

21st

ANNUAL REPORT

2010 - 2011

BEYOND



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Dear Shareholders,

I have immense pleasure in delivering my first communiqué as the chairman to the shareholders of this esteemed company.

When I took the Chair of the Company, I began my journey with the vision to be a Leader in the Hospitality industry while sustaining our Indian culture of **“Atithi Devo Bhavah”**. To fulfill this dream for the company, the newly inducted management of the company has set ambition ‘to deliver the world class experience to our customers, driven by strategic marketing and establishing chain of hotels, thus having our presence across the country’ in the next five years to come.



The current scenario of the Indian economy has been characterized by optimistic growth and strong macro-economic fundamentals, particularly with tangible progress towards fiscal consolidation and a strong balance of payments position. The Indian economy buoyed by the growth in GDP at 8.7 per cent for 2010-11. Indian Economy is expected to register a 10% GDP growth in the coming years.

The Indian Travel and Tourism Industry estimated at Rs. 1,970 billion in F.Y. 2010 contributed 6% to the overall GDP and is expected to reach Rs. 6,211 billion by 2020, growing at a CAGR of 12% per annum. The Travel and Tourism Industry is the largest contributor to employment generation and accounts for about 8.4% of the total employment. The fiscal year 2010-11 to be relatively healthier year as compared to 2009-10 for industry as the revenue is supported by economic recovery and event specific demand triggers like Common Wealth Games, Cricket World Cup etc.

Fiscal 2011 have been a commendable and memorable year for your company. Not only the performance but the overall structure of the company has undergone transformation. Your Company has registered a growth of 121% in turnover and 139% in profit after tax over previous year's performance.

I strongly believe that what we achieved so far is the beginning of new era of growth. During the year 2010- 2011, we stepped up our commitment to build organizational capacity, management bandwidth and the ability to execute our strategic initiatives. This is a critical commitment that we are making to build a process and performance based organization with shared vision. The Ministry of tourism has been taking initiatives to position India as a value for money destination for the tourists across the globe. To meet the current requirements (demand – supply) and to be a world leader, we are also changing the company's strategy for promotion and marketing to facilitate such travel. Keeping this in mind, we have decided to create a chain of hotels through a single brand namely “The Byke”. For the same your company has identified properties and has commenced conducting the initial feasibility study for acquiring / developing new properties in the Maharashtra-Goa region.

With the current performance, our entrepreneurial spirit and our talent pool, the future foundations of the company are

sure to strengthen. Assembling a team of extraordinary people who have displayed outstanding capabilities through their value system, competence, low ego and high energy is crucial to the progress of any institution. The differentiation comes from ideas, and ideas come from bright minds. Therefore, good people are the primary assets of a great organization.

I take this opportunity to acknowledge the invaluable support of all our stakeholders and look forward to your continued support, which would enable us to scale newer heights.

Before I conclude, I would like to assure you, that your Company has put in place appropriate strategies for sustained qualitative growth. I seek your continued support and patronage to take your Company to new heights.

I look forward to the year ahead with a sense of confidence to deliver even greater value to all stakeholders.

Best Regards,

Anil Patodia

Chairman

> **Mr. Anil Patodia**

Chairman, Suave Hotels Limited

Mr. Anil Patodia took over the management of Suave Hotels Limited in March 2011. Mr. Patodia is a Commerce Graduate from the University of Rajasthan, having huge experience in the Hospitality and manufacturing industries. Mr. Patodia is an acknowledged for his analytical acumen with respect to the various avenues of investment in this industry. Under the Leadership of Mr. Patodia, the Byke – A Hotel Retreat, Matheran has created a niche for itself.

A career Hotelier, Mr. Anil Patodia brings extensive hotel experience to the Suave Hotels in operations and marketing and is playing a key role in the global expansion and development of future hotels. He is also actively involved in the social activities. He is a member of Lions Club International and a working committee member of Mumbai Vaish Federation.

> **Mr. Satyanarayan Sharma**

Managing Director, Suave Hotels Limited

Mr. Satyanarayan Sharma is an Electrical Engineer having vast experience of more than 25 years in hospitality industry. He is the visionary founder promoter of Suave Hotels Limited. His professional guidance and expert proficiency in understanding the holiday needs of the tourists and providing quality tailor-made products in the holiday space was instrumental in the successful growth of the Company.

> **Mr. Pramod Patodia**

Director, Suave Hotels Limited

Mr. Pramod Patodia experience in Hospitality industry spans across two decades. He has over 25 years of extensive experience in the field of management, administration, exports, marketing, materials and hotel management. Mr. Patodia brings extensive hotel experience to the Suave Hotels in operations and management. Currently, he is overseeing the operations of all the hotels of the company.

> **CA Ram Ratan Bajaj**

Independent Director, Suave Hotels Limited

Mr. Ram Ratan Bajaj is a fellow member of the Institute of Chartered Accountants of India with over 33 years of post-qualification experience in handling finance, taxation, corporate law, accounts, project implementation, cost control and related matters. He has been associated with the Company since March 30, 2011. His expertise shall be significant in making the financials decisions of the company. He has an active involvement in social activities. He was a member of Bharat Vikas Parishad – a unique organization for socio- cultural activities having around 1300 branches.

> **Mr. Manoj Bhadupota**

Independent Director, Suave Hotels Limited

Mr. Manoj Bhadupota, aged 34 years, is a commerce graduate from the University of Rajasthan having enormous experience in the area of tourism and hospitality industry. He is an acknowledged expert in the management and administration of hotels in the state of Rajasthan.

> **Mr. Ramesh Vohra**

Independent Director, Suave Hotels Limited

Mr. Ramesh Vohra , Aged 70 Years, is in the business of supply and service of engineering products to provide global solutions to the Oil, GAs, Exploration Marine and construction companies for more than four decades. Some of the major clients include ONGC and the Indian Railways. He is actively involved in the social activities. He is a member of Lions Club for past 12 years.



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> Board of Directors:

Mr. Anil Patodia
Mr. Satyanarayan Sharma
Mr. Pramod Patodia
CA Ram Ratan Bajaj
Mr. Manoj Bhadupota
Mr. Ramesh Vohra

Company Secretary and
 Compliance Officer:
Mrs. Naina Hemant Kurane

> Bankers:

ICICI Bank Ltd
 Union Bank of India
 Axis Bank Limited
 HDFC Bank Limited

> Our Hotels:

Sunshine Beach Resorts, Goa
Sunflower Beach Resorts, Goa
The Byke, Matheran
Hotel Paawana , Mandawa

> Statutory Auditors:

M/s. A.P.Sanzgiri & Co.
 Chartered Accountants
 21/167, Anand Nagar Om
 Co-operative Hsg Society,
 Nehru Road Santacruz (East),
 Mumbai – 400055

> Registrar and Share Transfer Agent:

M/s Sharepro Services (India) Pvt. Ltd
 13 A/B Samhita Warehousing Complex
 2nd Floor, Off Andheri Kurla Road,
 Sakinaka Telephone Exchange Lane
 Sakinaka ,Andheri (East),
 Mumbai – 400 072
 Website: www.shareproservices.com
 E-mail: suave@shareproservices.com

> Registered Office:

F/72, Solaris, Opp. L&T Gate No. 6,
 Off Saki Vihar Road, Andheri (East),
 Mumbai – 400 072, T: +91-22-40150010
 Fax: +91-22-40150010
 Email: info@suavehotels.in
 Website: www.suavehotels.in

To be a Leader and preferred
choice in the Hospitality industry
while sustaining our Indian
culture of “Atithi Devo Bhavah”

VISION



MISSION

To Deliver a world class experience, driven by
superior strategic marketing, proven leadership,
having presence across the country, and extraordinary
service – ultimately providing maximum financial return
to owners, investors and associates.

Financial Highlights

(₹ in Lakhs)

	2010-11	2009-10	2008-09
Total Income	3345.33	1504.03	1368.07
Profit Before Tax	322.57	141.54	137.59
Profit After Tax	226.55	94.97	90.63
Retained Earnings	582.60	582.44	560.63
Dividend	190.48	62.74	22.60
Dividend per Equity Share	Rs. 1/-	Rs 0.50/-	Rs 0.20/-
Dividend %	10%	5%	2%
Equity Share Capital	1904.89	1254.89	1129.89
Reserves and Surplus	4352.61	2142.44	1895.63
Net Worth	6367.50	3397.33	3063.02
Borrowings	18.30	0.00	0.00
Funds Employed	6592.59	3586.11	3227.23
Market Capitalization	16058.22	5007.01	1333.27

Key Indicators:

Net Worth per Equity Share of Rs 10/- each	33.43	27.07	26.78
Earnings per Equity Share (Basic)- In Rupees	1.60	0.83	1.49
Earnings per Equity Share (Diluted) – In Rupees	1.58	0.83	1.46
Debt: Equity Ratio	0.29	0.00	0.00
Net Profit Margin	6.77	6.31	10.06
Return on Net worth%	3.55	2.80	2.96

MANAGEMENT DISCUSSION AND ANALYSIS

Cautionary Statement

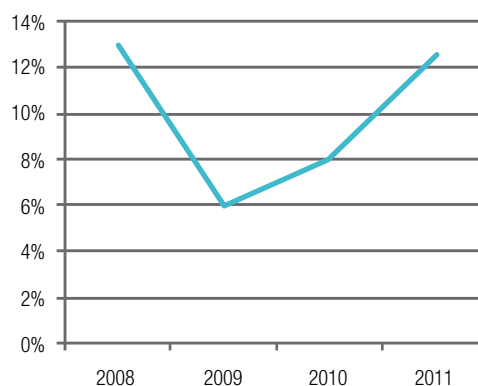
Statements made in this Management Discussion and Analysis contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, new government regulations and policies that may impact the Company's business as well as its ability to implement the strategy. The information contained herein is as of the date referred and the Company does not undertake any obligation to update these statements.

Industry Structure and Outlook

In last two years, the economy has recovered from the turmoil of the global economic crisis and shifted its focus from conventional growth centers to untapped growth potential. India has emerged as one of the fastest growing economies in the World. India is ranked 4th in terms of Travel and Tourism growth in the world and 1st in South East Asia. The industry has consistently outperformed other sectors in GDP Growth and is expected to continue to do so. According to the Department of Industrial Policy and Promotion (DIPP), the hotel and tourism industry's contribution to the Indian economy by way of Foreign Direct Investments (FDI) inflows were pegged at US\$ 2.35 billion from April 2000 to February 2011. Domestic Travel reached 650 million in 2009. With increased disposable income, there is immense potential for growth in domestic tourism.

The business of hotel and hospitality industry in India depends largely on foreign clientele. With the revival of the global economy, hotel industry has started recovering in India from November 2009 onwards. As per the data released by Ministry of Tourism, Government of India, the growth of foreign tourist's arrivals in the country during the financial year 2004 to 2008 was 13% on year to year basis, which however declined to nearly 6% in fiscal year 2009. This trend continued for first three quarters of the year 2009-10. In last quarter, the growth rate of foreign tourist arrival in India has increased to 11.5% and in fiscal year 2010-11, the growth rate was 12.6%. The fiscal year 2010-11 to be relatively healthier year as compared to 2009-10 for industry as the revenue is supported by economic recovery and event specific demand triggers like Common Wealth Games, Cricket World Cup etc. The World Travel & Tourism Council has estimated that the foreign tourist's arrivals are expected to register 8.2% CAGR over the period 2010-19. In October 2011, the country is likely to host formula one car race. This event is expected to attract more foreign visitors to the country.

Growth in FTA's over the years



The Indian Travel and Tourism Industry estimated at Rs. 1,970 billion in F.Y. 2010 contributed 6% to the overall GDP and is expected to reach Rs. 6,211 billion by 2020, growing at a CAGR of 12% per annum. The Travel and Tourism Industry is the largest contributor to employment generation and accounts for about 8.4% of the total employment. The hotel industry in India is looking at investing USD 10.3 billion by 2015, which will create 60,000 rooms and 2,000 new jobs. The statistic say that the hotel industry is looking over USD 10 billion worth of investment in India over the next five years creating over 80,000 jobs. According to various estimates, the total demand for branded hotels in India as on date is about 200,000 rooms whereas the supply is only about 1,20,000 rooms. Therefore, there is a huge gap to be filled. Moreover, increased supply creates its own demand.

Tourism can indeed be one of the most powerful engines for economic growth, income redistribution, employment generation and social integration. Tourism can alleviate poverty and generate employment in backward, isolated and remote areas. Realizing the potential for tourism in India, the government has made a concentrated effort to develop infrastructure and launch initiatives that aid visitors in selecting the kind of sector that they want to engage in; be it a cultural trip designed to visit the monuments or an adventure trip that focuses on sporting opportunities; be it a medical holiday for treatment or a time of relaxation, the Indian Tourism sector really does have it all.

The Government of India is also keen on growth of tourism section which is apparent from its policy decision such as recent delinking of hotels from the high risk category of real estate business so that the sector can get sufficient loans at lower interest; and permitting the hotel industry to raise external commercial borrowings. In addition, the Government of India has introduced various initiatives and campaigns such as "Incredible India!", "Colors of India" to promote the Indian tourism and hospitality industry. The Government of India has announced a