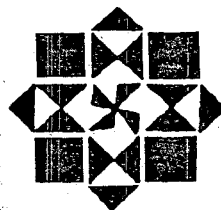


# ***24TH Annual Report***

**2003-2004**

H O T E L H A V E L I



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 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 Ltd.  
Bank of Baroda

## NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of members of the Company will be held on Thursday, 30th September, 2004 at 11.00 a.m. at Hotel Haveli, Plot No. 235, Sector-11, Gandhinagar, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts for the year ended 31st March, 2004 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Kantilal S.Trivedi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Jasuji P Rana, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Ghanshyambhai S Modi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Dilipkumar K Trivedi, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri Rupsinh K Makwana, who retires by rotation and being eligible, offers himself for reappointment.
7. To Appoint Auditors and authorise Board to fix their remuneration.

### SPECIAL BUSINESS

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 Section 198, 269, 309, 310, 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, 2003 upon the fresh terms and conditions as mentioned in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised alter and/or amend the terms and conditions including remuneration payable to Major V P Joshi as Chairman and Managing Director of the Company within the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 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 resolve any query or dispute for the purpose."

9. 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 Section 198, 269, 309 and Schedule XIII to the Companies Act, 1956, consent of the Company, be and is hereby given to the re-appointment of Shri Dilipkumar K Trivedi as Director (Accounts) of the Company, for a period of five years w.e.f. 1st September, 2004 on a salary of Rs. 10,000/- per month in the scale of Rs. 10000-1000-14000 plus perquisites as mentioned 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 term 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."

For **GANDHINAGAR HOTELS LTD**

Place : Gandhinagar

Date : 25.08.2004

Major Vinodchandra P Joshi (Retd)

Chairman & Managing Director

**EXPLANATORY STATEMENT Pursuant to Section 173 of the Companies Act, 1956 and Pursuant to Clause 49 of the Listing Agreement :****Item No. 2**

Shri Kantilal S Trivedi is aged about 75 years and is non-graduate. He is a promoter Director of the Company and has wide experience in hotel and other business. He was a Director in Gandhinagar Leasing and Finance Ltd. and Gandhinagar Nagrik Co-op Bank Ltd, Gandhinagar. The Board recommend his re-appointment.

None of the Directors except Shri Kantilal S Trivedi and Shri Dilipkumar K Trivedi, is concerned or interested in the Resolution.

**Item No. 3**

Shri Jasuji P Rana is aged about 56 years and is a Agriculturist. He is a promoter Director of the Company and a leading social worker in the City. He was a District Chairman of Zilla Panchayat, Gandhinagar. The Board recommend his re-appointment.

None of the Directors except Shri Jasuji P Rana, is concerned or interested in the Resolution.

**Item No. 4**

Shri Ghanshyambhai S Modi is aged about 49 years and is a commerce graduate. He is a promoter Director of the Company and has wide business experience for over a three decade. The Board recommend his re-appointment.

None of the Directors except Shri Ghanshyambhai S Modi, is concerned or interested in the Resolution.

**Item No. 5**

Shri Dilipkumar K Trivedi is aged about 49 years and is a commerce and law graduate. He has wide experience in accounts and finance departments. He is in whole time employment and looking after accounts department of the Company. The Board recommend his re-appointment.

None of the Directors except Shri Dilipkumar K Trivedi and Shri Kantilal S Trivedi, is concerned or interested in the Resolution.

**Item No. 6**

Shri Rupsinh K Makwana is aged about 62 years and is a non graduate. He is a Director of the Company and has wide business experience in various fields. The Board recommend his re-appointment.

None of the Directors except Shri Rupsinh K Makwana, is concerned or interested in the Resolution.

**Item No. 8**

Major Vinodchandra P Joshi (Retd), was re-appointed as Chairman and Managing Director of the Company, for a period of five years w.e.f. 1.9.98. He is also a Chairman of the Gandhinagar Leasing and Finance Ltd, Gandhinagar. The tenure of his appointment expired on 31st August, 2003. 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, 2003. The major terms and conditions include the followings :

**01. SALARY - Rs. 40,000/- per Month.**

**0.2 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 amount of annual salary or Rs. 4,50,000/- per annum, whichever is less. Unless the context otherwise requires, perquisites are classified into three categories as follows :

(i) **House Rent Allowance**

HRA @ 60% of the Salary.

(ii) **GAS, Electricity, Water and Furnishings**

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

(iii) **Medical Reimbursement**

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



(iv) **Leave Travel Concession**

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

(v) **Club Fees**

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

(vi) **Insurance**

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

**EXPLANATION**

For the purpose of above perquisites "Family" means the spouse, the 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 services. 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 may be treated as an abstract under Section 302 of the Companies Act, 1956. None of the Directors, except Major V P Joshi and Smt P V Joshi deemed to be concerned or interest in the special resolution.

**Item No. 9**

Shri Dilipkumar K Trivedi was appointed as a Director (Accounts) by the members in their meeting held on 30.9.1999 and his tenure expires on 31.08.2004. The Board of Directors considered his expertise and valuable services given to the Company and re-appointed him as a Director (Accounts) of the Company to look after matters relating to the Accounts and Share Department of the Company, for a period of five years w.e.f. 1.9.2004 on terms and conditions within the limits laid down in Schedule XIII to the Companies Act, 1956. He will not be entitled to the sitting fees. In addition to the salary, he shall also be entitled to the benefits of Bonus, Gratuity, Leave Travel Concession, Provident Fund and such other perks as are allowed to the Senior Executive as per Rules of the Company, but the same shall not exceed the ceilings laid down in Schedule XIII to the Companies Act, 1956.

He will be reimbursed for all the expenses incurred in the interest of business of the Company like entertainment, travelling and other expenses.

This may be treated as an abstract under Section 302 of Companies Act, 1956. Shri Dilipkumar K Trivedi and Shri Kantilal S Trivedi, being relatives, may be deemed to be interested or concerned in the resolution.

For **GANDHINAGAR HOTELS LTD**

**Place :** Gandhinagar

Major Vinodchandra P Joshi (Retd)

**Date :** 25.08.2004

*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, 27th September, 2004 to Thursday, 30th September, 2004 (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****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting this Twenty Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS**

	Rs. in Lacs	
	2003-2004	2002-2003
1. Gross Revenue of the Company	136.51	116.29
2. Profit before Financial charges and Non cash expenses	47.35	26.55
(-) Financial Charges	23.74	23.47
(-) Non cash expenses	22.13	25.15
3. Profit / Loss for the year	1.47	-22.07

**REVIEW OF OPERATIONS**

Your Directors have to report that the Company has secured gross receipts of Rs. 136.51 lacs as against Rs. 116.29 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 earned a Profit of Rs. 1.47 lacs as against loss of Rs. 22.07 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**

Shri Kantilal S. Trivedi, Shri Jasuji P. Rana, Shri Ghanshyambhai S. Modi, Shri Dilipkumar K. Trivedi and Shri Rupsinh K. Makwana are due to retire by rotation and being eligible, they have offered for their re-appointments.

Major Vinodchandra P. Joshi (Retd.) was re-appointed as Chairman and Managing Director of the Company for a further of five years with effect from 1st September, 2003. Shri Dilipkumar K. Trivedi was also re-appointed as Director (Accounts) for a further period of five years with effect from 1st September, 2004. You are requested to consider the same.

**VOLUNTARY DELISTINGS**

The Company shares are voluntarily delisted from the Stock Exchanges at Ahmedabad with effect from 10th February, 2004 vide their letter No. ASE/2004/3754 dated 3-2-2004.

**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. Nil 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 Lekanwala & 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 the amended provisions of the Companies Act, 1956, the Company has implemented the code of corporate governance. A separate report on corporate governance as well as a Management & Discussion and Analysis Report of the Company form part of this Annual Report.

**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 : 25.08.2004

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 of over three decades in the Industry. The Company is engaged in rendering hotels services.

### Industry Structure :

During the year under review, the Country witnessed overall industrial slacknes in addition to the general depressionary market conditions all over the world and numbers of foreign tourist are extermely 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 econimise 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 Performace :

The financial performance during the year ended 31st March, 2004, has been satisfactory due to general depressionary market conditions. The Company expects better performance in the years to come.

### Human Resources :

As on 31st March, 2004, 23 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, expection 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, 2003, 25th June, 2003, 25th July, 2003, 18th October, 2003, 31st October, 2003 and 31st January, 2004. 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	-	-

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