

**NOTICE**

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of the Company will be held on Thursday, the 30<sup>th</sup> day of September 2011 at 10.00 a.m., at the Registered Office of the Company at 415, Onam Plaza, Near Industry House, A B Road, Indore 452021, Madhya Pradesh to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt audited Balance Sheet as on 31<sup>st</sup> March 2011, Profit and Loss account for the year ended on that date and the reports of Auditors & Directors thereon.
2. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, to authorise the Board of Directors to fix their remuneration.
3. To appoint a Director in place of Mr. Samir Manna – Independent Director who retires by rotation and being eligible, offers himself for re-appointments.
4. To appoint a Director in place of Mr. Gautam Sen – Independent Director who retires by rotation and being eligible, offers himself for re-appointments.

By order of the Board of  
**City Hospitalities (I) Limited**

**Place: Indore**  
**Date: 30.08.2011**

Sd/-  
**Chairman**

**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. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately and they must quote their ledger folio number in all their correspondence.
  - b. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for attending the meeting.
  - c. Bring their Annual Report and Attendance Slips with them at the AGM venue.
3. The Register of Members and Share Transfer Books of the company shall remain closed from September 5, 2011 to September 10, 2011 both days inclusive.
4. The Management Discussions and Analysis together with the report under Corporate Governance requirements are attached to the report of the Directors as Annex –1 & 2.
5. All correspondences with the company should be addressed to its registered office and the members seeking any information are requested to write to the company at least 7 days before the date of the AGM to enable the management to reply appropriately.
6. Members, who are holding physical shares in more than one folio, are requested to intimate to the Company/Registrar and Share Transfer Agent the details of all their folio numbers for consolidation into single folio.
7. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

8. Information required to be furnished under the Listing Agreement. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed/reappointed are given below :

- 1) Name : Mr. Samir Manna  
Date of Birth: 18.12.1989  
Qualification : BCOM  
Directorship : Non Executive Director Independent Director  
Expertise : Finance & Accounts
  
- 2) Name : Mr. Gautam Sen  
Date of Birth: 02.08.1972  
Qualification : BCOM  
Directorship : Non Executive Director (Independent)  
Expertise : Finance & Accounts

**City Hospitalities (I) Limited**

**Place: Indore**  
**Date: 30.08.2011**

Sd/-  
**Chairman**

**DIRECTORS' REPORT**

To  
The Members  
**CITY HOSPITALITIES INDIA LIMITED**  
Indore

Your directors have pleasure in presenting 18<sup>TH</sup> Annual Report of your company together with the audited accounts for the year ended on 31<sup>st</sup> March 2011.

**1. State of Company's Affairs**

The Board decided to start its business activities and mainly will focus in trading activities under the leadership of the Independent Directors. The Board is presently run by Independent and professional Directors. The Software export will be an area of interest in future as at present the company is not getting any order from this segment.

**Financial Results****(Rs. in lakhs)**

	As on 31.03.2011	As on 31.03.2010
Sales	611.30	0.00
Other Income *	0.87	
Expenditure		
Expenditure*	707.33	4.56
Loss before Interest and Depreciation	(94.65)	(3.53)
Depreciation	0.44	0.98
Financial Charges	0.06	0.04
Provision for Tax	0.00	0.00
Extra-Ordinary item	108.00	0.00
Net Loss	(203.15)	(4.56)

**2. Dividend**

Owing to continuing losses, your directors do not recommend any dividend for the financial year under review.

**3. Directorate**

Mr. Samir Manna – Independent Director & Mr. Gautam Sen - Independent Director are eligible to retire by rotation and being eligible offered themselves for re- appointment. Mr. Ramesh Mishra \_ Independent Director due to pre-occupation resigned from the Board. The Board presently run by Independent and professional Directors only.

**4. Directors Responsibility Statement**

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, we confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that have been reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for the year under review.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- The directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2011 on "on-going concern" basis;

**5. Corporate Governance**

Clause 49 of the Listing Agreement require a report on corporate governance and a certificate from auditors regarding compliance of the applicable provisions in this area and the same is annexed herewith forming part of this report and marked as Annexure-2.

**6. Auditors**

M/s. B. S. Kedia & CO; Chartered Accountants, the auditors, retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment as statutory auditors of the company. The auditors' report is self explanatory and needs no further clarification.

**7. Public Deposits**

Your company has neither invited nor accepted any deposits from public within the meaning of Section 58 A of the Companies Act, 1956, read with the Companies (Acceptance of Deposit) Rules, 1975 during the year under review.

**8. Particulars of Employees etc.**

Your company did not have any person in employment who, if employed throughout the financial year or part thereof, was in receipt of remuneration, particulars of which are required to be included in this report as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

**9. Energy Conservation and other Reporting u/s 217(1) (e)**

Information required under Section 217(1)(e) of the Companies Act, 1956, is not applicable to the company.

**10. Acknowledgements**

Your Directors wish to place on records there sincere appreciation for the cooperation and support extended by government, shareholders, bankers, and other associates.

By order of the Board of  
**City Hospitalities (I) Limited**

Place: Indore  
Date: 30.08.2011

Sd/-  
Chairman

## Annexure – I

**REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS****Industry structure and developments.**

Software Industry is a regularly flourishing and growing segment of Indian industry both in terms of production and in terms of export. However, the ongoing downfall of Indian rupee has seen many such companies facing operational deficit.

The company presently is into trading activities and the year under review failed to book any profit. The Losses are mainly because of market adverse condition.

**Outlook**

The outlook of the industry continues to remain positive basically for the fact that the gap between demand and supply of expert and efficient manpower and cost effective product continue to exist. The company belongs to Information Technology industry, which offers software packages but resources crunch have blocked everything for the company, Your Directors are trying their best to cope up with the situation and put the company back on its rails to pursue objectives of the company profitably.

The future in trading activities is bright. The Company may face some problem temporarily in respect of trading activities.

**Opportunities and Threats, Risks and Concern**

Opportunities will continue to exist with the increase in competition & with the principle of economy of scale. The good opportunities are there both in domestic and international markets. The company is exposed to risks from change in policy of similar companies which are major buyers of the company's product, further increase in input costs, higher levies, changes in government Policies/ laws of land, etc. may affect the profitability of the Company.

**Segment - wise or product - wise performance.**

The company belongs only to one product segment called software development.

**Internal control system and its adequacy.**

The company has adequate internal control procedures in commensuration with its size and nature of business at all desired levels.

**Discussion on financial performance with respect to operational performance.**

Operational efficiency of your company has continuously been affected adversely due to combination of factors technology obsolescence attrition of Knowledge resources and lack of financial resources. Restructuring of investment portfolio too got a grinding halt due to resources constraints. However, true and fair valuation to the current investment, your Directors have recorded and accounted for the diminution in the securities held by your company, which has resulted into losses for the third year in running. To withstand and wither Competition, Your Company requires integrated upgrading of overall existing infrastructure, which only would result into enhancing core competence and operational strength . Your Directors are working on the same lines and are hopeful of coming out of this locked up situation, however, there are apparent giant resources blocks in financé, business and infrastructure before your Directors.

**CORPORATE GOVERNANCE REPORT**

(Forming part of the Directors' Report of INFOQUEST SOFTWARE EXPORTS LTD, Indore)

Corporate Governance is crucial to the very existence of a company as it builds confidence and trust, which eventually brings in a stable and sustainable resource of funds flowing in with intent to build long-term partnership with investors and other stakeholders. The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability, transparency and equity with stakeholders. Report under Clause 49 of Listing Agreement is submitted to cover the aforesaid.

**1. Company's Philosophy on code of Governance**

The Company's philosophy on corporate governance envisages the attainment of the high level of the transparency & accountability in the functioning of the company and the conduct of its business internally and externally including its interaction with employees, shareholders, creditors, consumers, institutional and other term lenders and places due emphasis on regulatory compliance.

**2. CEO Certification**

In terms of Clause 49 of the Listing Agreement, the certification by the Chairman on the financial statements and internal controls relating to financial reporting has been obtained.

**3. Board of Directors**

The Board of Directors of the company consists of persons with considerable professional expertise and experience of trade, commerce, profession and industry. The particulars of the Board with their interest in other concern are presented before you in the following table:

Name of the Director	Interested in Companies	Nature of interest
1. Mr. Sanjay Jhalani	Promoter	Director
2. Mr. Ramesh Mishra	Independent Director	Independent Director
3. Mr. Gautam Sen	Independent Director	Independent Director
4. Mr. Samir Manna	Independent Director	Independent Director
5. Mr. Subhendu Mitra	Independent Director	Independent Director

Mr. Ramesh Mishra – Independent Director due to pre-occupation and personal reason resigned from the Board of the Company.

**4. Board Procedure**

The Board generally meet to resolve upon or to review company's matters pertaining to the management of the Company. Notice and agenda papers are sent to the directors reasonably in advance.

**5. Directors Attendance**

The Board of the Company met 4 times during the last financial year and their attendance at the Board Meetings and last Annual General Meeting are as under:  
(Kindly confirm the dates of the meeting)

Name of the Director	Attendance at Board Meetings	Attendance at AGM at 30.09.10
1. Mr. Sanjay Jhalani	4	Yes
2. Mr. Gautam Sen	4	Yes
3. Mr. Samir Manna	4	Yes
4. Mr. Subhendu Mitra	4	Yes

**6. Audit Committee:**

The Audit Committee of the company provides assurance to the Board on the adequacy of the internal financial control systems and financial disclosures. The term of reference of the Audit Committee includes the matters specified under Clause 49 of the listing agreement as well those in section 292A of the Companies Act, 1956, and inter alia includes the following:

- Oversee the Company's financial reporting process and disclosures of the financial information to ensure that the financial statement is sufficient and credible.

- Review the internal Audit Function as regards its adequacy, scope frequency and review of the reports etc.
- Reviewing the annual financial statement before submission to the Board.
- Review the Auditor's Report, internal controls and recommendations relating thereto.

Name of the Director	Attendance at Board Meetings
1. Mr. Sanjay Jhalani	4
2. Mr. Gautam Sen	4
3. Mr. Samir Manna	4

### 7. Share transfer Committee

The Share Transfer Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the dematerialization and rematerialisation of shares as well as other matters that relate to the transfer and registration of shares. The Committee meets at regular intervals.

The Share Transfer Committee has the following members:

Shri Sanjay Jhalani  
Shri Gautam Sen  
Shri Samir Manna

The committee held its meeting at regular intervals to consider the matter regarding transfer of shares and took the record of the same.

### 8. Managerial Remuneration and Remuneration Committee

There were no meeting during the period under review.

### 9. Compliance Officer

Mr. Samir Manna is the compliance officer of the Company.

### 10. Shareholders' Grievances

The company has not received shareholder grievance during the year under review.

### 11. Distribution of shareholding as on 31st March, 2011 – To be obtained from BSE

SHAREHOLDING OF SHARES SHARES	SHAREHOLDERS SHARES NUMBER	%AGE OF TOTAL	SHARES ALLOTTED	%AGE OF TOTAL
1 - 500	979	73.3330	281400	2.7860
501 - 1000	199	14.9060	150000	1.4850
1001 - 2000	65	4.8690	89700	0.8880
2001 - 3000	17	1.2730	43100	0.4270
3001 - 4000	10	0.7490	33900	0.3360
4001 - 5000	2	0.1500	9400	0.0930
5001 - 10000	16	1.1990	124300	1.2310
10001 - 9999999999	47	3.5210	9368200	92.7540
<b>TOTAL :</b>	<b>1335</b>	<b>100.0000</b>	<b>10100000</b>	<b>100.0000</b>

**12. Shareholding Pattern as per clause 35 of the listing agreement for the year ended 31<sup>st</sup> March 2011**

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding	
1.	Promoters	3600	0.04	
2.	Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institution)	100	0.00	
3.	Private Corporate Bodies	3,964,061	39.64	
4.	Indian Public	6,032,239	60.32	<i>Dematerialization of Shares</i>
<b>Total</b>		<b>1,000,000</b>	<b>100.00</b>	Total number
of Dematted shares with NSDL		1,95,71,327		
Total number of Dematted shares with CDSL		12,25,773		

\* Reduction of the Capital was not effected. The Hon'ble High court in Company petition No. 28/2008 approved the reduction of capital and the same was not effected. The 145,00,000 laying with NSDL not yet cancelled.

**13. General Meeting**

The company will have the Annual General Meeting of the members on Friday 30<sup>th</sup> September, 2011 at the corporate office of the company at 10.00 a.m. which complied with the requirements of sections and other applicable provisions of the Companies Act, 1956.

Location and time where last three years General Meetings were held:

AGM/EGM	Date	Location of the Meeting	Time
AGM -2008	30 <sup>th</sup> Sep., 2008	Regd. Off of the Company at Indore	10.00 am
AGM -2009	30 <sup>th</sup> Sep., 2009	Regd. Off of the Company at Indore	10.00 am
AGM -2010	30 <sup>th</sup> Sep., 2010	Regd. Off of the Company at Indore	10.00 am

**14. Related Party Disclosures**

- (a) **Key management Personnel**  
Sanjay Jhalani
- (b) **Other Related Parties**  
None

**15. Shareholder Information****a) Registered Office**

415, Onam Plaza, Near Industry House, A B Road, Indore 452021, Madhya Pradesh.

**b) AGM**

18<sup>th</sup> AGM of the Company will be held at the Registered Office at 415, Onam Plaza, Near Industry House, A B Road, Indore 452021, Madhya Pradesh on 30<sup>th</sup> September, 2011 at 10.00 am.

**c) Financial Calendar****(Tentative)**

- (i) Results for the quarter ending 30-06-2011 : July, 2011
- (ii) Results for the quarter ending 30-09-2011 : October, 2011
- (iii) Results for the quarter ending 31-12-2011 : January, 2012
- (iv) Results for the quarter ending 31-03-2012: May/ June, 2012

**d) Book Closure**

5<sup>th</sup> September 2011 to 10<sup>th</sup> September 2011 ( Both Days Inclusive)

**d) Dividend**

Not declared for the financial year.

**e) Listing**

The equity shares of the company are listed at Bombay Stock Exchange Limited. The company made an application for delisting from Madhya Pradesh Stock Exchange Limited, , and Jaipur Stock Exchange Limited.

**f) Market quotes of stocks**

The shares of the company have not been traded since 2003, hence quotes are not available



**Declaration by the Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

In accordance with Clause 49 ( I ) ( D ) of the Listing Agreement, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct applicable to all the Directors and Senior Management, for the year ended March 31, 2011

Sd/-  
Director

To,  
The Board of Directors,  
City Hospitalities India Limited  
Indore (M.P.)

Dear Sirs

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31<sup>st</sup> March 2011 and that to the best of their knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further certify that, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there is
- (i) No significant change in internal control over financial reporting during the year
  - (ii) No significant change in accounting policies during the year under review and
  - (iii) No instance of any fraud in the company in which the management has any role.

Place: Indore  
Date: 30.8.2011

sd/-  
Director

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE**

To,  
The Members,

We have examined the compliance of conditions of Corporate Governance by City Hospitalities India LIMITED for the year ended 31<sup>st</sup> March 2011 as stipulated in Clauses 49 of the Listing Agreement with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of 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 and based on the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance applicable as aforesaid.

As per the applicable ICAI Guidance Note we state that no investor grievances were pending for a period of one month against the company as per the records maintained by the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted its affairs.

Indore  
Dated: 30.8.2011

For BS Kedia & Co.  
Chartered Accountant

Sd/-  
Vikash Kedia  
Partner

**B S KEDIA & CO**  
Chartered Accountants

8/1, Lal Bazar Street  
Bikaner Building, 1st Floor Room No.1  
Kolkata - 700001 (West Bengal)

**AUDITORS' REPORT TO THE SHAREHOLDERS**

To  
The Members  
CITY HOSPITALITIES (I) LIMITED

1. We have audited the attached BALANCE SHEET of **M/s CITY HOSPITALITIES (I) LIMITED** (formerly known as M/s Infoquest Software Exports Limited) as on **31st March, 2011** and also the Profit & Loss Account 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 accounting standards generally accepted in India. Those standards required 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 disclosure in the 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(Auditors' Report)(Amendment)Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of Companies Act, 1956, we hereby enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :-
  - a) We have obtained all the information & explanation which to the best of our knowledge & belief were necessary for the purpose 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 and Profit & Loss Account dealt with by this report is in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit & Loss Account complies with the accounting standards as referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - e) During the course of our audit, we did not come across any matter which may have adverse effect on the functioning of the company.
  - f) On the basis of confirmation received from the companies in which Directors' of the company are directors, and the information and explanations given to us as taken on record by the Board of Directors of the Company, we report that none of the directors of the company are disqualified as on 31st March, 2011 from being appointed as Director, in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give 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 case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011; and
    - (ii). In the case of the Profit and Loss Account, of the Loss for the year ended on 31st March, 2011.

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

sd/-  
VIKASH KEDIA  
(Partner)

Place : INDORE  
Date : 31/JULY/2011

Membership No. : 066852

**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in Para 3 of our Report of even date)**

As required by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Company Law Board in terms of Section 227(4A) of Companies Act, 1956 we further report that -

1. a) The Company has maintained proper records showing the full particulars including quantitative details and the situation of fixed assets on the basis of available information.  
b) All the assets have not been physically verified by the management during the year and there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
c) During the year, the company has not disposed of any substantial / major part of fixed assets.
2. a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) In our opinion & according to the information and explanation given to us, 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.  
c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and the same have been properly dealt with in the books of account.
3. a) As per the information and explanation given to us the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.  
b) As the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956, sub-clauses (b), (c), (d), (f), and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
4. a) In our opinion & according to the information & explanation given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods and services. During course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls systems.
5. a) Based on the audit procedures applied by us and according to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.  
b) Also the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act 1956 are made at price which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A & 58AA or any other relevant provision of the Companies Act, 1956 & rules made there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The requirement as to maintenance of cost records u/s 209(c)(d) of the Companies Act, 1956 and rules made there under are not applicable to the Company.
9. a) According to the records of the Company examined by us and the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, Cess and other statutory dues with the appropriate authorities during the year, wherever applicable.

9. b) According to the records of the Company and information and explanations given to us, dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs, Excise Duty which have not been deposited on account of the disputes and the forum where dispute is pending is NIL.
10. The Company has accumulated losses worth Rs. 20,64,80,948/- as at 31st March, 2011. The Company has incurred cash losses of Rs. 94,66,622/- during the year covered by our audit and cash loss of Rs. 3,57,231/- during the immediately preceding previous year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. Based on our examination of records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit fund Company or nidhi/ mutual benefit fund/ society. Therefore the clause (xiii) of Para 4 of the Order is not applicable to the Company.
14. Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company has not entered in to transactions and contracts of dealing in shares, securities, debentures & other Investments.
15. According to the information & explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. According to the information and explanation given to us, Company did not avail any term loan during the year.
17. As per the information & explanations given to us & on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. The Company has made a preferential allotment to parties covered under register maintained under Section 301 of the Companies Act, 1956, during the year.
19. As per the records examined by us, the Company did not issue any debentures and therefore there is no question of creation of security or charges in that respect.
20. The Company has not raised any money by way of public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

sd/-

VIKASH KEDIA  
(Partner)

Membership No. : 066852

Place : INDORE  
Date : 31/JULY/2011

**BALANCE SHEET AS AT 31st MARCH, 2011**

Particulars	Schedules	Current Year <b>31.03.2011</b>	Previous Year <b>31.03.2010</b>
<b>SOURCES OF FUNDS</b>			
<i>SHAREHOLDER'S FUNDS :</i>			
Share Capital	1	88,520,500.00	63,425,500.00
Reserves & Surplus	2	265,323,000.00	215,133,000.00
<i>DEFERRED TAX LIABILITY</i>		2,344,218.28	2,344,218.28
<b>TOTAL Rs.</b>		<b>356,187,718.28</b>	<b>280,902,718.28</b>
<b>APPLICATION OF FUNDS</b>			
<i>FIXED ASSETS :</i>			
Gross Block	3	749,115.19	1,310,565.19
less: Depreciation		547,561.76	1,131,431.02
<i>NET FIXED ASSETS</i>		201,553.43	179,134.17
<i>INVESTMENTS</i>		0.00	12,000,000.00
<i>CURRENT ASSETS, LOANS &amp; ADVANCES :</i>			
Sundry Debtors	5	43,526,549.00	47,526,549.00
Cash & Bank Balances	6	257,150.26	500,583.69
Loans & Advances	7	126,524,984.00	33,694,984.00
Total Current Assets	[A]	170,308,683.26	81,722,116.69
<i>CURRENT LIABILITIES &amp; PROVISIONS :</i>			
Current Liabilities	8	21,851,950.00	196,000.00
Provisions		238,348.00	254,893.00
Total Current Liabilities	[B]	22,090,298.00	450,893.00
<i>NET CURRENT ASSETS</i>	[A - B]	148,218,385.26	81,271,223.69
<i>MISCELLANEOUS EXPENDITURE</i>		1,282,252.90	1,282,252.90
<i>(to the extent not written off or adjusted)</i>			
<i>PROFIT AND LOSS ACCOUNT</i>		206,485,526.69	186,170,107.52
<b>TOTAL Rs.</b>		<b>356,187,718.28</b>	<b>280,902,718.28</b>
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNT		14	

CITY HOSPITALITIES (I) LIMITED

(Director)

(Director)

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

sd/-

VIKASH KEDIA

(Partner)

Membership No. : 066852

Place : INDORE

Date : 31/JULY/2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

Particulars	Schedules	Current Year <b>31.03.2011</b>	Previous Year <b>31.03.2010</b>
<b>INCOME :</b>			
Sales / Gross Receipts		61,130,852.00	0.00
Other Income		86,641.71	0.00
	<b>TOTAL Rs.</b>	<b>61,217,493.71</b>	<b>0.00</b>
<b>EXPENDITURE :</b>			
Increase / (Decrease) in Stock		0.00	0.00
Purchase of Traded Goods		70,346,957.00	0.00
Administrative Expenses	10	287,659.00	305,261.00
Salaries & Wages	11	48,000.00	48,000.00
Interest & Financial Expenses	12	6,079.43	3,970.80
Depreciation	3	44,217.45	98,278.37
	<b>TOTAL Rs.</b>	<b>70,732,912.88</b>	<b>455,510.17</b>
<i>NET PROFIT/ (LOSS) BEFORE TAX</i>		(9,515,419.17)	(455,510.17)
Less: Provision for Taxation		-	-
<b>NET PROFIT/ (LOSS) AFTER TAX</b>		<b>(9,515,419.17)</b>	<b>(455,510.17)</b>
Add / (Less) : Extra Ordinary Items		(10,800,000.00)	-
<b>NET PROFIT/ (LOSS) AFTER TAX &amp; EXTRAORDINARY ITEM</b>		<b>(20,315,419.17)</b>	<b>(455,510.17)</b>
Balance Brought Forward From Previous Years		(186,170,107.52)	(185,714,597.35)
<b>BALANCE TRANSFERRED TO BALANCE SHEET</b>		<b>(206,485,526.69)</b>	<b>(186,170,107.52)</b>
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNT	14		

CITY HOSPITALITIES (I) LIMITED

(Director)

(Director)

Place : INDORE

Date : 31/JULY/2011

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

sd/-  
VIKASH KEDIA  
(Partner)  
Membership No. : 066852

**SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT  
31st MARCH, 2011**

Schedule	Group	Current Year 31.03.2011	Previous Year 31.03.2010
<b>1 SHARE CAPITAL</b>			
<b>Authorised Capital</b>			
2,80,00,000 Equity Shares of Rs. 10 each		280,000,000.00	280,000,000.00
<b>Issued, Subscribed, Paid Up Capital</b>			
84,69,400 ( Previous Year 51,23,400) Equity Shares of Rs. 10/- each fully paid up		84,694,000.00	51,234,000.00
15,30,600 Equity Shares of Rs. 10 each Fully Called Up (Previous Year 4,876,600 of Rs.10 each, Rs. 10 Called up).		15,306,000.00	48,766,000.00
		100,000,000.00	100,000,000.00
Less : Calls in Arrears @ Rs. 7.5 per Share (On 15,30,600 Equity Shares) (Previous Year 4,876,600 Shares).		11,479,500.00	36,574,500.00
		<b>88,520,500.00</b>	<b>63,425,500.00</b>
<b>2 RESERVES &amp; SURPLUS</b>			
Securities Premium		265,323,000.00	215,133,000.00
		<b>265,323,000.00</b>	<b>215,133,000.00</b>
<b>4 INVESTMENTS</b>			
Non-Trading (At Cost)	1	-	-
Long-Term Investment			
Quoted		-	-
Unquoted		-	12,000,000.00
		<b>0.00</b>	<b>12,000,000.00</b>
<b>5 SUNDRY DEBTORS</b>			
Due For The Period Exceeding Six Months	2	43,526,549.00	39,488,750.00
Due For The Period Less Than Six Months		0.00	8,037,799.00
		<b>43,526,549.00</b>	<b>47,526,549.00</b>
<b>6 CASH &amp; BANK BALANCES</b>			
Cash In hand		145,635.00	351,096.00
Cash At Bank :			
Centurian Bank		18,212.00	18,212.00
Dena Bank		90,399.57	0.00
IDBI Bank Ltd., Indore		2,903.69	126,696.69
IDBI Bank Ltd., Mumbai		0.00	252.00
The federal Bank		0	4327
		<b>257,150.26</b>	<b>500,583.69</b>
<b>7 LOANS &amp; ADVANCES</b>			
Advance Recoverable In Cash Or Kind Or For The Value To Be Recovered	3	126,524,984.00	32,689,984.00
Deposits With Govt. Departments & Others		0.00	1,005,000.00
		<b>126,524,984.00</b>	<b>33,694,984.00</b>
<b>8 CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Creditors	4	9,251,950.00	196,000.00
Other Liabilities		12,150,000.00	0.00
Other Advances		450,000.00	0.00
Provisions		238,348.00	254,893.00
		<b>22,090,298.00</b>	<b>450,893.00</b>
<b>9 MISCELLANEOUS EXPENDITURE</b>			
Preliminary Expenses (to the extent not w/off)			
Public Issue Expenses		424,252.90	424,252.90
Share Issue Expenses		858,000.00	858,000.00
		<b>1,282,252.90</b>	<b>1,282,252.90</b>

CITY HOSPITALITIES (I) LIMITED

(Director)

(Director)

As Per Audit Report Of Even Date  
B S KEDIA & CO  
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sd/-  
VIKASH KEDIA  
(Partner)



**SCHEDULES ANNEXED TO & FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED  
31st MARCH, 2011**

Schedule	Current Year <b>31.03.2011</b>	Previous Year <b>31.03.2010</b>
<b><u>10 OTHER INCOME</u></b>		
Excess Dep. On Fixed Assets written back	86,636.71	0.00
Round Off	5.00	0.00
	<b><u>86,641.71</u></b>	<b><u>0.00</u></b>
<b><u>11 ADMINISTRATIVE EXPENSES</u></b>		
Audit Fees	18,000.00	18,000.00
Computer Expenses	1,485.00	1,750.00
Conveyance Expenses	2,450.00	2,660.00
Legal & Professional Expenses	20,000.00	9,500.00
Office Expenses	4,563.00	5,234.00
Office Rent	36,000.00	36,000.00
Telephone Expenses	22,852.00	28,543.00
Power & Electricity Expenses	5,416.00	7,746.00
Share Demat Connectivity Charges	150,198.00	146,048.00
Stationery & Printing Expenses	26,695.00	33,235.00
BSE Listing Fees	0.00	16,545.00
	<b><u>287,659.00</u></b>	<b><u>305,261.00</u></b>
<b><u>12 SALARIES &amp; WAGES</u></b>		
Salary & Wages & Bonus	48,000.00	48,000.00
Staff Welfare	0.00	0.00
	<b><u>48,000.00</u></b>	<b><u>48,000.00</u></b>
<b><u>13 INTEREST &amp; FINANCIAL EXPENSES</u></b>		
Bank Charges & Commission	6,079.43	3,970.80
	<b><u>6,079.43</u></b>	<b><u>3,970.80</u></b>

CITY HOSPITALITIES (I) LIMITED

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

(Director)

(Director)

sd/-  
VIKASH KEDIA  
(Partner)  
Membership No. : 066852

Place : INDORE  
Date : 31/JULY/2011

**SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

**SCHEDULE - 3 FIXED ASSETS**

S. No.	Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Opening Bal As At 01.04.2010	Additions During The Year	Deductions During The Year	Closing Bal As At 31.03.2011	Opening Bal As At 01.04.2010	For The Year	Total Dep. As At 31.03.2011	Closing WDV As At 31.03.2011	Opening WDV As At 31.03.2010
1	Air Conditioner	23400.00	0.00	0.00	23400.00	10803.78	1111.50	11915.28	11484.72	12596.22
2	Electrical Installation	133459.00	0.00	0.00	133459.00	62336.17	6339.30	68675.47	64783.53	71122.83
3	Furniture & Fixture	546486.19	0.00	0.00	546486.19	399850.74	34592.58	434443.31	112042.88	146635.45
4	Office Equipment	45770.00	0.00	0.00	45770.00	30353.62	2174.08	32527.70	13242.30	15416.38
5	Vehicle	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>TOTAL</b>	<b>749115.19</b>	<b>0.00</b>	<b>0.00</b>	<b>749115.19</b>	<b>503344.31</b>	<b>44217.45</b>	<b>547561.76</b>	<b>201553.43</b>	<b>245770.88</b>
	Previous Year	1310565.19	0.00	0.00	1310565.19	1033152.65	98278.37	1131431.02	179134.17	277412.54

As Per Audit Report Of Even Date

B S KEDIA & CO

(Chartered Accountants)

Firm Reg. No. : 317159E

CITY HOSPITALITIES (I) LIMITED

sd/-  
(Director)

sd/-  
(Director)

Place : INDORE  
Date : 31/JULY/2011

sd/-  
VIKASH KEDIA  
(Partner)  
Membership No. : 066852

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**SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNT  
FOR THE YEAR ENDED ON 31st MARCH, 2011**

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**PART - A : SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis Of Accounting :**

The financial statements are prepared on the basis of going concern in accordance with the relevant presentation requirements of Companies Act, 1956 on accrual basis.

**2. Fixed Assets :**

Fixed Assets are stated at Cost / Revalued Amount, including attributable interest and finance cost till such assets are put to use.

Revalued Cost : Capitalized less Depreciation accumulated till date.

Depreciation has been charged on the basis of the Residual Value of the assets concerned as:

All assets are depreciated on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 in respect of addition / deletion made during the year.

**3. Investments :**

Long term investment are shown at cost. Provision for diminution is made only if, in the opinion on the management such a decline is other than temporary.

**4. Borrowing Cost :**

Borrowing Cost Attributable to acquisition and construction of assets are Capitalized as a part of the cost of such assets upto the date when such asset is ready for it Intended use. Other Borrowing costs are charged to profit & loss account (if any).

**5. Retirement Benefits :**

Provisions for Provident Fund, Super annuation, pension and ESIC are not applicable to the company as number of employees are below statutory limit.

**6. Foreign Currency Transaction :** Nil

**7. Deferred Tax :**

Deferred Tax is not recognized on timing difference, being the difference between the taxable income & accounting income that originate in one period & are capable of reversal in one or more subsequent period.

**PART - B : NOTES FORMING PART OF THE ACCOUNTS**

1. Figures of previous year have been regrouped / reclassified wherever necessary.
2. In the option of Board Of Director, current assets, loans and advances have been valued on realisation in ordinary course of the business at least equal to the amount at which they are stated in the Balance Sheet and that the provisions for known liabilities is adequate and reasonable. There are no Contingent Liabilities.
3. Balances of Debtors, Creditors, Loans & Advances are subject to confirmation and reconciliation.
4. In view of losses incurred by the Company no provision for Income Tax has been considered necessary.
5. There is no amount overdue and remaining unpaid to small scale and ancillary industrial suppliers on account of the principal and/or interest as at the close of the year. This disclosure is based on the information available from the Company regarding the status of the suppliers as defined under the interest on delayed payments of Small Scale and Ancillary Industrial Undertaking Act, 1993.
6. The investments held by the Company were sold during the year for an aggregate value of Rs. 12,00,000/- resulting in a Loss on sale of investments worth Rs. 1,08,00,000/- which has been shown as Extra Ordinary Item under the Financial Statements for the year.
7. Rent deposit (previous year Rs.10 Lacs) given to Director, has been squared off in the current Financial Year.
8. The provision of Industries (Development and Regulation) Act, 1951 relating to licensed capacity is not applicable.

**9. Segment Reporting :**

Company's main activity is dealing in software and it is the main revenue generating activity i.e. only the business segment. Hence segment reporting as required by AS - 17 is not applicable.

**10. Related Party Disclosure :**

(i) Relationships

a) Key Management Personnel : Sanjay Jhalani Director

(ii) Transactions with the related parties referred in (i) above are in ordinary course of business.

Expenses / Remuneration to key Managerial Personnel : Nil

**11. Deferred Tax Liability :**

In accordance with the Accounting Standard-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has not provided for deferred tax during the year.

12. Other expenses include Rs.18000/- Auditor's Remuneration towards services.

For CITY HOSPITALITIES (I) LIMITED

As Per Audit Report Of Even Date  
B S KEDIA & CO  
(Chartered Accountants)  
Firm Reg. No. : 317159E

(Director)

(Director)

sd/-  
VIKASH KEDIA  
(Partner)  
Membership No. : 066852

Place : INDORE  
Date : 31/JULY/2011

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	:	<b>U26994MH2003PLC143264</b>
State Code	:	11
Balance Sheet Date	:	<b>31st MARCH, 2011</b>

(Amount Rs. In Thousands)

**II. Capital Raised During The Year**

		100,000.00
Public Issue		0.00
Rights Issue		0.00
Bonus Issue		0.00
Private Placement		0.00

**III. Position Of Mobilisation & Deployment Of Funds**

Total Liabilities		3,782.78
Total Assets		1,717.92

**Sources Of Funds**

Paid-Up Capital		885.21
Share Application Money		0.00
Reserves & Surplus		2,653.23
Deferred Tax Liability		23.44
Secured Loans		0.00
Unsecured Loans		0.00

**Application Of Funds**

Net Fixed Assets		2.02
Investments		0.00
Net Current Assets		1,482.18
Miscellaneous Expenditure		12.82

**IV. Performance Of The Company**

Turnover		611.31
Total Expenditure		707.33
Profit/(Loss) Before Tax		(95.15)
Profit/(Loss) After Tax		(95.15)
Earnings Per Share		(0.00)
Dividend Rate %		

**V. Generic Names Of Three Principal Products Of The Company**

(As Per Monetary Terms)

Item Code No. (ITC Code) :	Product Description :	N.A.
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CITY HOSPITALITIES (I) LIMITED

sd/-  
(Director)sd/-  
(Director)

Place : INDORE

Date : 31/JULY/2011

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