

ANNUAL
REPORT
2007-2008



No target is unachievable for our army.

- Bhagwati Banquets and Hotels Limited



THE GRAND BHAGWATI

Hotels • Banquets • Conventions

www.reportjunction.com

THE ATTACK LINE



The Grand Bhagwati's four-star hotel in Ahmedabad.



CHAIRMAN's Message

It was a challenging year, market with increasing inflation and subsequent cost related pressures. But, we remained focused on consolidating our business and building a clear roadmap for future growth. I am pleased to inform you that the financial year 2007-08 was another good year for our company. The company's performance was better than the previous financial year and has achieved suitable results.

As you all know we are building a 5-star hotel, convention center & club in the city of Surat, Gujarat and I am pleased to state that the construction work is on in full steam and the project would be completed in due course of time. While we are already successfully running star category hotel "The Grand Bhagwati" at Ahmedabad and having prestigious management contracts managing Karnavati Club, Rajpath Club, Gujarat Cricket Association Club & Patang Revolving restaurant managing its food & hospitality services, we have recently tied up for Golden Glory Hall at Karnavati club which is one of the largest banquet hall of Gujarat. This would give us edge over others when it comes to large functions.

Our outdoor catering services are also clearly focused and we are providing food services to high-end clientele across India. We recently did an exclusive outdoor catering function abroad too. With this we are now ready to touch international shores for catering.

Recognizing the potential of mini metro cities/2-tier cities, we have embarked on expanding our footprints across the country; we are also pleased to inform that we are now expanding further with our unique restaurant & banquet hall module to cities like Jaipur, Bangalore, Mumbai, Jodhpur, Indore, Nagpur and Hyderabad to begin with and then spread across India. We already have finalized locations in Jaipur, Bangalore & Mumbai.

A general point to share with you as a corporate citizen is "Concern for Energy Conservation". Today energy has become a vital economic parameter and if not conserved or utilized preciously will have its negative effect on economy and users. We as a conscious corporate company are doing quite a bit towards the same and have introduced eco friendly devices and utilities running our operation to save energy.

Retention of employees is a point of concern but I am happy that our selection, training and motivation to our people at all levels have helped in this matter. I take personal interest in my people and in their overall development. I take this opportunity to thank all employees for their dedicated support to me.

I am confident we will achieve the vision charted out for our company and grow from strength to strength.

Yours Sincerely

Narendra Somani
Chairman & Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Narendra Somani

Chairman & Managing Director

Ramesh Motiani

Wholetime Director

Devanand Somani

Wholetime Director

Hemant Somani

Wholetime Director

Bakul Parikh

Director

Mangharam Sumani

Director

Rajratan Singhvi

Director

Ganesh K.

Director

AUDITORS

O. P. Bhandari & Co,

Chartered Accountants

COMPANY SECRETARY

Kinnari Shah

BANKERS

AXIS Bank Ltd.

Indian Overseas Bank

Bank of Baroda

Kotak Mahindra Bank

HDFC Bank

REGISTERED OFFICE

"The Grand Bhagwati"

Plot No. 380, S. G. Highway,

Bodakdev, Ahmedabad-380054.

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Limited.

211, Sudarshan Complex,

Nr. Mithakhali Underbridge,

Navrangpura, Ahmedabad - 380009

The ISIN of the Company's Equity shares
is INE797H01018

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The Grand Bhagwati provides outdoor catering services across India and even on foreign shores.

FORTIFYING POSITION IN FRIENDLY TERRITORY



The Grand Bhagwati's 180 room five-star hotel, 55,000 square feet convention centre and fully equipped club to come up in the diamond city of Surat.

Surat is one of India's fastest growing cities.
The city has the highest spending power. (Source: Times of India)

www.reportjunction.com



HALF THE BATTLE IS WON BY NEWER PLANS AND SOLUTIONS

The Grand Bhagwati will soon launch a chain of world cuisine restaurants and banquet halls in Jaipur, Mumbai, Bangalore, Jodhpur, Nagpur, Hyderabad and Indore.

RGB to develop 5-star hotel in Surat

Company to invest
₹ 90 crore for
the venture

Summit Khanna
SANSARO

Bhagwati Banquets & Hotels Limited, which runs The Grand Bhagwati hotel in Ahmedabad, has chalked out plans to develop a hospitality project, comprising a 5-star hotel, in Surat.



The development would be funded through an initial public offering, which is planning to come soon.

Matric Millionaires

Gautam Adani, Parakramsinh Jadeja, Narendra Somani Make It With Just School Education



er expansion was Group. So do have expa we will expa

Grand plans

be raised through an IPO, which is expected soon
be spread in an area of 14,500 sq yard, would come up at Magdalla
complete the project within 16 to 18 months of the zero date

Gujarat set to witness hosp

At present 8-10 different hotel chains are exploring opportunities here and it will take at least two years for them to actually start operations. Even today, Delhi & Mumbai are facing room shortage in all segments, especially in star category



Lo & behold richest is Sur household

Yagnesh Mehta / 11/11/06
Surat: After the bombs found in Surat last week, there is a new boom in the city. The city has become a hot spot for investors. The city has become a hot spot for investors. The city has become a hot spot for investors.

‘પતંગ’ હોટલ ત્રણ માસમાં ધરી ઉપર ફરશે

ભગવતી ની એક વધુ ફાઈવસ્ટારની યોજના

ભગવતી ની આજના પતંગની હોટલની મુશ્કેલી પૂર્ણ થઈ ચક્રો ચાલ્યાં છે. માસમાં આ હોટલ શરૂ કરવાની મનાઈ હતી. ઉંચેની કક્ષાએ આ હોટલના બાદ નુકસાન નહીં. માસમાં બેન્કરોએ નોંધ લીધું. નિમ વેચાણ કરવાની યોજના રાખી છે.

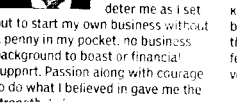
Seven golden rules to get to promised

My romance with entrepreneurship began when I was in my 20s.
dreaming and wanting to do something big in life. But when I shared my dream with others, they laughed.
But that did not deter me as I set out to start my own business without a penny in my pocket, no business background to boost or financial support. Passion along with courage to do what I believed in gave me the

hospitality sector, I had to struggle with finance, convincing people to lend me money and ensure good returns on their investment.
I went as far as Punjab, Delhi, Mumbai, Kolkata and even down South to personally taste different cuisines, meet chefs for guidance and build my brand.

We kept adding new features to our services and brought in catering services under one umbrella. i.e. food, decoration of the venue and hospitality. But I was still pursuing a dream to build one

read ahead a opportunity for thinking. Seek Excellence the smallest best way.



As I was aware especially that I knew they would but would accept I thought survey I a few expert cooks at venture 'Bhagwati'

We offered that known to Amidas customers started here. After gathering 'feedback', I decided to enter segment that

read ahead a opportunity for thinking. Seek Excellence the smallest best way.

ભગવતીનું ધમાકેદાર વિસ્તરણ શેર ૨૬ ટકા પ્રીમિયમ બંધ

ભાસ્કર જ્યોતિ, અમદાવાદ
ભગવતી બેન્કવટ એન્ડ હોટેલ્સનું આજ ચુરવાર શરૂનું ધમાકેદાર વિસ્તરણ થયું હતું. ૨,૪૦૦ની ઈશ્યુ પ્રાઈસ સામે બીએસઈ પર કંપનીના શેર ૧૫ ટકા જેવા ઊંચાઈ પર ૮૮.૮૩ના મુલાખ ખુલી ગયાં. ૩,૫૦,૨૦૦ સ્પર્થી ૩,૫૦,૨૦૦ની સપાટીએ બંધ થયાં. ૨૬ ટકા પ્રીમિયમ સુચવે છે.



દરમિયાન બજારમાંથી મળતી માહિતી પ્રમાણે એનએલએ પાસે પંચાંગ સંબંધિત માહિતી

After tying up with Cafe Piano (The Grand Bhagwati) Narendras Somani and Jays Krishnan Hiten Vasant

Banqueting beckons

DREAM, ASPIRATION, INNOVATION & PERSEVERANCE
Banqueting is a booming sector in the hospitality industry. It is a sector that is growing rapidly and is expected to continue to do so in the future.

read ahead a opportunity for thinking. Seek Excellence the smallest best way.

Foreign CEOs take tips from Guj ho

group of biz leaders from US, UK are in city to benefit from success mantra of local players



Global appeal
The executives visited Delhi before coming to Ahmedabad
The academy is planning to open a centre in A'bad

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DIRECTORS' REPORT

To,
 The Members,
BHAGWATI BANQUETS AND HOTELS LIMITED

Your Directors have pleasure in presenting herewith the Ninth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2008.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Sale and Other Income	6271.98	3579.36
Profit from Operations	1927.34	799.78
Financial Charges	(175.44)	(156.55)
Depreciation and Amortization	(251.27)	(239.53)
Profit/(Loss) before tax	1500.63	403.70
Provision for taxation	(475.00)	(80.05)
Provision for Fringe Benefit Tax	(4.22)	(3.45)
Deferred tax liability	(20.77)	(27.32)
Income Tax for earlier years	(0.01)	(0.93)
Excess Provisions written back	3.23	—
Profit/(Loss) after tax	1003.86	291.95
Appropriations		
Dividend on Equity Shares	292.86	—
Dividend Tax	49.77	—
General Reserve	—	—
Profit /(Loss) brought forward from previous year	590.14	298.19
Profit /(Loss) carried to Balance Sheet	1251.37	590.14

PERFORMANCE :

During the year under review your Company achieved a turnover of Rs. 5910.82 Lakhs compared to Rs. 3554.15 lacs in 2006-07, registering a 66.31% increase in turnover; Profit before Interest, Depreciation and Taxes during the year stood at Rs. 1927.34 lacs compared to Rs. 799.78 lacs in the previous fiscal, registering a 141% increase.

After providing for interest and depreciation of Rs. 175.44 Lacs and Rs. 251.27 lacs respectively (previous fiscal Rs. 156.55 Lacs and Rs. 239.53 lacs), the profit before tax of the Company is Rs. 1500.63 lacs, compared to previous year's profit before tax of Rs. 403.70 lacs, registering a 272 % increase. Net Profit after tax stood at Rs. 1003.86 Lacs during the year compared to previous fiscal's Rs. 291.95 Lacs registering a 244% increase during the year.

The construction at Surat is in progress and more than 300000 sq.ft. has already been constructed.

ISSUE OF 7563600 WARRANTS:

Your Company has issued 7563600 warrants to the promoters and non-promoters during the year. After getting the approval of the members through Extra-ordinary general meeting held on 31st December, 2007, and also getting an In-principle approval from Bombay Stock Exchange and National Stock exchange of India Ltd., where our Company's Shares are listed, 7563600 warrants were allotted to the promoter/promoter Group(s) and non-promoters on 29th February, 2008. These warrants are convertible in to equity shares at the option of warrant holders at a price of Rs. 82/- per share (Rs. 72/- premium) within a period of 18 months from the date of allotment. The Company received Rs. 6.20 crores from the allottees of warrants equivalent to 10% of the total consideration.

DIVIDEND :

Your directors recommend a 10% dividend (Rs. 1/- per Equity Share of Rs. 10/- each) for the year ended March 31, 2008 subject to the approval of members in the ensuing Annual General Meeting. Under the Income Tax Act, 1961, the receipt of dividend is tax-free in the hands of the shareholders of the company.



WINDMILL FROM SUZLON ENERGY

Keeping in view the commitment towards the society and the state, for keeping it clean and green, to produce the energy that reduces CO₂ emissions, we propose to buy a Wind Mill from Suzlon Energy Ltd. to be set up in Village : Panchetiya, District : Kutchh, State: Gujarat.

The company is investing in setting up a 1250 KW Wind Power Project. This project will lead to sustainable development through investment in renewable source of energy. The project will also help in improving the quality of environment by reducing pollution. We understand that the project as such is not financially viable but the Board of Directors would like to inform the shareholders that the project is eligible for CDM benefits, which will also improve the financial viability of the project.

With this installation, we will also join the list of leading corporate and environment friendly companies using renewable energy. We will ensure further installation of Wind Mills in future also which will reduce our dependence on conventional modes of energy generation and help building up a clean environment while earning CDM benefits too.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report forms part of the Directors' Report.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Bakul Parikh, Mr. Mangharam Sumani and Mr. Raj Ratan Singhvi, directors retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. All other directors continue to hold their office.

FIXED DEPOSITS

The Company has not accepted any deposits from Public and as such, no amount of principal or interest was outstanding as on the balance sheet date.

AUDITORS

The Existing Statutory Auditors, M/s O. P. Bhandari & Co, Chartered Accountants, Ahmedabad, who retire at the forthcoming Annual General Meeting of the company, and being eligible offers themselves for the re-appointment.

AUDITORS REPORT

The Auditor has not given any adverse remark except the non-provision for Gratuity in accordance with Accounting Standard-15 on "Retirement Benefits". In this regard, your directors wish to inform you that previously the Gratuity liability was insignificant in the Company. But with the increase of business and its human resource structure, the company recognised the need to provide for the liability on accrual basis. In this regard, your Company is evaluating different proposals received from insurance companies to cover such gratuity liability and will soon decide and implement.

PARTICULARS OF EMPLOYEES

The information pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is as under.

Sr. No.	Name	Age	Qualification	Experience Yrs.	Designation / Nature of Duties	Remuneration Rs.	Date of commencement of employment	Particulars of last employment	% of Eq. Shares held
1	Narendra Somani	42	F. Y. Bcom.	22	Chairman Cum Managing Director	24,00,000	1-10-2005	N.A.	21.55%

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Section 217(1)(e) of the Companies Act, 1956 relating to disclosure of particulars of energy conservation & technology absorption pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 is not applicable to the Company.

However the company is committed to energy conservation at every stage of its operations. Various steps have been taken to reduce consumption of electrical energy by using the advanced technology instruments/equipments, improved house keeping, monitoring the use of equipments etc and installation of a wind mill.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earning	Rs. 92.54 Lacs
Foreign Exchange out go	Rs. 23.09 Lacs