

RELIABLE VENTURES INDIA LIMITED

Regd. Office: "Reliable House", A-6, Koh-e-fiza Indore Road, Bhopal- 462 001 (M.P.)

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the members of the Reliable Ventures India Limited will be held on Friday, the 30th day of September, 2011 at 4.00 PM at Hotel Noor-Us-Sabah Palace, VIP road, Bhopal, Madhya Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011, Profit & Loss Account for 12 months period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mr. Chandan Mitra, who retires by rotation and, being eligible, offers himself for re-appointment as such.
3. To appoint Director in place of Mr. Parkash Singh, who retires by rotation and, being eligible, offers himself for re-appointment as such.
4. To appoint MAK & Associates, the retiring Auditors as Auditors of the Company to hold office as such from the conclusion of this meeting till the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remunerations.

SPECIAL BUSINESS:

5. To consider and pass, with or without modifications, the following resolution as special resolution

"RESOLVED THAT - in term of the Resolution adopted by the Board of Directors of the Company in its meeting held on 15th day of November, 2010 and pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions contained under the Companies Act 1956 read with Part-II, Section II, Clause 1 (B) of Schedule XIII to the said Act, all other applicable provisions of the Act or any statutory modifications or reenactment thereof, Article 96 of the Articles of Association of the Company and subject to such further sanctions and permissions as might be necessary - the reappointment of Mr. Sikandar Hafiz Khan, as Managing Director of the for a period of 3 (Three) years commencing from 1s day of January, 2011, be and is hereby approved on the terms, conditions and payment of remuneration as set out in the attached explanatory statement hereof and that in the event of inadequacy or absence of profits in any financial year / years, the remuneration comprising of salary, allowances, perquisites and

benefits as set out in the explanatory statement to the resolution and approved herein be paid to him as minimum remuneration and that the Board of Directors of the Company be and are hereby authorized to review/ enhance the remuneration payable to Mr. Sikandar Hafiz Khan at their own discretion within the limits specified in the said part / section and clause of the said Schedule XIII of the Act"

6. To consider and pass, with or without modifications, the following resolution as special resolution

"RESOLVED THAT in term of the Resolution adopted by the Board of Directors of the Company in its meeting held on 25th day of August, 2011, and pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions contained under the Companies Act 1956 read with Part-II, Section II, Clause 1 (A) of Schedule XIII to the said Act all other applicable provisions of the Act or any statutory modifications or reenactment thereof, Article 96 of the Articles of Association of the Company and subject to such further sanctions and permissions as might be necessary, the appointment of Mr. S. Shankar Narayanan, one of the Directors of the Company, as Whole Time Director and designated as Executive Director for a period of 3 years commencing from 1s of Sept., 2011, be and is hereby approved on the terms, conditions and payment of remuneration as set out in the attached explanatory statement hereof and that in the event of inadequacy or absence of profits in any financial year / years, the remuneration comprising of salary, allowances, perquisites and benefits as set out in the explanatory statement to the resolution and approved herein be paid to him as minimum remuneration and that the Board of Directors of the Company be and are hereby authorized to review/ enhance the remuneration payable to Mr. Shankar Narayanan within the limits specified in the said part / section and clause of the said Schedule of the Act"

7. To consider and pass, with or without modifications, the following resolution as an ordinary resolution

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Abdul Tahir, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, holds office only up to the date this Annual General Meeting and, being eligible, offers himself for appointment and in respect of whom the company has received notice in

writing from one of the members of the company pursuant to Section 257 of the Companies Act along with requisite amount signifying his/her intention to propose the candidature of Mr. Abdul Tahir for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and pass , with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ranjay K. Dawar , who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, holds office only up to the date this Annual General Meeting and, being eligible, offers himself for appointment and in respect of whom the company has received notice in writing from one of the members of the company pursuant to Section 257 of the Companies Act along with requisite amount signifying his/her intention to propose the candidature of Mr. Ranjay K. Dawar for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and pass , with or without modifications, the following resolution as an ordinary resolution
"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, **Mr. Rajendra Malpani** , who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, holds office only up to the date this Annual General Meeting and, being eligible, offers himself for appointment and in respect of whom the company has received notice in writing from one of the members of the company pursuant to Section 257 of the Companies Act along with requisite amount signifying his/her intention to propose the candidature of Mr. Rajendra Malpani for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Orders of the Board

Sd-
S. SHANKAR NARAYANAN
DIRECTOR

Place: Bhopal
Date: Aug 25, .2011

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY AND THAT IN ORDER TO BE VALID, THE INSTRUMENT OF PROXIES DULY COMPLETED IN ALL RESPECTS MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE MEETING.
2. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting is given in the Annexure to the notice.
3. The Register of members and transfer books of the Company shall remain closed w.e.f. 28th Sept., 2011 to 30th Sept., 2011 .both the days inclusive for the purpose of the Annual General Meeting.
4. M/s. Sharex Dynamic (India) Pvt. Limited having its registered office at 17/B, Dena Bank Building, Horniman Circle, 2nd Floor, Fort, Mumbai 400 001 continue to act as Registrar and Share transfer agents of the Company. The said company at its unit NO.1 located at Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), and Mumbai-400072 under takes the share registry job.
5. The Company has established connectivity with both the depositories namely NSDL and CDSL, Mumbai and the ISIN allotted to the security of the Company is **INE419H01019**. Shareholders who have not yet opened Demat account so far are requested to open the account with the depositories of their choice and surrender the physical certificates of the security for dematerialization.
6. The Company has started maintaining of a functional website that contains basic information about the company and it can be accessed by interested entities as and when needed. Its address is **"Noorussabahpalace.com"**
7. Members / duly appointed proxies should bring the enclosed attendance slip, duly filled in, for attending the meeting
8. The members are requested to:
 - (a) quote their Folio Number(s)/ Client ID numbers in all correspondence with the Company and
 - (b) notify the Company about changes in their postal addresses, if any.
9. A copy of the notice is being posted on the aforesaid website of the Company

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO. 5

A. The Board of Directors, at their meeting held on 15th day of November, 2010, re-appointed Mr Sikandar Hafiz Khan, as Managing Director of the company for a further period of Three years with effect from 1st January, 2011, subject to the approval of the shareholders in a general meeting.

The material terms and conditions of the re-appointment are as follows:

1. The Managing Director shall, subject to the supervision and control of the Board of Directors; carry out such duties as may be entrusted to him by the Directors and shall exercise such powers as are delegated to him by the Board of Directors.

2. Period of reappointment : 3 years from 1st day of January, 2011.

3. Remuneration :

Basic Salary Rs. 200000.00 per month

House rent Allowance Rs. 30000.00 per month

Conveyance allowance Rs. 20000.00 per month

Besides above, he proposed that Mr. Sikandar Hafiz Khan will be eligible to following perquisites which are allowed under the said Schedule and above the ceiling of remuneration contained therein:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these are signally or collectively put do not exceed the taxable limit prescribed under the Income Tax Act 1961 as amended till date

2. Gratuity at a rate not exceeding the yearly and aggregate ceiling under the Payment of Gratuity Act as is applicable and amended from time to time.

3. Encashment of Leave at the end of the tenure as per rules of the Company

4. Return Holiday passage once in a year by economy class to children from the place of study to India and to members of family from the place of their stay abroad to India if they are not residing in India with Mr. Sikandar Hafiz Khan

5. Leave Travel Concession by way of Return passage for self and family in accordance with the rules applicable to the employees of Company.

Minimum Remuneration:

In the event of any absence or inadequacy of net profits in any financial year, the remuneration as mentioned above shall

be the minimum remuneration payable to the Managing Director.

The Managing Director shall be entitled to reimbursement of all actual expenses or charges including travel entertainment Or other out-of-pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.

The terms and conditions of the said appointment may be altered, enhanced or varied from time to time by the Board as it may, in its discretion, deem fit.

For the purposes of calculating the value of perquisites hereinabove, the same shall be evaluated as per Income Tax Rules, 1962, wherever applicable or at actual cost.

None of the Directors of the company, except Mr. Sikandar Hafiz Khan who along with his family and persons in concert holds 48.32 per cent of the paid up equity share capital of the Company is interested in the proposed resolution as appointee as well as promoter director of the Company.

Additional information as per Para 1(B) of Section II of Part -II of Schedule XIII of the

Companies Act, 1956 read with clause 49 of the listing agreements is as under :

I GENERAL INFORMATION:

1	Name of Industry	Hospitality	
2	Date of expected date commencement of production	Existing Company not engaged in manufacturing activities	
3	In case of new company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
4	Financial performance based on given indicators.	Amt. in lacs Rs. 2010-11	Amt in lacs Rs 2009-10
	Total sales and other income	1156.80	1114.00
	Profit before depreciation and tax	339.58	332.32
	Depreciation Provision	93.98	87.05
	for tax	74.02	17.57
	Net profit	171.58	227.70
5	Export Performance	Not applicable	
6	Export performance and net foreign Exchange collaboration	Not Application	
7	Foreign investment of collaboration if any	Not applicable	

1	Background details	The appointee is the promoter director of the Company with more than 25 years experience of conceiving, implementing and running industrial projects successfully and that , academically ,he belongs to commerce segment.
2	Past Remunerations	24.80 lacs
3	Recognition or awards	None
4	Job profile and his suitability	The appointee is a seasoned &successful entrepreneur, Chairman, leader and motivator of Reliable Group of Cos which has diverse interest in Tours & Travel, Transport and carriers, processing of tobacco, mfg of cigarette and other tobacco products, real estate Dairy and milk products. He himself promoted the Company and established it as one of the first choice destination of indigenous and foreign tourists and businessmen
5	Remuneration proposed	As mentioned in the explanatory statement to Item 5 of the accompanying notice.
6	Comparative remuneration profile with respect to industry, size of the co., profile of the position and persons(in case of expatriates the relevant) details w r t the Country of his origin	Though the exact data of the comparative profile of CEOs/ MDs with remuneration of Hospitality companies is not available, the CEOs/ MDs of hospitality companies of comparable status are generally receiving remunerations above Rs 50.00 lacs per annum
7	Pecuniary relationship directly or Indirectly with the Co. or relation-ship with the managerial personnel, if any.	Except relationship ship as promoter of the Company, he does not have any other pecuniary relationship with the company or its managerial personnel

III OTHER INFORMATION:

1	Reasons of loss or inadequacy of profits	The Company needs expansion of its room and incidental capacities to harness the available market potential.
2	Steps taken or proposed to be taken for improvement	One professional with expertise in project expansion and finance is being inducted at Board level on whole-time basis with target to plan and execute the of required expansion in due course of time. Besides, measures to further cutting the cost of operation are being explored to improve returns. Internal generation is being used to modernize and strengthen the facility base till required expansion take place.
3	Expected increase in productivity and profits in measurable terms	Efforts are being made to increase return on investment thereby boost EPs and ensure adequate return to stakeholders

Item NO 6:

With view to avail of the expertise of the rotational Directors Mr .S Shankar Narayanan inter-alia, in the segment of project financing and banking on whole-time basis and based on the recommendations of the Remuneration Committee, the Board of Directors of the Company in its meeting held on 25th day of August, 2011, approved appointment of Mr. S. Shankar Narayanan as Whole-time Director designated as Executive Director of the Company and recommended payment of remunerations to him by way of Salary and allowances and perquisites on monthly basis within the ceiling specified under Para (A) Part and Section II of Schedule XIII of the Companies Act, 1956.

The appointee aged around 59 years - a bachelor of Science and CAIIB - is a dynamic and result oriented Indian citizen and ex-banker from Bank of India & Middle East, UAE equipped with proven long standing expertise in the segments of Financial Management, Project financing, Banking and industrial relation and holds directorship in five Companies falling within the Reliable Group of companies namely Reliable Tours & Travels (India) Pvt Ltd., Reliable Cig. & Tobacco Inds. Pvt. Ltd., Reliable Consumer Products Pvt Ltd., Reliable Multimedia And

Enterprises Pvt. Ltd. And Reliable Smartcity Ltd. He along with his wife holds 4000 equity shares of the Company is associated with the Company as rotational Directors since 1996.

The material terms & conditions of the appointment are as follows:

1. Duties and reporting:

The Appointee carry out such duties as may be entrusted to him by the Chairman and the Board at any time and from time to time and shall report to the Chairman and Managing Director of the Company.

2. Period of reappointment: 3 years from 1st day of Sept., 2011

3. Remuneration:

Basic Salary	: Rs. 44667.00 Per month
Allowances	: Rs. 43167.00 per month

Perquisites:

1. Fuel for personal vehicle for personal use : On actual basis
2. Salary of driver of his personal vehicle : at par with drivers on the roll of the Company
3. Reimbursement of electricity charges : On actual basis
For his residence
4. Residence telephone and one Cell phone : on Actual Basis

Other benefits such as of LTA, Leave Encashment, Medical Reimbursement, Bonus and other facilities as per rules applicable to the Employees of the Company at any time and from time to time.

The above remuneration shall be admissible as minimum remuneration in the absence or in adequacy of profits and the Board of Directors of the Company shall be competent to approve upward and periodical revision in the remunerations within the limit specified under paragraph (A), Section and Part II of Schedule XIII of the Companies Act, as may remain in force at any time and from time to time.

Other disclosures:

In term of requirements of the said Paragraph of the said Schedule, your directors do hereby state, declare and confirm that the Company is a zero debt company, it has not accepted any deposits from public, has not made any default in repayment in any of its debts, including public deposits or debentures or interest thereon for any period during the preceding financial years and before the date of proposed appointment of and payment of remuneration to Mr. Shankar Narayanan.

Since the appointment and payment of above remuneration to Mr. Shankar Narayanan is subject to the approval of the Members in General Meeting, the Directors recommend

the adoption of the resolution contained under item No. 6 of the annexed notice as special resolution.

None of the Directors, except Mr. Shankar Narayanan, is interested or concerned in the resolution

Item No.7, 8 and 9:

Pursuant to Section 260 read with Article 80 of the Articles of Association of the Company Mr. Rajendra Malpani, was inducted as an additional Director of the Company effective from October 20, 2010 to hold office till the conclusion of the ensuing Annual General Meeting.

Similarly, with a view to strengthen the Board and reconstitute the Committees required under Clause 49 of the Listing Agreement as also the provisions of Companies Act, 1956, governing Audit Committee, Mr. Abdul Tahir and Mr. Ranjay K. Dawar were inducted effective from 29th day of July, 2011 as additional Directors of the Company to hold office as such till the conclusion of ensuing Annual General Meeting.

The Company has received one notice each under Section 257 of the Companies Act, 1956, three of the shareholders of the Company namely Mr. P Gopinath, Mr. Rajendra Malpani and Ranjit Baidya, along with requisite payments signifying their respective intention to propose the candidature of Mr. Rajendra Malpani, Mr. Abdul Tahir and Mr. Ranjay K Dawar respectively for appointment as Directors liable to retire by rotation. These notices can be inspected by shareholders during any business hours.

These notices can be inspected by any member (s) at the registered office of the Company seen at the registered office of the company during business hours on any working day up to the date of the holding of the ensuing Annual General Meeting.

In term of Clause 49 of the Listing Agreement, the relevant particulars of these gentlemen are briefed hereunder :

- (i) **Mr. Rajendra Malpani** is a young and dynamic management consultant and possess over 20 years of experience as consultant in the Finance, Account and Taxation Segments He is one of members of the Audit and Remuneration Committees He holds 5007 equity shares of the Company and does not have any other pecuniary relationship with the company, its promoters and its managerial personnel. Except, sitting fee, he is not paid any other remuneration by the Company. He holds directorship in seven private limited companies, namely, Goldshine Construction Pvt. Ltd., Sai Value Homes Private Limited, Sunbeam Vyapaar Private Limited, Radhe Kripa Developers Private Limited, Reliable Dairy and Farm product Private Limited, Reliable Carriers Private Ltd. and Noor-Us-Sabah Housing Projects Private Ltd.
- (ii) The Another Gentleman **Mr. Abdul Tahir** is a young and dynamic MBA belonging to the marketing segment equipped with over 10 years proven experience in the areas of strategic business & marketing planning,

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development, sales forecasting, management of customer base, and bears the responsibility of monitoring the overall turnover, related and incidental activities of Reliable Group of Companies engaged in divers business activities including hospitality, print media, mfg and marketing of milk and dairy products and is presently busy in developing multi-product special economic zone in Madhya Pradesh and is responsible of organizing, managing, controlling and motivating a team of technical and finance professionals of the said group of Companies. He holds 50000 equity shares in the company. He holds the Chair of Remuneration Committee as also the membership of Audit Committee of the Company. He holds Directorship of six private limited companies, of which five belong to the said group namely, Mandideep Engg. & Packg. Inds. Pvt Ltd., Elegance Infratech Pvt. Limited, Rehbar Holdings and Finance Private Limited, Reliable Multimedia and Enterprises Pvt. Ltd. And Noor-us -Sabah Housing Projects Pvt Ltd, besides having interest as Promoter and Director of a family owned Goldrich Trading Company Private Limited.

- (iii) The Third gentleman, **Mr. Ranjay K. Dawar**, belongs to the Law discipline and has to his credit an experience and expertise for a period exceeding 10 years in the areas of logistic solutions, managing, running tour, and travel and transportation business profitably. He holds the Chairmanship of TAAI of Madhya Pradesh and Chhattisgarh since last 2 years with enough exposure in

hospitality segment of business. He is one of the members of Audit and Remuneration Committees of the Company. He does neither hold any financial stake in the company nor any other pecuniary relationship with the Company except that one of the companies under his directorship and management does have business dealing with the Reliable Ventures India Ltd in the ordinary course of business and at prevalent market rates.

In term of requirements of Section 257 of the Companies Act, 1956, your Directors recommend

1. the appointment of the said three gentlemen as Directors liable to retire by rotation and
2. adoption of resolutions contained under item no. , 7, 8 and 9 of the accompanying notice- with or without modifications, as ordinary resolutions

None of the Directors, except the proposed appointees, is interested or concerned in the resolutions contained under item no. 7 to 9 of the accompanying notice...

**By order of the Board
For Reliable Ventures India Ltd**

**Sd/-
S. SHANKAR NARAYANAN
DIRECTOR**

**Bhopal:
Dated : August, 25, 2011**

ANNEXURE TO THE NOTICE OF 18TH ANNUAL GENERAL. MEETING.

Name of the Director	MR.CHANDAN MITRA	MR. PARKASH SINGH
Date of Birth	12/12/1954	03/02/1946
Nationality	Indian	Indian
Date of initial Appointment	26/09/2005	31/10/2006
Date of last re-appointment	29/09/2009	29/09/2009
Qualifications	BA(Hon) Economics , MA(History) from DU, D. Phil. in Modern History from Oxford University, UK	Master of Commerce and CAIIB
Expertise in Functional Area	Very Sr. Journalist & Media person, Expert in Mgt. & Journalism, Ex-Member of Parliament.	Banking and Mgt. Retired as Chairman & Mg. Director, United Bank of India with 40 years experience.
No of shares held in the Company	—Nil—	—Nil—
List of Directorships in other Indian Public companies	CMYK Printech Ltd.	Not applicable
Position held in other companies in which he is Director as on 31/3/2010	Chairman-cum-Mg. Director of CMYK Printech Ltd., Publisher of "Pioneer" National Daily.	Not applicable

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSIONS AND ANALYSIS

For The Financial Year Ended 31st March, 2011

Your directors have pleasure in presenting to you their Eighteenth Annual Report together with the audited statement of accounts of the company for the 12 months period ended 31st March 2011

FINANCIAL PERFORMANCE:

During the 12 months period under report ended 31st March, 2011, your company earned all-inclusive revenue of Rs. 1329.28 lakhs against Rs. 1156.80 lakhs earned in the corresponding period during the preceding financial year reporting a growth of Rs. 172.48 lakhs being 14.91 per cent over the corresponding period in the preceding. During the period under report, the profit before extraordinary items rose marginally to Rs 250.76. lakhs from 244.09 lakhs during the preceding financial year. The financial performance of the Company is summarized below:

PROFIT & LOSS ACCOUNT

	Amt in Rs. Lakhs	
Operating years >	2010-11	2009-10
Net sales	1305.41	1136.78
Other income	23.87	20.02
Total income	1329.28	1156.80
Profit before Interest and tax	250.76	244.27
Interest payment (net)	0.00	0.18
Profit before extra-ordinary items	250.76	244.09
Extra-ordinary items		
(Written back prov + prior period adj.)	0.26	1.51
Profit after extra-ordinary item but before tax	250.50	245.60
Provision for taxes::		
Current tax	(50.33)	(41.48)
Deferred tax liability	(76.00)	(74.02)
MAT credit entitlement	50.33	41.48
Net profit	174.50	171.58
Total No. of equity shares of Rs. 10/- each	110.129	110.129
Basic earning per share of Rs. 10/- each	1.58	1.56

BALANCE SHEET

	Amt in Rs. Lakhs	
Operating years >	2010-11	2009-10
Net fixed assets	2206.29	2204.92
Net current assets	483.13	369.17
Misc. expenses	00	0.00
Capital employed	2689.42	2574.09
Represented by		
Equity capital	1101.29	1101.29
Reserve & Surplus	559.98	385.48
deferred tax	110.03	34.03
Net worth	1771.30	1520.80
Loan fund	918.12	953.29
Share Application money	0.00	100.00
Capital employed	2689.42	2574.09

The growth rate reported by the company during the year under report continues to remain almost stagnant as compared to the previous year and seems to suggest that the recession has almost installed the growth of the company in term of its financial performance suggesting need of more aggressive market measures on the part of

the company to register adequate growth in the ensuing financial year .

SHARE CAPITAL:

During the period under report there has been no change in Share capital of the Company and, the authorized share capital of the company remained at its previous year level of Rs.2500.00 lakhs divided into 250, 00,000 Equity shares of Rs. 10/- each. The issued, subscribed and paid-up share capital of the Company too remained at its level of previous year at Rs. 1101.29 lakhs divided into 110, 12,900 equity shares of Rs. 10/- each. The category-mix of the shareholdings and its distributions as at 31st March, 2011. have been as under:

Category of Shareholdings as at 31st March 2011

Category of holders	Nos.held	Per cent ageof total
Promoters, friends, relatives & persons in concert.	5321100	48.32
Non-resident Indians	1005375	9.13
Indian general public	4686425	42.55
Total	11012900	100.00

Distribution of Shareholdings as at 31st March 2011

No. Of Shares held	No of Shareholders	% of share Holders	Total Shares held	% of share Holdings
1-100	244	13.47	15321	0.14
101-200	100	5.52	19137	0.17
201-500	835	46.11	404180	3.67
501-1000	283	15.63	256871	2.33
1001-5000	232	12.81	643158	5.84
5001-10000	36	1.99	296618	2.69
10001-100000	61	3.37	2285753	20.76
100001 & above	20	1.10	7090862	64.40
Total	1811	100.00	11012900	100.00

CAPITAL EXPENDITURE:

Up to the close of the financial year under report, your company incurred a capital expenditure of Rs 3013.93 lakhs, including work-in-progress worth Rs. 32.26 lakhs against Rs. 2917.29 lakhs in proceeding year, representing a capital expenditure of Rs, 96.64 lakhs during the period under report.

PROJECT IMPLEMENTATION STATUS

As the members are aware, out of the 70 rooms' facility planned by the company, till the close of preceding financial year it had completed and opened for commercial use only 57 rooms. A very thin growth in term of financial performance of the company inhibited the proposed addition of 13 more rooms to the room inventory of the company and despite a capital expenditure to the tune Rs. 96.64 lakhs, the said addition of room remained in progress only with the hope that the said addition would materialize and put to commercial use by the end of the current financial year.

“MANAGEMENT DISCUSSIONS AND ANALYSIS”**Company Approach to the Business**

The company has achieved its objective to be a market leader in the region by the end of fiscal year 2010-2011 & envisages sustaining its position as a market leader by setting bench marks during 2010-11. Further, the Company's Vision is to emerge as a high end Hotel, creating a Health Based Environment. Group has further expanded its base with addition of offsite Food & Beverage Outlets, firstly a bakery outlet "Wonder Bread" has been opened in the main down town area. This outlet offers wide range of bakery and confectionary products at a very nominal price. The success of this outlet is evident from the fact that the footfall at this outlet is so encouraging that the company has finalized two more outlets to be commissioned by this year end. The other outlet commissioned offsite is "The Spot", a natural food café which has been opened at a high end residential area as a part of Reliable Nature Bazaar, a Super Market of the Group.

The company has already extended its MOU with ITC WelcomHeritage operating around 62 Hotels across India. WelcomHeritage brings along the expertise in terms of Marketing, branding and promoting the Hotel along with Standard ITC procedures which are strictly adhered to.

A Major initiative to open an Industrial Bakery Production Unit has been approved by the group and work for setting up the same has already begun. This Industrial Unit shall cater to the Bhopal market as well as nearby towns such as Indore, Hoshangabad and Sehore.

Quality Management

In continuance to deliverance of Quality Services, constant up gradations and increasing the room inventory and Addition of Bakery outlets will be the strategy that the company will follow. The company is totally committed to provide & maintain quality at all levels. Systems and checks are already in place to ensure that right from planning stage to procurement stage to production stage to service stage to accounting stage, quality is maintained at all levels. Standard Operating Procedures (SOP's) are being followed at all operational levels for implementation & for strict adherence which would be constantly reviewed to adapt to the changing service trends of hotel industry. The major initiative in Environmental practices has been initiated by the management, and some of the steps include Ban of Polythene bags, Conversion to LED lamps, Water conservation at all levels, Massive Tree plantation, Garbage Disposal Management etc.

Performance Review

The company has registered a modest growth of 14.91 per cent in its Turnover over previous year. The company has achieved a pre-tax Profit of 250.76 lakhs for financial years 2010-11 which is an increase of 2.46 % over previous year. Cash & Bank balance as at 31.03.2011 were Rs. 275.72 lakhs. The Sundry Debtors as at 31.03.2011 were Rs. 62.84 lakhs which is only 4.74% of total turnover.

For the Financial year 2011-12, the company has plans to invest around Rs. 440.00 lakhs towards opening of Bakery Industrial unit, Rs. 200.00 lakhs towards renovation of rooms, Rs. 40.00 lakhs towards opening of two more Bakery stores.

Internal Control Systems:

All necessary controls, financial checks and otherwise as per statutory requirements as also towards making the company a highly profitable venture are in place. Internal controls as regards operations aimed at ensuring that the expenditure is in line with industry norms. Regular internal audits of finances are undertaken and the report submitted to Audit Committee. Proper accounting procedures are being strictly adhered to. Total transparency in all transactions is maintained and all statutory licensing and dues to the State and central Government have been updated & are made on time. Reduction in cost will be a major focus area for next FY which will further aid in increasing profit margins and end up in a Healthy Operating Ratio.

Opportunities

Economic projections appear to indicate towards a Major Boom for the Hospitality Industry for the coming season. The Corporate and

Conference segment along with foreign tourist segment is expected to show a decent growth.

A Multi Product SEZ has been approved on Bhopal Indore Corridor near Sehore which should attract lots of Investors. Being the closest to SEZ site, our Hotel would benefit enormously as we being the Best Hotel in terms of room and conference sales.

Conversion of existing Airport into an International Airport will give a major boost to the existing tourist inflow as well as open new avenues of business for the company. With the Opening of wide number of Engineering/Medical and Management colleges in Bhopal, the demand for Fast food/Bakery outlets has increased manifold and shall increase further in times to come. The company proposes to add two more offsite bakery outlets to attract the young crowd.

Threats:

With the number of flights increasing from a particular destination into city in morning hours and out of the city the same evening, there will be a threat perception that corporate nights halts at Bhopal would drastically reduce. This would directly affect room sales and due to a drop in occupancy there could be a drop in Food and Beverage Revenue. Real Estate Developers have started to show interest in Bhopal. With the influx of companies like DLF, Ansals, Omaxe and the likes into the city, land and raw material prices have rapidly shot up. This has resulted in spiraling of projects costs. Current market players in Hospitality Industry in the city also have comprehended the boom in the market and thus have either made additions to their current setup or have made provisions to do the same in the current financial year. This again could make a dent in our market share. With the advent of new players in the market, the competition is growing tougher by the day. Hiring and retaining of skilled and experienced manpower is becoming a challenge in the market today which will only multiply in coming years. With the increased fuel prices, corporate houses these days are focusing on reducing travel and boarding /lodging expenses thereby adversely affecting the hotel's revenue. Some corporate have gone step further and bought/hired/running guesthouses for their travelling executives & their offices in the city generally have a conference room attached to take care of routine and other weekly / monthly conferencing.

Risk and Concerns:

The company is hopeful that the current buoyancy in the market will continue for a few years more and we foresee no potential risk to Hospitality Industry as of now. There is definitely a concern about the state Government not doing enough on infrastructure development so as to ease inflow of tourists and corporate.

Other Disclosures:

The company is proud to have maintained the Heritage nature of the Hotel to its optimum level. We still are & always remain the Best Address in Bhopal. Schedule up gradation & continuous maintenance of service standards shall be our motto. Major focus shall be on training of staff, to upgrade their skills so that they are able to deliver quality service & maintain high standards. Understanding our commitment to society, we have initiated a mini Green Revolution in the area. A green committee has been constituted among hotel staff to plan, implement & execute all possible eco friendly initiatives like tree plantation, garbage management system (segregation, processing & disposal), and usage of recycle paper products, initiate heavy reduction in use of plastic & energy conservation etc. Job opportunities have been created for physically challenged local citizenship.

Human Resources Development:

Led with the realization of the fact that continuous up-gradation of skills and service delivery systems /inputs go a long with to make a decisive difference in the hotel industry, as a matter of policy, your continues to invest in up-gradation of the quality of its human resources and lays emphasis on efforts to tone up skills of and service delivery by its existing manpower and keep them sponsoring for external training and skill development programmes at selected ITC hotels.