paid or accrued during the year.
- 19.** The Company does not have more than one reportable segment in accordance with the principle outlined in Accounting Standard (AS 17), "Segment Reporting", the disclosure requirements on "Segment Reporting" is not applicable.
- 20.** The Company is not liable for Provident Fund and/or any other retirement benefit for its employees under the relevant applicable Laws, Rules & Regulations.
- 21.** There are no adjustments on account of deferred tax liability or deferred tax asset in respect of current period as well as earlier period since there are no timing difference between the book income and taxable income.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

Amount in ₹

- 22.** The Company has not recognized any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the management there is no reduction in the value of any assets.
- 23.** Amount of loans and advances in nature of loans outstanding to Holding Company carrying no interest and repayable on demand as at 31st March 2012 :

Holding Company	Outstanding as on		Maximum amount outstanding during the year	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Asian Hotels (East) Limited	668,525,000	210,400,000	720,525,000	210,400,000

- 24.** There are no other disclosure requirements which need to be disclosed as per Accounting Standard and Schedule VI.
- 25.** The previous figures have been regrouped/reclassified, wherever necessary to conform the current presentation.

As per our report of even date

For **KSMN & Company**
Chartered Accountants
Firm Regn. No. 001075N

Rana Sen
Partner
Membership No. 066759
Place : Kolkata
Date : 21st April 2012.

For and on behalf of the Board of Directors

Umesh Saraf **Padam Kr. Khaitan**
Director Director

Manisha Choudhary
Company Secretary

EIGHTEENTH ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

UMESH SARAF
SURENDRA JAI NARAYAN KAPUR
FARHATH SURENDRA KAPUR
JOY SURENDRA KAPUR
AMIT SARAF
BIMAL K JHUNJHUNWALA
AMIT MODI

AUDITORS

V.VAIDYANATHAN & CO.
CHARTERED ACCOUNTANTS
F-36, SITARAM BUILDING,
PALTON ROAD
MUMBAI - 400 001

BANKERS

IDBI BANK LIMITED

REGISTERED OFFICE

C/O. ASIAN HOTELS (EAST) LIMITED,
HYATT REGENCY KOLKATA,
JA-1, SECTOR - III,
KOLKATA - 700 098
WEST BENGAL

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Eighteenth Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended 31st March 2012.

OBJECTS, OPERATIONS AND FINANCIAL RESULTS

The financial performance of your Company during the financial year 2011-12 is as follows :

Particulars	For the year ended 31st March 2012 (Rs.)
Profit / (loss) before tax	(107,357)
Tax Expenses	—
Profit/(Loss) for the year	(107,357)

Your Directors do not recommend payment of any dividend.

Presently in the matter of Suit No. 6846 of 1999 taken out by the Company against Airports Authority of India (AAI) & Ors., evidence of witnesses is being recorded by the Commissioner appointed vide an Order dated 3rd September 2007 passed by the Hon'ble High Court of Judicature at Bombay. Since the extension of time granted by the Hon'ble High Court of Bombay for recording of evidence by the court appointed Commissioner expired on 2nd March 2012, steps have been taken as per the directions of Ld. Court Commissioner for seeking extension of time from the Hon'ble High Court of Judicature at Bombay.

A Chamber Summon No. 2010 of 2011 seeking to incorporate the new name and the address of the Company was taken out by the Company and the Hon'ble High Court of Judicature at Bombay was pleased to permit such amendment vide its order dated 7th February 2012. Compliance with the said Order has been made by carrying out the amendments in the plaint filed in the Suit No. 6846 of 1999 by the Company. Lately, AAI has made an effort to resolve the issue amicably by offering an alternate pocket of land in lieu of the suit land. The Company has accepted the proposal subject to, the alternate land is free, clear and unencumbered.

Regency Convention Centre and Hotels Limited

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Bimal K Jhunjhunwala and Mr. Surendra Jai Narayan Kapur, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their appointment to the Board in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

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

- that in the preparation of annual accounts for the year ended 31st March 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and pursuant so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. V. Vaidyanathan & Co., Chartered Accountants, Mumbai the present auditors of the Company, retires at the forthcoming Annual General Meeting and is eligible for re-appointment as auditors. Members are requested to re-appoint them and fix their remuneration. The Company has received confirmation from the firm to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The notes on accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no particulars to furnish under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

PERSONNEL

The Company has no employee falling under the categories mentioned in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

By Order of the Board of Directors

For **Regency Convention Centre and Hotels Limited**

Place: Kolkata
Date: 21st April 2012

Umesh Saraf
Director

Bimal K Jhunjhunwala
Director

COMPLIANCE CERTIFICATE

Regd. No. 21-160633,
CIN-U74899WB1994PLC160633
Authorized Capital- Rs. 25,00,000/-
Paid up Capital-Rs. 15,53,570/-

To,

The Members

Regency Convention Centre and Hotels Limited

We have examined the registers, records, books and papers of **Regency Convention Centre and Hotels Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2012**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year ending 31st March 2012 the following:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, Clause 3 is not applicable.
4. The Board of Directors duly met Five (5) times respectively on 28.05.2011, 25.08.2011, 14.10.2011, 20.12.2011 and 03.02.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the period under scrutiny.
6. The Annual General Meeting for the financial year ended on 31st March 2011 was held on 23.08.2011 after giving notice to the members of the Company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the year under scrutiny.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has not entered into any contract requiring making of entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members, or Central Government.
12. The Company has not issued any duplicate share certificate during the period under scrutiny.
13. The Company :
 - a. has not made any transfer of Shares, on lodgment thereof during the Financial Year.
 - b. has not deposited any amount in a separate Bank Account as no dividend was declared during the period.
 - c. was not required to post warrants to member of the Company as no dividend was declared during the period.
 - d. has no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education Protection Fund.
 - e. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director/ Manager during the period under scrutiny, as there was no need to do so.
16. The Company has not appointed any sole -selling agents during the period under scrutiny.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the acts during the period under scrutiny.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Share during the period under scrutiny.

Regency Convention Centre and Hotels Limited

20. The Company has not bought back any Shares during the period under scrutiny.
21. There was no redemption of preference Shares or debentures during the period under scrutiny, as the Company has not issued any preference Shares or debentures.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights Shares and bonus Shares pending registration of transfer of Shares.
23. The Company has not invited/ accepted any deposits under Section 58A of the Act during the period under scrutiny.
24. The Company has not made any borrowings falling with the provisions of Section 293(1) (d) of the Act.
25. The Company has not made any loans or advances to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the period under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the period under scrutiny, for offences under the Act.
32. The Company has not received any money as security from its employees during the period under scrutiny.
33. The Company has not deducted or contributed to the provident fund during the period under scrutiny.

It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a testcheck basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities/ statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

For **D. Raut & Associates**
(Company Secretaries)

Place: Kolkata
Date : 21st April 2012

Name of the Company Secretary: **Debendra Raut**
(Proprietor)
C.P.No. : 5232

ANNEXURE - A

Registers/Records as maintained by the Company:

Registers	Section/Company Rules
Register of Transfer	108/111
Register of Members	150
Minutes Book of Board Meetings	193
Minutes Book of General Meetings	193
Register of Notice of Interest given by the Directors	299
Register of Contracts, Companies and firms in which Directors are interested	301(3)
Registers of Directors , Managing Director, Manager and Secretary	303
Register of Directors Shareholding	307
Application for and allotment of Shares	
Copies of Annual Return	163
Register of Renewed & Duplicate Share Certificate	Companies (Issue of Share Certificate) Rules, 1960

ANNEXURE - B

Forms as filed by the Company with Register of Companies (ROC), Regional Director, Central Government or other authorities during the financial year ended on 31st March 2012

Sl No.	Form No./ Return	Filed u/s	For the period	Date of filing	Whether filed within the prescribed time (Y/N)	If not, whether additional fees have been paid
1.	Form 23AC & 23ACA relate to Balance Sheet and Statement of Profit & Loss (through XBRL)	220(1)	For the financial year ended 31.03.2011	22.12.2011	Yes	NA
2.	Form 20B relating to Annual Return	159(1)	For the financial year ended 31.03.2011	11.10.2011	Yes	NA
3.	Form 66	383A	For the financial year ended 31.03.2011	01.10.2011	No	Yes

Regency Convention Centre and Hotels Limited

AUDITORS'REPORT

To,
The Members,
Regency Convention Centre And Hotels Limited

1. We have audited the attached Balance Sheet of M/s. REGENCY CONVENTION CENTRE AND HOTELS LIMITED as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and 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-
 - a) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
 - b) assessing the accounting principles used in the preparation of financial statements;
 - c) assessing the significant estimates made by the Management in the preparation of financial statements; and
 - d) evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph (3) above:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of the Company.
- c) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956.
- e) Based on the written representations made by the Directors of the Company and taken on record by the Board of Directors, the information and explanations as made available, the Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of sub-section (1) of section 274 of the Act.
- f) The company had been negotiating with the government for obtaining the rights on the property handed over to them directly and through the courts. There has been no other activity in the company. Therefore the expenses incurred were capitalised with the property till 31st March 2011. During the current year the management in consonance with the accounting standard 10 decided to capitalise only the expenses identified to be connected directly to the fixed assets to the extent of Rs. 13,45,732/- and write off the other administrative expenses to the extent of Rs. 107,357/- to the Statement of Profit and Loss. The brought forward figure of Rs. 1,49,12,239/- in the balance sheet as cost of property represents the revenue expenditure capitalised in the past.
- g) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state affairs of the Company as at 31st March, 2012,
 - (ii) in case of the Statement of Profit and Loss, of the loss for the year ended on that date and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

Place: Mumbai
Dated: 21st April 2012

V. Vaidyanathan
(Partner)
Membership No, 017905

ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph (3) of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

In view of the nature of business and the general activity of the Company, the matters specified in the items (ii), (vii), (xiii), (xiv), (xix) and (xx) of Clause 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. Subject to the same, we further report as follows:

(i) **Fixed assets**

- a) The amount shown under investments in property represents the earnest money paid for the property and the expenditure incurred by the promoters on the property. The company had handed over the property to the Government on December 2001. As per the understanding with the Government the land will be leased back to the company for its operations. The expenditure incurred on this property till 31st March 2011 was capitalized with the fixed assets. The expenditures identified to be directly connected to the fixed assets to the extent of Rs. 13,45,732/- have been capitalised during the year.
- b) None of the fixed assets have been revalued during the year.
- c) Since the Company does not have any other assets other than rights in the property referred to above, the question of maintenance of property records of its fixed assets showing full particulars, including quantitative details and their location or physical verification etc does not arise.

(ii) **Loans & advances**

The Company has not granted or taken any loan, secured or unsecured, to or from person/ firm/ companies covered in the register maintained under section 301 of the Companies Act 1956. Therefore, the provisions of clauses (iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(iii) **Internal controls**

In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(iv) **Transaction with parties u/s 301**

According to the information and explanations given to us, we are of the opinion that there are no transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provision of clause (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.

(v) **Deposits**

In our opinion and according to the information and explanations given to us, the Company has not taken any deposits within the meaning of Sec. 58A and 58AA of the Companies Act, 1956, and the rules framed there under.

(vi) **Internal Audit**

The Company has an internal audit system commensurate with its size and nature of its business;

(vii) **Cost Records**

The Company is not covered under clause (d) of sub-section (1) of the section 209 of the Companies Act, 1956. Accordingly, the Company is not required to maintain cost records.

(viii) **Statutory dues**

- a) The Company has deposited with the appropriate authorities undisputed statutory dues applicable to the Company.
- b) According to the information and explanations given to us, there is no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which are outstanding as at 31st March 2012, for a period of more than six months from the date they became payable.

(ix) **Miscellaneous**

- a) During the Year, the Company has incurred cash loss of Rs. 107,357/-
- b) In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year, in repayment of dues to any financial institution, banks or debenture-holders.

Regency Convention Centre and Hotels Limited

- c) The Company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
- d) The Company has not been dealing or trading in shares or securities.
- e) The Company has not given guarantees for loans taken by others.
- f) The Company has not raised any additional term loans during the year.
- g) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- h) According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- i) The Company has not raised funds during the year by way of public issue or debenture issue.
- j) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

Place: Mumbai
Dated: 21st April 2012

V. Vaidyanathan
(Partner)
Membership No. 017905

Regency Convention Centre and Hotels Limited

BALANCE SHEET as at 31st March 2012

	Note	As at 31st Mar 2012	Amount in ₹ As at 31st Mar 2011
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	1,553,570	1,553,570
(b) Reserves and Surplus	4	(107,357)	-
		1,446,213	1,553,570
Current Liabilities			
(a) Short Term Borrowings	5	14,685,258	13,135,258
(b) Other Current Liabilities	6	564,186	726,056
		15,249,444	13,861,314
Total		16,695,657	15,414,884
Assets			
Non-Current Assets			
(a) Fixed Assets			
Tangible assets	7	16,257,971	14,912,239
(b) Long Term Loans and Advances	8	84,770	84,770
		16,342,741	14,997,009
Current Assets			
(a) Cash and Bank Balances	9	352,916	417,875
Total		16,695,657	15,414,884
Notes forming part of the Financial Statements	1 to 17		

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 21st April 2012

For and on behalf of Board of Directors

Umesh Saraf
Director

Bimal K Jhunjunwala
Director

Place : Kolkata
Date : 21st April 2012

Regency Convention Centre and Hotels Limited

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

	Note	Year Ended 31st March 2012	Year Ended 31st March 2011
Amount in ₹			
Income			
Revenue from Operations		—	—
Other Income		—	—
		<u>—</u>	<u>—</u>
Expenses			
Employee Benefits Expense	10	86,811	—
Other Expenses	11	20,546	—
		<u>107,357</u>	<u>—</u>
Profit/(loss) Before Tax		(107,357)	—
Tax Expenses			
Current Tax		—	—
Deferred Tax		—	—
Profit/(loss) for the year		<u>(107,357)</u>	<u>—</u>
Earnings per equity share			
(a) Basic		(0.69)	—
(b) Diluted		(0.69)	—

Notes forming part of the Financial Statements 1 to 17

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 21st April 2012

For and on behalf of Board of Directors

Umesh Saraf **Bimal K Jhunjunwala**
Director Director

Place : Kolkata
Date : 21st April 2012

Regency Convention Centre and Hotels Limited

CASH FLOW STATEMENT for the year ended 31 March 2012

	Year Ended 31st March 2012	Year Ended 31st March 2011
Amount in ₹		
A. Cash Flow from Operating Activities		
Profit before tax	(107,357)	—
Adjustments	—	—
Operating profit/(loss) before working capital changes	(107,357)	—
Adjustment for :		
Other current liabilities	(161,870)	—
Cash generated from operations	(269,227)	—
Direct taxes	—	—
Net Cash generated from/(used in) Operations	(269,227)	—
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(1,345,732)	—
Net Cash flow from/(used in) Investing Activities	(1,345,732)	—
C. Cash Flow from Financing Activities		
Proceeds from short term borrowings	1,550,000	—
Net cash flow from/(used in) Financing Activities	1,550,000	—
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	(64,959)	—
Cash and cash equivalents at the beginning of the year	417,875	—
Cash and cash equivalents at the end of the year	352,916	—

* Not Applicable since no Statement of Profit and Loss was prepared till 31st March 2011.

Notes forming part of the Financial Statements

1 to 17

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 21st April 2012

For and on behalf of Board of Directors

Umesh Saraf **Bimal K Jhunjhunwala**
Director Director

Place : Kolkata
Date : 21st April 2012

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

Amount in ₹

1. Company Overview

The Company is a subsidiary of Asian Hotels (East) Limited, a Company listed in Bombay Stock Exchange and National Stock Exchange. The principle assets of the Company comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court.

2. Basis of Preparation

The financial statements have been prepared to comply with all material respects with the mandatory Accounting Standards (AS) notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Significant Accounting Policies

a. Presentation and disclosure of 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, for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for the preparation of financial statements. However, it has significant impact on preparation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

The Company has capitalized all revenue expenses to Fixed Assets till last year. In accordance with the Accounting Standard 10 and section 210 (3) of the Companies Act, 1956, in the current year, the Company has considered all general & administrative expenses in Statement of Profit & Loss except the expenses which are specifically related to the Fixed Assets.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/amortization. Cost represents the direct expenses incurred on acquisition/construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

d. Depreciation

Since there are no assets other than the expenditures related to land as referred above, no depreciation has been provided.

e. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

f. Income Taxes

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

g. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

h. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

Amount in ₹

	As at 31st March 2012	As at 31st March 2011
3. Share Capital		
Authorised Shares		
2,50,000 (31 March 2011: 2,50,000) Equity Shares of ₹10/- each	2,500,000	2,500,000
Issued, Subscribed and fully Paid-up Shares		
1,55,357 (31 March 2011: 1,55,357) Equity Shares of ₹10/- each	1,553,570	1,553,570
	1,553,570	1,553,570

3.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

	As at 31st March 2012		As at 31st March 2011	
	No. of Share	₹	No. of Share	₹
Equity Shares				
At the beginning of the year	155,357	1,553,570	155,357	1,553,570
Issued during the year	—	—	—	—
At the end of the year	155,357	1,553,570	155,357	1,553,570

3.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.3 Shares held by Holding/ultimate Holding Company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its Holding Company is as below:

	As at 31st March 2012	As at 31st March 2011
Asian Hotels (East) Limited, the Holding Company		
91,652 (31 March 2011: 91,652) equity shares of ₹10 each fully paid	916,520	916,520

3.4 Details of shareholders Holding more than 5% shares in the Company

	As at 31st March 2012		As at 31st March 2011	
	No. of Share	% of Holding	No. of Share	% of Holding
Equity Shares				
Asian Hotels (East) Limited	91,652	58.99	91,652	58.99
Mr. S. Kapur	11,250	7.24	11,250	7.24
Ms. Farhath S. Kapur	11,250	7.24	11,250	7.24
Mr. Joy S. Kapur	11,250	7.24	11,250	7.24
Ms. Yash Kapur	11,250	7.24	11,250	7.24
Mohd. H. Merchant	10,424	6.71	10,424	6.71
			As at 31st March 2012	As at 31st March 2011

4. Reserves and Surplus

Surplus/(deficit) in the Statement of Profit and Loss

Balance as per the last financial statements	—	—
Add: Profit/(Loss) for the year	(107,357)	—
Net surplus/(deficit) in the Statement of Profit and Loss	(107,357)	—

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
5. Short Term Borrowings		
Loan from related party repayable on demand (unsecured) (refer note 13)	10,069,474	8,519,474
Loan from other parties repayable on demand (unsecured)	4,615,784	4,615,784
	14,685,258	13,135,258
6. Other Current Liabilities		
Other Payables		
TDS payable	54,330	70,629
Expenses Payable	509,856	655,427
	564,186	726,056
7. Fixed Assets - Tangible Assets *		
Leasehold Property at Sahar	14,912,239	13,333,148
Add:- Expenses capitalised during the year		
Professional and legal fees	1,144,015	1,381,537
Travelling expenses and Conveyance	201,717	158,076
Payment to auditors as Audit Fees	—	11,030
Filing Fees	—	4,080
Salary & Wages	—	15,000
Printing & Stationary	—	940
Postage & Telegram	—	51
General expenses	—	660
Bank Charges	—	27
Advertisement & Publicity	—	7,690
	16,257,971	14,912,239
<p>* The cost of property represents the earnest money paid for the property, the incidental expenditure, legal expenses and the pre-operative expenditures capitalized. The Company has handed over the property to the Airports Authority of India (AAI). As per the understanding with the AAI the land will be leased back to the Company for its operations.</p> <p>Lately, AAI has made an effort to resolve the issue amicably by offering an alternative Land in substitution of Suit Land which is under consideration by the Company.</p>		
8. Long Term Loans and Advances		
Other loans & advances		
Advances recoverable in cash or kind or for value to be received (refer note 15)	84,770	84,770
(Unsecured, considered good)		
	84,770	84,770
9. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	348,335	412,940
Cash on hand	4,581	4,935
	352,916	417,875

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
10. Employee Benefit Expenses		
Salaries and wages	86,811	—
	86,811	—
11. Other Expenses		
Rates and taxes	2,500	—
Filing fees	2,706	—
Payment to auditor	11,030	—
Miscellaneous expenses	4,310	—
	20,546	—
12. Earnings per Share	31st March 2012	31st March 2011
(i) Profit available for Equity Shareholders	(107,357)	—
(ii) Weighted average number of Equity Shares @ ₹10 each	155,357	—
(iii) Earnings/(Loss) per share (₹)	(0.69)	—

13. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -

Related Party Disclosures

(i) List of Related Parties

- (a) Holding Company :
Asian Hotels (East) Limited
- (b) Fellow Subsidiary Company :
GJS Hotels Limited
- (c) Entities over which directors or their relatives can exercise significant influence/control :
- | | |
|---------------------------------------------|-------------------------------------------------|
| (i) Robust Hotels Private Limited | (xi) Sara Hospitality Limited, Hong Kong |
| (ii) Nepal Travel Agency Pvt. Ltd., Nepal | (xii) Juniper Investments Limited |
| (iii) Unison Hotels Limited | (xiii) Chartered Hotels Pvt. Ltd. |
| (iv) Vedic Hotels Limited | (xiv) Blue Energy Private Limited |
| (v) Unison Power Limited | (xv) Footsteps of Buddha Hotels Private Limited |
| (vi) Unison Hotels South Limited | (xvi) Sara International Limited, Hong Kong |
| (vii) Juniper Hotels Private Limited | (xvii) Samra Importex Private Limited |
| (viii) Yak & Yeti Hotels Limited, Nepal | (xviii) Forex Finance Private Limited |
| (ix) Taragaon Regency Hotels Limited, Nepal | (xix) Saraf Industries Limited, Mauritius |
| (x) Saraf Investments Limited, Mauritius | (xx) Saraf Hotels Limited, Mauritius |

(ii) Details of transactions with related parties during the year :

<u>Transactions</u>	<u>31st March 2012</u>	<u>31st March 2011</u>
Investment made by Holding Company		
During the year	—	—
Year end balance	916,520	916,520
Loans & Advances taken from Holding Company		
During the year	1,550,000	1,600,000
Year end balance	10,069,474	8,519,474
Reimbursement of expense by Holding Company		
During the year	—	96,562

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2012

Amount in ₹

- 14.** No amount is due to Micro, Small and Medium enterprises (identified on the basis of information made available during the year by such enterprises to the Company). No interest in terms of Micro, Small and Medium Enterprises Development Act, 2006 has been either paid or accrued during the year.
- 15.** The Company is making an effort to recover the outstanding amount of ₹84,770/- and it is hopeful of recovering the same.
- 16.** Amount of loans and advances in the nature of loans outstanding to Holding Company carrying no interest and repayable on demand as at 31st March 2012 :

Holding Company	Outstanding as on		Maximum amount outstanding during the year	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Asian Hotels (East) Limited	10,069,474	8,519,474	10,069,474	8,584,024

- 17.** Till the year ended 31 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 31 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 report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 21st April 2012

For and on behalf of Board of Directors

Umesh Saraf **Bimal K Jhunjhunwala**
Director Director

Place : Kolkata
Date : 21st April 2012

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

TO THE MEMBERS OF ASIAN HOTELS (EAST) LIMITED

We have audited the attached Consolidated Balance Sheet of **ASIAN HOTELS (EAST) LIMITED** and its subsidiary companies as at March 31, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 examination on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary companies whose financial statements reflect total assets of Rs. 30511.01 Lakhs as at 31st March 2012, total revenues of Rs. 0.01 Lakhs and net cash outflow of Rs. 3.33 Lakhs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion; in so far as it relates to the amounts included in respect of the subsidiary companies are based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' notified pursuant to Accounting Standards (Rules), 2006 and on the basis of the separate audited financial statements of Asian Hotels (East) Limited and its subsidiary companies included in the Consolidated Financial Statements.

We draw attention to the Consolidated Financial Statements regarding the goodwill arising on consolidation of Regency Convention Centre and Hotels Limited (a Subsidiary) amounting to Rs. 2569.85 Lakhs and to Note 27 in the Notes to financial statement annexed to the Accounts regarding other receivables amounting to Rs. 334.48 Lakhs relating thereto. As elucidated in the said note, considering that the value of the aforesaid assets, including goodwill, cannot be reasonably ascertained at present, resultantly, no provision for impairment has been made in the said financial statements.

Based on our audit and on consideration of the report of other auditors on separate financial statements and on the other information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- a) In the case of Consolidated Balance Sheet, read with observation given in para 5 above, of the Consolidated state of affairs of Asian Hotels (East) Limited and its subsidiary companies as at 31st March, 2012;
- b) In the case of Consolidated Statement of Profit and Loss , read with observation given in para 5 above, of the Consolidated results of operations of Asian Hotels (East) Limited and its subsidiary companies for the year ended as on that date; and
- c) In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Asian Hotels (East) Limited and its subsidiary companies for the year ended as on that date.

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No: 000756N

K K Tulshan
Partner
Membership No: 085033

Place: Kolkata
Date: 11th May 2012

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET as at 31st March 2012

	Note	As at 31st March 2012	Amount in ₹ As at 31st March 2011
Equity and Liabilities			
Shareholders' Fund			
(a) Share Capital	3	114,405,850	114,295,620
(b) Reserves and Surplus	4	7,828,978,611	7,609,315,378
		7,943,384,461	7,723,610,998
Minority Interest		637,050	637,050
Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	5	210,648,195	211,200,618
(b) Long Term Provisions	6	12,263,058	9,086,942
		222,911,253	220,287,560
Current Liabilities			
(a) Short Term Borrowings	7	4,615,784	4,615,784
(b) Trade Payables	8	85,452,984	75,836,252
(c) Other Current Liabilities	9	38,248,142	30,751,571
(d) Short Term Provisions	10	60,086,847	59,885,031
		188,403,757	171,088,638
Total		8,355,336,521	8,115,624,246
Assets			
Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		1,578,164,887	1,641,108,231
(ii) In Tangible Assets		256,985,204	256,985,204
(ii) Capital Work-In-Progress		15,774,447	15,774,447
(b) Non-Current Investments	12	2,661,222,685	2,661,222,685
(c) Long Term Loans and Advances	13	55,432,659	53,608,766
		4,567,579,882	4,628,699,333
Current Assets			
(a) Current Investments	14	2,954,368,219	3,361,406,356
(b) Inventories	15	17,214,440	21,029,417
(c) Trade Receivables	16	27,083,431	18,856,435
(d) Cash and Bank Balances	17	656,131,819	45,320,534
(e) Short Term Loans and Advances	18	99,197,893	35,629,078
(f) Other Current Assets	19	33,760,837	4,683,093
		3,787,756,639	3,486,924,913
Total		8,355,336,521	8,115,624,246
Notes forming part of Financial Statements	1-40		

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

		Amount in ₹	
	Note	Year Ended 31st March 2012	Year Ended 31st March 2011
Income			
Revenue from Operations	20	843,973,512	826,067,194
Other Income	21	165,792,908	193,749,114
		1,009,766,420	1,019,816,308
Expenditure			
Consumption of Provisions, Beverages, Smokes & Others	22	94,223,575	92,356,240
Employee Benefits Expenses	23	182,301,792	162,970,076
Depreciation & Amortization Expenses	11	68,503,726	67,951,667
Other Expenses	24	305,523,054	324,616,889
		650,552,147	647,894,872
Profit Before Tax		359,214,273	371,921,436
Tax Expenses			
Current tax		80,158,486	62,550,000
Deferred tax		(552,423)	(1,866,681)
Profit for the Year		279,608,210	311,238,117
Earnings per Equity Share			
	26		
(a) Basic		24.44	27.30
(b) Diluted		24.44	27.20
Notes forming part of Financial Statements	1-40		

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhavar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjhunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2012

	Year Ended March 31, 2012	Amount in ₹ Year Ended March 31, 2011
Cash Flow from Operating Activities		
Profit before tax	359,214,273	371,921,436
Adjustment for :		
Depreciation/amortization	68,503,726	67,951,667
Loss/(profit) on sale of fixed assets	2,125,017	953,898
Provision for bad and doubtful debts written back	(184,237)	150,000
Net loss/(gain) on sale of current investments	(5,526,367)	108,076
Interest income	(65,287,538)	(34,987,315)
Dividend income	(94,793,496)	(158,761,799)
Operating profit before working capital changes	264,051,378	247,335,963
Movements in working capital :		
Increase/(decrease) in trade payables	9,616,732	(28,028,448)
Increase/(decrease) in long term provisions	3,176,116	975,229
Increase/(decrease) in short term provisions	2,117	—
Increase/(decrease) in other current liabilities	6,817,380	298,668
Decrease/(increase) in trade receivables	(8,042,759)	5,573,204
Decrease/(increase) in inventories	3,814,977	(90,935)
Decrease/(increase) in long term loans and advances	(1,880,000)	(93,000)
Decrease/(increase) in short term loans and advances	11,415,615	15,134,454
Cash generated from / (used in) operations	288,971,556	241,105,135
Direct taxes paid (net of refunds)	(78,922,650)	(73,964,972)
Net cash flow from/ (used in) Operating Activities (A)	210,048,906	167,140,163
Cash Flow from Investing Activities		
Payment for fixed assets	(9,623,480)	(14,624,505)
Proceeds from sale of fixed assets	774,000	231,000
Purchase of non-current investments	—	(615,374,060)
Purchase of current investments	(3,351,342,049)	(6,272,815,728)
Proceeds from sale/maturity of current investments	3,763,906,553	6,180,250,258
Short term loans and advances given	(75,000,000)	—
Interest received	36,209,794	30,304,222
Dividends received	94,793,496	158,761,799
Net cash flow from/ (used in) Investing Activities (B)	459,718,314	(533,267,014)
Cash Flow from Financing Activities		
Redemption of Preference shares	—	(9,332,000)
Dividends paid on shares	(50,631,606)	(34,214,004)
Tax on dividend paid	(8,324,329)	(5,814,670)
Net cash flow from/ (used in) in Financing Activities (C)	(58,955,935)	(49,360,674)
Net increase/ (decrease) in Cash and Cash Equivalents (A + B + C)	610,811,285	(415,487,525)
Cash and Cash Equivalents at the beginning of the year	45,320,534	460,808,059
Cash and Cash Equivalents at the end of the year	656,131,819	45,320,534

Notes forming part of Financial Statements

1-40

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhawar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

1. Corporate Information

Asian Hotels (East) Limited is a Public Limited Company listed with Bombay Stock Exchange and National Stock Exchange and is primarily engaged in the Hotel business through "Hyatt Regency Kolkata" a five-star Hotel situated in the city of Kolkata.

2. Basis of preparation

The financial statements have been prepared to comply with all material respects with the mandatory Accounting Standards (AS) notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below, if any.

2.1 Significant Accounting Policies

a. Presentation and disclosure of 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, for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for the preparation of financial statements. However, it has significant impact on preparation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/amortization. Cost represents the direct expenses incurred on acquisition/construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

d. Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. If the asset is purchased on or before the 15th of month depreciation is charged from the month of purchase, otherwise depreciation is charged from the month following the month of purchase. No depreciation is charged for the quarter on the assets sold/ discarded during the year.

e. Impairment of Tangible Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is determined for assets or group of assets which are capable of generating independent cash flows i.e. cash generating units.

f. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

g. Inventories

Inventory is valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated realizable value in the normal course of business less the estimated costs necessary to make the sale.

Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.

Shares held as Stock-in-trade are valued at cost or market value whichever is lower.

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
- ii. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income from investments is recognized when the Company's right to receive payment is established.
- iv. Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.

i. Foreign Currency Transaction

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences are recognized as income or as expenses in the period in which they arise.

Income in Foreign Exchange

The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.

Expenses remittable in foreign exchange

These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.

j. Retirement and other employee benefits

Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet. The valuation is done by an independent actuary using the projected unit credit method.

All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

k. Income Taxes

Tax expense comprises current and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

i. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

n. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

p. Dividend

Dividend recommended by the Board of Directors, if any, is provided for in the accounts pending shareholders approval.

q. Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements".

The Consolidated Financial Statements comprise the financial statements of Asian Hotels (East) Limited and the following subsidiaries:-

Name of the Company	Country of Incorporation	% of Holding as on 31-March 2012
GJS Hotels Limited	India	100
Regency Convention Centre & Hotels Limited	India	58.99

The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its subsidiaries companies have been combined on a line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions, if any.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Goodwill arising in Consolidated Financial Statements on consolidation of Financial Statements of the Company and its subsidiary companies have been capitalised and shown as part of fixed assets to the extent not impaired in the books of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

3. Share Capital	Amount in ₹	
	As at 31st March 2012	As at 31st March 2011
Authorised Shares		
14,000,000 (31 March 2011: 14,000,000) Equity Shares of ₹10/- each	140,000,000	140,000,000
1,000,000(31 March 2011: 1,000,000) Preference Shares of ₹10/- each	10,000,000	10,000,000
Issued, Subscribed and fully Paid-up Shares		
11,440,585 (31 March 2011: 11,401,782) Equity Shares of ₹10/- each	114,405,850	114,017,820
Nil (31 March 2011: 27,780) 1% Cumulative Fully Convertible Preference Shares of ₹10/- each	—	277,800
	114,405,850	114,295,620

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	11,401,782	114,017,820	11,401,782	114,017,820
Issued during the year (refer note 3.2)	38,803	388,030	—	—
At the end of the year	11,440,585	114,405,850	11,401,782	114,017,820

1% Cumulative Fully Convertible

Preference Shares (FCPS)

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	27,780	277,800	27,780	277,800
Issued during the year	—	—	—	—
Redemption/Conversion during the year	27,780	277,800	—	—
At the end of the year	—	—	27,780	277,800

1% Cumulative Redeemable

Non- Convertible

Preference Shares (NCPS)

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	—	—	100,000	1,000,000
Issued during the year	—	—	—	—
Redemption/Conversion during the year	—	—	100,000	1,000,000
At the end of the year	—	—	—	—

3.2 Conversion of Fully Convertible Preference Shares : The Company vide Circular Resolution dated 30th April 2011, has issued and allotted fresh 38,910 equity shares of ₹10 each at a price of ₹385.53 per share (including security premium of ₹375.53 per share) to the holders of Fully Convertible Preference Shares (FCPS) holding 27,780 FCPS on conversion in terms of Clause 5.3.1 of the Scheme of Arrangement and Demerger between Asian Hotels Limited (Transferor Company) now renamed as Asian Hotels (North) Limited and its shareholders and creditors; Chillwinds Hotels Limited (Transferee Company-I) now renamed as Asian Hotels (West) Limited and its shareholders; and Vardhman Hotels Limited (Transferee Company-II) now renamed as Asian Hotels (East) Limited and its shareholders read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Subsequently, the company made applications to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the company are listed, for obtaining the in principle approval for the said issue and allotment of 38,910 equity shares.

While dealing with the Company's application for issue of in-principle approval by BSE and NSE, the Company was directed by them, to revise the issue price of ₹385.53. Accordingly, the Board of Directors of the Company considered the directions of the Stock Exchanges and revised the earlier issue price from ₹385.53 to ₹386.59 and consequently issued and allotted 38,803 equity shares of ₹10 each of the company with effect from 30th April, 2011, vide its Circular Resolution dated 4th July, 2011, in suspension to its earlier Board Resolution dated 30th April, 2011.

3.3 Terms/rights attached to Equity Shares

Equity Shares

The Company has one class of equity shares having a par value of ₹10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

Preference Shares

The rights, preferences and restrictions attached to the preference shares are in accordance with the provisions of the Companies Act, 1956, unless stated otherwise.

3.4 Details of shareholders holding more than 5% of the aggregate shares in the Company

Equity Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Saraf Industries Limited	3,630,630	31.73	3,630,630	31.84
Forex Finance Private Limited	3,127,072	27.33	3,127,072	27.43
Jesmin Investments Limited	693,851	6.06	693,851	6.09
Axis Bank Limited	620,974	5.43	—	—

1% Cumulative Fully Convertible

Preference Shares

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Fineline Holdings limited	—	—	18,520	66.67
Global Operations Pte Limited (Through its UDT enterprises Pty Ltd)	—	—	9,260	33.33

3.5 11,401,782 equity shares of ₹10 each fully paid up have been issued during the fiscal year ended 31st March, 2010 pursuant to the scheme of Arrangement and Demerger approved by the Hon'ble Hight Court of Delhi vide order dated 13th January 2010.

4. Reserves and Surplus

	As at 31st March 2012	As at 31st March 2011
Capital Reserve	141,043	141,043
Capital Redemption Reserve (for redeemed Non Convertible Preference Shares-NCPS)	2,000,000	2,000,000
Securities Premium Account		
Opening Balance	14,723,400	22,723,400
Add: Created on conversion of 27,780 1% Cumulative Fully Convertible Preference Shares of ₹10 each into 38,803 Equity Shares of ₹10 each at a premium of ₹376.59 each per Equity Share (Refer Note No. 3.2)	14,612,822	—
Less: Utilized for conversion of 27,780 1% Cumulative Fully Convertible Preference Shares of ₹10 each at a premium of ₹530 each	14,723,400	—
Less: Utilized for premium on redemption on 100,000 1% Redeemable NCPS of ₹10 each a premium of ₹80 each	—	8,000,000
Closing Balance	14,612,822	14,723,400
Tourism Development Utilised Reserve	533,202,000	533,202,000
General Reserve		
Opening Balance	5,811,841,255	5,781,674,432
Add: Amount transferred from Statement of Profit and Loss	28,037,248	30,166,823
Closing Balance	5,839,878,503	5,811,841,255
Surplus in the Statement of Profit and Loss		
Opening Balance	1,247,407,681	1,025,974,012
Add: Profit for the year	279,608,210	311,238,117
Less: Appropriations		
Proposed final equity dividend *	51,482,630	51,308,019
Tax on dividend	8,351,770	8,324,329
Dividend on NCPS	—	2,500
Dividend on FCPS	—	2,778
Transfer to general reserve	28,037,248	30,166,823
Closing Balance	1,439,144,243	1,247,407,680
Total Reserves and Surplus	7,828,978,611	7,609,315,378

* The Board of Directors at their meeting held on 11th May 2012 has recommended a final dividend of ₹4.50 per share (Previous Year ₹4.50 per share).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
5. Deferred Tax Liabilities (net)		
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged in the financial reporting	217,311,373	216,633,384
Gross deferred tax liabilities	217,311,373	216,633,384
Deferred tax assets		
Gratuity Payable	2,846,517	2,634,937
Leave Encashment Payable	1,214,138	394,541
Bonus Payable	1,281,620	751,610
Demerger Expenses u/s 35DD	541,998	812,997
Provision for doubtful debts and advances	778,905	838,681
Gross deferred tax assets	6,663,178	5,432,766
Net deferred tax liabilities	210,648,195	211,200,618
6. Long Term Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 25)	8,634,424	7,906,301
Provision for leave benefits (refer note 25)	3,628,634	1,180,641
	12,263,058	9,086,942
7. Short Term Borrowings		
Loan from other parties repayable on demand (unsecured)	4,615,784	4,615,784
	4,615,784	4,615,784
8. Trade Payables		
Trade payables (including acceptances) (refer note 32 for details of dues to micro and small enterprises)	85,452,984	75,836,252
	85,452,984	75,836,252
9. Other Current Liabilities		
Advance from customers	22,641,204	17,499,393
Salary Payable	9,142,943	6,372,103
Unpaid dividend	1,126,692	447,501
Other Payables	5,337,303	6,432,574
	38,248,142	30,751,571
10. Short Term Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 25)	138,938	214,941
Provision for leave benefits (refer note 25)	113,509	35,389
Other provisions		
Proposed equity dividend	51,482,630	51,308,019
Proposed preference dividend	—	2,778
Dividend tax	8,351,770	8,323,904
	60,086,847	59,885,031

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

11. Fixed Assets

Particulars	Gross Carrying Value				Depreciation				Net Carrying Value	
	Balance as at 1st April 2011	Additions	Deduction during the year	Balance as at 31 March 2012	Balance as at 1st April 2011	Depreciation for the period	Deduction during the year	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Tangible Assets										
Lease Hold Land	325,207,216	1,345,732	—	326,552,948	—	—	—	—	326,552,948	325,207,216
<i>Previous Year</i>	323,628,125	1,579,091	—	325,207,216	—	—	—	—	325,207,216	323,628,125
Buildings	984,836,462	98,745	—	984,935,207	131,813,069	16,053,512	—	147,866,581	837,068,626	853,023,393
<i>Previous Year</i>	984,836,462	—	—	984,836,462	115,760,228	16,052,841	—	131,813,069	853,023,393	869,076,234
Plant and Equipment	708,347,625	6,213,976	8,074,996	706,486,605	294,991,113	34,797,364	5,175,979	324,612,498	381,874,117	413,356,512
<i>Previous Year</i>	701,785,471	8,964,048	2,401,894	708,347,625	261,920,724	34,287,386	1,216,997	294,991,113	413,356,512	439,864,747
Furniture and Fixtures	171,905,808	189,644	—	172,095,452	130,278,455	16,254,127	—	146,532,582	25,562,870	41,627,353
<i>Previous Year</i>	171,730,980	174,828	—	171,905,808	114,051,549	16,226,906	—	130,278,455	41,627,353	57,679,431
Vehicles	15,219,285	611,302	—	15,830,587	7,325,528	1,398,723	—	8,724,251	7,106,336	7,893,757
<i>Previous Year</i>	13,398,453	1,820,832	—	15,219,285	5,940,994	1,384,534	—	7,325,528	7,893,757	7,457,459
Total	2,205,516,396	8,459,399	8,074,996	2,205,900,799	564,408,165	68,503,726	5,175,979	627,735,912	1,578,164,887	1,641,108,231
<i>Previous Year</i>	2,195,379,491	12,538,799	2,401,894	2,205,516,396	497,673,495	67,951,667	1,216,997	564,408,165	1,641,108,231	1,697,705,996
Capital work-in-progress	15,774,447	—	—	15,774,447	—	—	—	—	15,774,447	15,774,447
<i>Previous Year</i>	15,774,447	—	—	15,774,447	—	—	—	—	15,774,447	15,774,447
Total	2,221,290,843	8,459,399	8,074,996	2,221,675,246	564,408,165	68,503,726	5,175,979	627,735,912	1,593,939,334	1,656,882,678
<i>Previous Year</i>	2,211,153,938	12,538,799	2,401,894	2,221,290,843	497,673,495	67,951,667	1,216,997	564,408,165	1,656,882,678	
Intangible Assets										
Goodwill	256,985,204	—	—	256,985,204	—	—	—	—	256,985,204	256,985,204
<i>Previous Year</i>	256,985,204	—	—	256,985,204	—	—	—	—	256,985,204	256,985,204
Total	256,985,204	—	—	256,985,204	—	—	—	—	256,985,204	256,985,204
<i>Previous Year</i>	256,985,204	—	—	256,985,204	—	—	—	—	256,985,204	

As at
31st March 2012 **As at**
31st March 2011

12. Non-Current Investments

Trade, Unquoted, Fully Paid Up

In Preference Shares of Related Party - Robust Hotels Private Limited

43,00,000 (Previous Year 43,00,000) 12% Preference Shares of ₹100/- each	615,374,060	615,374,060
8,119,575 (Previous Year 8,119,575) 0.001% Cumulative Redeemable Optional Convertible Preference Shares of ₹ 10/- each	1,745,708,625	1,745,708,625
1,396,000 (Previous Year 1,396,000) 1% Cumulative Redeemable Optional Convertible Preference Shares of ₹ 10/- each	300,140,000	300,140,000
	2,661,222,685	2,661,222,685
Aggregate amount of Unquoted Investment	2,661,222,685	2,661,222,685

13. Long Term Loans and Advances

(Unsecured, considered good)

Capital Advance	3,249,784	2,085,706
Security Deposit	3,333,745	1,453,745
Advances for acquisition of shares from shareholders of Regency Convention Centre and Hotels Ltd	33,448,275	33,448,275
Other loans and advances		
Advance Income-Tax (net of provision for taxes)	15,316,085	16,536,270
Others	84,770	84,770
	55,432,659	53,608,766

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
14. Current Investments		
Non-Trade, Unquoted		
In Bonds, Shares and Debentures		
Nil (Previous year 105) 10% Non Convertible Debentures of Brassco Estates Pvt. Ltd of ₹10,00,000 each	—	105,000,000
Nil (Previous year 45) 10.2% Non Convertible Debentures of Brassco Estates Pvt. Ltd of ₹10,00,000 each	—	45,000,000
Nil (Previous year 200) 11.5% Non Convertible Debentures of Harshil Projects Ltd of ₹10,00,000 each	—	193,315,200
Nil (Previous year 100) 11% Bonds of Educomp Infrastructure & School Management Ltd of ₹10,00,000 each	—	100,000,000
Total (A)	—	443,315,200

Non-Trade, Unquoted	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Investment in Mutual Fund (Face Value of ₹10 each, unless otherwise stated)	No. of Units	No. of Units	₹	₹
Birla Sun life Fixed Term Plan-Series ET	21,296,534	—	212,965,340	—
BSL Fixed Term Plan Series DX-Growth	4,604,329	—	46,043,290	—
DSP Black Rock FMP - 12M - Series 14 Growth	—	1,200,000	—	12,000,000
DSP Black Rock FMP - 3M - Series 27 Dividend	—	1,000,000	—	10,000,000
DSP Black Rock FMP Series-35-3M	1,800,000	—	18,000,000	—
DWS Fixed Term Fund-Series 88	15,000,000	—	150,000,000	—
DWS Money Plus Fund Institutional DDR	—	2,037,142	—	20,532,349
DWS Treasury Fund-Regular Plan-DDR	810,249	—	8,282,365	—
Fidelity FMP Series 5-Plan D- Dividend	—	10,334,183	—	103,341,830
HDFC FMP 370D December 2011(I)-Growth	8,254,644	—	82,546,440	—
HDFC FMP 391D March 2012(1) Growth	1,784,913	—	17,849,130	—
ICICI Prudential FMP - Series 54 - 1 year plan	10,000,000	10,000,000	100,000,000	100,000,000
ICICI Prudential FMP Series 55 -1 Year Plan	12,500,000	—	125,000,000	—
Kotak Floater Long Term Fund - DDR	993,983	21,062,760	10,019,153	212,308,411
Kotak FMP Series 51-Growth	35,000,000	—	350,000,000	—
Kotak FMP Series 80-Growth	37,751,658	—	377,516,580	—
Kotak Gilt (Investment Regular) Growth (Face Value ₹35 each)	1,390,364	—	50,000,000	—
Kotak Quarterly Interval Plan Series-1 Dividend	8,506,448	31,000,000	85,064,481	310,000,000
Kotak Quarterly Interval Plan-Series 4-Option Dividend	—	1,999,340	—	20,000,000
Reliance Fixed Horizon Fund-XIX-Series 10- Growth Plan	10,000,000	10,000,000	100,000,000	100,000,000
Reliance Fixed Horizon Fund-XVIII-Series 6 -Dividend Plan	—	25,000,000	—	250,000,000
Reliance Fixed Horizon Fund-XVIII-Series-5-Dividend Plan	—	20,000,381	—	20,003,814
Reliance Fixed Horizon Fund-XVII-Series I-Dividend Plan	—	20,000,000	—	200,000,000
Reliance Interval Fund-Quarterly Plan-Series I-Inst. Dividend	—	38,173,946	—	382,488,151
Reliance Quarterly Interval Fund Series-III-Institutional	—	20,193,517	—	202,010,129
SBI Debt Fund Series-370 Days	10,000,000	—	100,000,000	—
Tata Fixed Income Port Folio Fund-B3	—	31,211,147	—	312,111,472
UTI Fixed Income Interval Fund	18,750,000	18,750,000	187,500,000	187,500,000
Total (B)			2,020,786,779	2,442,296,156
Share Application Money - Related party Robust Hotels Private Limited (Total C)			933,581,440	475,795,000
Total (A+ B)			2,954,368,219	3,361,406,356
Aggregate amount of Unquoted Investment			2,954,368,219	3,361,406,356

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	As at 31st March 2012	Amount in ₹ As at 31st March 2011
15. Inventories		
(Valued at Cost or Net realisable value whichever is lower)		
Food, Liquor & Tobacco	11,175,708	15,786,640
Crockery, Cutlery, Silverware & Linen	3,388,861	3,151,841
General Stores & Spares	2,649,871	2,090,936
	17,214,440	21,029,417
16. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,202,509	2,705,626
Doubtful	2,400,694	2,584,931
	6,603,203	5,290,557
Less: Provision for doubtful receivables	2,400,694	2,584,931
(A)	4,202,509	2,705,626
Other receivables		
Unsecured, considered good	22,880,922	16,150,809
(B)	22,880,922	16,150,809
Total (A+B)	27,083,431	18,856,435
17. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with banks in Current Accounts	10,901,076	23,503,575
Cash on hand (Including Stamps in Hand ₹200,000)	1,223,308	1,369,456
Other Bank Balances		
Fixed Deposits- Held as security with Electricity Deptt.	20,000,000	20,000,002
Fixed Deposits- Maturing within 12 months of reporting dates	622,880,743	
Unpaid Dividend Accounts	1,126,692	447,501
	656,131,819	45,320,534
18. Short Term Loans and Advances		
(Unsecured, considered good)		
Other loans and advances		
Inter Corporate Deposits	75,000,000	—
Advance to Suppliers	2,960,436	6,752,275
Advance Taxes (net of Provisions)	2,153	17,727
Prepaid Expenses	6,636,733	2,929,000
Stamp Duty Recoverable from Odisha Govt.	14,000,000	14,000,000
VAT Credit Receivable	—	11,005,629
Others	598,571	924,447
	99,197,893	35,629,078
19. Other Current Assets		
Interest accrued but not due on fixed deposits	33,760,837	4,683,093
	33,760,837	4,683,093

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
20. Revenue From Operations		
Sale of Products		
Wines & Liquor	47,593,736	45,925,601
Foods, Smokes and Other Beverages	301,697,949	284,924,796
	349,291,685	330,850,397
Less: Excise Duty	293,955	241,969
	348,997,730	330,608,428
Sale of Services		
Rooms	397,502,307	389,152,727
Banquets Misc. Income	15,009,850	15,413,660
Communication	9,285,157	8,923,903
Other Operating Revenue	73,178,468	81,968,476
	843,973,512	826,067,194
21. Other Income		
Interest Income from Current Investments	7,238,537	31,286,329
Interest Income from Others	58,049,001	3,700,986
Dividend Income from Current Investments	94,793,496	158,761,799
Net Gain on Sale of Current Investments	5,526,367	—
Excess Provision written back	184,237	—
Miscellaneous Income	1,270	—
	165,792,908	193,749,114
22. Consumption of Provisions, Beverages, Smokes & Others		
Wine & Liquor		
Opening Stock	11,460,693	8,379,033
Add: Purchases	12,295,397	16,019,002
	23,756,090	24,398,035
Less: Closing Stock	8,202,798	11,460,693
(A)	15,553,292	12,937,342
Food, Provisions, Other Beverages & Smokes		
Opening Stock	4,325,947	4,141,750
Add: Purchases	70,238,360	69,295,744
	74,564,307	73,437,494
Less: Closing Stock	2,972,911	4,325,947
(B)	71,591,396	69,111,547
Cost of Telephones		
Cost of Calls	207,756	165,459
Lease Line Rentals	2,820,042	3,634,563
(C)	3,027,798	3,800,022
Cost of Guest Transportation		
Vehicle Fuel	3,050,132	6,201,687
Vehicle Upkeep	1,000,957	305,642
(D)	4,051,089	6,507,329
Total (A+B+C+D)	94,223,575	92,356,240

Asian Hotels (East) Limited

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	Year Ended 31st March 2012	Amount in ₹ Year Ended 31st March 2011
23. Employee Benefit Expenses		
Salaries, wages and bonus	151,516,422	134,493,100
Contribution to provident and other fund	9,858,301	7,529,083
Staff welfare expenses *	17,996,109	17,810,867
Recruitment & Training	2,930,960	3,137,026
	182,301,792	162,970,076
*Staff welfare expenses includes		
Cost of provisions consumed in Staff Cafeteria	9,939,221	8,919,511
Less: Realisation on sale of food coupons to staff	50,160	528,876
	9,889,061	8,390,635
24. Other Expenses		
Contract Labour and Service	19,886,733	22,100,534
Linen, Room, Catering & Other supplies	30,077,126	25,220,729
Operating Equipments Consumption	4,366,410	7,908,941
Fuel, Power & Light	84,246,763	83,354,381
Repairs, Maintenance & Refurbishing**	43,771,166	43,784,462
Lease Rent	308,268	231,193
Rent	—	39,827
Rates & Taxes	5,910,912	2,873,797
Insurance	2,214,955	4,444,700
Directors' Sitting Fees	238,000	204,000
Legal & Professional Expenses	13,413,027	24,791,393
Payment to Auditors	744,464	704,739
Printing & Stationery	2,672,399	2,716,121
Travelling & Conveyance***	10,108,168	11,816,675
Communication Expenses	1,927,669	2,739,948
Prior Period Expenses	77,067	—
Technical Services	33,965,009	33,066,309
Advertisement & Publicity	15,226,321	23,175,089
Shareholders' Meeting Expenses	74,054	118,188
Postal Ballot Expenses	—	157,675
Commission & Brokerage	27,682,126	24,168,218
Charity & Donation	4,563,700	7,602,000
Bank Charges and Commission	278,657	264,371
Provision for Bad & Doubtful Debts	—	150,000
Loss on Sale of Current Investments	—	130,077
Loss on Sale of Fixed Assets	2,125,017	953,898
Miscellaneous Expenses	1,645,043	1,899,624
	305,523,054	324,616,889
** Repairs, Maintenance & Refurbishing includes		
Repairs & Maintenance - Buildings	4,788,056	6,374,083
Repairs & Maintenance - Plant & Machinery	23,349,168	19,687,660
Repairs & Maintenance - Others	15,554,120	16,507,941
*** Travelling & Conveyance includes		
Travel of Directors	949,532	1,427,085

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

25. Gratuity and other post-employment benefit plans

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

- a) Defined contribution plans
 - i. Provident fund
- b) Defined benefit plans
 - i. Contribution to Gratuity fund
 - ii. Compensated absences Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions: -

Economic Assumptions

The discount rate and salary increases assumed are key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long-term risk free investments. For the current valuation a discount rate of 9 % p.a. compound, has been used.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

The following tables set out the unfunded status of the gratuity plan and earned leaves and amounts recognised in the Company's financial statements as at 31 March, 2012:

i. Change in benefit obligations:

Particulars	Gratuity (Unfunded)		Compensated absences Earned leave (Unfunded)	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Present value of obligations as at the beginning of the year	8,121,242	6,665,903	1,216,030	1,696,140
Current Service Cost	2,481,028	2,076,863	1,710,280	468,399
Interest Cost	690,306	533,272	103,363	135,691
Benefit Paid	(2,321,915)	(947,892)	(737,861)	(693,020)
Actuarial (gain)/ loss on obligation	(197,299)	(206,904)	1,450,331	(391,180)
Present value of obligations as at the year end	8,773,362	8,121,242	3,742,143	1,216,030

ii. Expenses recognised in the Statement of Profit and Loss :

Particulars	Gratuity (Unfunded)		Compensated absences Earned leave (Unfunded)	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Current Service Cost	2,481,028	2,076,863	1,710,280	468,399
Interest Cost	690,306	533,272	103,363	135,691
Actuarial (gain)/loss recognized during the year	(197,299)	(206,904)	1,450,331	(391,180)
Expenses recognised in Statement of Profit and Loss	2,974,035	2,403,231	3,263,974	212,910

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

iii. Principal Actuarial assumptions:

Particulars	Refer Note below	Year ended 31.03.2012	Year ended 31.03.2011
Discount rate (p.a.)	1	9%	8%
Salary escalation rate (p.a.)	2	8%	8%

Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.
- The gratuity plan and earned leave is unfunded.

Demographic assumptions:

- Retirement age : 58 years
- Mortality rate : Published rates under LIC (1994-96) mortality table.

	31st March 2012	31st March 2011
26. Earnings per share (Basic & Diluted)		
A. Basic		
(i) Profit / (Loss) for the period	279,608,210	311,238,117
(ii) Provision for Preference Dividend	—	6,164
(iii) Profit available for Equity Shareholders	279,608,210	311,231,953
(iv) Weighted average number of Equity Shares of ₹10 each	11,440,585	11,401,782
(v) Earnings/(Loss) per share	24.44	27.30
B. Diluted		
(i) Profit / (Loss) for the period	279,608,210	311,238,117
(ii) Provision for Preference Dividend	—	6,164
(iii) Profit available for Equity Shareholders	279,608,210	311,231,953
(iv) Weighted average number of Equity Shares of ₹10 each used in computing Basic EPS	11,440,585	11,401,782
Add: Weighted average number of potential equity shares on account of conversion of FCPS to equity shares	—	38,910
(v) Weighted average number of Equity Shares of ₹10 each for diluted EPS	11,440,585	11,440,692
(vi) Earnings/(Loss) per share (₹)	24.44	27.20

- 27.** As on date, the Company holds 91,652 Equity shares of ₹10/- each of its subsidiaries, Regency Convention Centre and Hotels Limited (RCC), representing 58.99% of the paid up capital of RCC. Apart from the above, the Company had also made an advance of ₹3,34,48,275 for acquiring further shares of RCC from their existing shareholders and paid advances to Regency Convention Centre and Hotels Limited amounting to ₹1,00,69,474 up to the Balance Sheet date which has been disclosed as a recoverable advance.

The principal assets of Regency Convention Centre and Hotels Limited comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court. However Regency Convention Centre and Hotels Limited is in possession of opinions given by the highest legal authorities clearly stating that Regency Convention Centre and hotels limited has a reasonable chance of winning the ongoing legal dispute. Such assets form part of the Company's undertaking at book values.

The value of the above assets is primarily dependent on the legal dispute and is, therefore, subject matter of uncertainty at this juncture. As such, the ultimate outcome of the matter and, therefore, whether there is impairment, if any, in the value of the aforesaid assets cannot be reasonably determined at present. As per the earlier terms of agreement with the Regency Convention Centre and Hotels Limited and its shareholders, the company has to make additional payment for acquiring the balance shares of Regency Convention Centre and Hotels Limited, the amount of which is unascertainable and dependent on the outcome of the dispute is pending in the Bombay High Court.

28. C.I.F. Value of Imports:

Stores & Spares	1,545,696	1,304,056
Capital Goods	696,342	5,772,388
Beverages - through canalizing agencies	5,743,500	14,594,457
Others	—	6,838,813
	7,985,538	28,509,714

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

	31st March 2012	Amount in ₹ 31st March 2011
29. Expenditure in Foreign Currency (on payment basis)		
Technical Services	33,494,110	35,483,940
Commission & Brokerage	11,203,552	9,292,506
Training & Recruitment	1,159,002	54,878
Others	13,333,324	6,220,993
	59,189,988	51,052,317
30. Earnings in Foreign Currency (on receipt basis)	334,922,037	309,709,796

31. As the company is engaged in only one segment of Hotel business, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.

32. The Company had sent letters to its suppliers for confirmation of their status and registration under "Micro, Small and Medium Enterprises (Development) Act, 2006" and the company has not received any intimation from any of its suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the year end along with interest paid / payable as required under the said Act have not been given.

33. Contingent Liabilities :

- a.** Export obligation in respect of EPCG Licenses: ₹2,43,01,279 (Previous year ₹2,43,01,279).
- b.** Claims against the Company not acknowledged as debts:
 - i)** Sales Tax/VAT ₹55,82,211 (Previous Year ₹28,56,304)
 - ii)** Service Tax ₹1,02,89,320 (Previous Year ₹1,45,97,672)
 - iii)** ESIC ₹21,80,235 (Previous Year Rs ₹21,80,235)
 - iv)** Letter of Credit for ₹50,00,000 issued by IDBI Bank Ltd in favour of West Bengal Electricity Distribution Company Ltd. (Previous Year ₹50,00,000)
 - v)** Suit instituted by a party before State Consumer Disputes Reddressal Commission, West Bengal ₹ 98,00,000 (Previous Year ₹98,00,000)

	31st March 2012	31st March 2011
34. Payment to Auditors		
- Statutory Audit Fees	549,635	488,605
- Tax Audit Fees	166,545	166,545
- Certification Charges	5,538	—
- Reimbursement of Expenses	22,746	49,589
	744,464	704,739

35. Pursuant to the Scheme of Arrangement & Demerger, the company had obtained approval of the Government of West Bengal for the vesting of the leasehold property upon which Hotel Hyatt Regency Kolkata is situated. Liabilities for registration of the same will be determined as and when the registration is done.

36. The Company has not recognised any loss on impairment in respect of assets of the Company since there is no reduction in value of any asset. In respect of subsidiaries, such decision is based on the audited accounts of the subsidiaries.

37. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them are as follows: -

Related Party Disclosures

(i) List of Related Parties

- (a) Key Management Personnel :
 - Umesh Saraf
 - Arun Kumar Saraf

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Notes to Financial Statements for the Year Ended 31st March 2012

Amount in ₹

(b) Entities over which directors or their relatives can exercise significant influence/control :

- | | |
|---------------------------------------------|-------------------------------------------------|
| (i) Robust Hotels Private Limited | (xi) Sara Hospitality Limited, Hong Kong |
| (ii) Nepal Travel Agency Pvt. Ltd., Nepal | (xii) Juniper Investments Limited |
| (iii) Unison Hotels Limited | (xiii) Chartered Hotels Pvt. Ltd. |
| (iv) Vedic Hotels Limited | (xiv) Blue Energy Private Limited |
| (v) Unison Power Limited | (xv) Footsteps of Buddha Hotels Private Limited |
| (vi) Unison Hotels South Limited | (xvi) Sara International Limited, Hong Kong |
| (vii) Juniper Hotels Private Limited | (xvii) Samra Importex Private Limited |
| (viii) Yak & Yeti Hotels Limited, Nepal | (xviii) Forex Finance Private Limited |
| (ix) Taragaon Regency Hotels Limited, Nepal | (xix) Saraf Industries Limited, Mauritius |
| (x) Saraf Investments Limited, Mauritius | (xx) Saraf Hotels Limited, Mauritius |

ii. **Details of transactions with related parties during the year :**

Nature of Transactions	Key Management Personnel		Entities Controlled by Directors or their Relatives		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Dividend Paid During the Year						
Forex Finance Private Limited	—	—	14,071,824	9,381,216	14,071,824	9,381,216
Saraf Industries Limited	—	—	16,337,835	10,891,890	16,337,835	10,891,890
Services Availed during the Year						
Nepal Travel Agency Pvt. Ltd.	—	—	217,798	428,270	217,798	428,270
Investment Made during the Year						
Robust Hotels Private Limited	—	—	457,786,440	475,795,000	457,786,440	475,795,000
Expenses Incurred(Reimbursement)						
Robust Hotels Private Limited	—	—	135,499	—	135,499	—
Managerial Remuneration						
Umesh Saraf	18,480,059	13,320,000	—	—	18,480,059	13,320,000
Arun Kr. Saraf	18,480,059	11,804,844	—	—	18,480,059	11,804,844

Closing Balance	Key Management Personnel		Entities Controlled by Directors or their Relatives		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Commission Payable						
Umesh Saraf	7,128,059	3,000,000	—	—	7,128,059	3,000,000
Arun Kr. Saraf	7,128,059	5,008,069	—	—	7,128,059	5,008,069
Investments as at year end						
Robust Hotels Private Limited*	—	—	3,594,804,125	3,137,017,685	3,594,804,125	3,137,017,685

* Includes ₹ 933,581,440 towards share application money pending allotment (Previous year ₹ 475,795,000)

38. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 20,79,031 (Previous Year ₹ Nil)
39. 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.
40. There are no other disclosure requirements which need to be disclosed as per Accounting Standard and Revised Schedule VI to the Companies Act 1956.

As per our report of even date

For and on behalf of the Board of Directors

For **S. S. Kothari Mehta & Company**
Chartered Accountants
Firm Registration No.: 000756N

K K Tulshan
Partner
Membership No. 085033

Place : Kolkata
Date : 11th May 2012

Radhe Shyam Saraf Chairman
Arun K Saraf Joint Managing Director
Umesh Saraf Joint Managing Director
Rama Shankar Jhavar Director
S S Bhandari Director
Padam K Khaitan Director

Bimal K Jhunjunwala
Vice President - Corporate Finance

Saumen Chattopadhyay
Chief Legal Officer & Company Secretary

Asian Hotels (East) Limited

Dear Member(s),

Subject : Registration of e-mail id for servicing of documents by the Company under the Companies Act, 1956- A Green Initiative of Ministry of Corporate Affairs.

The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance vide Circular Nos. 17/2011 & 18/2011 dated 21st & 29th April 2011 respectively by allowing companies to send various notices/documents including annual reports etc., to members through electronic mode on their registered e-mail addresses.

Keeping in view the spirit of MCA, your Company propose to send henceforth notices/documents including annual reports etc. to the members in electronic form. This will be in compliance to the provisions of Section 53 of the Companies Act, 1956. Please note that as valued member of the Company, you are always entitled to request and receive all such communication in physical form free of cost under Section 219(1) of the Companies Act, 1956. Further, the documents served through e-mail will be available on the Company's website www.ahleast.com.

Upon verifying our / Depository Participant (DP) records, it is noted that you have not registered your e-mail id. Kindly register your e-mail id's with NSDL/CDSL (through your DP). You may also register the same with M/s Karvy Computershare Private Limited, (Karvy) our RTA, by e-mailing the below mentioned particulars at ahel.clocs@karvy.com or alternatively, despatch duly filled perforated proforma to Karvy Computershare Private Limited, Unit: Asian Hotels (East) Limited, Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad -500081. Members holding shares in physical form are also requested to send duly filled perforated proforma to Karvy for registration of their e-mail id's.

In future, you may also change/update the e-mail id's by following the same procedure.

We trust that you will whole-heartedly support the green initiative and co-opreate with the Company by supplying your e-mail ids's at the earliest.

Thanking you.

Yours faithfully,

For **Asian Hotels (East) Limited**

(Saumen Chattopadhyay)

Chief Legal Officer & Company Secretary

Place : Kolkata

Date : 11th May 2012

----- TEAR HERE -----

Karvy Computershare Private Limited
17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad- 500 081
Andhra Pradesh India
Fax : 040 23420814/23420857

Unit : Asian Hotels (East) Limited

Sub : Servicing of Notices, documents including Notices of General Meetings, Annual Reports, Circulars, etc. through e-mail.

In view of the Green Initiative, taken by the Ministry of Corporate Affairs (MCA) Circular Nos.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011:

I/We..... son/daughter/wife of
Sri..... holding equity shares of Asian Hotels (East) Limited, under
Folio No. DP Id Client Id..... do hereby register my/our e-mail address
and confirm and convey that I/We wish to receive all future documents and communication as required to be sent to me/us at my/our following
e-mail address.

E-mail address.....

Thanking you.

Yours faithfully,

Signature (1st /Sole holder)

Signature (2nd holder)

Signature (3rd holder)

Name

Name

Name

Place :

Date :

BLANK

Asian Hotels (East) Limited

Registered Office : Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata 700 098

ATTENDANCE SLIP

(To be handed over, duly filled in, at the entrance of the Meeting hall)

Name of the attending Member/Proxy* (in block letters)

Member's name

Member's Folio/Client ID No. No. of equity shares held

I hereby record my presence at the 5th Annual General Meeting of the Company on Thursday, the 19th July 2012 at 11.00 A.M. at Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata - 700 098.

*Please strike off whichever is not applicable.

**To be signed at the time of handing over the slip.

.....
Signature of Member/Proxy**

IMPORTANT:

Members are requested not to carry any briefcase, carry bag, shopping bag and the like to the venue since these will not be allowed inside for security reasons.

----- TEAR HERE -----

Asian Hotels (East) Limited

Registered Office : Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata 700 098

PROXY FORM

I/We of

..... in the district of

..... being a Member / Members of the above named Company, hereby appoint

..... of in the district of

..... or failing him / her of in

in the district of as my / our Proxy to vote for me / us on my / our behalf at the 5th Annual General Meeting of the said Company to be held on Thursday, the 19th July 2012 at 11.00 A.M. at Regency Ball Room, Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata 700 098 and at any adjournment thereof.

Signed this day of (month) 2012

Affix
Revenue
Stamp of
15 paisa

.....
Member's Signature

Folio / Client ID No.

No. of Shares held

Notes : a) The Proxy need not be a member of the Company.

b) The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

BLANK



Asian Hotels (East) Limited

Registered Office: Hyatt Regency Kolkata,
JA-1, Sector-III, Salt Lake City,
Kolkata - 700 098, W.B., India