

# **SAGAR TOURIST RESORTS LIMITED**



*Hotel*

**23rd Annual Report  
2009 - 2010**

Board of Directors	:	Mr. Dewan Gobind Sahai (Chairman from 30 <sup>th</sup> October,2009) Mr. Dattatray Jagannath Kogekar Mr. Anand Sagar (Managing Director) Mr. Prem Sagar Mr. Moti Sagar Mr. Jyoti Sagar
Company Secretary	:	Mr. D.M .Mankodi
Auditors	:	Rajeev Singhi & Co. 1081,Sector 22-B Chandigarh -160022
Company Law Consultant	:	Dholakia & Associates MHB-11, Sarvodaya CHS, Near PF Office ,Service Road , Bandra (East),Mumbai-400051
Bankers	:	Indian Bank UCO Bank ICICI Bank Ltd
Registered Office	:	Sagar Niwas , Manali-175 131 District Kullu ,Himachal Pradesh Tel : (01902) 252554 Fax : (01902) 252562
Corporate Office	:	Anand Vihar, Gr. Floor, Bajaj Road, Vile Parle (West ),Mumbai -400 0056 Tel : (022) 2625 6113/2625 6815/ 2625 6177 Fax : (022) 2625 6170
Listing	:	The Company' s Equity Shares are listed at Bombay Stock Exchange Limited , Mumbai
Email	:	<a href="mailto:sagarresort@yahoo.co.in">sagarresort@yahoo.co.in</a>
Website	:	<a href="http://www.sagarresort.com">www.sagarresort.com</a>

**NOTICE TO MEMBER**

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of **SAGAR TOURIST RESORTS LIMITED** will be held on Saturday, the 25<sup>th</sup> September, 2010 at the Registered Office at Sagar Niwas, Manali-175131, District Kullu, Himachal Pradesh at 10.00 a.m. to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balancesheet as at 31<sup>st</sup> March, 2010, the Profit & Loss Account of the Company for the year ended on that date together with the Directors' Report and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Dewan Gobind Sahai, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prem Sagar, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Mr. Rajiv Singhi, proprietor of M/s. Rajiv Singhi & Co, Chartered Accountants, Chandigarh, (Membership No. 81892) as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration upon the recommendation of the Audit Committee.

**SPECIAL BUSINESS**

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and consequent upon the redemption of the preference shares, the existing Authorised Capital of the Company of Rs. 7,50,00,000 (Rupees Seven Crore Fifty Lacs Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) and 2,50,000 (Two Lacs fifty thousands) 12.5% Optionally Convertible Cummulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred only) each be altered and reclassified to Rs. 7,50,00,000 (Rupees Seven Crore Fifty Lacs Only) divided into 75,00,000 (Seventy five lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each and Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company be altered accordingly.”

By order of the Board of Directors  
For SAGAR TOURIST RESORTS LTD.

Place: Mumbai  
Date: 13<sup>h</sup> August, 2010

**(D.M. MANKODI )**  
Company Secretary

**Registered Office**

Sagar Niwas, Manali - 175 131  
District Kullu, Himachal Pradesh

**NOTES**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
A Proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) An Explanatory Statement relating to the item of Special Business is annexed hereto, as required under Section 173 (2) of the Companies Act, 1956.
- 3) Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.
- 4) The Register of Member and the Share Transfer Books of the Company will be closed from Friday, 17<sup>th</sup> September, 2010 to Friday, 24<sup>th</sup> September, 2010 (both days inclusive).
- 5) Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the Company at least seven days in advance of the meeting so that the information required can be made readily available at the Meeting.
- 6) The Company's Equity Shares are in the Physical Form and listed at the Bombay Stock Exchange Limited.
- 7) Members are requested to notify immediately any change in their addresses to the Company.
- 8) Information required pursuant to the Clause 49(VI) of the Listing Agreement is annexed herewith and forming part of the Notice.

**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956****Item No. 5**

The Company had issued 2,00,000 ,12.5% Optionally Convertible Cummulative Redeemable Preference shares of Rs.100/- each at the Board Meeting held on 26<sup>th</sup> February,1998 pursuant to authority granted to the Board of Directors by the members at the annual general meeting held on 12<sup>th</sup> September,1997 . At present the following persons (being promoters of the Company) are holding the preference shares:-

<b>Sr. No</b>	<b>Name of Shareholder</b>	<b>No. of Shares of Rs.100/- each</b>
1	Mr. Anand Sagar	32500
2	Mr. Prem Sagar	32500
3.	Mr. Moti Sagar	32500
4	Mr. Shanti Sagar	32500
5	Mrs. Sarita Choudhary	32500
6	Mr.Jyoti Sagar	32500
7.	M/s.Sagar Lila Finvest (India) Private Limited	5000
<b>TOTAL</b>		<b>2,00,000</b>

One of the terms and conditions of issue of preference shares is that the preference shares shall be converted into equity shares at the option of the holder and at par or at such other higher prices as may be worked out under SEBI Guideline whichever is higher.

The Company has received written requests from all preference shareholders for the conversion of preference shares into Equity shares. The Board of Directors at their meeting held on 13<sup>th</sup> August, 2010 approved conversion of 2,00,000 preference shares into 20,00,000 equity shares of Rs. 10/- each being the higher price. For this purpose the Company is required to re-classify its equity and preference shares.

The existing Authorised capital of the Company is Rs.7, 50,00,000/- divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- each and 2,50,000(Two Lacs Fifty Thousands) 12.5% Optionally Convertible Cummulative Redeemable Preference Shares of Rs. 100/- each .

In order to facilitate issue of equity shares to preference shareholders ,it is proposed to reclassify its authorized share capital of Rs. 7,50,00,000/- (Rupees Seven crores Fifty Lacs only) divided into 75,00,000 (seventy five lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each Accordingly Clause V of the Memorandum of Association and Article 3 of the Articles of Association be altered suitably.

The Directors recommend this resolution for approval of shareholders.

None of Directors except Mr. Anand Sagar , Mr. Prem Sagar , Mr. Moti Sagar and Mr. Jyoti Sagar , Directors of the Company is concerned or interested in this resolution.

By order of the Board of Directors  
For SAGAR TOURIST RESORTS LTD.

Place: Mumbai  
Date: 13<sup>th</sup> August, 2010

**(D.M. MANKODI )**  
Company Secretary

**ANNEXURE TO NOTICE FURNISHING THE INFORMATION AS REQUIRED UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT.**

- Equity Shares of the Company have been listed on Bombay Stock Exchange Limited. The listing fee has been paid for the year 2010-2011.
- Details of the Directors seeking re-appointment at the 23<sup>rd</sup> Annual General Meeting to be held on Saturday, 25<sup>th</sup> September, 2010.

<b>Name of Director</b>	Mr. Dewan Gobind Sahai	Mr. Prem Sagar
Date of Birth	14/10/1924	29/03/1944
Date of Appointment	15/02/1991	28/10/2003
Experience in specific functional areas	Ex-Managing of the Himachal Pradesh Financial Corporation of India Limited. (HPFCL)  Financial & Industrial advisor	Producer, Director, Cinematographer and Marketing Director, Jury Member for Videocon-Screen Awards (Television), Board of Patrons for Lux-Zee Cine Awards and Panel Judging the Best Effect (Visuals) for Zee Cine Awards.
Qualification	Graduate	A.R.P.S. (London). A.F.I.A.(Paris) W.I.C.A., Dip. M.P.P., F.T.I.I.
List of directorships in other companies.	Sagar Entertainment P. Limited Purewal & Associates Limited Warrick Hotel P. Limited	Sagar Arts P. Limited Sagar Art (International) Films P. Limited Gayatri Films & Music P. Limited Gouri Films P. Limited Sagarlila Finvest (India) P. Ltd. Sagar Global Ventures P. Ltd. Sagar Systems P. Limited Sagar Entertainment P.Limited. Sagar Films and TV Academy P.Limited Sagar Agro & Herbal P. Ltd.
Chairman/Member of the Committees of the Board of directors of the public Company	Chairman of the Company and Audit committee.	Nil
Chairman/Member of the Committees of Director of other Companies in which he is a Director	Nil	Nil

By order of the Board of Directors  
For SAGAR TOURIST RESORTS LTD

**(D.M. MANKODI )**  
Company Secretary

Place: Mumbai  
Date: 13<sup>th</sup> August, 2010

**Registered Office**  
Sagar Niwas, Manali - 175 131  
District Kullu, Himachal Pradesh

**DIRECTORS' REPORT**

To  
The Shareholders,

Your Directors present herewith their 23<sup>rd</sup> Report and Statement of Accounts for the year ended 31<sup>st</sup> March 2010.

**FINANCIAL RESULTS**

	<b>Current Year Rs. in Lakhs</b>	<b>Previous Year Rs. in Lakhs</b>
Income	132.80	126.93
Operating Expenses	127.54	112.53
Gross Operating Profit / (Loss)	5.26	14.40
Less: Depreciation and non-cash charges	10.31	15.69
Loss Carried forward to Balance Sheet	(5.05)	(1.29)

**OPERATIONS**

During the year the Company has registered marginal growth of 5% in the total income. The margin remains under pressure due to overall increase in the cost of inputs and various services. The hospitality sector as a whole was adversely affected due to global meltdown, which in turn impacted the occupancy levels and Average Room Revenues during the financial year 2009-10.

Your Company is taking various steps to reposition itself to face the competition and also taking up with concerned authorities to view tourism favourably.

**PROSPECTS**

The first quarter of the financial year 2010-11 was better for the Company as there was a slight increase in the total receipt. Your Directors have rationalised the tariff rates to maximise the returns. Your Company expects to achieve better results than that of the previous year.

**MATERIAL CHANGES AND COMMITMENTS**

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company 31<sup>st</sup> March, 2010 and the date of this Report.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Dewan Gobind Sahai and Mr. Prem Sagar retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS**

M/s. Rajeev Singhi & Co (Membership No. 81892), the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**DEPOSIT**

The Company has not accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

**CORPORATE GOVERNANCE**

The Company has complied with the requirements under the Corporate Governance reporting system. A detailed Compliance Report on Corporate Governance is annexed to this report. The Auditors' certificate on compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement is also annexed to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 Loss of the Company for that period;
- iii) they have 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; and
- iv) they have prepared the annual accounts on a going concern basis.

**RELATED PARTY TRANSACTIONS**

In accordance with the Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India, transactions with related parties have been disclosed separately and form a part of this report.

**EMPLOYEES**

There was no employee drawing remuneration of Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the year under review.

**DEFINITION OF GROUP**

The following is the list of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the Securities Exchange Board of India (Substantial Acquisition of shares and Takeovers Regulations) 1997 as provided in Clause 3(1)(e)(i) of the said Regulations:

1. Sagar Entertainment Private Limited
2. Sagar Arts Private Limited
3. Sagar Lila Finvest (India ) Private Limited
4. Sagar Art (International) Films Private Limited
5. Sagar Agro and Herbal Private Limited
6. Sagar System Private Limited
7. Sagar Global Venture Private Limited
8. Gouri Films Private Limited
9. Gayatri Films and Music Private Limited
10. Sagar Information Technology (India ) Private Limited
11. Sagar Films and TV Academy Private Limited

**SPECIAL BUSINESS**

As regards the items of the Notice of the Annual General Meeting relating to Special Business, the resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approvals of members to those proposals. Your attention is drawn to this item and Explanatory Statement annexed to the Notice.



**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS**

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 the following information is provided.

**a) Conservation of Energy**

In pursuit of continuous improvement towards energy conservation and compliance with environmental regulations, many initiatives have been taken and implements in the year under review. The Company is aware about energy consumption and environmental issues related with it and is therefore, continuously making sincere efforts towards conservation of energy.

**b) Technology absorption**

Not applicable in view of the nature of activities of your Company i.e. hospitality. No technology has been imported during the last five years.

**c) Foreign Exchange Earnings and outgo**

The information on Foreign Exchange earning and outgo is as under:

There is no Foreign Exchange Earning and out go during the year under review.

**ACKNOWLEDGEMENT**

We would like to acknowledge with gratitude, the support and co-operation extended by Shareholders, Himachal Pradesh Government, Vendors, Media and Banks and look forward to their continued support. We also recognize and appreciate the sincere hard work, loyalty and efforts of the employees and look forward to their continued support.

By order of the Board of Directors

Place: Mumbai  
Date: 13<sup>th</sup> August, 2010

**(DEWAN GOBIND SAHAI)**  
Chairman

**Registered Office**

Sagar Niwas, Manali - 175 131  
District Kullu, Himachal Pradesh

**MANAGEMENT DISCUSSION AND ANALYSIS**

This report discusses and analyses the business performance for the year ended 31<sup>st</sup> March, 2010.

**1) Industry Structure and Development**

The Company is in the business of hospitality. The fortunes of your Company are directly linked with the number of guests, conference, business meetings seminars etc.

**2) Opportunities and Threats**

Our hotel is offering three star hotel facilities. Restructuring of tariff, attractive seasonal plans and scenic location of the hotel have given the edge over the hotels in Kullu-Manali area. Existing marketing set up (having six GSA offices and 8 PSA offices) is being utilized to market hotels at other tourist destinations.

We perceive threats more from the local hotels as sometimes their tariffs are uneconomical and unviable. Our facilities, ideal location and good services will have an edge over such unhealthy competition.

**3) Segment – wise or product – wise performance**

The Company has its resort located at Manali Dist. Kullu in the state of Himachal Pradesh.

The all-round initiatives to reduce the cost, wastage and streamlining the guest services resulted into enhanced turnover and reduction of loss.

**4) Outlook**

The road ahead is challenging. Moreover, volume continues to be a critical determinant for real good turnaround and growth. The initiatives of the Company to provide attractive rates, good food and service are expected to provide the necessary drive to meet the challenges and to spot the growth opportunities.

**5) Risks and Concerns**

The hospitality business continues to be highly competitive particularly in Kullu-Manali area as the availability of the rooms is much more than its demand even in a peak season. Inadequate infrastructure contributes greatly for poor arrivals of the guests/tourists in this area. There is no rail or air link to reach Manali.

**6) Internal Control Systems and their adequacy**

The Company has adequate internal control systems in place. The Management Team takes the corrective actions immediately to address any inconsistent development.

**7) Discussion on financial performance with respect to operational performance**

Turnover has increased from Rs.126.93 Lacs in 2008-09 to Rs.132.80 Lacs in 2009-10. The cost cutting measures has resulted in decreased cash expenses. The Company continues to earn operative profit for a successive period of three years.

**8) Human Resources/Industrial Relations**

The Company enjoys cordial relations with its work force across all categories.

**9) Cautionary Statement**

Statement, made herein describing the Company's expectations or predictions, are "forward-looking statement". The actual results may differ from those expected or predicted. Prime factors that may make a difference to the Company's performance include market conditions, input costs, Govt. regulations, economic development within/ outside country.

**REPORT ON CORPORATE GOVERNANCE****1) CORPORATE GOVERNANCE PHILOSOPHY**

The Company is complying with all the mandatory provisions on Corporate Governance as per the regulatory requirements. The Company promotes professionalism. The affairs of the Company are managed by adopting practices that are honest, transparent and in the long-term interest of the stakeholders.

**2) BOARD OF DIRECTORS****(a) Composition and Size of the Board**

The Board at present consists of Six (6) directors, which include one (1) Non-Executive Chairman, One (1) Managing Director and Four (4) Non Executive Directors. The Company did not have any pecuniary relationship or transaction with non-executive Independent Directors.

**(b) Board Meetings**

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Notice of the meeting is sent well in advance and detailed agenda alongwith other board papers are also sent to all the directors before the board meeting. The Board meetings are generally held at the Corporate Office of the Company at Mumbai.

During the year **Four** Board meetings were held on 30.05.2009, 30.07.2009, 30.10.2009 and 25.01.2010.

**(c) The Composition of the Board of Directors and related information as on 31st March, 2010 is as follows:-**

Name of the Director & Designation	Executive / Non-Executive / Independent	No. of Board Meetings attended (held 4 meetings)	Whether last AGM attended*	Membership of Directorship(s) in other public limited companies	Number of Chairmanship(s)/ Membership(s) Committees of board of other public limited companies
Shri Dewan Gobind Sahai Chairman	Non-Executive (Independent)	4	Yes	1	Nil
Shri Anand Sagar Managing Director	Executive (promoter)	4	No	Nil	Nil
Shri D. J. Kogekar Director	Non-executive (Independent)	4	No	Nil	Nil
Shri Prem Sagar Director	Non-executive (promoter)	4	No	Nil	Nil
Shri Moti Sagar Director	Non-executive (promoter)	1	No	Nil	Nil
Shri Jyoti Sagar Director	Non-executive (promoter)	4	No	Nil	Nil
Shri Subhash Sagar** Chairman	Non-executive (promoter)	N.A.	N.A.	N.A.	N.A.

\* Annual General Meeting ("AGM") held on 30th September, 2009.

\*\* Expired on 10th June, 2009.

**(d)** None of the Directors on the Board holds the office of director in more than 15 companies or memberships of committees of the Board in more than 10 committees or chairmanship of more than 5 committees across all companies.

**(e) Code of Conduct**

The Company has adopted a Code of Conduct for the members of the Board and the Senior Executives in compliance with the provision of Clause 49 of the Listing Agreement. All the members of the Board and the Management Committee have affirmed compliance to the Code of Conduct as on 31-03-2010, and a declaration to that effect signed by the Managing Director is attached and forms a part of this Report

**3) Audit Committee:**

An Audit Committee of the Board of Directors was constituted on 17<sup>th</sup> January, 2001 and was reconstituted on 22<sup>nd</sup> January 2004 , 30<sup>th</sup> January, 2006 , 30<sup>th</sup> July,2006 and 30<sup>th</sup> July,2009 . The Committee comprises of three Non Executive Directors, as per the details given below:

Name of Director	Category	Designation
Shri Dewan Gobind Sahai	Non-Executive and Independent	Chairman
Shri D. J. Kogekar	Non-Executive and Independent	Director
Shri Jyoti Sagar	Non-Executive and promoter	Director

During the year Four Audit Committee meetings were held on 30.05.2009, 30.07.2009, 30.10.2009 and 25.01.2010. All the Committee members attended all these meetings.

The terms of reference of the Audit Committee are in line with Clause 49 II (C) and (D) of the Stock Exchange Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to financial information.

Mr. Anand Sagar, Managing Director is permanent invitee to the meetings of the Audit Committee.

The Statutory Auditors are permanent invitees to the meetings of the Committee. Company Secretary acts as the Secretary of the Committee.

The Chairman of the Audit Committee remains present at the Annual General Meeting. The previous Annual General Meeting of the Company was held on 30th September, 2009 and was attended by Mr. Dewan Gobind Sahai, Chairman of the Audit Committee.

**4) Remuneration Committee**

The Company has not constituted remuneration committee. The decisions regarding remuneration of executive and non-executive directors is taken by the entire Board subject to statutory and regulatory compliances as may be necessary. The Company does not pay any remuneration to non-executive directors except sitting fees for attending Board / Committee meetings.

Mr. Anand Sagar is the present Managing Director of the Company .The Agreement with the Managing Director is for a period of five years commencing from 01.05.2009.

The total remuneration paid to the Managing Director for the year 2009-10 was Rs.5,50,000/- as approved by the Central Government vide its letter dated 4<sup>th</sup> February 2010.

Total amount of sitting fees paid to the Non-executive Directors during the year was Rs.25,000/-only.

The Company has not issued any stock options to any of its Directors or employees.

**5) Share Transfer and Shareholders / Investors Grievance Committee**

i) The Company has a Share Transfer and Shareholders/Investors Grievance Committee of the Board that was constituted on 28<sup>th</sup> January,2003 . The Committee comprises of Two Directors viz. Mr. Anand Sagar and Mr. D. J. Kogekar. Either of the Director has the power to approve the share transfers.

ii) The Board has designated Mr. D.M. Mankodi, Company Secretary, as Compliance Officer.

- iii) No. of Shareholder's complaints received during the year 2009-10- 5
- iv) No.of. complaints not solved to the satisfaction of the shareholders :- Nil
- v) No. of pending share transfers: - Nil.

**6) Disclosures**

- (i) During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other Related Party Transactions with the Promoters, Directors and Management that had a potential conflict with the interest of the Company at large.

All the transactions with Related Parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every Meeting for its approval. Transactions with Related Parties, as per requirements of Accounting Standard 18 are disclosed in Schedule 13 to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

- (ii) There have been no instances of Non-Compliance on any matter with the Rules and Regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other Statutory Authority relating to the Capital Markets during the last three years.
- (iii) The Company has not adopted any Whistle Blower Policy. However, no personnel has been denied access to the Senior Management.
- (iv) The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement. The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:
  - a. **Maintenance of the Chairman's Office:** The Company has Non-Executive Chairman and Secretarial and other assistance is provided to him, whenever needed, in performance of his duties.
  - b. **Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
  - c. **Remuneration Committee:** The Company has not set up remuneration committee.
  - d. **Shareholders' rights:** Un-Audited Quarterly Financial Results are published in "Free Press Journal" and "Navshakti".
  - e. **Audit Qualification:** The Auditors remarks if any are explained in the Directors Report and necessary actions are also taken by the Company when required. The Company shall endeavor to have unqualified Financial Statements.
  - f. **Training of Board of Directors:** The Directors of the Company are persons from Business and Profession with experience in Corporate Sector. They are being kept posted with various Statutory and Regulatory changes which are applicable to the Company.
  - g. **Mechanism for evaluating Non-Executive Board Members:** Non Executive Members of the Board are highly qualified and there is no need for evaluation.
  - h. **Whistle Blower Policy:** The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behaviour, fraud or violation of statutory requirements, with assurance from the Management to protect the employees from victimization in case they report any such unethical or fraudulent behaviour.
  - i. **Board disclosures-Risk Management:** The Board is kept informed about the Risk Management being followed by the Company from time to time. All the risks such as fire, marine, burglary, earthquake etc. have been adequately insured.

- j. **CMD/CFO Certification:** Managing Director has issued necessary certificate pursuant to the provisions of clause 49 of the Listing Agreement and the same is annexed and forms part of the Annual Report.
- k. **Declaration regarding Code of Conduct:** Declaration by the Managing Director confirming compliance with the Code of Conduct as adopted by the Company is annexed and forms part of the Annual Report.

**7. Shareholding of the Non-Executive Directors**

The Company's Articles of Association do not require its Directors to hold any Qualification Shares. The details the shareholding of its Non Executive Directors given below:

<b>Name of the Non Executive Directors</b>	<b>Number of Equity Share (Pre-Issue)</b>
Mr. Prem Sagar	134736
Mr. Moti Sagar	131236
Mr. Jyoti Sagar	192571
Mr. Dewan Gobind Sahai	1100
Mr.D.J.Kogekar	2000

**Compliance**

There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

**Pecuniary Relation**

There were no transactions of material nature with the Directors or the management or their relatives.

**8) Means of Communication**

Quarterly report sent to each shareholder	No.
Newspapers in which results are normally published	Normally, it is published in the "Fress Press" in English and "Navshakti" in Marathi.
Website where displayed.	No
Whether it also displays official news releases	No
Presentation to institutional investors or analysts	No
Whether Management Discussion and Analysis is a part of the Annual Report	Yes

**9) General Body Meeting**

Location, date and time of Annual General Meetings held during the last 3 years

<b>Year ending on 31<sup>st</sup> March</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolution</b>
2007	Sagar Niwas, Manali 175131. Dist. Kullu.	07-09-2007	11.00 a.m.	–
2008	Sagar Niwas, Manali 175131. Dist. Kullu.	30-09-2008	11.00 a.m.	–
2009	Sagar Niwas, Manali 175131. Dist. Kullu.	30-09-2009	11.00 a.m.	Appointment of Managing Director

**For Special Resolution last year**

Whether Special resolutions were put through postal ballot last year	No
Details of Voting pattern	Not Applicable
Person conducted the postal ballot exercise	Not Applicable

**For Special Resolution current year**

Special resolutions are proposed to be conducted through postal ballot	No
Procedure for postal ballot	Not Applicable

**10) General shareholder Information**

AGM: date, time and venue	25 <sup>th</sup> September, 2010 at 10.00 a.m. at registered office at Sagar Niwas, Manali 175131. Dist. Kullu.
Directors seeking appointment	As required under Clause 49(VI)(A), particulars of directors seeking appointment/ re-appointment are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting to be held on 25 <sup>th</sup> September, 2010
Book Closure Date	Friday, the 17 <sup>th</sup> September, 2010 to Friday, the 24 <sup>th</sup> September, 2010 (both days inclusive)
Dividend payment Date:	Not applicable as the Company has not declared any dividend.
Financial Calendar Period	Board meeting to approve quarterly financial results
Quarter ending March 31,	before 15 <sup>th</sup> May or audited by 30 <sup>th</sup> June.
Quarter ending June 30,	on or before 15 <sup>th</sup> August, 2010
Quarter ending September 30,	on or before 15 <sup>th</sup> November, 2010
Quarter ending December 31	End of January of the next year
Registered Office	Sagar Niwas, Manali 175131 District Kullu, Himachal Pradesh
Corporate Office	Gr.Floor, Anand Vihar, Bajaj Road, Vile Parle (West), Mumbai-400056

**11) Stock Code**

Equity Shares — Physical form — Bombay Stock Exchange Limited — **526085**

The Company has not opted for Demat in view of absence of trading of Equity Shares of the Company.

**Stock performance**

Market Price Data — There is no data available as regards to trading of equity shares of the Company.

- 1) Registrar and Transfer Agent (For Share transfer and Other Communications relating to Share Certificate and change of address etc.) : In-house Share Transfer. Shareholder are requested to send their correspondence to Sagar Tourist Resorts Limited, Gr. Floor, Anand Vihar, Bajaj Road, Vile Parle (West), Mumbai - 400056
- 2) Share Transfer System : Share transfers are registered normally within 15 days from the date of receipt, if the documents are clear in all respects.

3) Investor Services: Complaints received during the year

Nature of complaints	2009-10		2008-09	
	Received	Cleared	Received	cleared
Relating to Transfer, Transmission and Change of address	1	1	17	17
Others	4	4	11	11
Total	5	5	28	28

12) **Distribution of Shareholding as on 31st March 2010:**

Share holding of Nominal value of Rs. 10 each	Share holders		Share Amount	
	No.	% to Total	In Rs.	% to Total
Upto – 5000	2553	97.41%	6388000	17.65%
5001 – 10000	18	0.69%	1538000	4.25%
10001 – 20000	12	0.46%	1919400	5.30%
20001 – 30000	15	0.57%	3677690	10.16%
30001 – 40000	4	0.15%	1496260	4.13%
40001 – 50000	3	0.11%	1340420	3.70%
50001 – 100000	5	0.19%	4061420	11.22%
100001 - 999999999	11	0.42%	15778810	43.59%
<b>Total</b>	<b>2621</b>	<b>100.00%</b>	<b>36200000</b>	<b>100.00%</b>

13) **Categories of Shareholding as on 31<sup>st</sup> March, 2010:**

Category	2010		2009	
	No of Shares held	% of share- holding	No of shares held	% of share-holding
Promoters	1105481	30.54	1018500	28.13
Persons acting in Concert	Nil	Nil	184090	5.08
Institutional Investors	218500	6.04	218700	6.04
Mutual Funds& UTI	Nil	Nil	Nil	Nil
Banks and FI's	873339	24.13	959820	26.52
FII's	Nil	Nil	Nil	Nil
GDRs	Nil	Nil	Nil	Nil
Corporates	264432	7.30	86442	2.39
NRI's/Ocbs	323248	8.93	373248	10.31
Indian Public	835000	23.07	779200	21.53
<b>Total</b>	<b>3620000</b>	<b>100.00</b>	<b>3620000</b>	<b>100.00</b>



14) **Details of use of Public funds obtained in the last three years:** Not Applicable

15) **Investor Correspondence:** The Company Secretary  
Sagar Tourist Resorts Limited  
Anand Vihar, Gr. Floor, Bajaj Road,  
Vile Parle (West), Mumbai-400 056.

16) **Auditors' Certificate on Corporate Governance:**

Certificate regarding compliance of condition of Corporate Governance, as stipulated in the Listing agreement with the stock exchange, received from M/s. Rajiv Singhi & Co. is annexed to this report .The said certificate will also be sent to the stock exchange along with the annual return to be filed by the Company.

17) **Other Useful Information for Shareholders:**

- a) For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever, applicable, registration number of Power of Attorney should also be quoted in the transfer Deed at the appropriate place.
- b) Shareholders of the Company who have multiple accounts in identical name(s) or holding more than one share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and sent the relevant Share certificates to the Company.
- c) Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed nomination form which can be obtained from the Share Department of the Company or Send your request for the said Form on email on **sagarresort@yahoo.co.in**.
- d) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.
- e) Shareholders are requested to quote their E-mail Ids, Telephone /Fax Numbers for prompt reply to their communication.

**Stock Option Scheme:** None

**Registered Office and Location of Hotel**

Sagar Niwas, Manali 175131  
District Kullu, Himachal Pradesh.

**Address for correspondence**

Anand Vihar, Gr. Floor,  
Bajaj Road, Vile Parle (West),  
Mumbai - 400 056.

**Declaration by the Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49(D)(ii) of the Listing Agreement**

It is hereby declared that all the Board Members of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement.

For SAGAR TOURIST RESORTS LTD

Place: Mumbai  
Date: 13<sup>th</sup> August, 2010

**(Anand Sagar)**  
Managing Director

**AUDITOR'S REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of Sagar Tourist Resorts Limited

We have examined the compliance of the conditions of Corporate Governance by Sagar Tourist Resorts Limited, for the year ended 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the 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 an 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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 the affairs of the Company.

**For RAJEEV SINGHI & CO.,  
CHARTERED ACCOUNTANTS**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2010

**RAJEEV SINGHI**  
(Proprietor)  
Membership No. 81892

**AUDITORS' REPORT**

To,  
The Members,  
M/s. Sagar Tourist Resorts Limited.

- 1) We have audited the attached Balance Sheet of **M/s Sagar Tourist Resorts Limited** as at **31st March 2010** and also the Profit and Loss Account and the cash flow statement for the year ended on that date 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 the generally accepted auditing standards. 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 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 (Auditor's Report) Order 2003, (read with Companies (Auditor's Report) (Amendment) Order 2004) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) 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.
  - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - (c) The balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes thereon given 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010.
    - (ii) in so far as it relates to the Profit and Loss Account, of the loss for the year ended on that date, and
    - (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For RAJEEV SINGHI & CO.,  
CHARTERED ACCOUNTANTS**

**RAJEEV SINGHI**  
(Proprietor)

Place: Chandigarh

Dated: 29<sup>th</sup> May 2010

Membership No. 81892

**ANNEXURE TO THE AUDITORS' REPORT**

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

- 1)
  - i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
  - ii) Fixed assets are physically verified by the management at regular intervals as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - iii) There was no substantial disposal of fixed assets during the year.
- 2)
  - i) The Management has conducted physical verification of inventory at reasonable intervals.
  - ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3)
  - i) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause (iii)(b) to (iii)(d) of Paragraph 4 of the Order are not applicable to the company for the current year.
  - ii) The Company has not taken unsecured loans during the year under consideration and unsecured loans amounting to Rs.4,77,71,506.98 were taken in years prior to financial year ending on March 31, 2010 which are outstanding as on the date of Balance Sheet from companies, firm and other parties covered in the register maintained under Section 301 of the Act. The details are as under:-

I) M/s Sagar Entertainment Limited	Rs.2,49,05,000.00
II) Late Sh. Ramanand Sagar (Ex-Chairman)	Rs. 12,90,326.98
III) M/s Sagarlila Finvest (India) P. Ltd	Rs. 76,180.00
IV) M/s Gayatri Films and Music (P) Ltd.	Rs.2,15,00,000.00
  - iii) In our opinion, the terms and conditions of loans taken are not prima facie prejudicial to the interest of the Company.
  - iv) We are informed by the management that no interest was payable on the loans and no principal amount was due for repayment during the year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and 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 systems in respect of these areas.
5. Based upon the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been entered in the register.
6. In our opinion and as per explanations given to us the Company has not accepted any deposit as mentioned in the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under. We are informed by the management that no order has been passed by the Company Law Board,

National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under Section 58A and 58AA of the Companies Act, 1956.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. In our opinion and the best of our knowledge and belief the Company is not required to maintain cost records under clause(d) of sub section (1) of Section 209 of the Companies Act, 1956.
9.
  - i) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Wealth Tax Services Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to the company.
  - ii) According to information and explanations given to us, there are no dues outstanding to Sales Tax, Income Tax, Custom Duty, Wealth Tax, excise Duty or Cess on account of any dispute.
10. The Company has accumulated losses of more than 50% of net worth. It has not incurred cash losses in the financial year ending 31<sup>st</sup> March 2010 and in the financial year ending 31<sup>st</sup> March 2009.
11. The Company has not defaulted in repayment of dues to financial institution or banks.
12. 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 on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit funds/societies.
14. In our opinion and as per explanations given by the management the company has not dealt in shares, securities or debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by associates from bank or financial institution.
16. The loans were applied for the purpose for which the loans were obtained.
17. In our opinion and to the best of our knowledge and belief no funds raised on short term basis have been used for long term investment.
18. 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.
19. The company did not have any out standing debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given we report that no fraud on or by the Company has been noticed or reported during the course of audit.

**For RAJEEV SINGHI & CO.,  
CHARTERED ACCOUNTANTS**

**RAJEEV SINGHI**  
(Proprietor)

Place: Mumbai.

Dated: 29<sup>th</sup> May 2010

Membership No. 81892

**BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUND:			
Share Capital	1	<b>53,611,300.00</b>	53,611,300.00
LOAN FUND:			
Unsecured Loan	2	<b>47,771,506.98</b>	47,771,506.98
<b>TOTAL :</b>		<b><u>101,382,806.98</u></b>	<b><u>101,382,806.98</u></b>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS (AT COST)	3	74,403,709.25	74,002,861.82
Less Depreciation		30,032,966.77	29,062,739.68
NET BLOCK		<b><u>44,370,742.48</u></b>	<b><u>44,940,122.14</u></b>
INVESTMENTS		—	—
<b>NET CURRENT ASSETS</b>			
Current Assets, Loans and Advances	4	<b>5,375,009.33</b>	5,094,419.23
Less:Current Liabilities and Provisions	5	<b><u>4,580,766.79</u></b>	<b><u>4,364,445.61</u></b>
		<b>794,242.54</b>	729,973.62
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
i) Profit and Loss Account		<b><u>56,217,821.96</u></b>	<b><u>56,217,821.96</u></b>
<b>TOTAL :</b>		<b><u>101,382,806.98</u></b>	<b><u>101,382,806.98</u></b>
NOTES ON ACCOUNTS	13		

For and on Behalf of the Board of Directors.

 Auditor's Report  
 As per our separate report of even date.  
 For RAJEEV SINGHI & CO.,  
 (Chartered Accountants)

 ANAND SAGAR  
 (Managing Director)  
 DEWAN GOBIND SAHAI  
 (Director)  
 DATTATRAY J KOGEKAR  
 (Director)

 PREM SAGAR  
 (Director)  
 MOTI SAGAR  
 (Director)  
 JYOTI SAGAR  
 (Director)

 (Rajeev Singhi)  
 Proprietor  
 Membership No 81892  
 Place : Mumbai  
 Date : 29.05.2010

 D.M.MANKODI  
 (Company Secretary)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>INCOME</b>			
Food and Beverages		5,848,543.12	5,649,149.53
Guest Accommodation		6,976,530.00	6,520,545.00
Telephone, Laundry and other Misc. Income	6	454,966.56	524,206.14
<b>TOTAL :</b>		<b>13,280,039.68</b>	<b>12,693,900.67</b>
<b>EXPENDITURE</b>			
Food and Beverage consumed	7	2,467,367.31	1,967,234.20
Operational Expenses	8	6,152,782.39	5,343,428.76
Rent, Rates & Taxes		368,957.50	535,650.00
Insurance		127,011.00	135,847.00
Advertisement & Marketing Overheads	9	269,347.00	553,666.00
Rebate and Discount		38,297.91	37,050.66
Repairs and Maintenance	10	1,792,839.00	710,190.80
Administrative Overheads	11	1,517,547.13	1,524,137.67
Financial Charges	12	3,171.00	413,508.00
Depreciation	3	1,030,685.18	1,569,803.15
Fringe Benefit Tax		17,145.00	33,038.00
<b>TOTAL :</b>		<b>13,785,150.42</b>	<b>12,823,554.24</b>
CURRENT YEAR'S LOSS		<b>-505,110.74</b>	<b>-129,653.57</b>
PREVIOUS YEAR'S BALANCE		<b>-55,712,711.22</b>	<b>-55,583,057.65</b>
LOSS CARRIED OVER TO BALANCE SHEET		<b>-56,217,812.96</b>	<b>-55,712,711.22</b>
NOTES ON ACCOUNTS	13		

For and on Behalf of the Board of Directors.

Auditor's Report  
As per our separate report of even date.  
For RAJEEV SINGHI & CO.,  
(Chartered Accountants)

ANAND SAGAR  
(Managing Director)  
DEWAN GOBIND SAHAI  
(Director)

PREM SAGAR  
(Director)  
MOTI SAGAR  
(Director)

(Rajeev Singhi)  
Proprietor  
Membership No 81892  
Place : Mumbai  
Date : 29.05.2010

DATTATRAY J KOGEKAR  
(Director)  
D.M.MANKODI  
(Company Secretary)

JYOTI SAGAR  
(Director)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 1</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED :</b>			
i) 50,00,000 Equity Shares of Rs.10/- each  (Pr.Year 50,00,000 Equity Shares of RS.10/each.)		<b>50,000,000.00</b>	50,000,000.00
ii) 2,50,000 Optionally Convertible Cummulative Redeemable Prefrence Shares of Rs.100/each		<b>25,000,000.00</b>	25,000,000.00
		<u><b>75,000,000.00</b></u>	<u>75,000,000.00</u>
<b>ISSUED,SUBSCRIBED AND PAIDUP</b>			
36,20,000 Equity Shares of Rs.10/- each fully paid	<b>36,200,000.00</b>		36,200,000.00
Less:Calls Unpaid	<u><b>2,588,700.00</b></u>	<b>33,611,300.00</b>	<u>2,588,700.00</u> 33,611,300.00
2,00,000. 12.5 % Optionally Convertible Cummulative Redeemable Prefrence Shares of Rs.100/- each fully paid.		<b>20,000,000.00</b>	- 20,000,000.00
<b>T O T A L:-</b>		<u><b>53,611,300.00</b></u>	<u>53,611,300.00</u>
<b>SCHEDULE 2</b>			
<b>UNSECURED LOANS</b>			
Late Shri Ramanand Sagar From Body Corporates under the same management		<b>1,290,326.98</b>	1,290,326.98
Sagar Entertainment Ltd.		<b>24,905,000.00</b>	24,905,000.00
Sagar Lila Finvest (India) P Ltd.		<b>76,180.00</b>	76,180.00
Gayatri Films (P) Ltd		<b>21,500,000.00</b>	21,500,000.00
<b>T O T A L:-</b>		<u><b>47,771,506.98</b></u>	<u>47,771,506.98</u>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

SCHEDULE OF FIXED ASSETS AS AT MARCH 31, 2010  
**SCHEDULE 3**

PARTICULARS		COST AS AT APRIL 1, 2009	ADDITIONS/WRITE BACKS DURING THE YEAR	SUBSIDY/TFD. DURING THE YEAR	TOTAL COST AS ON 31 <sup>st</sup> MARCH 2010	DEPRECIATION UP TO PREVIOUS YEAR	CURRENT YEARS DEPRECIATION	TOTAL DEPRECIATION	Written DOWN VALUE AS ON 31.3.2010
LAND AT COST	-	2,848,000.00	-	-	2,848,000.00	-	0.00	0.00	2,848,000.00
BUILDING	1.63	50,676,702.15	-	-	50,676,702.15	10,985,564.62	826,030.25	11,811,594.87	38,865,107.28
PLANT AND MACHINERY									
A) General	7.42	3,655,548.10	463,955.00	-	4,119,503.10	3,507,626.49	6,167.70	3,513,794.19	605,708.91
B) Heating System	7.42	3,974,012.29	-	66,000.00	3,908,012.29	3,257,012.29	38,478.90	3,295,491.19	612,521.10
C) Transformer	7.42	317,832.26	-	-	317,832.26	311,832.26	0.00	311,832.26	6,000.00
D) Televisions	7.42	959,422.06	64,000.00	61,107.57	962,314.49	820,876.49	4,514.61	825,391.10	136,923.39
KITCHEN EQUIPMENTS	7.42	779,249.89	-	-	779,249.89	696,211.72	7,752.28	703,964.00	75,285.89
FURNITURE AND FIXTURE	9.50	6,762,506.07	-	-	6,762,506.07	6,174,805.49	0.00	6,174,805.49	587,700.58
INTERIOR DECORATION	9.50	234,763.77	-	-	234,763.77	233,065.80	0.00	233,065.80	1,697.97
LINEN,CROCKERY AND CUTLERY	7.42	1,101,829.34	-	-	1,101,829.34	882,529.46	53,354.18	935,883.64	165,945.70
VEHICLES	9.50	507,470.00	-	-	507,470.00	349,812.87	48,209.65	398,022.52	109,447.48
HEALTH CLUB EQUIPMENTS	7.42	339,016.07	-	-	339,016.07	298,282.65	2,612.06	300,894.71	38,121.36
ELECTRICAL INSTALATIONS	7.42	1,004,933.72	-	-	1,004,933.72	983,130.50	0.00	983,130.50	21,803.22
OFFICE EQUIPMENTS	4.75	315,464.06	-	-	315,464.06	161,999.13	14,984.54	176,983.67	138,480.39
TELEPHONE EXCHANGE	4.75	479,312.04	-	-	479,312.04	314,243.82	22,767.32	337,011.14	142,300.90
COMPUTERS	40.00	46,800.00	-	-	46,800.00	25,288.00	5,813.69	31,101.69	15,698.31
<b>T O T A L :</b>	-	<b>74,002,861.82</b>	<b>527,955.00</b>	<b>127,107.57</b>	<b>74,403,709.25</b>	<b>29,002,281.59</b>	<b>1,030,685.18</b>	<b>30,032,966.77</b>	<b>44,370,742.48</b>
PREVIOUS YEAR	-	72,998,016.82	976,245.00	0.00	73,974,261.82	25,725,125.53	1,767,811.00	27,492,936.53	46,481,325.29

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

PARTICULARS	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 4</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
i) Stock on Hand:- General Provisions	<b>15,355.00</b>	14,852.00
Housekeeping Stores	<b>69,185.00</b>	50,487.00
	<b>84,540.00</b>	65,339.00
ii) Sundry Debtors 4(i)	<b>2,699,432.07</b>	2,643,602.35
iii) Cash and Bank Balances 4(ii)	<b>1,294,202.01</b>	985,765.13
iv) Other Current Assets	<b>30,591.00</b>	30,591.00
Others	-	85,063.00
<b>TOTAL :-</b>	<b>4,108,765.08</b>	<b>3,810,360.48</b>
<b>LOANS AND ADVANCES</b>		
(Recoverable in cash or kind value to be received)		
Advance to Suppliers 4(iii)	<b>898,959.75</b>	862,045.75
Security Deposits 4(iv)	<b>209,634.00</b>	209,634.00
Staff Advance 4(v)	<b>15,000.00</b>	15,000.00
Insurance	<b>69,395.50</b>	33,299.00
Tax Deducted at Source(AY 2004-05)	<b>6,458.00</b>	6,458.00
Tax Deducted at Source(AY 2007-08)	<b>17,971.00</b>	97,001.00
Tax Deducted at Source(AY 2009-10)	<b>18,826.00</b>	-
Vijay Mehta (SBI)	<b>30,000.00</b>	-
Others	-	60,621.00
<b>TOTAL :-</b>	<b>1,266,244.25</b>	<b>1,284,058.75</b>
<b>GRAND TOTAL (A+B)</b>	<b>5,375,009.33</b>	<b>5,094,419.23</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 4 (i)</b>			
<b>SUNDRY DEBTORS</b>			
Honey Gold Retreat P Ltd.		<b>840,835.00</b>	833,461.00
Mumbai Artists		<b>346,207.00</b>	346,207.00
Swan Travels		<b>86,376.00</b>	86,376.00
PANAM		<b>41,687.00</b>	41,687.00
Holiday Links		<b>314,744.00</b>	314,744.00
Crystal Phosphates Ltd (TDS)		<b>1,610.00</b>	1,610.00
Travel Masti		<b>5,000.00</b>	5,000.00
High Adventures,Manali		<b>73,989.04</b>	98,989.04
Classic Holidays		<b>5,000.00</b>	5,000.00
Yatra India		<b>138,896.00</b>	126,063.00
Direct Clients		<b>265,782.00</b>	262,482.00
Gas Authority of India,Delhi		<b>112,571.00</b>	122,243.00
Gem Tours		<b>25,998.00</b>	25,998.00
G B International		<b>3,600.00</b>	3,600.00
Starlite Travels		<b>24,875.00</b>	24,875.00
Global Air Travels		<b>23,450.00</b>	23,450.00
Guest Ledger Transcription		<b>10,708.63</b>	41,274.91
Country Inn		<b>13,000.00</b>	13,000.00
Sandeep Kumar		<b>20,660.20</b>	20,660.20
Indya Holidays		<b>1,050.00</b>	1,050.00
Indian Holidays		<b>2,350.00</b>	2,350.00
Shakti Travels		<b>30,885.00</b>	48,235.00
Progressive Tours		<b>21,000.00</b>	21,000.00
Manali Resorts		<b>19,752.20</b>	19,752.20
Shaan World Travels		<b>41,875.00</b>	91,986.00
Make my Trip		<b>17,422.00</b>	17,422.00
Thirld World		<b>21,550.00</b>	21,550.00
Vivek Travels		<b>5,832.00</b>	5,832.00
High Adventure Travels		<b>5,500.00</b>	-
Paradise Hotel		<b>4,500.00</b>	-
Cox & Kings		<b>2,250.00</b>	-
Elite International		<b>2,532.00</b>	-
Holiday Time		<b>7,100.00</b>	-
Lawrence Travels		<b>12,958.00</b>	-
Onkar Intt. Pvt. Ltd.		<b>5,500.00</b>	-

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
Regency Tours Pvt. Ltd.		3,167.00	—
Sarva Siddha Adventures		9,725.00	—
Shail Tours Travels		1,944.00	—
Shamrock Journeys Pvt. Ltd.		2,050.00	—
Shree Dev Travels & Tours		16,746.00	—
Virgin India Tour Company		33,625.00	—
Walia Travel House		25,721.00	—
Osho Enterprises		2,600.00	—
Yatra.com		1,075.00	—
Jetways Travels Pvt. Ltd.		2,000.00	—
Travel Line Travel		17,498.00	—
JMD Vacations India		11,486.00	—
Virtual Travels & Holidays		2,750.00	—
Others		12,000.00	17,705.00
<b>T O T A L :-</b>		<b>2,699,432.07</b>	<b>17,705.00</b>

**SCHEDULE 4 (ii)**
**CASH AND BANK BALANCES**

Indian Bank, New Delhi		7,663.47	7,663.47
Indian Bank, Ahmedabad (C A/c 18565)		50,891.25	50,891.25
Indian Bank, Chandigarh (C A/c 324)		7,713.34	7,713.34
United Commercial Bank, Manali (C A/c No.1387)		110,352.50	268,743.50
United Commercial Bank, Mumbai		22,212.00	22,212.00
United Commercial Bank, Delhi		74,741.10	106,801.50
ICICI Bank , Mumbai		627,199.54	268,456.58
Cash On Hand: Mumbai		171,918.52	75,010.52
Delhi		85,073.00	39,874.00
Manali		9,249.29	11,210.97
Ahemdabad		1,888.00	1,888.00
Imprest (Vipin Chawla)		50,000.00	50,000.00
Imprest (Vijay Mehta)		75,300.00	75,300.00
<b>T O T A L :-</b>		<b>1,294,202.01</b>	<b>985,765.13</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 4 (iii)</b>			
<b>ADVANCES</b>			
Kunal Enterprises		366,703.75	366,703.75
Paramount Industries		76,644.00	76,644.00
Otis Elevators Co.India Ltd.		107,600.00	107,600.00
Sanvik Engineers		73,500.00	73,500.00
Paramjit Singh,Manali		24,000.00	24,000.00
Sagar Film & TV Academy (P) Ltd		113,765.00	113,765.00
Vipin Chawla		79,541.00	79,541.00
Sagar Arts Pvt. Ltd.		57,206.00	-
Others		-	20,292.00
<b>T O T A L :-</b>		<b>898,959.75</b>	<b>862,045.75</b>
<b>SCHEDULE 4 (iv)</b>			
<b>SECURITY DEPOSITS</b>			
With H P S E B		50,944.00	50,944.00
Telex Security		10,000.00	10,000.00
Telephone (Under OYT Scheme)		48,000.00	48,000.00
Air Port Authority(Bhuntar)		2,250.00	2,250.00
Spic & Span(Gas Agency)		15,000.00	15,000.00
Security (Mobile)		4,000.00	4,000.00
Security (Cold Drinks)		2,240.00	2,240.00
Security Office ( Delhi)		77,000.00	77,000.00
Security (Sewerage)		200.00	200.00
<b>T O T A L :-</b>		<b>209,634.00</b>	<b>209,634.00</b>
<b>SCHEDULE 4 (iv)</b>			
<b>STAFF ADVANCE</b>			
Birju Lohia		10,000.00	10,000.00
Sanjeev Chauhan		5,000.00	5,000.00
<b>T O T A L :-</b>		<b>15,000.00</b>	<b>15,000.00</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 5</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Sundry Creditors	5(i)	2,879,232.43	2,414,608.64
Booking Advance	5(ii)	157,255.00	141,179.00
Sagar Global Venture Pvt. Ltd.		150,546.75	288,875.75
Tax Deducted at source Payable		223,283.00	27,788.00
Directors Remuneration Payable		432,591.00	432,591.00
Indian Bank J V P D Branch		80,109.61	126,938.61
Taxes Payable: VAT		49,473.00	42,800.00
Luxury Tax		26,130.00	47,393.00
		<u>75,603.00</u>	90,193.00
Provision for Bonus		72,964.00	149,847.00
Provision for Gratuity		261,434.00	219,626.00
Professional Tax Payable		830.00	830.00
Provident Fund Payable		16,478.00	21,380.00
Office Maintenance Payable		300.00	
Telephone Charges payable		47,720.00	38,791.00
Electricity & Water Charges Payable		64,235.00	87,060.00
Provision for Audit Fee		89,748.00	60,948.00
Office Space Deposit		5,000.00	-
Outside Labour Payable		23,437.00	-
Others		-	263,789.61
<b>TOTAL :-</b>		<u><u>4,580,766.79</u></u>	<u><u>4,364,445.61</u></u>

**SCHEDULE 5 (i)**
**SUNDRY CREDITORS**

Sagar Art Corporation	36,239.40	36,239.40
Sagar Entertainment Limited	1,569,356.25	1,569,356.25
Chammunda Coal Depot	61,542.00	57,242.00
Rajeev Singhi & Co.	43,634.50	43,634.50
Hotel Equipment Merchants	33,389.18	92,178.39
Dhaliwal Engineering Works	78,645.00	78,645.00
B M Aggarwal & Co.	2,540.00	2,540.00
Star Security Service,Manali	92,121.00	141,637.00
Hotel Solitare Chandigarh	1,490.00	1,490.00
Inter Solar Systems P Ltd.	7,000.00	7,000.00
Bashir Ahmed,Manali	4,491.00	4,491.00
Kamaksha Sales Corporation	101,354.00	89,957.00

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
Babu Ali,Manali		25,297.35	59,130.35
D K Screen Services,Manali		9,410.00	12,911.00
Shivani Fruit Company		33,401.75	33,401.75
D.K.Drycleaner		8,855.00	4,551.00
Jain Furnishing P Ltd.		64,662.00	41,655.00
Shamshad Ahmed		6,500.00	13,000.00
Om Earth Moovers, Manali		13,613.00	17,335.00
D M Mankodi		15,000.00	15,000.00
Great Himalayan Traders		9,900.00	-
Green View Guest House		39,088.00	-
H.P Stare Civil Supplies		3,362.00	-
Kartik Engineers		69,400.00	-
Manali Gas Services		12,138.00	-
Manali Handloom		50,341.00	-
Neela Singh Painter		10,250.00	-
Neeraj Provision Store		41,729.00	-
New Hadimba Electric Works		914.00	-
Rijvan Khan		5,315.00	-
R.V Hardware & Sanitary Store		2,944.00	-
Sanjeev Traders		9,500.00	-
Sidhant Offset Printers		2,250.00	-
Thomas Store		8,745.00	-
V.N Enterprises		1,575.00	-
Anand Sagar		380,050.00	-
Vinay Kumar		23,190.00	-
Others		-	93,214.00
<b>T O T A L:-</b>		<b>2,879,232.43</b>	<b>2,414,608.64</b>
<b>SCHEDULE 5 (ii)</b>			
<b>ADVANCES AND OTHER CREDITORS</b>			
Booking Advance			
-Delhi		149,949.00	116,179.00
Honest Holidays		623.00	-
Rainbow Vacations Pvt. Ltd.		847.00	-
Dhruvi Travels		703.00	-
Infinity Adve & Tourism (I) Pvt. Ltd.		433.00	-
NJT Exodus Global Cons. Pvt. Ltd.		500.00	-
Malik Express Travels Enterprises		4,200.00	-
Others		-	25,000.00
<b>T O T A L:-</b>		<b>157,255.00</b>	<b>141,179.00</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 6</b>			
<b>MISCELLANEOUS INCOME</b>			
<b>TELEPHONE, LAUNDRY AND OTHER</b>			
Telephone		941.00	2,710.00
Laundry		20,117.00	20,901.00
Sports and Health club Sales		63,045.75	32,089.85
Sight Seeing and other Misc. Sales		273,945.93	413,505.29
Soft Drink Sales		69,126.36	—
Travel Desk Income		15,000.00	55,000.00
Profit on sale of Television		6,850.52	—
Interest on Income Tax Refund		5,940.00	—
<b>T O T A L:-</b>		<b>454,966.56</b>	<b>524,206.14</b>
<b>SCHEDULE 7</b>			
<b>FOOD AND BEVERAGE CONSUMED</b>			
Vegetables and fresh fruits		439,964.00	348,516.00
General Provisions and Ration		1,200,764.00	1,061,432.30
Meat Fish and Egg		377,054.00	302,381.00
Bakery and Dairy		731,331.00	570,516.90
Soft Drinks		54,107.31	36,274.00
Sub Total		2,803,220.31	2,319,120.20
Add Opening Stock		14,852.00	7,816.00
Less Stock on Hand		15,355.00	14,852.00
Gross Cost		2,802,717.31	2,312,084.20
Less: Tfd to Staff Duty Meal		335,350.00	344,850.00
Net Food Cost		2,467,367.31	1,967,234.20
<b>SCHEDULE 8</b>			
<b>OPERATIONAL OVERHEADS</b>			
Establishment		3,374,186.79	2,642,918.00
Power, Electricity & Water Charges		833,358.00	773,617.00
Gas, Fuel and Coal		502,802.60	549,851.96
Genset & Boiler Running and Maint.		470,638.00	415,053.20
House Keeping & Laundry		249,556.00	247,140.60
Linen, Crockery & Cutlery		155,576.00	105,120.00
Sports & Health Club Expenses		37,492.00	18,695.00
Telephone & Internet Charges		138,232.00	203,396.00
Consumables		44,885.00	32,075.00
Staff Duty Meal	335,350.00		344,850.00
Less Recovered	99,432.00		103,387.00
		235,918.00	241,463.00
Provident Fund-Employer's Share		110,138.00	114,099.00
<b>T O T A L:-</b>		<b>6,152,782.39</b>	<b>5,343,428.76</b>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	SCH. NO.	CURRENT YEAR 31.3.2010 Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 9</b>			
<b>ADVERTISEMENT AND MARKETING EXPENSES</b>			
Advertisements & Marketing Expenses		153,900.00	237,415.00
Music and Entertainment		38,840.00	165,952.00
Business Promotion		30,653.00	30,180.00
Agent Entertainment and Gifts		22,324.00	27,679.00
Guest Handling Expenses		23,630.00	92,440.00
<b>TOTAL:-</b>		<b>269,347.00</b>	<b>553,666.00</b>
<b>SCHEDULE 10</b>			
<b>REPAIRS AND MAINTENANCE :-</b>			
Building		1,369,936.00	287,469.00
Plant and Machinery		176,800.00	99,962.80
Electricals		117,301.00	166,810.00
Furniture & Fixture		10,140.00	93,850.00
Computer Rep. & Maint.		8,102.00	13,983.00
Others- General		110,560.00	48,116.00
<b>TOTAL:-</b>		<b>1,792,839.00</b>	<b>710,190.80</b>
<b>SCHEDULE 11</b>			
<b>ADMINISTERATIVE OVERHEADS</b>			
Printing & Stationery		128,827.00	119,229.00
Legal & Professional Charges		52,444.00	194,283.00
Bank Charges		38,202.45	56,529.48
Travelling & Conveyance		371,172.00	265,861.00
Vehicle Runn. & Maint.		64,330.00	66,560.00
Postage & Telegram		76,176.00	62,979.00
News Paper & Periodicals		4,569.50	3,008.00
Office Miscellaneous Expenses		21,338.00	26,014.00
Audit Committe Fees		14,370.00	7,000.00
Directors Sitting Fee		17,000.00	22,000.00
Board Meeting Expenses		245,495.00	172,593.00
Staff Welfare		39,887.00	64,073.00
Freight and Cartage		18,602.00	11,948.00

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

<b>PARTICULARS</b>	<b>SCH. NO.</b>	<b>CURRENT YEAR 31.3.2010 Amount (Rs.)</b>	<b>PREVIOUS YEAR 31.3.2009 Amount (Rs.)</b>
Security Services		<b>133,620.00</b>	131,398.00
Staff Medical Expenses		<b>2,872.00</b>	4,751.00
Membership and subscription		<b>18,868.00</b>	16,837.00
Bonus		<b>54,467.00</b>	76,278.00
Audit & Other Charges		<b>32,000.00</b>	32,000.00
Staff Uniform		<b>6,724.00</b>	790.00
Listing and Registration Charges		<b>19,854.00</b>	10,000.00
Provision for Gratuity		<b>41,808.00</b>	40,243.00
Travel Desk Expenses		<b>40,066.00</b>	9,850.00
Commsission		<b>17,150.00</b>	6,200.00
Donation		<b>9,623.00</b>	3,104.00
Ex-gratia		<b>15,300.00</b>	6,460.00
Excess & Short Recovery		<b>334.18</b>	—
Accomodation Hire Charges		<b>32,448.00</b>	57,700.00
Others		—	56,449.19
<b>T O T A L:-</b>		<b><u>1,517,547.13</u></b>	<b><u>1,524,137.67</u></b>

**SCHEDULE 12****FINANCIAL CHARGES****INTEREST ON LOANS:-**

Bank Interest		<b>3,171.00</b>	98,508.00
Others		—	315,000.00
<b>T O T A L:-</b>		<b><u>3,171.00</u></b>	<b><u>413,508.00</u></b>

**SCHEDULE 13****1) Nature of Operations:**

The Company is engaged in Hotel Business.

**2) Significant Accounting Policies****a) System of Accounting :-**

The Financial Statement are prepared under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and relevant provisions of the Companies Act, 1956.

**b) Fixed Assets :-**

Fixed Assets are stated at cost less depreciation. Cost includes cost of acquisition and subsequent improvement thereto inclusive of taxes, duties, freight and other incidental expenses related to acquisition, improvement and installation.

**c) Depreciation :-**

Depreciation on Fixed Assets other than Land has been provided on straight line method and it has been charged at rates which are in conformity with the requirements of Companies Act, 1956. Depreciation on additions made to any assets is provided on pro-rata basis from the day of addition/or the asset is put to use, which ever is later.

**d) Inventories :-**

Inventories are valued at cost or realisable value on first in first out basis.

**e) Revenue Recognition**

Income from guest accommodation is recognised on day to day basis after the guest checks into Hotel. Food & Beverage sales and other income like Telephone receipts, Laundry receipts are recognised at the point of service to the guest. Guest Accommodation Income and Food and Beverage sales are net of Luxury Tax and Sales Tax respectively.

**f) Deferred Taxes**

Deferred Income Tax is provided using the liability method on all temporary difference at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred Tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which these items can be utilised.

Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset will be realized.

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

**g) Retirement Benefit**

i) Contributions to provident fund are charged to Profit & Loss Account and are deposited with the office of Provident Fund Commissioner.

ii) Provision for gratuity liability has been made on accrual basis.

**h) Prior period adjustments, extra Ordinary items and changes in Accounting Policies.**

Prior period adjustments, extra ordinary items and changes in accounting policies having material impact on financial affairs of the Company are disclosed.

**i) Contingent liabilities :-**

Contingent liabilities are not provided in the accounts but are disclosed by way of note in Notes on Accounts.

**NOTES ON ACCOUNTS (FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010)**

1. Contingent Liability in respect of dividend on Rs.200/- Lakhs 12.5% Optionally Cumulative Redeemable Preference Shares is Rs.25,00,000/- (Previous Year Rs.25,00,000/-).
2. In view of the unabsorbed depreciation and carry forward losses for the past seven years and in absence of convincing evidence regarding availability of sufficient future taxable income Deferred Tax Asset has been taken at nil and it shall be re-assessed at each balance sheet date.
3. An amount of Rs.41,808/- has been provided for accrued gratuity liability. Thus gratuity has been provided on accrual basis. Provision for Bonus amounting to Rs.54,467/- has been made.
4. Depreciation has been provided in the accounts on Straight Line Method at rates prescribed in Schedule XIV of the Companies Act, 1956.
5. The Company's turnover is in respect of Food and Beverage, Guest Accommodation and other Services Income and it is not practical to give quantitative details. However, consumption in value is as under :-

**Food and Beverage Consumed**

	<b>Current Year (31.03.2010)</b>	Previous Year (31.03.2009)
Vegetables, Fresh Fruits	<b>439964.00</b>	348516.00
General Provision of Ration	<b>1200764.00</b>	1061432.30
Meat, Fish and Egg	<b>377054.00</b>	302381.00
Bakery and Dairy	<b>731331.00</b>	570516.90
Soft Drinks	<b>54107.31</b>	36274.00
	<b>2803220.31</b>	2319120.20
Add: Opening Stock	<b>14852.00</b>	7816.00
Less: Closing Stock	<b>15355.00</b>	14852.00
Gross Cost	<b>2802717.30</b>	2312084.20
Less: Staff Food	<b>335350.00</b>	344850.00
Net Food cost of Food & Beverages	<b>2467376.31</b>	1967234.20

**8. Payment and provision for remuneration to the Managing Director :-**

A sum of Rs.5,50,000/- has been paid as remuneration to Managing Director which is as per the approval granted by the Central Government.

9. Payment to Auditors :-

	2009-2010	2008-2009
Audit Fee	20,000.00	20,000.00
Taxation Matters	12,000.00	12,000.00

10. In the absence of all information as to whether any of the suppliers are Small Scale and Ancillary Industrial Undertaking, provision for interest payable on delayed payment, if any, to such suppliers is not made. Interest will be paid as and when the claim is made. No such claim has been received by the Company during the year or subsequent to the year end. Staggered payments to few suppliers is as per the agreed terms with the parties.

11. Balance in respect of Sundry Debtors and Sundry Creditors though verbally confirmed yet written confirmation is awaited from some of the parties.

12. Sundry Debtors include

Outstanding for more than 6 months and considered good

(i) which directors are interested

(ii) others

Outstanding for Less than 6 months and considered good

**Total**

-
1001163.40
1698268.67
<b>2699432.07</b>

13. The Company's related party balances and transaction are summarised as follows :-

Name of the Related Party	Nature of Transaction
1) M/s. Sagar Entertainment Limited	Nil
2) Late Dr. Ramanand Sagar Chairman	Nil
3) M/s Sagar Arts Limited	Rs. 57,206.00
4) M/s. Sagar Global Ventures Private Limited	The Company has repaid Rs.138329/- (Net) during the year on behalf on the M/s Sagar Global Ventures Private Limited.

Amount due to/from Related Parties

Name of the Related Parties	Amount (Rs. In Lacs)	
	Payable	Recoverable
Late Dr. Ramanand Sagar	1290326.98	-
M/s. Sagar Entertainment Ltd.	26474356.25	-
M/s. Sagar Global Ventures Private Ltd.	150546.75	-
M/s. Sagar Art Corporation	36239.40	-
M/s. Sagarlila Finvest (India) Private Ltd.	76180.00	-
M/s. Sagar Film & TV Academy	-	113765.00
Gayatri Films and Music Private Ltd.	2,15,00,000.00	-
Sagar Arts Private Ltd.	-	57206.00

Other related parties with whom no business has been transacted during the year under review:-

- 1) Sagar Art (International) Films Private Limited
- 2) Gouri Films Private Limited
- 3) Sagar Agro & Herbal Private Limited
- 4) Sagar Information Technology (India) Private Limited
- 5) Sagar Systems Limited
- 6) Sagar Lila Finvest(India) (P) Ltd.

14. Overdraft facility from Indian Bank, Bombay is secured by Fixed Deposits in the name of Late Smt Lila Sagar.
15. Previous Year figures have been regrouped and rearranged as far as practicable to make them comparable with those of current year.
16. In the opinion of the Board of Directors the advances are approximately of the values stated if realised in the ordinary course of business.
17. The provisions for all known liabilities are adequate and not in excess of the amount considered reasonably necessary.
18. Information pursuant to part IV of Schedule VI to the Companies Act, 1956. Balance Sheet abstract and Company's General Business Profile.

I) Registration Details :-	
Registration Number	7312
State Code	06
Balance Sheet Date	31 <sup>st</sup> March, 2010
II ) Capital raised during the year:-	
	(Amount in Rs.)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III) Position of mobilisation and deployment of fund :-

	(Amount in Rs.)
Total Liabilities	10,13,82,806.98
Total Assets	10,13,82,806.98
Sources of Fund	-
Paid up Capital	5,36,11,300.00
Reserve & Surplus	-
Secured Loans	-

Unsecured Loans	4,77,71,506.98
Application of Funds	–
Net Fixed Assets	4,43,70,742.48
Investments	–
Net Current Assets	7,94,242.54
Miscellaneous Expenditure	–
Accumulated Losses	5,62,17,821.96
IV) Performance of the Company	(Amount in Rs.)
Turnover (Including other Income)	1,32,80,039.69
Total Expenditure	1,37,85,150.42
Profit(+)/Loss(-) before Tax	(4,87,965.74)
Extra Ordinary Item	Nil
Profit(+)/Loss(-) after Tax	(5,05,110.74)
Earning per Share (in Rs.)	Nil
Dividend Rate (%)	Nil
V Generic Name of principal products / services of the Company as per monetary terms Item Code No. (IIC Code) Product Description	Not applicable being Hotel

Auditor's Report  
As per our separate report of even date.  
For RAJEEV SINGHI & CO.,  
(Chartered Accountants)  
  
(Rajeev Singhi)  
Proprietor  
Membership No 81892  
Place : Mumbai  
Date : 29.05.2010

For and on Behalf of the Board of Directors.

ANAND SAGAR  
(Managing Director)  
DEWAN GOBIND SAHAI  
(Director)  
DATTATRAY J KOGEKAR  
(Director)  
D.M.MANKODI  
(Company Secretary)

PREM SAGAR  
(Director)  
MOTI SAGAR  
(Director)  
JYOTI SAGAR  
(Director)

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	CURRENT YEAR <b>31.3.2010</b> Amount (Rs.)	PREVIOUS YEAR 31.3.2009 Amount (Rs.)
<b>SCHEDULE 14</b>		
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss)Before Tax and Extra Ordinary Items Adjusted	-505,110.74	-505,110.74
Depreciation	<u>1,030,685.18</u>	1,030,685.18
	-	<b>525,574.44</b>
<b>CASH GENERATED FROM OPERATIONS</b>		
<b>TRADE AND OTHER RECEIVABLES</b>		
Inventories /Stock	-19,201.00	
Sundry Debtors	-55,829.72	
Tax Deducted at Source	60,204.00	
Prepaid Expenses	-36,096.50	
Staff Advances	-30,000.00	
Others	<u>145,684.00</u>	
	64,760.78	
Security Deposits	0.00	
Less Advances to Suppliers	<u>-36,914.00</u>	
		27,846.78
Trade Payables/Sundry Creditors		216,321.18
Cash Generated from Operations		244,167.96
<b>NET CASH FROM OPERATING ACTIVITIES</b>		769,742.40
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets		-520,455.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Share Capital	0.00	
Proceeds from borrowings	0.00	
Secured Loans	0.00	
Unsecured Loans	<u>0.00</u>	
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>		-520,455.00
<b>NET INCREASE IN CASH OR CASH EQUIVALENTS</b>		
(A+B+C)		249,287.40
Cash and Cash Equivalents :-		
Opening Balance as at 1.4.2009		985,765.13
Cash and Cash Equivalents -Closing Balance as at 31.3.2010		<u><u>1,235,052.53</u></u>

NOTES: 1 Cash and cash equivalents represent Cash and Bank Balances.

Auditor's Report  
As per our separate report of even date.  
For RAJEEV SINGHI & CO.,  
(Chartered Accountants)  
  
(Rajeev Singhi)  
Proprietor  
Membership No 81892  
Place : Mumbai  
Date : 29.05.2010

For and on Behalf of the Board of Directors.

ANAND SAGAR (Managing Director)	PREM SAGAR (Director)
DEWAN GOBIND SAHAI (Director)	MOTI SAGAR (Director)
DATTATRAY J KOGEKAR (Director)	JYOTI SAGAR (Director)
D.M.MANKODI (Company Secretary)	



**AUDITOR'S CERTIFICATE**

We have examined the above mentioned cash flow statement of Sagar Tourist Resorts Limited for the Year ended 31st March, 2010 . The Statement has been prepared by the company in accordance with the requirement of listing agreement clause 32 of Stock Exchange and is based on and in arrangement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of May 29, 2010 to the Members of the Company.

**For RAJEEV SINGHI & CO.,  
CHARTERED ACCOUNTANTS**

**RAJEEV SINGHI**

(Proprietor)

Membership No. 81892

Place: Mumbai.

Date: 29<sup>th</sup> May 2010



# SAGAR TOURIST RESORTS LIMITED

Registered Office : Sagar Niwas, Manali 175 131, Himachal Pradesh

## PROXY FORM

Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ being a \_\_\_\_\_

Members of SAGAR TOURIST RESORTS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ or failing him as

my/our proxy to vote for me/us on my/our behalf, at the Twenty Third Annual General Meeting of the

Company to be held on Saturday, the 25<sup>th</sup> September, 2010 at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature

(Affix a 30 paise Revenue Stamp)

NOTE : The proxy must be deposited at the Company's Registered Office or Corporation Office not less than 48 hours before the time for holding the meeting.

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## SAGAR TOURIST RESORTS LIMITED

Registered Office: Sagar Niwas, Manali 175131, Himachal Pradesh

### ATTENDANCE SLIP

#### TWENTY-THIRD ANNUAL GENERAL MEETING

Saturday, 25<sup>th</sup> September, 2010

Full Name of the Shareholder \_\_\_\_\_

Signature \_\_\_\_\_

Folio \_\_\_\_\_

Proxy \_\_\_\_\_

(Full Name in Block Letters)

Signature \_\_\_\_\_.

NOTE: If attending please bring this form duly completed at the time of Meeting.

**BOOK - POST**

*If undelivered please return to :*

**SAGAR TOURIST RESORTS LIMITED**

**CORPORATE OFFICE :**

Anand Vihar, Gr. Floor, Bajaj Road,  
Vile Parle (West), Mumbai 400 056.