



GUJARAT HOTELS LIMITED

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23rd

ANNUAL REPORT

2004-2005



GUJARAT HOTELS LIMITED

C O N T E N T S

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GUJARAT HOTELS LIMITED

Board of Directors

Chairman & Non-Executive Director

Sahibzada Syed Habib-Ur-Rehman

Non-Executive Directors

Nakul Anand

Prafull I. Bhuva

Rohit C. Mehta

Subrahmoneyan Chandra Sekhar

Ashok K. Tandon

BOARD COMMITTEES

Audit Committee

Rohit C. Mehta

Chairman

Prafull I. Bhuva

Member

S.C.Sekhar

Member

Representative of

Permanent Invitee

Statutory Auditors

Rajani Sharma

Secretary

Investor Services Committee

S.C.Sekhar

Chairman

Nakul Anand

Member

Ashok K. Tandon

Member

Rajani Sharma

Secretary

Company Secretary

Rajani Sharma

Auditors

Talati & Talati

(formerly Parikh & Talati)

Chartered Accountants

Vadodara

Registered Office

WelcomHotel Vadodara

R.C.Dutt Road

Vadodara - 390 007

Tel. : 0265-2330033



GUJARAT HOTELS LIMITED

YOUR DIRECTORS

S. S. H. Rehman

S.S.H. Rehman, the Chairman of the Company was appointed on the Board of Directors of the Company on March 8, 1996. He was educated at the Osmania University and began his career with the Indian Army, moving over to the hospitality industry in 1975. He has a rich and varied experience of 30 years in the hotel industry. Rehman shoulders the responsibility of hotels' business of ITC Limited.

Other Directorships

Name of the Company

Position

| | |
|---|--------------------------|
| ITC Limited | Executive Director |
| International Travel House Limited | Chairman & Director |
| Landbase India Limited | Chairman & Director |
| Fortune Park Hotels Limited | Chairman & Director |
| Srinivasa Resorts Limited | Vice Chairman & Director |
| Maharaja Heritage Resorts Limited | Director |
| Tourism Finance Corporation of India Limited | Director |
| Mumbai International Convention & Exhibition Centre Limited | Director |

Other Committee Memberships

Name of the Company

Committee

Position

| | | |
|------------------------------------|------------------------|----------|
| International Travel House Limited | Remuneration Committee | Chairman |
|------------------------------------|------------------------|----------|

Nakul Anand

Nakul Anand was appointed a Director on the Board of Directors of the Company on March 10, 1998. He is an Economic Honours graduate from Delhi University. He has a rich experience of 26 years in hotel industry.

Other Directorships

Name of the Company

Position

| | |
|------------------------------------|----------|
| International Travel House Limited | Director |
| Fortune Park Hotels Limited | Director |
| Srinivasa Resorts Limited | Director |
| Bay Islands Hotels Limited | Director |
| Maharaja Heritage Resorts Limited | Director |
| Adayar Gate Hotels Limited | Director |

Other Committee Memberships

Nil



GUJARAT HOTELS LIMITED

Prafull I. Bhuva

Prafull I. Bhuva was appointed a Director on the Board of Directors of the Company on May 25, 1998. He holds a Bachelor's degree in Chemical Engineering from Kinki University, Osaka, Japan. He has a rich experience of 35 years in Chemical Industry and also in Industrial Relations & Management. He was the President of Federation of Gujarat Industries.

Other Directorships

| Name of the Company | Position |
|----------------------------------|----------|
| Indo-Nippon Chemical Co. Limited | Director |
| Bhuva Holdings Limited | Director |
| Darshan Overseas PTE Limited | Director |

Other Committee Memberships Nil

Rohit C. Mehta

Rohit C. Mehta was appointed a Director on the Board of Directors of the Company on March 28, 2003. He is a Law Graduate from Bombay University. Mehta is a prominent and successful Industrialist with a wide and varied experience in the management of business and industry. He has the privilege of being Chairman and Managing Director of Rohit Mills Limited for more than 40 years. He has also been the President of Federation of Indian Chamber of Commerce and Industry. He has been on the boards of various other reputed companies. He has been associated with a number of industries, associations, federations and several social, educational, sports and charitable organisations. He has also been the International President of Lions Club International. He is an active promoter of Lionism in India and a recipient of various awards.

Other Directorships

| Name of the Company | Position |
|-----------------------------------|---------------------|
| Ahmedabad Electricity Co. Limited | Chairman & Director |
| Rajesh Malleables Limited | Chairman & Director |
| GRUH Finance Limited | Director |
| Cama Hotels Limited | Director |

Other Committee Memberships

| Name of the Company | Committee | Position |
|-----------------------------------|--|----------|
| Ahmedabad Electricity Co. Limited | Securities Transfer & Shareholders/ Investors Grievance Committee | Chairman |
| Ahmedabad Electricity Co. Limited | Audit Committee | Chairman |
| GRUH Finance Limited | Audit Committee | Member |



GUJARAT HOTELS LIMITED

S.C.Sekhar

S.C.Sekhar was appointed a Director on the Board of Directors of the Company on March 24, 1992. A Science graduate from Delhi University and a Member of the Institute of Chartered Accountants of India, Sekhar has a rich experience of 28 years in hotel industry.

Other Directorships

| Name of the Company | Position |
|------------------------------------|-------------------|
| Landbase India Limited | Managing Director |
| International Travel House Limited | Director |
| Fortune Park Hotels Limited | Director |
| Srinivasa Resorts Limited | Director |
| Bay Islands Hotels Limited | Director |
| Maharaja Heritage Resorts Limited | Director |
| Adayar Gate Hotels Limited | Director |
| CLI3L e-Services Limited | Director |

Other Committee Memberships

| Name of the Company | Committee | Position |
|------------------------------------|---|----------|
| Srinivasa Resorts Limited | Audit Committee | Chairman |
| International Travel House Limited | Audit Committee & Investor Services Committee | Member |
| Landbase India Limited | Audit Committee | Member |
| Adayar Gate Hotels Limited | Audit Committee | Member |
| CLI3L e-Services Limited | Audit Committee | Member |

Ashok K. Tandon

Ashok K. Tandon was appointed a Director on the Board of Directors of the Company on March 10, 1998. A Law Graduate from Delhi University and a Member of the Institute of Company Secretaries of India, he was practising in Delhi High Court and Supreme Court for 7 years before joining hotels' business of ITC Limited. He is currently holding the position of Solicitor of hotels' business of ITC Limited.

Tandon has been associated with the Company since its inception and held responsibility for its Corporate Secretarial activity till 1997.

Other Directorships Nil

Other Committee Memberships Nil

Notes : a) Directorships in private limited companies have been excluded

b) Committee Memberships/Chairmanships is in respect of Audit Committee, Investor Services Committee and Remuneration Committee.



GUJARAT HOTELS LIMITED

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the Financial year ended 31st March, 2005.

THE COMPANY'S GOVERNANCE PHILOSOPHY

The Company defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth generating capacity and believes that the governance process should ensure that the companies are managed in a manner that meets stakeholder aspirations and societal expectations.

The Company has complied with all the Mandatory requirements on Corporate Governance laid down by the Stock Exchanges as detailed hereunder:

BOARD OF DIRECTORS

All statutory and material information are placed before the Board to enable it to discharge its responsibilities effectively.

Composition

The Board of Directors of the Company consists of six Non- Executive Directors with two of them being Independent.

The composition of Directors and the attendance at the Board Meetings during the Financial year ended 31st March, 2005 and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below :

| Sl. No. | Name of Director | Category | No. of Board Meetings attended | Attendance at last AGM | No. of other Directorships (*) | No. of other Committee Memberships/ Chairmanships (**) |
|---------|-------------------|------------------------------------|--------------------------------|------------------------|--------------------------------|--|
| 1 | S.S.H. Rehman | Chairman & Non-Executive Director | 4 | Yes | 8 | 1 as Chairman |
| 2 | Nakul Anand | Non-Executive Director | 4 | Yes | 6 | Nil |
| 3 | S. C. Sekhar | Non-Executive Director | 3 | Yes | 8 | 6 (including 1 as Chairman) |
| 4 | Ashok K. Tandon | Non-Executive Director | 3 | Yes | Nil | Nil |
| 5 | Prafull I. Bhuvra | Non-Executive Independent Director | 3 | Yes | 3 | Nil |
| 6 | Rohit C. Mehta | Non-Executive Independent Director | 4 | Yes | 4 | 3 (including 2 as Chairman) |

* Excludes Directorships in Private Limited Companies.

** Represents Memberships/Chairmanships of Audit Committee, Investor Services Committee and the Remuneration Committee.



GUJARAT HOTELS LIMITED

Board Meetings

During the year under review, four Board Meetings were held on the following dates : April 30, 2004, July 20, 2004, October 18, 2004, and January 18, 2005.

COMMITTEES OF THE BOARD

The Board of Directors has constituted two Committees of the Board - the Audit Committee and the Investor Services Committee. The role and composition of these Committees, including the number of meetings held and the related attendance, is as follows :

A. AUDIT COMMITTEE

Terms of Reference

The role / terms of reference of the Committee includes the following:-

- ☒ Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ☒ Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment for any other services;
- ☒ Reviewing with the management the annual financial statements before submission to the Board, focussing primarily on ;
 - any changes in accounting policies and practices
 - major accounting entries based on exercise of judgement by management
 - qualifications in the draft audit report
 - significant adjustments arising out of audit
 - the going concern assumption
 - compliance with accounting standards

- compliances with stock exchange and legal requirements concerning financial statements
- any related party transactions

- ☒ Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- ☒ Reviewing the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ☒ Discussion with internal auditors on any significant findings and follow-up thereon;
- ☒ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- ☒ Discussion with external auditors before the audit commences, on nature and scope of audit as well as have post audit discussions to ascertain any area of concern;
- ☒ Reviewing the Company's financial and risk management policies;
- ☒ Looking into the reasons for substantial defaults in the payment, if any, to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.

Composition

The Audit Committee comprises three Non-Executive Directors, with two of them being Independent Directors. Statutory Auditors are Permanent Invitees to the Audit Committee and the Company Secretary is the Secretary to the Committee. The Chairman of the Committee is a Non- Executive Independent Director.

The names of the Members of the Audit Committee, including its Chairman, are provided elsewhere in the Report and Accounts.



GUJARAT HOTELS LIMITED

Attendance

Details of Audit Committee Meetings held during the financial year ended 31st March, 2005

| Sl. No. | Date | No. of Members present |
|---------|--------------------|------------------------|
| 1 | 30th April, 2004 | 2 |
| 2 | 20th July, 2004 | 3 |
| 3 | 18th October, 2004 | 2 |
| 4 | 18th January, 2005 | 3 |

Attendance at Audit Committee Meeting held during the financial year

| Director | No. of meetings attended |
|------------------|--------------------------|
| Rohit C. Mehta | 4 |
| Prafull I. Bhuva | 3 |
| S. C. Sekhar | 3 |

B. INVESTOR SERVICES COMMITTEE

The Investor Services Committee of the Company oversees redressal of shareholder and investor grievances and approves sub-division / transmission of shares, issue of duplicate share certificates etc.

Composition

The Investor Services Committee comprises three Directors all being Non-Executive Directors. The Company Secretary is the Secretary to the Committee.

The names of the members of the Investor Services Committee, including its Chairman, are provided elsewhere in the Report and Accounts.

Attendance

Details of Investor Services Committee Meetings held during the year ended 31st March, 2005

| Sl. No. | Date | No. of Members present |
|---------|--------------------|------------------------|
| 1 | 30th April, 2004 | 2 |
| 2 | 20th July, 2004 | 3 |
| 3 | 18th October, 2004 | 3 |
| 4 | 18th January, 2005 | 2 |

Attendance at Investor Services Committee Meeting held during the financial year

| Director | No. of meetings attended |
|-----------------|--------------------------|
| S. C. Sekhar | 3 |
| Ashok K. Tandon | 3 |
| Nakul Anand | 4 |

Remuneration of Directors

During the year under review, no remuneration was paid to any Director of the Company other than Sitting Fee of Rs. 4,000/- and Rs. 3,000/- paid respectively to Mr. Rohit C. Mehta and Mr. Prafull I. Bhuva, Non-Executive Independent Directors of the Company.

DISCLOSURES

Materially significant related party transactions which may have potential conflict with the interests of the Company at large.

None

Details of non-compliances, penalties, strictures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years.

None

Pecuniary relationships or transactions with the Non-Executive Directors.

None

MEANS OF COMMUNICATION

The Unaudited Quarterly Financial Results and Audited Annual Financial Results of the Company were announced within a month of the end of each quarter and financial year. Such results are normally published in 'Financial Express' (all editions) and in a vernacular newspaper from Vadodara. Such results were posted on www.sebidifar.nic.in, SEBI's website.

The Management Discussion and Analysis Report has been included elsewhere in the Report and Accounts.



GUJARAT HOTELS LIMITED

CODE OF CONDUCT

The Company has adopted a Code of Conduct which delineates the principles governing the conduct of employees, including Directors and Senior Management, with all the stakeholders of the Company. The Code covers transparency, legal compliance, concern for occupational health, safety and environment and a gender friendly workplace and the philosophy of leading by personal example.

CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company by its employees. The Company's Code, inter alia, prohibits purchase/sale of shares of the Company by employees, while in possession of unpublished price sensitive information in relation to the Company.

GENERAL SHAREHOLDER INFORMATION

Provided in the 'Shareholder Information' section of the Report and Accounts.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Report of the Directors and Management Discussion & Analysis.

The Certificate will also be sent to the Stock Exchanges along with the Annual Return of the Company.

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