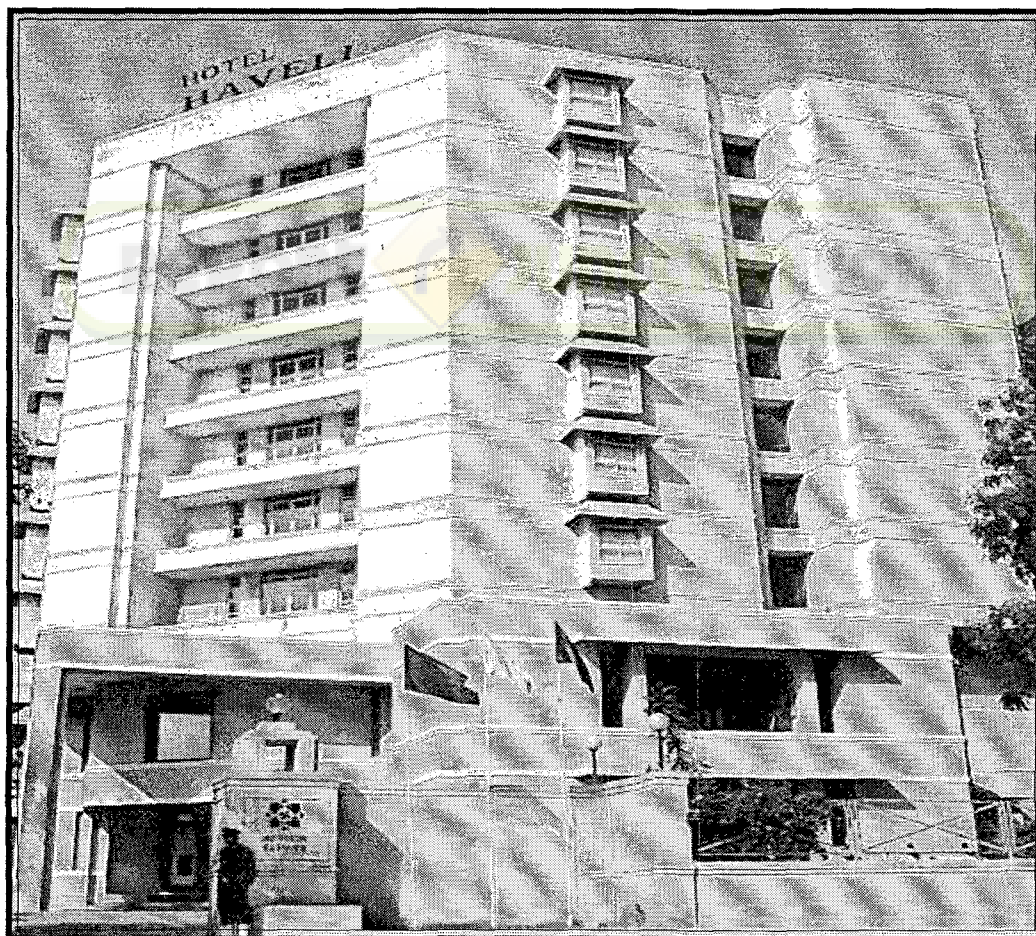


# 29<sup>th</sup> Annual Report

## 2008-2009

### HOTEL HAVELI



GANDHINAGAR HOTELS LIMITED

# GANDHINAGAR HOTELS LIMITED

## BOARD OF DIRECTORS

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

## 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  
State Bank of India

**NOTICE**

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of members of the Company will be held on Wednesday, 30<sup>th</sup> September, 2009 at 11.00 a.m. at Hotel Haveli, Plot No. 235, Sector-11, Gandhinagar 382011, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Accounts for the year ended 31<sup>st</sup> March, 2009 together with the reports of the Directors and Auditors thereon for the year ended on that date.
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 Shantilal M Savla, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Tribhovandas I Amin, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Wg Cdr Manik Anchlia, (nominee of M/s Gandhinagar Leasing and Finance Ltd, Gandhinagar and who retires by rotation and being eligible, offers himself for reappointment.
6. To Appoint Auditors and to authorize Board to fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and further subject to such approvals, consents or permissions as may be necessary, consent of the Company, be and is hereby given for the appointment and payment of remuneration payable to Shri Pritesh V Joshi, (son of Major Vinodchandra P Joshi, (Retd.) Chairman and Managing Director and Smt Pragnaben V Joshi, Director) as Vice Chairman and Joint Managing Director of the Company for a period of five years w.e.f. 1st November, 2008 on a salary of Rs.50,000/- per month in the Scale of Rs.50000-10000-15000-100000 plus bonus, commission, benefits and other perquisites as mentioned Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, during the tenure of Shri Pritesh V Joshi, as Vice Chairman and Joint Managing Director of the Company, consent of the Company, be and is hereby given for payment of remuneration by way of salary, perquisites, bonus and allowances as stated above as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to revise, alter or amend the term and conditions including remuneration payable to Shri Pritesh V Joshi, 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, the following resolution as Special Resolutions :

“RESOLVED THAT subject to the provision of Section of 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is hereby given to the re-appointment of Shri Dilipkumar K Trivedi (son of Shri Kantilal S Trivedi, Director) as Director (Accounts) of the Company, for a period of five years w.e.f. 1<sup>st</sup> September, 2009 on a salary of Rs.30,000/- per month in the scale of Rs.30000-5000-50000 plus perquisites as mentioned in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to revise, alter or amend the term and conditions including remuneration payable to Shri Dilipkumar K Trivedi 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.”

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

Place : Gandhinagar  
Date : 27.08.2009

**Major Vinodchandra P Joshi (Retd.)**  
Chairman & Mg Director

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#### 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.
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, 7 and 8 are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Friday, 25<sup>th</sup> September, 2009 to Wednesday, 30<sup>th</sup> September, 2009 (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 meeting.
5. Member are requested to notify change in address, if any, in immediately to the Register of the Company M/s. Link Intime India Pvt Ltd., 211, Sudarshan Complex, Nr Mithakhali, Underbridge, Ahmedabad 380009. Telephone: 079-26465179 Email: ahmedabad@linkintime.co.in

**EXPLANATORY STATEMENT**

( Pursuant to Section 173 of the Companies Act, 1956 and further information pursuant to Clause 49 of the Listing Agreement)

**Item No. 2**

Shri Kantilal S Trivedi aged about 80 years and is a non graduate. He was an Ex-Director of Gandhinagar Nagrik Co-operative Bank Ltd. Gandhinagar and has wide experience in hotel and other business in co-operative sector. He is a Director in Gandhinagar Leasing and Finance Ltd, Gandhinagar. The Board recommends his re-appointment.

None of the Directors expect Shri Kantilal S Trivedi and Shri Dilipkumar Trivedi, being relatives is concerned or interested in the Resolution.

**Item No. 3**

Shri Shantilal M Savla aged about 66 years and has very rich experience in various business. He is a Director in Gandhinagar Leasing and Finance Ltd, Gandhinagar, Visat Oil Tech Pvt Ltd and Savla Electronics Pvt Ltd, Ahmedabad. The Board recommends his re-appointment.

None of the Directors except Shri Shantilal M Savla, is concerned or interested in the Resolution.

**Item No. 4**

Shri Tribhovandas I Amin aged about 89 years. He has very wide experience in various industries including field of banking. He is a Ex-Chairman of Gandhinagar Nagrik Co-op Bank Ltd, Gandhinagar. The Board recommends his re-appointment.

None of the Directors except Shri Tribhovandas I Amin is concerned or interested in the Resolution.

**Item No.5**

Wg Cdr Manik Anchlia aged about 61 years has rich experience in various business. He is a Director in Gandhinagar Leasing and Finance Ltd, Gandhinagar, which has consented to continue as its nominee on the Board of Gandhinagar Hotels Ltd. The Board recommends his continuation.

**Item No.7**

Shri Pritesh V Joshi aged about 36 years is a MBA (Finance) in USA. He is son of Major Vinodchandra P Joshi (Retd), Chairman and Managing Director and Smt Pragnaben V Joshi, Director of the Company. The Board of Directors of the Company in their meeting held on 25.10.2008, considered his qualifications and expertise and appointed him as a Vice Chairman and Joint Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> November, 2008. The major terms and conditions are as under:

1. **Name of the Appointee** : Shri Pritesh V Joshi
2. **Designation** : Vice-Chairman and Joint Managing Director
3. **Tenure of Appointment** : 1.11.2008 to 31.10.2013

**4. REMUNERATION:**

- a) **Salary** : Rs.50,000/- per month in the Scale of Rs.50000-10000-15000-100000
- b) **Bonus / Exgratia**: Payment of Bonus or Exgratia, in lieu of Bonus subject to a ceiling of one month's salary.
- c) **Commission** : The appointee shall be entitled to a Commission not exceeding 1% of the Net Profits of the Company for each financial year, as may be decided by the Board of Directors and subject to the overall limits as stipulated under Sections 198, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 and computed in the manner prescribed under Section 349 and 350 of the Companies Act, 1956.

## GANDHINAGAR HOTELS LIMITED

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d) **Perquisites:** The appointee shall be entitled to the following perquisites (Restricted to an amount equal to 100% of annual salary or Rs.10,00,000/- per annum whichever is less) in addition to the salary, bonus and commission mentioned above:

a. **Housing:** The Company shall provide furnished accommodation, which includes electricity, gas, water, furniture, fixtures, security personal and other related items. The appointee shall be reimbursed all such expenses for his residence.

b. **Medical Reimbursement:** Actual expenses incurred by the appointee and his family.

c. **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.

**Explanation:** For the purpose of (b) and (c) above, family means the spouse, dependent children and dependent parent of Shri Pritesh V Joshi.

d. **Club Fees:** Fees of clubs subject to a maximum of two clubs.

e. **Personal Accident / Medical Insurance:** Premium not to exceed Rs.25,000/- per annum.

f. **Company's Contribution towards Provident Fund:** Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent not taxable under the Income Tax Act 1961.

g. **Gratuity:** Gratuity payable will not exceed half a month's salary for each completed year of service.

h. **Provision of Car:** Provision of car for use on Company's business will not be considered as perquisites.

i. **Provision of Telephone:** Provision of telephones, mobile connections and other modern communication facilities at residence will not be considered perquisites.

j. Such other perquisites, benefits, amenities and facilities not specified above as opted by Shri Pritesh V Joshi, the annual value of which shall not exceed one month's salary.

**Explanation:** For the purposes of the foregoing perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

#### 5. Other terms and conditions:

a. No sitting fees shall be paid to the appointee for attending the meetings of the Board or of any Committee thereof.

b. In the event of loss or inadequacy of profits in any financial year during the tenure of Shri Pritesh V Joshi, the Company shall pay to Shri Pritesh V Joshi remuneration by way of consolidated salary, Bonus, Exgratia, perquisites and all other allowances, as stated above, as minimum remuneration subject however to overall limit specified in Para 1 of Section II of part II of Schedule XII to the Companies Act, 1956 or any amendments thereto, as may be applicable at the relevant time.

c. Shri Pritesh V Joshi shall not be liable to retire by rotation.

d. The appointee shall act in accordance with the instructions, supervision and directions given by the Board of Directors from time to time and under the able guidance of Major Vinodchandra P Joshi (Retd), Chairman and Managing Director of the Company.

- c. The designation of appointee is subject to review and upgrade or promotion as may be determined by the Board of Directors from time to time.
- d. The terms and conditions of the said appointment may be varied / enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to Managing Director as per Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regards by the Central Government.

The terms of appointment, Board Resolution and other papers are available for inspection at the registered office of the Company between 11.00 am to 1.00 pm on all working days.

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

Shri Pritesh V Joshi, Major Vinodchandra P Joshi (Retd.), Mrs. Pragnaben V. Joshi, being relatives are interested or concerned in the above resolutions.

#### Item No.8

Shri Dilipkumar K Trivedi was appointed as Director (Accounts) by the members in their meeting held on 30.09.2004 and his tenure expires on 31.08.2009. 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. 1.9.2009 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 additions 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 expenses incurred in the interest of business of the Company like entertainment, traveling and other expenses.

The terms of appointment, Board Resolution and other papers are available for inspection at the registered office of the Company between 11.00 am to 1.00 pm on all working days.

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.

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

Place : Gandhinagar  
Date : 27.08.2009

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

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting this 29th Annual Report together with the Audited Accounts for the year ended 31st March, 2009.

**FINANCIAL RESULT**

	<b>Rs. in Lacs</b>	
	<b>2008-09</b>	<b>2007-08</b>
(1) Gross Revenue of the Company	<b>422.73</b>	482.98
(2) Profit before Financial Charges and Non cash expenses	<b>191.40</b>	236.10
(-) Financial Charges	<b>1.24</b>	3.00
(-) Non cash expenses	<b>161.64</b>	34.56
(3) Provision for Income Tax	<b>11.14</b>	12.91
<b>Profit for the year</b>	<b>22.65</b>	185.62

**REVIEW OF OPERATIONS**

Your Directors have to report that the year under review has been slowdown in almost all sectors of the economy. The overall corporate performance was not attractive. Your Company has taken steps to modernize the hospitality and service oriented business in line with the market demands, with world renowned hotel chain. The performance of the Company was affected due to overall economy slowdown and due to major renovation work being carried out during this period to upgrade the hotel property to Fortune standards causing inconvenience to the guests. The Company could secure gross receipts of Rs. 4,22,73,480/- over the previous year's income of Rs.4,82,97,456/-. The overall market conditions are recovering and the consequent possible business opportunities. The Company has earned Profit of Rs. 22.65 lacs as against profit of Rs.185.67 lacs for the previous year.

The Company has been implementing the project in line with the agreement for technical audit, pre-operating, operating and marketing services with world renowned Welcome Group Company namely M/s Fortune Park Hotels Ltd, New Delhi. This process will take about six months for completion. This will boost marketing and operational activities of the Company.

The Government of Gujarat has initiated the steps towards development of Tourism 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 results 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 expect Managing Director and Joint Managing Director. Hence, particular are not given.

**SHARE CAPITAL**

The Company has also allotted 16 lacs convertible warrants of Rs.28/- per warrant pursuant to the resolutions passed by the members of the Company in their Extra Ordinary General Meeting held on 10<sup>th</sup> October, 2007, out

**GANDHINAGAR HOTELS LIMITED****ANNUAL REPORT 2008-2009**

of which 5,25,000 warrants have also been converted into 525000 equity shares on 21.1.2008, 5,50,000 warrants converted into 5,50,000 equity shares on 25.10.2008 and 3,00,000 warrants have also been converted into 300000 equity shares on 31.1.2009.

The balance 2,25,000 warrants were lapsed due to non-payment and non exercise of the option to convert and the application money of Rs.3/- per warrant were cancelled by the Board of Directors in their meeting held on 15.6.2009. This application money of Rs.6,75,000/- was forfeited.

**LISTING**

525000 equity shares of Rs.10/-each allotted on 21.1.2008 were enlisted with the Bombay Stock Exchange Ltd, Mumbai with effect from 2.12.2008, vide BSE Notice No.20081201-23 dtd 1/12/2008. Further listing application have been made for listing of 550000 equity shares and 300000 equity shares allotted on 25.10.2008 and 31.1.2009 respectively with the Bombay Stock Exchange Ltd, Mumbai.

**FINANCE**

The Company's expansion cum up-gradation project with a total outlay of Rs.18 Crores is partly financed by way of term loans from the State Bank of India and partly by way of raising funds through issue of further share capital and internal accruals.

**DIRECTORATE**

Shri Kantilal S Trivedi, Shri Shantilal M Savla, Shri Tribhovandas I Amin and Wg Cdr Manik Anchlia (Nominee of M/s Gandhinagar Leasing and Finance Ltd, Gandhinagar) are due to retire at the ensuing Annual General Meeting and are eligible for re-appointments.

Shri Pritesh V Joshi, son of Major Vinodchandra P Joshi (Retd) was appointed as a Vice-Chairman and Joint Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> November, 2008, by the Board of Directors in their meeting held on 25.10.2008. Shri Dilipkumar K Trivedi was re-appointed as Director (Accounts) with effect from 1<sup>st</sup> September, 2004 and he was again re-appointed for a further period of five years with effect from 1<sup>st</sup> September, 2009. You are requested to consider all these 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, None Executive Directors of the Company.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors state,

1. that in the preparation of the annual accounts, the applicable accounting standards has been followed, along with 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 end of the financial year and of the profits of the Company for that year.
3. that the 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 is 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 particular 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.

**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.

**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 F.Y. 2008-2009. A Management Discussion and Analysis Report along with 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 service and co-operation extended by the Government Departments, State Bank of India and financial institutions. 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 : 27.08.2009

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