

HOWARD HOTELS LIMITED

ANNUAL REPORT

2012-2013



Board of Directors

Chairman & Managing Director

Nirankar Nath Mittal

Executive Directors

Nirvikar Nath Mittal

Shri Kant Mittal

Non-Executive Directors

Uday Bhan Singh Sikarwar

Rakesh Kumar Agarwal

Ravi Kant Bansal

Statutory Auditors

P. C. Bindal & Co.

Chartered Accountants

718 /21, Joshi Road, Karol Bagh,

New Delhi-110 005

Secretarial Auditors

Satyendra Sharma & Associates

IInd Gali, Pt. Jangeet Nagar, Rajpur,

Agra-282001

Bankers

Punjab National Bank

HDFC Bank Limited

IDBI Bank Limited

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.

44 Community Centre, 2nd Floor,

Naraina Industrial Area,

Phase-I, Near PVR Naraina,

New Delhi-110028

Registered Office

Howard Hotels Limited

20, Maurya Complex,

B-28 Subhash Chowk,

Laxmi Nagar,

New Delhi-110092

Corporate Office

Howard Plaza

Fatehabad Road,

Agra-282001

Company's Website: www.howardhotelsltd.com

Email-Id: cs@howardhotelslimited.com

☎ : (0562) 4048600

Facsimile : (0562) 4048666

Stock Exchange Where Company's Securities Are Listed

Bombay Stock Exchange Limited

Contents

Notice of Annual General Meeting	02
Directors' Report	05
Management Discussion & Analysis Report	08
Report on Corporate Governance	11
Auditors' Certificate on Corporate Governance	23
CEO/CFO Certification	24
Auditors' Report	25
Annexure to the Auditors' Report	26
Balance Sheet	28
Statement of Profit & Loss	29
Notes to Financial Statement	30
Significant Accounting Policies & Notes to Accounts	36
Cash Flow Statement	40
Attendance Slip and Proxy Form	41

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th (Twenty Fourth) Annual General Meeting of **HOWARD HOTELS LIMITED** will be held on 5th September, 2013 at the Executive Club C/o Dolly Farms and Resorts Private Limited, 439, Village Shahoorpur, P.O. Fatehpurberi, New Delhi -74 at 10:00 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date, together with the Directors' Report and Auditors' Report 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 auditors to hold office from the conclusion of this Annul General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration and to pass following resolution thereof:

“Resolved that M/s P. C. Bindal & Co., Chartered Accountants be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors.”

SPECIAL BUSINESS:

5. To consider and if thought fit to pass , with or without modification, following resolution as special resolution

“RESOLVED THAT Pursuant to the provision of section 198, 269, 302, 309, 310 read with provisions of the schedule XIII of the companies act 1956 and other applicable provision, if any, of the companies act ,1956 (including any statutory modification or reenactment there of for the time being enforceable) the consent of the members of the company be and as is hereby granted to reappointment of Shri Kant Mittal as the Whole Time Director of the Company for a period of Five Years with effect from 16th October,2013 on the Following terms and condition as approved by remuneration committee of the Board:

- (i) Terms of re-appointment:5years w.e.f. 16th October,2013
- (ii) Salary Rs.,150,000/-(One Lac Fifty Thousand only) Per month.
- (iii) Contribution to the provident fund, family benefit fund, superannuation fund as per rule of the Company.
- (iv) Gratuity as per rules of the Company.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts,deeds,matters and things as in it's absolute discretion, it may consider necessary,expedient or desirable and to settle any questions,or doubts that may arise in relation thereto including to decide breakup of the remuneration.”

Place: Agra
Date: 2nd August, 2013

By order of the Board
HOWARD HOTELS LIMITED

Registered office:
Howard Hotels Limited
20, Maurya Complex,
B-28 Subhash Chowk,
Laxmi Nagar,
Delhi-110092

Sd/-
(Shrikant Mittal)
Director

Notes:

1. The register of the members and share transfer books of the Company shall remain closed from Monday, September 2, 2013 to Thursday, September 5, 2013(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 authorizing 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.
8. Keeping in view of “**Green Initiative in Corporate Governance**” taken by Ministry of Corporate Affairs vide their circular no. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011, your Company has decided to send henceforth, all documents, required to be sent to the shareholders like General Meeting Notice (including AGM), Audited Financial Statements, Directors’ Report, Auditors’ Report etc. in electronic form on the e-mail Id provided and made available to us by the Depository. In case you have not registered your E-mail ID or you desire to have different E-mail ID to be registered, please update the same with your Depository Participant and E-mail us also at cs@howardhotelslimited.com
9. Details of additional Directors/Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of Director	Uday Bhan Singh Sikarwar	Rakesh Kumar Agarwal
Date of Birth	12/07/1932	03/05/1960
Date of appointment/re-appointment	04/01/2003	30/04/2007
Qualifications	Post Graduate	M.Com, FCA
Expertise in specific functional areas	Human Resources	Accounts And Finance
List of other Indian Public Limited Companies in which Directorship held as on 31.03.2013	NIL	NIL
Shareholdings in the company as on 31.03.2013	35000	NIL
Inter-se relationship	NIL	NIL

Place: Agra
Date: 2nd August, 2013

By order of the Board
HOWARD HOTELS LIMITED

Registered office:
Howard Hotels Limited
20, Maurya Complex,
B-28 Subhash Chowk,
Laxmi Nagar,
Delhi-110092

Sd/-
[Shrikant Mittal]
Director

EXPLANATORY STATEMENT

(Pursuant to Section 173(1) of the Companies act,1956)

Item no 5

Mr. Shri Kant Mittal was appointed by the Company as Whole Time Directors of the Company for a period of Five w.e.f.16-10-2008 and his term of appointment shall cease on 15-10-2013 The Board at the Meeting held on August 2nd ,2013. has based on the recommendation of remuneration committee for the reappointment, terms and conditions and remunerations, approved re-appointment of Mr. Shri Kant Mittal for a further period of Five years w.e.f. 16th October,2013. Shri Kant Mittal have adequate experience and qualifications. Looking into thier experience in the management of the affaires of the Company, your Directors consider that their appointment shall be in the best interest in the Company.

Except Mr. Nirankar Nath Mittal and Mr. Nirvikar Nath Mittal, none of the directors of the Company is interested or concerned in the resolution.

Place: Agra

Date: 2nd August, 2013

**By order of the Board
HOWARD HOTELS LIMITED**

**Registered office:
Howard Hotels Limited
20, Maurya Complex,
B-28 Subhash Chowk,
Laxmi Nagar,
Delhi-110092**

**Sd/-
(Shri Kant mittal]
Director**

DIRECTORS' REPORT

TO THE MEMBERS,

Your Director's have pleasure in presenting the Twenty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

The Performance of the Company for the financial year ended 31st March 2013 is summarized below:

PARTICULARS	(₹ In Lacs)	
	CURRENT YEAR (2012-13)	PREVIOUS YEAR (2011-12)
1. Total Income	873.31	1052.46
Less: i) Operating, Administrative & other Exp.	743.74	847.43
2. Earning before interest and depreciation	129.57	205.03
Less: i) Interest	24.08	18.24
ii) Depreciation	76.91	69.58
3. Profit before Tax	28.58	117.21
Less: provision for Tax		
i) Current	5.45	23.45
iii) Deferred	8.41	34.67
iv) MAT Credit	(5.45)	(23.45)
4. Profit after Tax	20.17	82.54
Add: Balance of Profit as per last Balance Sheet	254.63	172.09
5. Balance available for appropriation	274.80	254.63

COMPANY'S PERFORMANCE

During the year under review, the Company has total revenues of ₹ 873.31 Lacs as compared to ₹ 1052.46 Lacs during the previous year. The net profit for the year under review has been ₹ 20.17 Lacs as against ₹ 82.54 Lacs during the previous year. The divergent trend in profit is on account of Hotel remained under renovation for a considerable period. Your directors are continuously looking for avenues for future growth of the Company in Hotel Industry.

DIRECTORS

At the ensuing Annual General Meeting Uday Bhan Singh Sikarwar and Rakesh Kumar Agarwal, Directors of the Company, will retire by rotation and, being eligible; offer themselves for reappointment in terms of provisions of Companies Act, 1956 read with Articles of Association of the Company.

AUDITORS

M/s. P. C. Bindal & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company are the retiring Auditors and being eligible, offers themselves for re-appointment. The Certificate u/s 224(1B) of the Companies Act, 1956 has been obtained from them and they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act. Your directors recommend their reappointment as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

ACCOUNTS & AUDIT

The observations of Auditors in their report, read with the relevant notes to accounts, are self explanatory and do not require further explanation.

CASH FLOW ANALYSIS

The Cash Flow Statement for the year, under reference in terms of Clause 32 of the Listing Agreement entered by the Company with the Stock Exchanges, is annexed with the Annual Accounts of the Company.

DIVIDEND

The Company has decided to plough back its entire profits for future developments. Hence no dividend is recommended for the year under review.

ACCEPTANCE OF DEPOSITS

The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposit) Rules, 1975, during the year under review.

PARTICULARS OF EMPLOYEES

During the year under review, no employee, 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.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, we hereby state:

- i. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. that the directors have 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 at March 31, 2012 and of the profit and loss of the Company for that period;
- iii. that the directors have taken proper and sufficient care 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;
- iv. that the directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement, a separate section on Corporate Governance forms part of the Annual Report. A certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is also separately given in Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis of financial condition and results of operation of the Company for the year under review, as required under clause 49 of the Listing Agreement with the stock exchanges, is given separately under the head "Management Discussion & Analysis Report" in Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as under:

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 & Outgo

	(₹In Lacs)	
	March 31, 2013	March 31, 2012
Total Foreign Currency Earned	56.74	95.88
Total Foreign Currency Outgo (traveling)	26.51	21.94

INDUSTRIAL RELATIONS

The industrial relations remained cordial and peaceful throughout the year in the Company. The Directors wish to place on record their appreciation for the contribution of the workers and officers of the Company at all level.

DEPOSITORY SYSTEMS

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2013, 82.81% of the Company's paid-up capital representing 7546541 Equity Shares is in dematerialized form with both the depositories as compared to 82.64% representing 7531223 equity shares for the previous year ending March 31, 2012.

Your Company has established connectivity with both depositories - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through RTA i.e. M/s. Link Intime India Pvt. Ltd.

ACKNOWLEDGEMENT

The Board acknowledges with gratitude the assistance, co-operation and encouragement extended to the Company by Central Government, State Government, Financial Institutions, SEBI, Stock Exchanges, Custodian, Regulatory/Statutory Authorities, Registrars & Share Transfer Agent and other related Department of Tourism. Your directors thank the customers, client, vendors, dealers, Company's bankers and other business associates for their continuing support and unstinting efforts in the Company's growth. The Board also wishes to place on record their deep appreciation for the commitment displayed by all the executives, officers and staff, resulting in successful performance during the year. The company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. Your Directors are also thankful to the stakeholders, shareholder and depositors for their continued patronage.

For & on behalf of
Board of Directors of
HOWARD HOTELS LIMITED

Place: Agra
Date: 2nd August, 2013

Sd /-
[Nirankar Nath Mittal]
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Hospitality is about serving the guests to provide them with “feel good effect”. In India, the guest is treated with utmost warmth and respect and is provided the best services. India is an ideal destination for tourists. Approximately 4.4 million tourists visit India every year. The Indian hospitality industry has emerged as one of the key industries driving growth of the services sector in India. It has evolved into an industry that is sensitive to the needs and desires of people.

INDUSTRY STRUTURE AND DEVELOPMENT

ECONOMIC OVERVIEW

The Indian economic growth was slightly down in 2012-13 because of various factors, both global and internal. Slow progress of economic reforms is expected to pull down India's growth to 5.8 per cent in 2013 from 6 per cent projected earlier. Slower economic expansion of world output and recent corporate governance issues are some of the main reasons. Headline inflation surged sharply to its highest level in more than a year, maintaining pressure on the RBI for a fresh dose of interest-rate hikes despite flagging economic growth. Sharp higher year-on-year inflation in food items, and fuel products led to the spike in the headline estimates. Slow progress of economic reforms is expected to pull down India's growth to 5.8 per cent in 2013 from 6 per cent projected earlier. India's deficit stems mainly from large oil and gold imports, and Singh said the government was taking serious measures to reduce demand for both products, while expressing hope that a weak rupee would bolster exports.

The services sector also witnessed a slow pace in growth on account of the lagged effects of monetary policy tightening, the elevated level of inflation and the heightened uncertainty about the global economic outlook.

HOSPITALITY AND TOURISM INDUSTRY OVERVIEW

India's rich cultural heritage and history, food, friendly people, architectural monuments, hospitality and services are positive strengths for its tourism sector, which make it ahead of many of the emerging markets.

Today, tourism is the most vibrant tertiary sectors and has a strong hold on the economy. The sector contributes 6.23 per cent to the national gross domestic product (GDP) and 8.78 per cent of the total employment in India. Moreover, India stands 42nd in the world rankings in terms of foreign tourist arrivals (FTAs) in the country, according to a report titled 'Competitiveness of Tourism Sector in India with Selected Other Countries of the World' by Ministry of Tourism. The World Travel and Tourism Council (WTTC) named India as one of the fastest growing tourism industries for the next 10 to 15 years.

CONTRIBUTION TO THE ECONOMY

Combining unparalleled growth prospects and unlimited business potential, the industry is certainly on the foyer towards being a key player in the nation's changing face. The hotel and hospitality industries are among the biggest employment generators in the country. But in the year 2013, international tourism will grow at a slower rate.

The amount of foreign direct investments (FDI) inflow into the hotel and tourism sector during April 2000 to January 2013 was worth US\$ 6,561.78 million, as per data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce

FOREIGN TOURIST ARRIVALS

Foreign Tourist Arrivals during the month of June 2013 were 4.44 lacs as compared to FTAs of 4.33 lacs during the month of June 2012 and 4.05 lacs in June 2011. The growth was 2.5% more than in June 2012. The growth of FEEs this year was 8.5% more as compared to FEEs of 2012. Foreign tourist arrivals in India grew by 2.6 percent in the first six months of 2013.

OPPORTUNITIES & STRENGTHS

The Indian hospitality industry has recorded healthy growth in recent years owing to a number of factors:

- Increased tourist movement
- Economic growth
- Changing consumer dynamics and ease of finance

RISK AND CONCERNS

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 hotel 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. Since demand of hotel is affected by world economic growth, a global recession could lead to down turn in hotel industry.

In addition to economic risks, your Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities etc., which may affect the level of travel and business activity.

The hotel industry needs quality employees and with demand for the same improving across the industry, the Company feels that wage inflation would be a critical factor in determining costs for the company. Thus, your company will continue to focus on improving manpower efficiencies and creating a lean organization, while maximizing effectiveness in terms of customer service and satisfaction, which is an area of great importance for your company.

MEASURES UNDERTAKEN BY THE GOVERNMENT

The Ministry of Tourism, Government of India, through its 14 offices overseas endeavors to position India in the tourism generating markets as a preferred tourism destination, to promote various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market. The Ministry of Tourism, Government of India, through its 14 offices overseas endeavors to position India in the tourism generating markets as a preferred tourism destination, to promote various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market.

As part of the promotional initiatives undertaken, Road Shows were organized in important tourist generating markets overseas with participation of different segments of the travel industry.

- Road Shows, in collaboration with the Indian Association of Tour Operators were organized in CIS Countries, during the months of September-October 2010. Road Shows in collaboration with the PATA India Chapter were organised in May 2010 in USA and Canada. The Road Shows comprised presentations on India followed by one-to-one business meetings between the trade delegation from India and the travel trade in the respective countries. The delegation for the Road Shows was led by the Secretary (Tourism).

According to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The terms hotel includes restaurants, beach resorts and other tourism complexes providing accommodation and /or catering and food facilities to tourists. The term tourism related industry includes:

- Travel agencies, tour operating agencies and tourist transport operating agencies
- Units providing facilities for cultural, adventure and wildlife experience to tourists
- Surface, air and water transport facilities for tourists
- Convention/seminar units and organization

FUTURE TRENDS & OUTLOOK

In the longer term, the growth potential is significant as evident from the continued global interest in the Indian hospitality Industry. With the huge figure of 4.4 million visitors every year, India is fast becoming the hottest tourist destination in the region. Growth in tourism will definitely lead to boom in hotels and restaurants. Tourism is playing a pivotal role in growth of hotel industry.

Hotel companies and analysts believe occupancies will continue to grow, though additional supply of hotel rooms across several markets will put pressure on average room rates in the short term.

The report analyzes how supplier media spend, marketing and sales strategies and business practices are set to change in the hotel industry during 2012-2013. This report gives you access to the media channel spending outlooks, media budgets, marketing agency selection criteria, business challenges and sales tactics of leading suppliers.