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THE GL HOTELS LIMITED

Report and Accounts 1996-97

THE GL HOTELS LIMITED

BOARD OF DIRECTORS

Prithvi Bir Kaur — *Chairman Emeritus*
 Ravi Ghai — *Chairman / Managing Director*
 R. K. P. Shankardass
 Krishna Ghai
 Davendra Ahuja
 Gaurav Ghai
 V. P. Garg — *Executive Director*
 A. K. Nanda — *Executive Director / Secretary*

Report

BANKERS

Bombay Mercantile Co-operative Bank Ltd.
 The Saraswat Co-operative Bank Ltd.
 HDFC Bank Ltd.

AUDITORS

M/s. S. P. Chopra & Co.
 Chartered Accountants

Contents	Page
Notice	1
Annexure to Notice	4
Directors' Report	6
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules to Balance Sheet	12
Schedules to Profit & Loss Account	16
Notes on Accounts	18
Balance Sheet Abstract and Company's General Business Profile	21
Cash Flow Statement	22
Proxy Form / Attendance Slip	23

REGISTERED OFFICE

16-B, Regal Building,
 Connaught Circus,
 New Delhi - 110 001.

UNIT

Hotel Nataraj, Mumbai.

36TH ANNUAL REPORT

Notice

Notice is hereby given that the 36th Annual General Meeting of the Members of THE GL HOTELS LIMITED will be held as scheduled below:

Place : Free Mason's Hall (Opposite Sikand Motors), Janpath, New Delhi - 110 001.
 Date : 28th November, 1997.
 Day : Friday
 Time : 10.00 A.M.

Ordinary Business

1. To receive and adopt the audited Balance Sheet as at and Profit and Loss Account for the financial year ended 31st March, 1997 and the Reports of Directors' and Auditors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Smt. Krishna Ghai, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Gaurav Ghai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company for the financial year 1997-98 and fix their remuneration.

Special Business:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions and Schedule XIII of the Companies Act, 1956, the appointment of Shri Ravi Ghai as Managing Director for a period of five years from 1st April, 1997 to 31st March, 2002 upon the terms and conditions including remuneration, made by the Board of Directors as per their Resolution dated 24th March, 1997 and submitted to this meeting, be and is hereby approved and the said remuneration may be paid as monthly remuneration with liberty to the Directors to alter and vary the terms and conditions of the said appointment, not being more beneficial to Shri Ravi Ghai as may be acceptable to Shri Ravi Ghai.

RESOLVED FURTHER THAT if in the financial year during the currency of Shri Ravi Ghai's tenure of service as Managing Director, the Company has no profits or its profits are inadequate, his remuneration will be restricted to limits laid down under Section II of Part II of Schedule XIII of the Companies Act, 1956 and remuneration received in excess under such an eventuality shall be refundable by him to the Company."

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

"RESOLVED THAT in partial modification of Resolution No. 7 passed at the 34th Annual General Meeting held on 30th November, 1995 and in accordance with the provisions of Section 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the increase in the salary payable to Mr. V.P. Garg, Executive Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) increasing thereby proportionately all benefits related to the quantum of salary with effect from 1st April, 1996 and 1st April, 1997 for the remainder of the tenure of his contract as set out in the draft Supplemental Agreement submitted to this meeting and initiated by a Director for the purpose of identification, which Supplemental Agreement is hereby sanctioned."

8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:



THE GL HOTELS LTD.

Notice — Contd.

"RESOLVED THAT in partial modification of Resolution No. 7 passed at the 34th Annual General Meeting held on 30th November, 1995 and in accordance with the provisions of Section 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the increase in the salary payable to Mr. A. K. Nanda, Executive Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) increasing thereby proportionately all benefits related to the quantum of salary with effect from 1st April, 1996 and 1st April, 1997 for the remainder of the tenure of his contract as set out in the draft Supplemental Agreement submitted to this meeting and initialed by a Director of the purpose of identification, which supplemental Agreement is hereby sanctioned."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 3,00,00,000 (Rupees Three Crores) [divided into 27,00,000 Equity Shares of Rs. 10/- each and 30,000 Preference Share of Rs. 100/- each] to Rs. 12,00,00,000 (Rupees Twelve Crores) [divided into 1,17,00,000 Equity Shares of Rs. 10/- each and 30,000 Preference Shares of Rs. 100/- each] by the creation of additional 90,00,000 Equity Shares of Rs. 10/- each and that Clause V of the Memorandum of Association of the Company be deleted and substituted by the following:

V. The Authorised Share Capital of the Company is Rs. 12,00,00,000 (Rupees Twelve Crores Only) divided into 1,17,00,000 Equity Shares of Rs. 10/- each and 30,000 Preference Shares of Rs. 100/- each.

The Company shall have the power to increase or reduce the Capital of the Company and to divide the shares in Capital for the time being into several classes of shares, or to attach to any class or classes of shares, rights, preferential, qualified or special privileges and conditions, as may be determined in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may, for the time being, be provided for in the regulations of the Company."

10. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956, and the Articles of Association of the Company, Consent of the Company be and is hereby accorded to the Board of Directors of the Company borrowing from time to time any sum of money, which together with the money's already borrowed by the Company (apart from company loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money's to be so borrowed shall not at any time exceed the limit of Rs. 40,00,00,000 (Rupees Forty Crores).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary or desirable to give effect to this resolution."

11. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, Article 4 of the Articles of Association be substituted by the following Article:

4 (i) The Authorised Share Capital of the Company is Rs. 12,00,00,000 (Rupees Twelve Crores) divided into 1,17,00,000 Equity Share of Rs. 10/- each and 30,000 Preference Shares of Rs. 100/- each."

12. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

36TH ANNUAL REPORT

Notice — Contd.

"REVOLVED THAT subject to the sanction of the Company Law Board; the Registered Office of the Company be transferred from the state (erstwhile Union Territory) of Delhi to the state of Maharashtra."

"RESOLVED FURTHER THAT subject to sanction of the Company Law Board; the Memorandum of Association of the Company be altered by incorporating the words "State of Maharashtra" in substitution of and while deleting the words "Union Territory of Delhi" in Clause II."

By Order of the Board

A.K. NANDA

Executive Director

Dated: 29th October, 1997

Registered Office:

16-B, Regal Building,
Connaught Circus,
New Delhi - 110 001.

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE PROXY FORM IS ENCLOSED.
- (b) the Register of Members and the Share Transfer Books of the Company will remain closed from 20th November, 1997 to 28th November, 1997 (both days inclusive). The Dividend when declared will be paid to the Shareholders registered as on 28th November, 1997 or to their mandatees.
- (c) Members are requested to bring their copy of the Annual Report to the Meeting.
- (d) Members are requested to intimate changes in their addresses, if any, to the Company.
- (e) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m on all working days upto the date of the Annual General Meeting.
- (f) The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as enable the Directors to keep the replies ready. It is requested that the queries be mailed to the Company's Corporate Office situated at Hotel Nataraj, 135 Netaji Subhash Road, Mumbai — 400 020 preferably fifteen days in advance.
- (g) An Explanatory Statement pursuant to Section 173 of the Company's Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.



THE GL HOTELS LTD.

Annexure to the Notice

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. 6

The Board of Directors in their meeting held on 24th March, 1997 had appointed Shri Ravi Ghai as Managing Director of the Company with effect from 1st April, 1997 for a term of five years i.e. upto 31st March, 2002. Shri Ravi Ghai had held the position of the Managing Director for many years in the Company. However, during the period 1st April, 1996 to 31st March, 1997, when Shri Ravi Ghai became a Non-Resident Indian, he relinquished the assignment. Effective 1st April, 1997, Shri Ravi Ghai has resumed his status as a Resident Indian and has been appointed as Managing Director in view of his vast experience in the Company as also in the Hospitality Industry. The remuneration and perquisites payable to Shri Ravi Ghai are within the permissible limits specified in Schedule XIII to the Companies Act, 1956. The terms and conditions of appointment of Shri Ravi Ghai as Managing Director are given hereunder:

- (1) Shri Ravi Ghai will draw a salary of Rs. 32,000/- (Rupees Thirty Two Thousand Only) per month w.e.f. 1st April, 1997.
- (2) Shri Ravi Ghai shall be paid commission @1% of the Net Profits of the Company.
- (3) Shri Ravi Ghai will be allowed the following perquisites. These shall be restricted to an amount equal to his annual salary:
 - (a) Company accommodation will be provided by the Company.
 - (b) Shri Ravi Ghai will be entitled to expenditure incurred on gas, electricity, water and furnishing. These reimbursements shall be valued as per Income Tax Rules, 1962. These will further be subject to a ceiling of 10% of his salary.
 - (c) Shri Ravi Ghai will be allowed medical expenses on himself and his family which will be subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
 - (d) Shri Ravi Ghai will be entitled to Leave Travel Concession for himself and his family once a year, incurred in accordance with the rules specified by the Company.
 - (e) Shri Ravi Ghai will be entitled to club fees subject to a maximum of two clubs. This will not include Admission and Life Membership fees.
 - (f) The Company will take Personal Accident Insurance for Shri Ravi Ghai, the premium of which will not exceed Rs. 4,000/- per month.
 - (g) Shri Ravi Ghai will be entitled to the benefits of Provident Fund and Superannuation Fund as per rules of the Company. Such contribution will not be included in the computation of ceiling of perquisites to the extent these singly or put together are not taxable under the Income Tax Act.
 - (h) Shri Ravi Ghai will be entitled to gratuity as per the rules of the Company. However, gratuity payable shall not exceed half a month's salary for each completed year of service.
 - (i) Shri Ravi Ghai will be provided with telephone at his residence and use of car for Company's business. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

The Board seeks your approval for the resolution appointing Shri Ravi Ghai as a Managing Director for the period 1st April, 1997 to 31st March, 2002. Shri Ravi Ghai personally and the Directors Smt. Krishna Kumari Ghai and Gaurav Ghai as relatives are interested in the resolution.

Item Nos. 7 & 8

The appointments of Shri V. P. Garg and Shri A. K. Nanda as Executive Directors of the Company for the period 15th February, 1995 to 14th February, 2000 and for the period 28th March, 1995 to 27th March, 2000 respectively were approved by the Shareholders at the 34th Annual General Meeting held on 30th November, 1995. The Board of Directors at their meeting held on 29th November, 1996 reviewed the salaries of these Directors for the year 1996-97 and effective 1st April, 1996 Shri Garg's monthly salary was revised to Rs. 31,000. Likewise Shri Nanda's monthly salary was revised to Rs. 22,000. The Board of Directors in their meeting held on 30th May, 1997 revised Shri Garg's and Shri Nanda's salary for the year 1997-98 and effective 1st April, 1997, Shri Garg's monthly salary was revised to Rs. 35,000 and Shri Nanda's monthly salary was revised to Rs. 30,000. Other terms and conditions

36TH ANNUAL REPORT

of their service remained unchanged. The increase in salaries of Shri Garg and Shri Nanda are placed before you for approval, considering the salary structure in general prevailing in the industry and in recognition of their good performance during the period under review. The remuneration and perquisites payable to Shri Garg and Shri Nanda are within the permissible limits specified in Schedule XIII to the Companies Act, 1956. Shri V. P. Garg and Shri A. K. Nanda are interested in the resolution.

Item Nos. 9 & 11

The present Authorised Share Capital of the Company is Rs. 3 Crores. In view of the Company's plans to diversify and expand its business, an Issue of Shares is proposed, which will, if implemented, increase the paid-up Share Capital to around Rs. 10 Crores. In order to provide for the issue of further Capital, it is necessary to increase the Authorised Share Capital of the Company to Rs. 12 Crores, comprising of 1,17,00,000 Equity Shares of Rs. 10/- each [Rs. 11,70,00,000 (Rupees Eleven Crores and Seventy Lakhs Only)] and 30,000 Preference Shares of Rs. 100/- each [Rs. 30,00,000 (Rupees Thirty Lakhs Only)].

None of the Directors of the Company is directly or indirectly interested in this resolution.

Item No. 10

Section 293 (1)(d) of the Companies Act, 1956 provides that the Board of Directors cannot, except with the consent of the Company in General Meeting borrow money apart from temporary loans obtained from the Company's bankers in the ordinary course of business in excess of aggregate of the Paid-up Capital and free reserves. At the Annual General Meeting of the Company held on 30th September, 1985, the Shareholders had authorised the Board of Directors to borrow moneys for the purpose of the business of the Company not exceeding Rs. 5,00,00,000 (Rupees Five Crores) in the aggregate.

In order to enable the Board of Directors to meet the requirement of funds for modernisation/diversification/expansion of the Company's Assets/Business, it is proposed to increase the borrowing power of the Board of Directors to Rs. 40,00,00,000 (Rupees Forty Crores) excluding temporary loans.

The Directors recommend the resolution for your approval. None of the Directors are in any way concerned or interested in the proposed resolution.

Item No. 12

The Company is embarking on a major expansion programme. The Company's up and coming expansion project coming up in Pune (Maharashtra) is by way of setting up of a 5 Star Hotel cum Commercial Complex. This prestigious project will involve substantial cost to the Company.

The Registered Office of the Company is at present in Delhi and it will be beneficial from the control point of view that the Registered Office of the Company is shifted to Pune in the State of Maharashtra. The existing unit of the Company, Hotel Nataraj is also located in the State of Maharashtra at Mumbai. Also, most of the Directors are located in Mumbai and some others will be posted in Pune in the State of Maharashtra for better co-ordination and control between the existing unit Hotel Nataraj and the new Hotel Project in Pune.

The present Registered Office in Delhi will be converted into a Branch Office and will carry out liaison activities with the result that there will be no retrenchment of staff involved in the shifting of registered office from the State of Delhi to the State of Maharashtra.

The change in the Registered Office is in the best interest of the Company and the Directors commend the Resolution for acceptance.

By Order of the Board

A.K. NANDA

Executive Director

Dated: 29th October, 1997

Registered Office:

16-B, Regal Building,
Connaught Circus,
New Delhi - 110 001.