

27th Annual Report 2006-2007

HOTEL HAVELI



GANDHINAGAR HOTELS LIMITED

GANDHINAGAR HOTELS LIMITED

BOARD OF DIRECTORS

Major Vinodchandra P. Joshi (Retd.)	Chairman & Managing Director
Smt. Pragnaben V. Joshi	Director
Shri Pritesh V. Joshi	"
Shri Popatlal V Patel	"
Shri Kantilal S Trivedi	"
Shri Shantilal M Savla	"
Shri Kantilal V Savla	"
Shri Jasuji P Rana	"
Shri Tribhovandas I Amin	"
Shri Govindbhai N. Shah	"
Shri Dilipkumar K Trivedi	"
Wg. Cdr Manik Anchalia	"

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 **27th Annual General Meeting** of the members of the Company, will be held on **Wednesday, 12th September, 2007 at 11.00 a.m.** at Hotel Haveli Complex, 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 on 31st March, 2007 and 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 Kantilal S. Trivedi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Jasuji P. Rana, 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 Auditors and 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 16 and Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be altered, reclassified and increased from Rs.6,00,00,000/- (Rupees Six Crores Only) to Rs.8,00,00,000/- (Rupees Eight Crores Only) divided into 74,00,000 Equity Shares of Rs.10/- each and 6,00,000 Cumulative Preference Shares of Rs.10/- each, by creation of new 20,00,000 Shares of Rs.10/- each ranking pari passu with the existing shares of the Company and the existing Clause V of the Memorandum of Association of the Company, be altered accordingly and be substituted by the following:

V."The Authorised Share Capital of the Company shall consist of Rs.8,00,00,000 (Rupees Eight Crores only) divided in to 74,00,000 (Seventy Four Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs.10/- each, with rights, privileges and conditions of the Company at the time of the issue, with power to increase and reduce the capital for the time being in to several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by the Board of Directors of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the resolution of the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to give effect to the foregoing resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), provisions of the Memorandum and Articles of Association of the Company, and subject to the rules/ regulations/ guidelines issued by Securities and Exchange Board of India (hereinafter referred to as the "SEBI"), the Stock Exchange where the shares of the Company are listed (including provisions of the listing agreement), or any other appropriate/statutory authority and also subject to such approvals, permissions, sanction and consents as may be necessary or required from the said prescribed Authorities, or financial institutions, Banks, Housing & Urban Development Corporation Ltd (HUDCO) and such other appropriate authorities, and subject to which such conditions as may be prescribed by any of them while granting such approvals and subject to such terms, conditions, stipulations, alterations, modifications, amendments or variations which the Board of Directors of the Company (hereinafter referred to as the "Board") may in its absolute discretion think fit in interest of the Company, the Board of Directors of the Company, be and is hereby authorised to issue, offer or otherwise allot 1,30,000 (One Lac Thirty Thousand) 5% Cumulative Redeemable Preference Shares of Rs.10/- each, in one or more transaction, to M/s Gandhinagar Leasing and Finance Limited, Gandhinagar, an associate Company on private placement basis, in accordance with the terms and conditions mentioned in the Article 8 of the Articles of Association in addition to the terms mentioned herein below:

1. No such shares shall be redeemed except out of profits within a period of Ten years after repayment of term loan of HUDCO.
2. Dividend on such shares shall be paid subject to the approval of the HUDCO.
3. Redemption of aforesaid Cumulative Redeemable Preference Shares shall be made within the aforesaid period or such earlier period and/or with such premium as may be determined by the Board at its absolute discretion, in accordance with the terms and conditions of the issue and the Articles of Association of the Company.

"FURTHER RESOLVED THAT the Board of Directors, be and are hereby authorised to take all suitable steps, and to do all such acts, deeds, matters and things as may be necessary for giving effect to the foregoing resolution."

For GANDHINAGAR HOTELS LTD

Place :Gandhinagar
Date :15.06.2007

Major Vinochandra P. Joshi (Retd)
Chairman & Mg Director

NOTES :

1. A MEMBER 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.

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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 5 and 6 to 8 are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Saturday, 8th September, 2007 to Wednesday, 12th September, 2007 (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, in immediately to the Registrar of the Company M/s. Intime Spectrum Registry Limited., Ahmedabad.

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 60 years and she is post graduate. She is a promoter Director of the Company and has wide experience in hotel industry. The Board recommends her re-appointment.

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

Item No. 3

Shri Kantilal S. Trivedi is aged about 78 years and is non-graduate. He is a promoter Director of the Company and has wide experience in hotel and other business. He is a Director in Gandhinagar Leasing and Finance Ltd., Gandhinagar. The Board recommends 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. 4

Shri Jasuji P. Rana is aged about 59 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 recommends his re-appointment.

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

Item No. 5

Shri Dilipkumar K. Trivedi is aged about 51 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 recommends 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.7

The Company's existing authorised share capital of Rs.6 Crores consists of 57,00,000 Equity Shares of Rs.10/- each and 3,00,000 Preference Shares of Rs.10/- each. The Board of Directors decided to part finance

the expansion project on hand with a total outlay of Rs. 17.10 Crores (approx) by way of raising further capital. Therefore, your Directors feel to increase and reclassify the present authorised share capital to Rs.8,00,00,000/- divided into 74,00,000 Equity Shares of Rs.10/- each and 6,00,000 preference shares of Rs.10/- each.

A copy of the Memorandum and Articles of Association of the Company and other relevant documents and papers are available for inspection by Members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day.

Item No.8

As per the terms of the sanction of term loan from the Housing & Urban Development Corporation Ltd (HUDCO), the Company has to raise paid up share capital and hence your Directors propose to issue and allot 1,30,000 Preference Shares of Rs.10/- each to M/s Gandhinagar Leasing and Finance Ltd, Gandhinagar, an associate Company. Accordingly necessary special resolutions for (i) reclassification in the existing authorised share capital and (ii) issue and allotment of the said Preference Shares on private placement basis are proposed.

Major Vinodchandra P Joshi (Retd.), Smt Pragnaben V Joshi, Shri Kantilal S Trivedi, Shri Shantilal V Savla, Shri Pritesh V Joshi and Wg Cdr Manik Anchalia being Directors of the proposed allottee Company of the preference shares may be deemed to be interested or concerned in the said special resolutions.

A copy of the Memorandum and Articles of Association of the Company together with the sanction letter bearing No.ARO/HAVELI(19054)/2007/6175-76 dtd 11/1/2007 and other relevant documents and papers are available for inspection by Members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day.

For GANDHINAGAR HOTELS LTD

Place : Gandhinagar
Date : 15.06.2007

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS	Rs. in lacs	
	2006-2007	2005-2006
(1) Gross Revenue of the Company	350.27	209.27
(2) Profit before Financial charges and Non cash expenses	156.87	66.46
(-) Financial Charges	2.53	3.80
(-) Non cash expenses	33.07	22.52
(3) Provision for Income Tax	13.86	3.38
Profit for the year	107.41	36.76

REVIEW OF OPERATIONS

Your Directors report that the Company has secured gross receipts of Rs.3,50,26,993/- i.e. 68% increase over the previous year's income of Rs.2,09,04,046/-. The overall market conditions is recovering and the consequent possible business opportunities. The Company has earned a Profit of Rs.107.41 lacs as against profit of Rs.36.76 lacs for the previous year.

The Government of Gujarat has initiated the steps towards development of Tourism Industry which may improve number of visitors and clientele in the City in the years to come and the resultant income. Your Directors are hopeful for better prospects in the years to come.

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.

FINANCE

The Company proposes to part finance its expansion cum upgradation project with a total outlay of Rs.17.10 Crores (Appx) by way of borrowings from the Housing & Urban Development Corporation Limited (HUDCO) or Banks and partly by way of raising funds through further share capital.

PREFERENCE SHARES

The Company further proposes to allot 1.3 lacs Redeemable Preference Shares of Rs.10/- each to M/s Gandhinagar Leasing And Finance Ltd, from time to time as required by the Financial Institution (HUDCO).

DIRECTORATE

Smt Pragnaben V Joshi, Shri Kantilal S Trivedi, Shri Jasuji P Rana, and Shri Dilipkumar K Trivedi are due to retire at the ensuing Annual General Meeting and are eligible for re-appointments.

AUDIT COMMITTEE

The Company has already implemented the steps towards code of corporate governance and constituted an Audit Committee comprising of Shri Kantilal S Trivedi, Shri Popatlal V Patel and Shri Jasuji P Rana, 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 judgments 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 profits of the Company for that year.
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 contributes 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.

APPOINTMENT OF RTA

Your Directors are pleased to inform that the Company has appointed M/s Intime Spectrum Registry Ltd., Ahmedabad as its Registrar and Share Transfer Agent for the share transfer work and demate connectivity for the Company's equity shares.

DEPOSITS

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

INCREASE OF AUTHORISED SHARE CAPITAL

The Company proposes to increase the present authorised share capital of Rs.6 Cr to Rs.8 Cr with reclassification into 7400000 equity shares of Rs.10/- each and 600000 preference shares of Rs.10/- each.

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 re-appointment 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 2006-2007. A Management Discussion and Analysis Report alongwith detailed report on Corporate Governance attached with this Report form part of the Annual Report.

ACKNOWLEDGMENTS

Your Directors place on record their sincere appreciation for the services and co-operation extended by the Government Departments, Bankers, financial institutions, Housing & Urban Development Corporation Ltd (HUDCO). 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 : **15.06.2007**

Maj Vinodchandra P Joshi (Retd)
Chairman & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Gandhinagar Hotels Limited was promoted by Major Vindochandra P Joshi (Retd.), a technocrat 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 slackness in addition to the general depressionary market conditions all over the world and numbers of and 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 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 import restrictions in the year 2004, international market is 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, 20067 was satisfactory inspite of general depressionary market. The Company expects better performance in the years to come.

Human Resources

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.