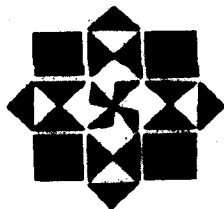


23RD Annual Report

2002-2003



AT YOUR
SERVICE

H O T E L H A V E L I



GANDHINAGAR HOTELS LIMITED

GANDHINAGAR HOTELS LIMITED

BOARD OF DIRECTORS

Major Vinodchandra P Joshi (Retd.)	<i>Chairman & 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 K Trivedi	"
Wg Cdr Manik Anchalia	"
Shri Rupsinh K Makwana	"

AUDITORS

M/s Manoj Lekinwala & Co.,
Chartered Accountants

REGISTERED OFFICE

Plot No. 235, Sector-11,
"Hotel Haveli", CH-Road,
Gandhinagar - 382 011.

BANKERS

Gandhinagar Nagarik Co-Op. Bank Ltd.
HDFC Bank
Bank of Baroda

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of the Company will be held on Friday, 25th July, 2003 at 11.00 a.m. at Hotel Haveli, Plot No. 235, Sector - 11, Gandhinagar 382 011, to transact the following business :

1. To receive, consider and adopt Audited Accounts for the year ended 31st March, 2003 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Pragnaben V Joshi, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Shri Shantilal M Savla, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Govindbhai N Shah, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Balmukund C Doshi, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Wg Cdr Manik Anchalia, who retires by rotation and being eligible, offers himself for reappointment.
7. To Appoint Auditors and authorise Board to fix their remuneration.
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed thereunder, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any such authority 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") which term shall include any committee thereof for the time being exercising the powers conferred by the Board, consent of the Company, be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the following Stock Exchanges :

1. The Stock Exchange, Ahmedabad, and/or
2. The Stock Exchange, Mumbai

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to seek voluntary delisting and to take all necessary actions in this regard, (including exit offer or otherwise, wherever necessary) and to do all such acts, deeds, incidental matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, doubt that may arise in this regard and to execute all such deeds, documents as may be necessary and for this purpose to delegate the authority duly vested therein to any of the Directors or any other person whom the Board may deem fit to do various acts, deeds and things as required to be done for delisting of shares."

For **GANDHINAGAR HOTELS LTD**

Place : Gandhinagar

Date : 25.06.2003

Major Vinodchandra P Joshi (Retd)

Chairman & Managing Director

NOTES :

1. A MEMBERS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and Clause 49 of the Listing Agreement, in respect of Item No. 2 to 6 and 8 are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Monday, 21st July, 2003 to Friday, 25th July, 2003 (Both days inclusive)
4. Members desirous of any information or clarification on accounts, are requested to write to the Company atleast 10 days in advance of the meeting.
5. Members are requested to notify, change in address, if any, immediately to the Registered Office of the Company.

GANDHINAGAR HOTELS LIMITED**ANNUAL REPORT 2002-2003**

EXPLANATORY STATEMENT Pursuant to Section 173 of the Companies Act, 1956 and Pursuant to Clause 49 of the Listing Agreement :

Item No. 2

Smt. Pragnaben V Joshi is aged about 56 years and she is post graduate. She is a promoter Director of the Company and has wide experience in hotel industry. The Board recommend her re-appointment.

None of the Directors except Major V P Joshi (Retd.), is concerned or interested in the Resolution.

Item No. 3

Shri Shantilal Savla is aged about 60 years and has very rich experience in business. The Board recommend his re-appointment.

None of the Directors is concerned or interested in the Resolution.

Item No. 4

Shri Govindbhai N Shah is aged about 68 years and has very rich experience in business. The Board recommend his re-appointment.

None of the Directors is concerned or interest in the Resolution.

Item No. 5

Shri Balmukund C Doshi is aged about 66 years and has very rich experience in business. The Board recommend his re-appointment.

None of the Directors is concerned or interested in the Resolution.

Item No. 6

Wg Cdr Manik Anchalia, is aged about 55 years and a retired Senior Officer of Indian Air Force and has very rich experience in business. The Board recommend his re-appointment.

None of the Directors is concerned or interested in the Resolution.

Item No. 8

The Securities and Exchange Board of India has recently issued Guidelines for voluntary delisting of shares. The Company has not entered into agreement for dematerialisation. Moreover, The Company's shares are not traded on the Stock Exchanges. Accordingly, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 permit delisting of shares without giving an exit option to the shareholders, provided the shares of the Company continue to be listed at a Stock Exchange having nationwide trading terminals. The Company now proposes voluntary delisting as may be permitted under the Guidelines or Rules framed/to be framed by SEBI from time to time. The Board recommend the special resolution.

None of the Directors of the Company are in any way concerned or interested in the said special resolution.

For **GANDHINAGAR HOTELS LTD**

Place : Gandhinagar

Date : 25.06.2003

Major Vinodchandra P Joshi (Retd)
Chairman & Managing Director

GANDHINAGAR HOTELS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting this Twenty Third Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	Rs. in Lacs	
	2002-2003	2001-2002
1. Gross Revenue of the Company	116.29	129.72
2. Profit before Financial charges and Non cash expenses	26.55	32.87
(-) Financial Charges	23.47	24.79
(-) Non cash expenses	25.15	26.52
3. Profit / Loss for the year	-22.07	-18.44

REVIEW OF OPERATIONS

Your Directors regret to report that the Company has secured gross receipts of Rs. 116.29 lacs as against Rs. 129.72 lacs for the previous year. The overall market conditions continued to be sluggish and the resultant industrial depression. This has affected business of the Company and room occupancy also in addition to the heavy competition. The Company has suffered a loss of Rs. 22.07 lacs as against loss of Rs. 18.44 lacs suffered during the previous year. Your Directors hope improvement in visitors and clientele in the city in the years to come and the resultant income.

PARTICULARS OF EMPLOYEES

There were no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 and the Rules made thereunder except Managing Director. Hence, particulars are not given.

DIRECTORATE

Smt Pragnaben V Joshi, Shri Shantilal M Savla, Shri Govindbhai N Shah, Shri Balmukund C Doshi and Wg Cdr Manik Anchaliya are due to retire at the ensuing Annual General Meeting and are eligible for re-appointments. You are requested to consider their re-appointments.

AUDIT COMMITTEE

The Company has already taken steps to comply with the requirements of laws. Accordingly, the Company has constituted an Audit Committee comprising of, Shri Kantilal S Trivedi, Smt Pragnaben V Joshi and Shri Popatlal V Patel Non Executive Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state,

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed, alongwith proper explanation read with the notes to the accounts relating to material departures;
2. that the Directors had 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 profit and loss of the Company for that period.

3. that the Directors had 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 fraud and other irregularities.
4. that the Directors had prepared the Annual Accounts on a going concern basis.

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

Your Company has been engaged in hotel industry. The source of energy for the Company are Electricity and Gas. The Electricity charges contribute major portion of expenses of the Company. In view of this, your Board is striving for the conservation of Electricity under the supervision of one senior Executive on a continuous basis, to achieve optimum consumption of electricity and other fuels.

The other information as required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, is not applicable to the Company and hence disclosure is not made regarding technology absorption. During the year under review, the Company has earned foreign exchange to the tune of Rs. 14,848/- and foreign exchange outgo is Rs. Nil.

DEPOSITS

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

AUDITORS

M/s Manoj Lekinwala & Co., Chartered Accountants of Gandhinagar, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. They are eligible for the re-appointments and you are requested to consider their re-appointment.

The Auditors' observations read with the Notes to the Accounts are self explanatory.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreements, your Company has already implemented Corporate Governance for the year 2002-2003. A Management Discussion and Analysis Report alongwith detailed report on Corporate Governance attached with this Report form part of the Annual Report.

VOLUNTARY DELISTINGS

Your Company proposes voluntary delistings from the stock exchanges at Ahmedabad and Mumbai pursuant to the recent SEBI (Delistings) Guidelines, 2003, as the Company's shares not quoted on there exchanges.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation of the services of Bankers of the Company. Your Directors also take this opportunity to express their appreciation for the sincere and dedicated services of the employees of the Company at all levels.

For and on behalf of the Board
For **GANDHINAGAR HOTELS LTD**

Place : Gandhinagar
Date : 25.06.2003

Major Vinodchandra P Joshi (Retd)
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview :

Gandhinagar Hotels Limited was promoted by Major Vinodchandra P Joshi (Retd.), a technocate having very rich experience in the Industries. The Company is engaged in rendering hotels services.

Industry Structure :

During the year under review, the Country witnessed overall industrial slackness in addition to the general depressionary market conditions all over the world and numbers of foreign tourist are extremely reduced which ultimately affected the hotel industry.

Prospects :

The hotel industry is largely dependent on the overall growth of the other industries, which are under revival stage. The hotel business is likely to get good business in the years to come, if the quality of the services and hospitality is maintained upto the satisfaction of the customers. The Company is quality conscious about the quality of the services.

Opportunities, Threats, Risks and concerns :

The Company has a fair name in the hotel industry in Gujarat and has strategic plans for economise its activities. With the working capital facilities availed from bankers, the Company is set to achieve the higher productivity to meet with the demand. With the removal of the import restrictions in the year 2004, international market will be open for all industries, which will further boost up the hotel industry. However, the Government is vigilant on the global competition. Further, the Company believes satisfaction of the customers and maintaining long term relationship with them, which will ultimately provide better opportunity to grow.

Internal Control Systems :

The Company has adequate internal control systems in respect of efficiency of operation, financial reporting,, compliance with laws etc. Exercises for safeguarding assets and protection against unauthorised use are undertaken. The Management reviews internal control system from time to time.

Review of Financial Performance :

The financial performance during the year ended 31st March, 2003, has not been satisfactory due to general depressionary market conditions. The Company expects better performance in the years to come.

Human Resources :

As on 31st March, 2003, 24 personnel were working at its hotel at Gandhinagar. The relations between the employees and the management have remained cordial.

Cautionary Statement :

Statements in this report on management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, informations or events.

REPORT ON CORPORATE GOVERNANCE**1. A brief statement on Company's philosophy on code of conduct :**

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis. In order to achieve the objective the Company is driven by the following guiding principles :

- a. Improving the effectiveness of the Board of Directors in supervising management; and
- b. Improving the quality of information and communication with our stockholders.

The Company believes that these two principles will result in a better shareholders value.

2. Board of Directors :**a) Composition**

The Board of Directors presently comprises of fourteen Directors, Twelve of whom are independent and non executive Directors. The Board is headed by Major Vinodchandra P Joshi, Chairman and Managing Director and is composed of eminent persons with wide experience in various fields.

None of the non-executive Directors have material pecuniary relationship or transactions with the Company.

During the year, Six Board Meetings were held on 30th April, 2002, 27th July, 2002, 12th August, 2002, 30th August, 2002, 31st October, 2002 and 31st January, 2003. The time gap between two Board Meetings do not exceed four months. The composition of the Board of Directors and other particulars are as under :

Name of Directors	Category	No of Board Meeting attended	Attendance at the last AGM (Y/N)	Directorship in other public Co.	No of Committees in which chairman/member in other public Co.
Major V P Joshi	CMD	6	Y	2	2
Smt Pragnaben V Joshi	NED	6	Y	1	2
Popatlal V Patel	NED	5	Y	1	2
Kantilal S Trivedi	NED	6	Y	1	2
Shantilal M Savla	NED	2	Y	1	
Kantilal V Savla	NED	2	Y		
Jashuji P Rana	NED	5	Y		
Tribhovandas I Amin	NED	2	Y		
Ghanshyambhai S Modi	NED	2	N		
Govindbhai N Shah	NED	3	N		
Balmukund C Doshi	NED	3	N		
Dilipkumar K Trivedi	ED	6	Y		
Wg Cdr Manik Anchalia	NED	4	N	1	1
Rupsinh K. Makwana	NED	4	N		
Manoj H Lakinwala (*)	NED	2	—		

- Note :**
1. CMD - Chairman & Managing Director (Promoter).
The appointment is contractual.
 2. NED - Non Executive Director and Independent Director
 3. ED - Executive Director
 4. (*) - Resigned with effect from 27.7.2002.