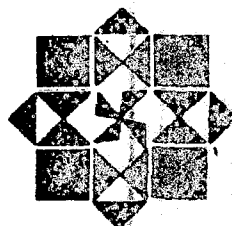


# EIGHTEENTH ANNUAL REPORT

1997-98

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CS	<input checked="" type="checkbox"/>	BY	<input checked="" type="checkbox"/>
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AT YOUR  
SERVICE

*GANDHINAGAR HOTELS LIMITED*

## GANDHINAGAR HOTELS LIMITED

### BOARD OF DIRECTORS

Major Vinodchandra P Joshi (Retd.)	<i>Chairman &amp; Managing Director</i>
Smt. Pragnaben V Joshi	<i>Director</i>
Shri Popatlal V Patel	"
Shri Kantilal S Trivedi	"
Shri Shantilal M Savla	"
Shri Kantilal V Savla	"
Shri Jashuji P Rana	"
Shri Tribhovandas I Amin	"
Shri Ghanshyambhai S Modi	"
Shri Govindbhai N Shah	"
Shri Balmukund C Doshi	"
Shri Dilipkumar C Patel	"

### JOINT AUDITORS

M/S. ALKESH C.SHAH & CO.

*Chartered Accountant*

M/S. SHAH MERCHANT AND ASSOCIATES

*Chartered Accountant*

### REGISTERED OFFICE

Plot No.448, GH-5,

Sector-16,

Gandhinagar - 382016.

### BANKERS

Gandhinagar Nagarik Co-Op. Bank Ltd.

Punjab National Bank

Bank of Baroda

## NOTICE

NOTICE is hereby given that the eighteenth Annual General Meeting of the shareholders of the Gandhinagar Hotels Ltd will be held on Monday, 31st August, 1998 at 11.30 a.m. at Hotel Haveli, Plot No.235, Sector 11, Gandhinagar 382011, to consider the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts for the year ended 31st March, 1998 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Major Vinodchandra P Joshi(Retd), who retires by rotation and being eligible for re-appointment offers himself for re-appointment.
3. To appoint a Director in place of Smt Pragnaben V Joshi, who retires by rotation and being eligible for re-appointment offers herself for re-appointment.
4. To appoint a Director in place of Shri Ghanshyambhai S Modi, who retires by rotation and being eligible for re-appointment offers himself for re-appointment.
5. To appoint a Director in place of Shri Dilipkumar C Patel, who retires by rotation, and who does not offer himself for re-appointment.
6. To appoint Auditors and to authorise Board to fix their remuneration.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolutions :

“RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 316, Schedule XIII to the Companies Act, 1956, consent of the Company, be and is hereby given to the re-appointment of Major Vinodchandra P Joshi (Retd) for a further period of five years w.e.f. 1st September, 1998 upon the fresh terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to revise, alter or amend the terms and conditions including remuneration payable to him so however that the remuneration so increased shall not exceed the ceilings laid down in Schedule XIII to the Companies Act, 1956 and to do all such acts, deeds, matters and things as may be deemed expedient and to resolve any query or dispute for the purpose.”

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

“RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the “Board”), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of equity shares, on a proportionate

basis and/or from the open market and/or from the lots smaller than market lots of the equity shares and/or by purchasing the equity shares issued to the employees pursuant to a scheme of stock option, the equity shares having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "equity shares"), of the Company, from out of its free reserves or out of the equity shares premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the equity shares so bought back shall not exceed such percentage of the equity shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

By Order of the Board  
For **GANDHINAGAR HOTELS LTD**

**Place:** Gandhinagar

**Date :** 30th July, 1998

Major Vinodchandra P Joshi (Retd)  
*Chairman & Managing Director*

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. In respect of Item No. 5 the resultant vacancy is not proposed to be filled up.
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, for the special business is hereby annexed to this Notice.
4. The Share Transfer Books and the Register of Members of the Company shall remain closed from Friday, 28th August, 1998 to Monday, 31st August, 1998 (both days inclusive).
5. The members are requested to intimate changes, if any, in their registered addresses, immediately to the Company for updating records.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:****Item No.7**

Major Vinodchandra P Joshi (Retd), was appointed as Chairman and Managing Director of the Company, for a period of five years w.e.f. 1.1.94. He is also a Chairman & Managing Director of the Gandhinagar Leasing and Finance Ltd, Gandhinagar. The Central Government vide their letter No.1/43/CL.VII/94 dtd. 2/6/94 also accorded approval to the aforesaid appointments. The tenure of his appointment expires on 31st December, 1998. Your Board considered the experience and expertise of Major Joshi and the contribution given by him to the Company. The Board therefore unanimously considered his re-appointment for a period of five years with fresh terms and conditions w.e.f. 1st September, 1998, in view of the Government of India Notification No. GSR 48(E) dtd.1.2.1994 and No. GSR 418 (E) dtd.12.9.1996. The fresh terms and conditions include the followings:

01. SALARY - Rs. 40,000/- per month.

02. COMMISSION

The Chairman and Managing Director shall be entitled to Commission as may be decided by the Board of Directors of the Company on the net profits of the Company, so that for any year the aggregate of salary, perquisites and commission shall not exceed the overall ceilings laid down under Section 198 and 309 read with Schedule XIII to the Companies Act, 1956.

03. PERQUISITES

Perquisites shall be allowed in addition to salary and commission. However, perquisites will be restricted to an amount of annual salary or Rs. 4,50,000/- per annum, whichever is less. Unless the context otherwise requires, perquisites are classified as follows:

(1) House Rent Allowance

HRA @ 60% of the salary.

(2) GAS, Electricity, Water and Furnishings

The Expenditure by the Company on Gas, Electricity, Water and Furnishings shall be allowed on actual basis.

(3) Medical Reimbursement

Expenditure incurred for self and family subject to ceiling of the one month's salary in a year or three months' salary over a period of three years.

(4) Leave Travel Concession

For self and family Twice a year in accordance with the Rules of the Company.

(5) Club Fees

Subject to maximum of Four clubs including admission and life membership fees.

(6) Insurance

Premium not to exceed Rs.25,000/- per annum.

**EXPLANATION**

For the purpose of above perquisites "Family" means the spouse, dependent children and dependents of Chairman & Managing Director.

Contribution to Provident Fund, Superannuation Fund or any Annuity Fund will not be included in the computation of ceiling of perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service. He will also be entitled for encashment of leave at the end of tenure as per the Rules of the Company.

The provision of Car with Chauffeur for use on the Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls for private purpose shall be billed by the Company.

## OTHER BENEFITS

- (1) The Chairman & managing Director shall also be entitled to such other benefits, Schemes, privileges and amenities as are granted to Senior Executive of the Company in accordance with the Company's practices, Rules and Regulations in force from time to time.
- (2) Further, he will be reimbursed for all the expenses incurred in the interest of the business of the Company like entertainment and travelling expenses.

This tentamounts to a continuous services and earlier contract of appointment deemed to be terminated immediately on re-appointment.

Major Vinodchandra P Joshi and Mrs Pragnaben V Joshi are deemed to be interested or concerned in the resolution. The approval letter No.1/43/CL.VII/94 dtd. 2/6/94 received from the Department of Company Affairs, New Delhi is available for inspection between 1.00 p.m. to 3.00 p.m. during working days.

This may be treated as an abstract under Section 302 of the Companies Act, 1956.

### Item No.8:

Buy back of own Shares or other Securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of Shares/Securities by the Companies. Hence it is expected that, in due course of time, the law is expected to be amended to allow such buybacks. It is proposed to buy back not exceeding such percentage of the total voting powers relating to the Shares or other Securities giving right to subscribe for Shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time, from the existing equity shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the equity shares (odd lots), subject to necessary enactments in this regard. The buyback of Shares as aforesaid would entail investing of an amount which would not be less than the market value of the Shares or other Equity Shares giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or share premium account and/or out of the proceeds of an issue specifically or such other funds as may permitted for the purpose. The Shares so bought back shall be dealt with as per the then prevailing laws/regulations. The Board is of the opinion that it will be in the best interest of the Company if Shareholders approve the said Resolution, should the provisions be enacted permitting such buy backs, so that the Company will be able to implement this Resolution. The Resolution is an enabling provision aimed at facilitating the Company to buy back its own Equity Shares as soon as it is legally permissible. The Board commends the resolution for approval. None of the Directors of the Company is in any way concerned or interested in the Resolution except to the extent of holdings in equity shares.

By Order of the Board  
For **GANDHINAGAR HOTELS LTD**

**Place:** Gandhinagar  
**Date :** 30th July, 1998

Major Vinodchandra P Joshi (Retd)  
*Chairman & Managing Director*



## GANDHINAGAR HOTELS LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

#### FINANCIAL RESULTS

	Rs. in Lacs	
	1997-98	1996-97
(1) Gross Revenue of the Company	150.47	137.28
(2) Profit before Financial charges and Non cash expenses	43.53	28.78
(-) Financial Charges	6.86	39.55
(-) Non cash expenses	36.16	261.22
(3) Net Profit/Loss for the year	00.51	-271.99
(4) Income Tax Provision	00.05	00.00
(5) Net Profit After Tax	00.46	-271.99

#### REVIEW OF OPERATIONS

The financial performance of the Company for the year under review was effected by the depress market conditions. The progress of Industrial Development in Gandhinagar is almost stagnant. The most of Electronic units are on the verge of closure and no new units are coming up. As expected, Government Corporations and Boards are likely to be shifted to Udyog Bhavan and at Sachivalaya are also not materialised. The combined effect of all these factors have effected to Gross Revenue of the company, even though Gross Revenue of Company has increased from Rs. 137.28 Lacs for the previous year to Rs. 150.47 Lacs for the year under review.

Your Directors are pleased to report that the Company is constantly striving for providing better services and modern facilities to its Clientals. Your Company has an ambitious plan to add advanced facilities on the adjacent plot purchased from Government of Gujarat. Hence, it is hoped that the progress of the Company will be impressive in the years to come.

#### FINANCE

Your Directors are pleased to report that the Company has repaid in full whole of its term loan to the Gujarat Industrial Investment Corporation Ltd, Ahmedabad.

Your Directors are pleased to report that the Company has received Final Settlement Sanction from Gujarat State Financial Corporation Ltd, Ahmedabad and as on date whole of its Term Loan is repaid.

#### DIRECTORATE

Major Vinodchandra P Joshi (Retd), Smt Pragnaben V Joshi, Shri Ghanshyambhai S Modi, Shri Dilipkumar C Patel, are due to retire at the ensuing Annual General Meeting and are eligible for reappointments. However, the Company has yet not received offer of Shri Dilipkumar C Patel for the same and hence, it would be proposed not to fill up that vacancy.

The tenure of Major Vinodchandra P Joshi (Retd) as Chairman & Managing Director of the Company expires on 31st December, 1998. The Board of Directors of the Company considered his re-appointment for a further period of five years w.e.f. 1st September, 1998 as per terms and conditions mentioned in the Notice convening the AGM. You are requested to accord your approval to the same.