



20th

**ANNUAL REPORT
FOR THE YEAR
2008-2009**



HOWARD HOTELS LIMITED

BOARD OF DIRECTORS**NIRANKAR NATH MITTAL****CHAIRMAN AND
MANAGING DIRECTOR****NIRVIKAR NATH MITTAL****WHOLE TIME DIRECTOR****SHRI KANT MITTAL****WHOLE TIME DIRECTOR****UDAY BHAN SINGH SIKARWAR****DIRECTOR****PAWAN KUMAR****DIRECTOR****RAKESH KUMAR AGARWAL****DIRECTOR****AUDITORS****P. C. BINDAL & CO.,
CHARTERED ACCOUNTANTS
718/21, JOSHI ROAD,
KAROL BAGH, NEW DELHI-110 005****BANKERS****PUNJAB NATIONAL BANK
CANARA BANK
HDFC BANK LTD****REGISTRAR & SHARE****LINK INTIME INDIA PVT LTD****TRANSFER AGENT****A-40, 2ND FLOOR, NARAINA INDUSTRIAL AREA,
PHASE-II, NEAR BATRA BANQUET HALL,
NEW DELHI-110028****HOTEL SITE****HOWARD PARK PLAZA
FATEHABAD ROAD, AGRA (U.P.)-282001****REGISTERED OFFICE****20, MAURYA COMPLEX
B-28, SUBHASH CHOWK
LAXMI NAGAR
NEW DELHI-110092
E-Mail : cs@howardhotelslimited.com**

Howard Hotels Limited

Regd. Off.: 20, Maurya Complex, B-28, Subhash Chowk
Laxmi Nagar, New Delhi-92

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of Howard Hotels Limited will be held on Thursday, 10th day of September, 2009 at 10.00 A.M. at the Executive Club C/o Dolly Farms and Resorts Private Limited, 439, Village Shahoorpur, P.O. Fatehpurberi, New Delhi 74 to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March 2009 and Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To Appoint a Director in place of Mr. Uday Bhan Singh Sikarwar, who retires by rotation and is being eligible offers himself for re-appointment.
3. To Appoint a Director in place of Mr. Rakesh Kumar Agarwal, who retires by rotation and is being eligible offers himself for re-appointment.
4. To Appoint M/s P.C. Bindal & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

NOTES

1. The register of the members and share transfer books of the Company shall remain closed from 7th Day of September, 2009 to 10th Day of September, 2009 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The instrument appointing the proxy must reach the registered office of the Company, **NOT LATER THAN 48 HOURS** before the time fixed for holding the meeting.
3. Corporate members are requested to send a duly certified copy of the Board resolution authorising representative to attend and vote at the annual general meeting.
4. Members/ proxies should bring the attendance slip sent herewith duly filled in for attending the meeting along with their copies of annual reports to the meeting.
5. Members desiring any information on the accounts are requested to write to the Company at its registered office **at least 6 days before the date of the Annual General Meeting** to enable the management to collect and keep the information ready.
6. Members are requested to kindly notify the company of any change in their address so as to enable the

Company to address future communication to their changed addresses.

7. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

9. Details of Directors pursuant to clause 49 of the Listing Agreement:

Particulars	Name of Director	
	Rakesh Kumar Agarwal	Uday Bhan Singh Sikarwar
Date of Birth	03/05/1960	12/07/1932
Date of appointment	30/04/2007	04/01/2003
Expertise in specific areas	Accounts & Finance	Human Resources
Qualifications	M.COM. , FCA	Post Graduate
List of other Indian Public Limited Companies in which Directorship held	NIL	NIL
Shareholdings in the company as on 31.03.2009	NIL	35,000

Place: New Delhi

Dated: 30-07-2009

Registered office
20, Maurya Complex
B-28, Subhash Chowk
Laxmi Nagar, New Delhi-92

By order of the Board

S/d/-

(Pallavi Agarwal)
Company Secretary

DIRECTOR'S REPORT

Dear Members,

Your Directors take pleasure in presenting their 20th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

	PARTICULARS	CURRENT YEAR (Rs. In Lacs) (2008-2009)	PREVIOUS YEAR (Rs. In Lacs) (2007-2008)
1.	Total Income	822.99	748.02
2.	Gross Profit / (Loss) Before interest and depreciation	198.13	195.82
3.	Interest	48.89	60.29
4.	Profit / (Loss) after int. but before depreciation	149.24	135.53
5.	Depreciation	56.44	52.98
6.	Net Profit/(Loss)(before tax)	90.07	82.48
7.	Net Profit/(Loss)(after tax)	55.68	81.37

COMPANY'S PERFORMANCE

The overall performance of the company showed considerable improvement as compared to the previous year with revenues growing by 10.02 %.

During the year under review, your company achieved total income of Rs.822.99 Lacs as compared to Rs.748.02 Lacs in the previous year. Net profit for the year was Rs.55.68 Lacs, after provision of deferred tax charged 31.72 lacs (previous year Nil) as compared to net profit of Rs 81.37Lacs in the previous year. Your directors expect that the initiatives undertaken will result in improvement of financial results in the coming years.

FUTURE PROSPECTUS

Despite of short and medium term set back tourism revenues are expected to rise in medium term. To strengthen the Indian tourism sector ahead of the Commonwealth Games in 2010 and to double foreign tourist arrivals from 5.37 million in 2008 to 10 million by 2010, the Ministry is taking measures such as rationalizing taxes, increased focus on infrastructure and easy visas. It is believed that the industry will record strong growth over the next

several years resulting from increasing international tourist arrivals.

SHARE CAPITAL

Issue of warrants

- a) The Company has issued 18,00,000 warrants of Rs.10/- each at a premium of Rs. 2.25 per warrant on preferential basis to Promoter group on 06th March 2009 As per the terms of issue, the warrant holders shall be entitled for and to be allotted, in one or more trenches, one equity shares of Rs.10/- each of the company per warrant, at any time after the allotment of warrant but before the expiry of 18 months from the date of allotment of such warrants. For exercise of the right to apply for equity shares, the warrant holders are required to make payment of balance 75% of the issue price.
- b) An amount of Rs.114.50 Lacs (being not less than 25% of issue Price) has been received on account of preferential allotment of 18,00,000 warrants of face value of Rs.10/- each as per SEBI guidelines.
- c) With regard to end use of preferential warrants money received Rs.114.50 Lacs the company has not utilized the same during the year and the same is lying in deposit / current account with scheduled bank of the company.

DIVIDEND

Your Directors regret their inability to recommend any dividend in view of deploying the funds for expansion of business during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act 1956 the Board of Directors of the Company confirms:

1. That in the preparation of the annual accounts, the applicable accounting standards as specified by the Institute of Chartered Accountants of India have been followed and there has been no material departure.
 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 as on March 31, 2009 and of the profit and loss account of the company for the year ended on that date.
 3. That proper and sufficient care has been taken for the 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.
1. That the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges, a separate

section titled 'Report on Corporate Governance' has been included in this Annual Report along with the Certificate on its compliance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of operations, performance and future outlook of the company is attached and forms part of this report under the head "Management Discussion & Analysis Report" as stipulated under clause 49 of the Listing Agreement with the stock exchanges.

ACCEPTANCE OF DEPOSITS

Your company has not so far invited any deposit from public under section 58A of the Companies Act, 1956 and as such the provisions are not applicable to the company.

DIRECTORS

In accordance with the Companies Act, 1956 read with Articles of Association of the Company, Shri Rakesh Kumar Agarwal and Shri Uday Bhan Singh Sikarwar, directors of the Company, retire by rotation and are eligible for reappointment.

Due to some personal reason, Mr. Tarun Mittal, Mr. Hariom Maheshawari, Mr. Ravi Kant Bansal and Mr. Prakash Chand Goel resigned from the Directorships and the Board of Directors at their meeting held on 27-10-2008 accepted their resignation.

Mr. Ravi Kant Bansal was also the Chairman and Member of Remuneration Committee and the Member of Audit Committee.

Mr. Prakash Chand Goel was also the Member of Remuneration Committee and Shareholder Grievance Committee.

AUDITORS

The Statutory Auditors, M/s. P.C. Bindal & Co., Chartered Accountant, New Delhi, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. Your Directors propose the reappointment of M/s P.C. Bindal & Co., as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

INFORMATION AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTOR) RULES 1988

A. Conservation of energy

The Energy conservation efforts in the Company are being pursued on a continuous basis and the Company is making its full efforts to minimize wastage and to make optimum utilization of energy.

B. Technology absorption

The Company is basically involved in the hotel business and as such the required particulars in term of rule 2 are not applicable.

C. Foreign Exchange Earnings

Foreign Currency Encashed & Outgo	(Amount Rs. in Lacs)	
	31 st March 2009	31 st March 2008
Total Foreign Currency Encashed	123.27	137.32
Total foreign Currency Earned	65.04	53.06
Total Foreign Currency outgo	3.27	2.81

NOTES ON ACCOUNTS

The Auditors Report and Notes on Accounts is self explanatory.

PARTICULARS OF EMPLOYEES

During the year under review, no employees, whether employed for the whole or part of the year, was drawing remuneration exceeding the limits as laid down u/s. 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended. Hence the details required under Section 217 (2A) are not given.

INDUSTRIAL RELATIONS

The industrial relations continued to be cordial. The Directors wish to place on record their appreciation for the contribution of the workers and officers of the Company at all level.

ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation to M/s Sarovar Hotels Private Ltd., Management and operator of the hotel for their efforts and hardworking. Your directors also wish to place on record their appreciation for the continued cooperation and assistance extended by the Financial Institutions, Public Sector/Foreign Banks, other departments of Tourism, Stock Exchanges, Central/State Governments, Regulatory/Statutory Authorities, Customers, Stakeholders and all other persons assisting the Company in its growth. The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operation of the Company during the year.

**For & on behalf of Board of Directors of
Howard Hotels Limited**

Place: New Delhi
Dated: 30th July, 2009

S/d/-
(Nirankar Nath Mittal)
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Forming part of the Director's Report for the year ended 31st March, 2009)

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Tourism has been hit in the short term due to a combined effect of global slow down, terrorism and unrest in the South Asia Neighborhood. The Indian economy is slowly coming out of the woods with strong indicators that it will regain its lost vigor shortly. The medium and long term prospects for the Industry are bright. As per World Travel and Tourism Council (WTTC) estimates India's travel and tourism industry is expected to grow at an average of Rs. 9.4% over next 10 years. The Indian tourism industry holds immense potential for providing impetus to other industries through backward and forward linkages and can generate huge revenue earnings for the country.

To summarize, the hospitality sector in India is fundamentally strong and well placed for further growth and consolidation.

B. OPPORTUNITIES & THREATS**(i) OPPORTUNITIES**

The year 2008-09 saw a slight dip in the GDP growth in the country. The service sector continues to be a major contributor to the growth in GDP and has continued to grow even in the second half of the year 2008-09 registering a 9.3% increase over the corresponding period of 2007-08.

The strong performance in tourist arrivals can be attributed to a strong sense of business and investment confidence in India inspired by the growing GDP and increased ties with developed world

(ii) THREATS

Hotel business in general is sensitive to fluctuations in the economy. The hotel sector may be unfavorably affected by changes in global and domestic economies, changes in local market conditions, excess room supply, reduced international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors. The Hotel Industry faces risk from volatile socio-political environment, internationally as well as within the country. Any adverse events such as political instability, conflict between nations, terrorist attacks or spread of any epidemic or security threats to any countries may affect the level of travel and business activity. The Hotel Industry demands peace at all times to flourish. In late November, the terror attacks in Mumbai were a big blow to the hospitality industry leading to a spate of cancellations and low occupancies. The challenge lies in infusing confidence and providing international standards of safety.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The Company's business activity falls within a single primary business segment viz. Hotel at Agra as such; there are no separate reportable segments as per Accounting Standard 17.

D. OUTLOOK

The tourism industry in the country has unlimited opportunities coming its way. India has witnessed rapid development and strong economic growth and ever increasing political and economic affluence at the global level over last few years. Despite the current phase of economic slow down, Indian Economy has strong fundamentals and is likely to grow at a steady pace, which is likely to ensure increased flow of business visitors. Though India accounts for a fraction of global tourist flow at present, its market share is likely to increase steadily over next few years. Hence, the outlook for the hospitality industry looks quite positive.

However, despite the apparent strides taken by the tourism industry in India, some worries remain. There is a sizeable mismatch between the demand and supply of star category rooms. The existing infrastructure in the country - well laid roads, efficient railways and airports - to support the requirements of the foreign traveler is far behind adequacy. There has to be a rapid improvement in the airport facilities, road and transport network and other support facilities at tourist locales if the momentum in the growth of the industry has to be sustained.

Moreover, any change in the global geo-political situations can have further adverse effect on the performance of this sector.

E. RISK AND CONCERNS

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates, including economic cycle, market risk and credit risk. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management policies.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal Control system commensurate with its size and nature of business. Your Company's Internal auditors carry out audit of the transactions of the Company, in order to ensure that recording and reporting are adequate and proper. The Audit Committee of the Board reviews the important observations of the Internal Audit. The Audit Committee of the Company meets periodically to review and recommend quarterly and annual financial statements of the Company.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company with respect to operational performance has been steadily improving ensuring the Company's commitments of servicing its obligations for meetings its interest and principle repayments to financial Institutions / Banks and with a long term objective of shareholder's value.

H. HUMAN RESOURCES

In the service oriented industry the employee plays a key role in customer satisfaction and its most valuable resource. Adequate number of technically qualified and well experienced staff exists for the day-to-day operations of the Company. The industrial relations continue to be cordial.