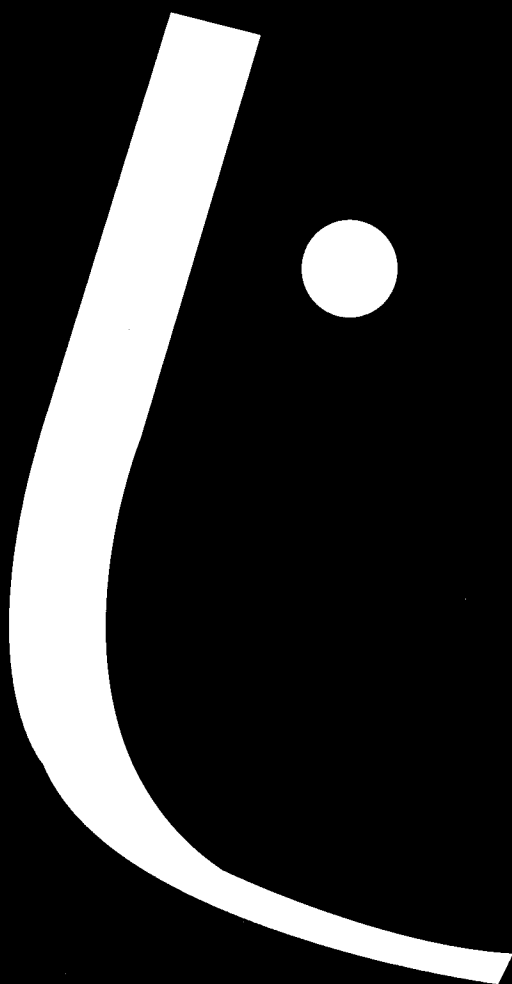


ANNUAL REPORT
2011-2012



BHARAT HOTELS LIMITED



Lalit Suri

(November 19, 1946 - October 10, 2006)

In us, you live.



CONTENTS	PAGE NO.
Board of Directors	2
Directors' Report	3
Auditors' Report	13
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Notes to the Financial Statement	22
Statement Relating to Subsidiaries	65
Annual Accounts of all Subsidiaries	
- Jyoti Limited	66
- Udaipur Hotels Limited	82
- Apollo Zipper India Limited	118
- Prime Cellular Limited	146
- Prima Buildwell Pvt. Limited	163
- Bharat Hotels (Thailand) Co., Ltd.	184

CHAIRPERSON AND MANAGING DIRECTOR

Dr. Jyotsna Suri

EXECUTIVE DIRECTORS

Ms. Divya Suri Singh

Ms. Deeksha Suri

Mr. Keshav Suri

DIRECTORS

Mr. Ramesh Suri

Dr. M.Y. Khan

Mr. Hanuwant Singh

Mr. Dharam Vir Batra

Mr. Abhay Navalmal Firodia

Mr. Chakor Lalchand Doshi

Mr. Lalit Bhasin

Mr. Vinod Khanna

SR. VICE PRESIDENT-FINANCE

Mr. Arvind Sachdev

SR. VICE PRESIDENT - FINANCE & SYSTEMS

Mr. Madhav Sikka

VICE PRESIDENT-LEGAL & COMPANY SECRETARY

Mr. S. Prabhakar

REGISTERED OFFICE

Barakhamba Lane

New Delhi - 110001, India

STATUTORY AUDITORS

S.R. Batliboi & Associates

Chartered Accountants

Golf View Corporate Tower B

Sector-42, Sector Road

Gurgaon - 122002, Haryana, India

BANKERS

The Jammu & Kashmir Bank Ltd.

Yes Bank Ltd.

IDBI Bank Ltd.

ICICI Bank Ltd.



DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting 31st Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2012.

The Financial highlights for the year under review are given below:

	(Rs. In lacs)	
Financial year	2011-12	2010-11
Income from operations	34,163.31	37,371.92
Other income	6,027.07	3,828.18
Total Income	40,190.38	41,200.10
Profit before Depreciation, Interest and Tax	11,323.01	12,360.21
Less: Depreciation	3,672.20	3,380.28
Less: Interest	6,594.41	5,412.67
Profit before tax	1,056.41	3,567.25
Less: Prior Period Items	(106.54)	(91.45)
Less: Provision for tax including deferred tax	378.29	1,708.61
Profit after tax	784.66	1,950.08
Add: Balance brought forward from the previous year	25,952.59	25,734.80
Profit available for appropriation	26,737.25	27,684.88
Proposed final dividend	379.96	759.91
Tax on proposed dividend	61.64	123.28
Transfer to Debenture Redemption Reserve	781.60	849.10
Net surplus in the Statement of profit & loss	25,514.05	25,952.59

The Financial Statements for the Financial Year ended 31st March, 2012 have been approved by the Audit Committee.

OPERATIONS

The Lalit Suri Hospitality Group is one of the fastest growing hospitality group. All the hotels of the Company are operated under the brand of "The LaLiT". The Group has seventeen luxurious hotels with 3600 rooms in the five-star deluxe segment and has Nine Operating hotels whereas eight hotels are under various stages of construction, restoration and planning.

The prestigious hotel project of the Company at Jaipur "The Lalit Jaipur" was made open to public with the inaugural dinner of the Great Indian Travel Bazar by FICCI on the 15th April, 2012.

BHARAT HOTELS LIMITED

The renovation and construction works at The Lalit Great Eastern, Kolkata owned by the subsidiary of the Company i.e Apollo Zipper India Limited is in full swing and expected to be operational during the current financial year. The construction of Company's hotel at Chandigarh which is under joint venture with DLF Limited is progressing satisfactorily and the hotel is also expected to be operational during the current financial year.

The construction work of company's hotel at Ahmedabad has commenced and it is expected that the hotel will be operational during the financial year 2013-14. The Company's other hotel projects are at various stages of planning and the construction for the same is expected to commence soon.

The Company's operational hotels are doing well and the customers have made most of Company's hotels as their first preference of stay in the cities where they are operating.

SUBSIDIARIES

In pursuance of requirements of Section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Directors' Report and Report of the Auditors of all the subsidiaries Companies form part of Annual Report of the Company.

DIVIDEND

The Board has recommended a dividend of 5% (five) per share Rs. 0.50 per equity shares of Rs. 10/- each. The dividend if approved in the forthcoming Annual General Meeting will be paid to the members, whose names appear in the Register of Members as on the closing date.

AUDIT COMMITTEE

The Audit Committee of the Board was duly constituted as per the provisions of Section 292A of the Companies Act, 1956. At present the Audit Committee comprises of three Non-Executive and Independent Directors viz. Dr. M.Y. Khan, Mr. Lalit Bhasin and Mr. Hanuwant Singh with Dr. M.Y. Khan being the Chairman. Mr. Arvind Sachdev, Senior Vice President – Finance and Mr. Madhav Sikka represent as the Heads of Finance and Mr. S. Prabhakar, Vice-President-Legal and Company Secretary of the Company acts as Secretary of the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board was constituted vide resolution of the Board of Directors in its meeting held on 30.05.2011. The Committee comprises of three Non-Executive and Independent Directors viz. Mr. Hanuwant Singh, Mr. Dharam Vir Batra, and Mr. Vinod Khanna with Mr. Hanuwant Singh being the Chairman.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Ms. Deeksha Suri, Mr. Keshav Suri, Executive Directors and Mr. Dharam Vir Batra and Mr. Hanuwant Singh, Director of the Company, retire by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that :

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;



- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants retires at the ensuing Annual General Meeting. The Company has received a certificate from the auditors to the effect that their appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors have qualified their report that the Company has entered into an agreement to sell its existing aircraft against purchase of new generation aircraft as trade in. The Company has not recorded the expected loss of Rs. 217,146,492/- arising on the sale of the aforesaid aircraft to reduce the value of aircraft to the disposal value as per the terms of agreement, for reasons more fully described therein.

The above qualification has been explained in the Notes to Accounts and the same are as follows:

The Company had entered into an arrangement with a vendor for purchase of Legacy 600 aircraft for Rs.1,196,210,000/- (USD 26,500,000) for which it had paid an advance of Rs.119,030,731/- (USD 2,636,923) equivalent to 10% of the above value in November 2008. While the Company was negotiating with the vendor, in April, 2009 it had also received a written notice of levy of liquidated damages equivalent to 15% of the value of the aircraft in terms of the above arrangement. However, there has been no further development on the aforesaid notice and the Company has during the earlier year successfully negotiated and entered into an agreement with the vendor for purchase of a new generation aircraft, Legacy 650 and adjustment of the advance paid for the Legacy 600.

The Company also entered into an agreement for the sale of the existing Legacy 600, aircraft purchased in December 2008 for a price of Rs. 953,305,000/- (equivalent to USD 18,500,000 per the terms of contract) which has written down value of Rs. 1,170,451,492/-. However the diminution in the value of Rs. 217,146,492/- has not been provided for in these financial statements.

The sale proceeds and advance of the two legacy 600 aircrafts are to be adjusted against the purchase price of the new generation Legacy 650 aircraft as trade in. However, subsequent to this Contract, during the previous year the Company received an intimation of an enquiry for assessment of Customs Duty and directive from the Directorate of Revenue Intelligence to put an embargo on the sale and disposal of the purchased legacy 600 aircraft till the enquiry is concluded. The Company had approached Settlement Commission and as per the terms of the order paid the custom duty alongside interest and penalty amounting to Rs. 86,565,740/-, Rs. 53,755,900/- and Rs. 7,000,000/- respectively and has received intimation from Directorate of Revenue Intelligence and the Customs authorities that the matter stands concluded.

During the period embargo was imposed by the Directorate of Revenue of Intelligence, company's permission to import Legacy 650 from Ministry of Civil Aviation has expired and the Company could not remit the money for the purchase of Legacy 650 as per the payment milestone and vendor has issued a notice of default in payment, subsequently vendor has deferred the payment schedule up to June 1, 2012. Management has applied for the approval and is confident to receive the approval prior to the date of payment and has initiated the process to sell the aircraft.

The Auditors have further qualified their report that the Company's Subsidiary has communicated its intention to exit from the Joint Venture at Dubai and is in process of negotiating for the recovery as per the terms of the Joint Venture Agreement. However, Company has not created provision against the investment of Rs. 30,100,000/- and Loan of Rs. 38,723,462/-.

The above qualification has been explained in the Notes to Accounts and the same are as follows:

The Company has an investment of Rs. 30,100,000/- and has given a loan of Rs. 38,723,462 /-(net of provision amounting to Rs. 14,076,421/-) to Prima Buildwell Private Limited a 99.99% subsidiary as at March 31, 2012. Prima Buildwell Private Limited has entered into a Joint Venture for setting up a Hotel property at AL-Furjan, Dubai with Lost City L.L.C. The Joint Venture had paid an advance for purchase of Land to AL- Furjan LLC (associate of Lost City). Subsequent to this, due to the precarious financial situation in Dubai, AL- Furjan LLC has not developed the Land at AL- Furjan, Considering that area at AL-Furjan has not been developed as per the Land purchase agreement, the Company has communicated its intention to exit from the Joint Venture. The Company has taken steps to recover the money invested and is in process of initiating arbitration proceedings as per the terms of the Joint Venture Agreement. The Company is confident that it shall be able to resolve the matter and be able to recover the money; accordingly no provision has been considered in these financial statements.

The other observations of the Auditors referred to in the Auditors' Report are appropriately dealt with in the respective Notes to Accounts and hence do not call for further explanations.

CORPORATE SOCIAL RESPONSIBILITY

The Lalit Suri Hospitality Group believes in developing destinations not just hotels. It is the people and the environment of the destinations that account for the success of our hotels. Therefore, our initiatives involve the local population, promote their handicrafts, culture, food, give training and employment to the youth thereby giving a boost to the economic environment.

- Your company had organized the 3rd Lalit Suri Polo in June 2011 at Drass, Kargil and hosted lunch for over 5,000 local residents in Kargil.
- 'Valley of Legends' organized at The Lalit Grand Palace Srinagar, in September, 2011 to bring back Kashmir's glory to its people reunited eminent cine personalities under one roof of the sprawling Palace.
- The 'Lalit Utsav 2011' in the month of September, 2011 in Bekal, Kerala provided the much needed wholesome entertainment for the local residents of all communities, the turnout over two days exceeded an overwhelming 20,000 people.
- The Lalit Grand Palace, Srinagar organized 'The Lalit Suri Shikarathon' in October 2011, the longest ever Shikara race at the Dal Lake.
- The Festival of Canacona-Goa was organized in the month of December 2011. The youth keenly participated in the Lalit Suri Football Tournament, played in the local stadium. The sands of Raj Baga beach were set on fire by horses in the first ever Beach Polo Match in India and The Lalit Carnival "Ano Novo" infused life into Goa carnival.
- In the month of February 2012, The Lalit Resort and Spa Bekal organized 'The Lalit Suri Cycle Race.'
- The Lalit Temple View Khajuraho organized The Lalit Tipaiya-thon in February, 2012 preceding Shiv Vivaha celebrations on Maha Shivratri.
- The Lalit Suri Ice Hockey organized in Leh-Ladakh in February, 2012 saw great participation from locals.
- The Lalit Chaupal at Khajuraho in March 2012, brought together civic and cultural officials of Khajuraho.
- 'Holi Parv' was organized at The Lalit Laxmi Vilas Palace, Udaipur in March, 2012.

Project Disha – an initiative of the Lalit Suri Foundation being implemented under the overall CSR policy of Bharat Hotels seeks to assist at one level school students and youth from the local population to have access to quality “education leading to employment” and on the other to equip them - to understand the benefit & opportunities available in today’s economic scenario.

The Area of Interventions being undertaken include establishment of a Library and supplementing teaching in the areas of English and General Knowledge at the school level and, proving employment oriented vocational training in the hospitality sector including computer literacy, personality development, spoken English courses and life skills training with a special emphasis on workplace behavior to disadvantaged youth in the livelihood skill centers that have also been instituted alongside. These centres are currently in operation three locations across India namely, Khajuraho, Udaipur and Bekal. This year these centres will be opened in Jaipur and Srinagar.

The initiative is being managed by SEED, a National NGO.

Snapshot of 3 years:

- Total Beneficiaries over 3 years – 2250
- Total in school beneficiaries – 1040
- Total Vocational Training Beneficiaries – 1210
- Total students placed – 900 (Approx 75%)

At Khajuraho



At Bekal



At Udaipur



AWARDS & RECOGNITION

The following are some of the awards and recognitions that your Company won during the year 2011-2012:

National Tourism Awards 2009 – 2010

- Heritage Grand Category - The Lalit Grand Palace Srinagar.
- Best Tourism Promotion Publicity Material - 'Delhi - A Gateway to India', - The Lalit New Delhi.
- Hotel providing best facilities for differently abled guests- The Lalit New Delhi.

Best Resort Hotel by Asia Pacific International Hotel Award in Association with Bloomberg Television

- The Lalit Golf & Spa Resort Goa

Third place for the Best System & Procedures for Pollution Control by Pollution Control Board Awards and Best New Spa Resort 2010 by Pevonia AsiaSpa Awards

- The Lalit Resort & Spa Bekal

GMR Express Travel World Awards 2010-2011

- Lifetime Achievement Award - Late Mr. Lalit Suri
- Corporate Social Responsibility- The Lalit Temple View Khajuraho.

Best All Day Dining by Food & Nightlife Awards - Gourmet Gurus 2012

- 24/7 Restaurant, The Lalit New Delhi

Best Nightclub in Delhi by Times Night Life Award 2012

- Kitty Su, The Lalit New Delhi

Best Eco Spa by Geo Spa Asia Spa India Awards 2011-12 and 1st Position at Kerala State Pollution Control Board Awards 2011-12

- The Lalit Resort & Spa Bekal

Best Small Hotel (India) at 2012 Asia Pacific Hotel Award

- The Lalit Temple View Khajuraho

Certificate of Excellence 2012 by Tripadvisor

- The Lalit Mumbai,
- The Lalit Ashok Bangalore,
- The Lalit New Delhi,
- The Lalit Grand Palace Srinagar and
- The Lalit Laxmi Vilas Palace Udaipur

Dr Jyotsna Suri, Chairperson & Managing Director of the Company has been bestowed with the following Awards and recognition during the year:

- World Travel Market Global Award in recognition of her leadership of the Group and initiatives to promote tourism
- ADTOI Award 2011 for her contribution to Domestic Tourism
- Rotary Club of Delhi 2011- Lifetime Achievement Award for 'Vocational Excellence'
- Among the 25 Most Powerful Women (2011) by Business Today
- The Most Popular Woman in Travel Industry voted by TravTalk Readers
- Spa Personality of the Year by Geo Spa Asia Spa India Awards 2011-12
- Asia's Leading Woman in Hospitality by Women in Leadership Asia Awards 2012