



**THE GL HOTELS LIMITED**  
**Report and Accounts 2005-2006**

## THE GL HOTELS LIMITED

## THE GL HOTELS LIMITED

## BOARD OF DIRECTORS

Prithvi Bir Kaur — *Chairman Emeritus*  
 Ravi Ghai — *Chairman & Managing Director*  
 Gaurav Ghai  
 R. K. P. Shankardass  
 Smt. Krishna Kumari Ghai\*  
 Sunil Pardal\*  
 V.P. Garg\*\*  
 Vikram Seth\*\*  
 Deepak Bassi\*\*\*  
 Raman Mehra\*\*\*

} Directors

\* Resigned w.e.f. 28<sup>th</sup> July, 2006

\*\* Resigned w.e.f. 28<sup>th</sup> December, 2005

\*\*\* Resigned w.e.f. 11<sup>th</sup> April, 2005

## COMPANY SECRETARY

Kishor Baxi

## BANKERS

Vijaya Bank Ltd.

Industrial Finance Branch, Excelsior Building,  
 2nd Floor, Fort, Mumbai - 400 001.

## AUDITORS

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

## REGISTRARS AND SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.,  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

## REGISTERED OFFICE

"Dairy Tops", Plot No. J-177,  
 MIDC, Bhosari, Pune - 411 026,  
 Maharashtra.

## ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road,  
 Worli, Mumbai - 400 030.

## UNIT

Hotel Inter-Continental Marine Drive,  
 135, Netaji Subhash Road,  
 Mumbai - 400 020.

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## 45TH ANNUAL REPORT

### Notice

NOTICE is hereby given that the 45<sup>th</sup> Annual General Meeting of the members of **THE GL HOTELS LIMITED** will be held as scheduled below:

Venue : Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune 411 026, Maharashtra.  
 Date : 22<sup>nd</sup> September, 2006  
 Day : Friday  
 Time : 11.30 A.M.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2006 and the Reports of Director's and Auditor's thereon.
2. To appoint a Director in place of H.H. Maharani Prithvi Bir Kaur who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. R. K. P. Shankardass, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** in partial modification of the resolution approved by the shareholders in the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2002 and subject to requisite approvals, if any, pursuant to Section 198, 269, 309, 311 and other applicable provision, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the remuneration of Mr. Ravi Ghai, Managing Director be revised with effect from 1st August, 2006, in the following manner:"

Particulars	Present Remuneration	Proposed Remuneration w.e.f. 1 <sup>st</sup> August, 2006
<b>SALARY &amp; ALLOWANCES</b>		
Basic Salary	9,60,000	18,00,000
Uniform Allowance	—	1,20,000
LTA (Payable Annually)	—	1,50,000
Medical Allowance	—	15,000
PF-Employers Cont.	1,15,200	2,16,000
Transportation Allowance	—	60,000
<b>Total</b>	<b>10,75,200</b>	<b>23,61,000</b>
<b>PERKS/REIMBURSEMENT</b>		
Society Charges	2,40,000	—
Water Electricity	2,40,000	2,40,000
<b>Total</b>	<b>4,80,000</b>	<b>2,40,000</b>
<b>Total CTC Per Year</b>	<b>15,55,200</b>	<b>26,01,000</b>

## THE GL HOTELS LIMITED

### Notes:

Entitled to:

- Insurance Personal Accident
- Medical reimbursements
- Car, Driver with Petrol Reimbursement
- Other benefits as per Companies Rules

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Ravi Ghai, from time to time, beyond the proposed remuneration, as detailed hereinabove provided that any increase in the proposed remuneration, as detailed hereinabove, shall be considered as minimum remuneration payable to Mr. Ravi Ghai for the respective period, in case of no profits or inadequacy of profits in terms of Section 198(4) of the said Act, provided however that under no circumstance the remuneration shall exceed in aggregate, the limits specified in para 1(B) read with para 2, both of Section-II of Part-II of Schedule XIII (as amended) to the said Act.

**RESOLVED FRUTHER** that in adequacy of profits during the relevant year(s), the Board of Directors of the Company be and is hereby authorized to increase the remuneration payable to Mr. Ravi Ghai provided the remuneration payable in any financial year shall not exceed the prescribed limit pursuant to Section 309 of the said Act.

**RESOLVED FURTHER** that in terms of Article 118 of the Articles of Association of the Company, Mr. Ravi Ghai shall continue to hold office of Director, without being subjected to retire by rotation, so far as he continues to be the Managing Director.”

By Order of the Board  
For **THE GL HOTELS LIMITED**

**KISHOR BAXI**  
Company Secretary

Dated : 28<sup>th</sup> July, 2006.

### Registered Office:

“Dairy Tops”, Plot No. J-177, M.I.D.C.,  
Bhosari, PUNE 411 026, MAHARASHTRA.

### Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND 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) Members are requested to bring their copy of the Annual Report to the Meeting.
- (c) Members are requested to intimate changes in their addresses, if any, to the Company.
- (d) Members are requested to note that the Register of Members and the Share Transfer Books of the Company will be closed from 15<sup>th</sup> September, 2006 to 22<sup>nd</sup> September, 2006 both days inclusive.
- (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. The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as to enable the Directors to keep the replies ready.
- (f) It is requested that the queries be mailed to Registrars and Share Transfer Agents: Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078, Phone No. 2596 3838, Fax No. 2596 2691.

## 45TH ANNUAL REPORT

- (g) An Explanatory Statement pursuant to Section 173 of the Company's Act, 1956 relating to the Special Business i.e item no. 5 to be transacted at the meeting is annexed hereto.
- (h) Members may please note that in view of the amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India.
- (i) The Company has transferred the unclaimed/unpaid dividend up to financial year 31<sup>st</sup> March, 1998 to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims.
- (j) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the administrative office of the Company.

By Order of the Board  
For **THE GL HOTELS LIMITED**

**KISHOR BAXI**  
*Company Secretary*

Dated : 28<sup>th</sup> July, 2006.

**Registered Office:**  
"Dairy Tops", Plot No. J-177, M.I.D.C.,  
Bhosari, PUNE 411 026, MAHARASHTRA.



**THE GL HOTELS LIMITED****Annexure to the Notice**

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

**ITEM NO. 5**

Mr. Ravi Ghai was re-appointed as Managing Director with effect from 1<sup>st</sup> April, 2002 on the remuneration and terms and conditions as approved by the shareholders in the Annual General Meeting held on 30<sup>TH</sup> September, 2002 for a period of five years. The proposed resolution seeks to increase his remuneration with effect from 1<sup>st</sup> August, 2006. The proposed remuneration which has been approved by the Board in its meeting held on 28<sup>th</sup> July, 2006 is within the limits stipulated in Section II of Part I of Schedule XIII of the Companies Act, 1956.

Mr. Ravi Ghai is promoter of the Company and has 4 decades of experience in Hotel Industry. The Board has considered the financial position of the Company, prevailing trend in the Hotel Industry, Mr. Ghai's experience and his past performance on proposing the revised remuneration. Mr. Ghai holds Directorship in the following Companies.

1. Kwaliti Walls Fantasy Limited
2. Mayfair Banquets Private Limited
3. Kwaliti Frozen Foods Private Limited
4. Baskin Robbins Franchise Co. Private Limited
5. Rich Kwaliti Products Private Limited
6. Amphitrite Investments Co. Private Limited
7. Oregon Realtys Private Limited
8. Shilpa Securities Private Limited
9. Gaylords Private Limited
10. Kwaliti Real Estate Private Limited
11. Perfect Live Stock Private Limited
12. Satinetta Finlease & Investment Private Limited
13. Kwaliti Desserts Private Limited
14. Idar Hotels Private Limited
15. Crossword Beverages Private Limited

Pursuant to the provision of Schedule XIII to the Companies Act, 1956, details of remuneration proposed to be paid to Mr. Ravi Ghai are given in the resolution which may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Directors recommend approval of this special resolution. None of the Directors, except Mr. Gaurav Ghai, are interested or concerned in the said resolution.

By Order of the Board  
For **THE GL HOTELS LIMITED**

**KISHOR BAXI**  
Company Secretary

Dated : 28<sup>th</sup> July, 2006.

**Registered Office:**

"Dairy Tops", Plot No. J-177, M.I.D.C.,  
Bhosari, PUNE 411 026, MAHARASHTRA.

## 45TH ANNUAL REPORT

### Directors' Report To the Members

The Directors present this 45<sup>th</sup> Annual Report together with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2006. The financial results of the Company for the year under review are summarized below:

#### 1. FINANCIAL RESULTS

(Rs. In Lakhs)

	For the year ended 31 <sup>st</sup> March, 2006	For the year ended 31 <sup>st</sup> March, 2005
Income .....	2,508.14	2,078.64
Profit/(Loss) before Interest & Depreciation .....	657.88	156.88
Interest .....	329.05	369.66
Depreciation .....	382.46	375.19
Profit/(Loss) before Taxation .....	(53.63)	(587.97)
<b>Provision for Taxation</b>		
Current Tax .....	—	—
Deferred Tax Credit .....	(128.52)	(190.67)
Fringe Benefit .....	(3.50)	—
Profit/(Loss) for the year .....	(185.65)	(397.31)
Balance brought forward from last year .....	(1,529.45)	(1,132.14)
Balance carried forward .....	(1,715.10)	(1529.45)

#### 2. OPERATIONAL PERFORMANCE:

The Company has shown a profit before Interest and Depreciation of Rs. 657.88 Lakhs as against a Profit of Rs. 156.88 Lakhs last year. The interest burden is reduced by Rs. 40.61 Lakhs resulting in adding to the bottom line of the Company.

#### 3. DIVIDEND:

In view of the carry forward of the losses, the Directors do not recommend any payment of dividend.

#### 4. FIXED DEPOSIT:

As on 31<sup>st</sup> March, 2006 total amount of fixed deposits with the Company amounted to Rs. 46.31 Lakhs. There are no overdue deposits except unclaimed deposits amounting to Rs. 0.07 Lakhs as on 31<sup>st</sup> March, 2006. Appropriate reminders are issued at periodic intervals, to either renew or claim repayment of the deposit.

#### 5. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association H.H. Maharani Prithvibir Kaur and Mr. R.K.P. Shankardass, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

During the year under report, Mr. V. P. Garg and Mr. Sunil Pardal were appointed as an Additional Director of the Company by the Board of Directors on 11<sup>th</sup> April, 2005 and 28<sup>th</sup> December, 2005 respectively.

Mr. Deepak Bassi, Mr. Raman Mehra, Mr. Vikram Seth and Mr. V. P. Garg of the Company have resigned during the year as a Board Member due to their pre-occupation and other business commitments. The Board places on record their sincere appreciation of the services rendered by them.

## THE GL HOTELS LIMITED

### 6. CORPORATE GOVERNANCE:

A separate report on Corporate Governance appears as a part of the Annual Report along with the Auditors' Report as regards compliance.

### 7. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm the following:

- (i) In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2006 and of the losses of the Company for the period 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2006;
- (iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

### 8. CODE OF BUSINESS CONDUCT & ETHICS:

As prescribed by the listing guidelines (as suggested by SEBI) the Board has framed a "Code of Conduct" for the Board Members and Senior Management Directors. The said code has been implemented and informed to the Stock Exchanges.

### 9. PARTICULARS OF EMPLOYEES:

The Company does not have any employee drawing remuneration in excess of the limits prescribed under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### 10. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Conservation of Energy : Not Applicable
2. Technology Absorption:

To avail international technology and expertise the Company has entered into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of these agreements IHC and its affiliates are required to provide technical services, marketing reservation and system support to the Company for its Hotel situated at Marine Drive-Mumbai. The said technology has been now under implementation.

### 11. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In Lakhs)

	Current Year 2005-2006	Previous Year 2004-2005
CIF Value of Imports	34.96	21.65
Expenditure in Foreign Currency	150.12	136.81
Earnings in Foreign Exchange	1,240.48	907.17

### 12. AUDITORS:

The Auditors M/s S. P. Chopra & Co., Chartered Accountants retire, and being eligible, offer themselves for re-appointment. They have furnished the Company with a written certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section 1(B) of Section 224 of the Companies Act, 1956.



## 45TH ANNUAL REPORT

### ACKNOWLEDGEMENTS:

Your Directors record their thanks to the Company's employees at all levels for their dedication and commitment throughout the year. Your Directors would also like to record their thanks to Company's Shareholders, Bankers, Central and State Govt. Officials, Vendors, and Customers for their continued support and co-operation.

For and on behalf of the Board of Directors  
**THE GL HOTELS LTD.**

**GAURAV GHAI**  
*Director*

**SUNIL PARDAL**  
*Director*

Place : Mumbai  
Dated : 28<sup>th</sup> July, 2006



# THE GL HOTELS LIMITED

## Management Discussion and Analysis

### Industry Structure and Developments

#### Overview of Global Tourism and Indian Economy:

India expects the economy to grow between 7.5 to 8% in the year ending March 2007 following an 8.1% gain in the previous year. India is targeting an economic growth of 10% in the next two to three years.

Tourist inflow has risen by 12% and stands at 4.01 m last year. The current trend of mixing both businesses i.e. hotel and leisure and upbeat economy has fuelled strong demand for the hotel rooms.

The hospitality industry is witnessing unprecedented growth and increase in revenue and profitability of the most of the premium hotel. Premium segment hotels remained in demand following an up beat occupancy level. While most of the premium category hotels have expansion plans for the next few years, none of the capacity expansion is expected immediately. There is huge demand – supply gap among the premium Hotels. With gestation period raging between three to four years for the premium category, most of the capacity expansion is expected in 07-08 and 08-09. Nevertheless, room additions, compounded with strong tourist inflow, would ensure between margins and profitability for the Industry as a whole.

#### Opportunities:

The Hotel industry in India is booming with rising room rates and on high occupancy rates. The Country is facing a severe shortage of hotel rooms and the industry needs to double its room inventory from the current level of around one Lakhs. India is becoming the epic centre for outsourcing business and the growth in the economy is attracting tourists from the west. With increase in the disposable income in the hands of people, national tourism has also been moving north. The demand and supply imbalance of hotel rooms is pushing average room rates (ARR) further as new properties are not coming up at the same place.

#### Threats:

The Hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on operations and financial results of the company. Act of violence or war, in India or other neighboring countries, may affect Indian and worldwide economic markets.

Increased competition in the hotel sector may adversely affect the operation of our Hotel. Surging room rates may impact room demand from foreign leisure travel segment. A recent increase in rupees against dollar will affect the hotel sector which derives a large part of revenue in dollars.

#### Outlook:

The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. Demand for rooms across India is expected to grow annual at an average 16-20% over the next two or four years.

#### Revenues:

Income increased by 21% from Rs. 20.79 Crores in 2004-05 to Rs. 25.08 Crores in 2005-06. Room revenue increased from Rs. 9.72 Crores to Rs. 12.27 Crores i.e. an increase of more than 26%.

The financial performance has increased considerably due to buoyancy in tourism sector, increase in numbers of foreign visitors and availability of good numbers of rooms.

#### Operating Expenses:

The total operating expenditure reduced from Rs. 26.67 Crores in 2004-05 to Rs. 25.62 Crores in 2005-06. The operating and general expenses increased from Rs. 9.61 Crores to Rs. 10.92 Crores due to increase in advertisement and sales promotion, basic management fees and pre-commencement expenses written off.