



Gujarat Hotels Limited

Annual Report 2012





Contemporary Suite room



Executive Club Exclusive room



GUJARAT HOTELS LIMITED

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GUJARAT HOTELS LIMITED

BOARD OF DIRECTORS & COMMITTEES

Chairman & Non-Executive Director

Nakul Anand

Non-Executive Directors

Prafull Indulal Bhuva

Cheruvettolil Kochukoshy Koshy

Rohitbhai Chinubhai Mehta

Mahalinga Narayanan

Arun Pathak

Chandrasekhar Subrahmoneyan

BOARD COMMITTEES

Audit Committee

Rohit C Mehta	Chairman
Prafull I Bhuva	Member
C K Koshy	Member
M Narayanan	Member
S C Sekhar	Member
Representative of Statutory Auditors	Permanent Invitee

Investor Services Committee

S C Sekhar	Chairman
C K Koshy	Member
Arun Pathak	Member

Registered Office

WelcomHotel Vadodara
R C Dutt Road, Alkapuri
Vadodara - 390 007
Tel : 0265-2330033

Auditors

Messrs Talati & Talati
Chartered Accountants
Vadodara

Registrars & Share Transfer Agents

MCS Limited
Neelam Apartments
88, Sampatrao Colony,
Alkapuri, Vadodara - 390 007



GUJARAT HOTELS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of the Members of Gujarat Hotels Limited will be held at WelcomHotel Vadodara, R C Dutt Road, Alkapuri, Vadodara - 390 007 on Wednesday, the 8th day of August, 2012 at 11.00 a.m. for the transaction of the following businesses:-

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To elect Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

"Resolved that Messrs Talati & Talati, Chartered Accountants (Registration No. 110758W), be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration of ₹ 30,000/- plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

"Resolved that Mr. Arun Pathak be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

The Register of Members of the Company shall remain closed from Wednesday, 25th July, 2012 to Wednesday, 8th August, 2012, both days inclusive. Share Transfers received in order at the Company's Registrars and Share Transfer Agents, Messrs MCS

Limited, Neelam Apartments, 88, Sampatrao Colony, Alkapuri, Vadodara - 390 007 by the close of business hours (6.00 p.m.) on 24th July, 2012, will be processed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on 16th August, 2012 to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 8th August, 2012, or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956. In respect of dematerialised shares, the dividend will be paid on the basis of beneficial ownership as on 24th July, 2012 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

By Order of the Board

Place: New Delhi
Date : 27th April, 2012

Chandrasekhar
Subrahmoneyan
Director

Regd. Office: WelcomHotel Vadodara
R C Dutt Road, Alkapuri
Vadodara - 390007

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the commencement of the AGM i.e. by 11.00 a.m. on 6th August, 2012.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at this AGM, is annexed.
3. Corporate Members are required to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the AGM.
4. In accordance with the provisions of Article 147 of the Articles of Association of the Company,



GUJARAT HOTELS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Mr Rohitbhai Chinubhai Mehta will retire by rotation at this AGM and, being eligible, offers himself for re-election. He does not hold any share in the Company. Mr Prafull Indulal Bhuvra has intimated the Board that he would not like to seek re-election as a director at the ensuing AGM, on completion of his term and the Board recommends that the vacancy so caused be not filled up.

5. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/ re-appointment at this AGM, is appearing in the Report and Accounts.
6. Members are requested to bring their admission slips alongwith copy of Report and Accounts to the AGM.
7. Members are requested to send all correspondence concerning registration of transfers, transmissions, sub-division and consolidation of shares or any other share related matters to the Company's Registrars and Share Transfer Agents (RTA), Messrs MCS Limited, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara - 390 007.
8. Members holding shares in the certificate form are requested to notify/ send the following to RTA to facilitate better servicing:
 - i) any change in their address/ mandate/ bank details/ email address,
 - ii) particulars of their bank account, in case the same have not been furnished earlier, and
 - iii) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
9. Members are advised that bank details as furnished by them or by NSDL/ CDSL to the Company, for shares held in certificate form and in the dematerialised form, respectively, will be printed on their dividend warrant(s) as a measure of protection against fraudulent encashment.
10. Unclaimed dividend for the financial year ended 31st March, 2005, will be due for transfer to the

Investor Education and Protection Fund of the Central Government ('IEPF') on 14th August, 2012, pursuant to the provisions of Section 205A of the Companies Act, 1956.

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2005 or any subsequent financial year(s) are requested to lodge their claims with the RTA.

In respect of dividend for the financial year ended 31st March, 2005, it will not be possible to entertain any claim received by the RTA after 11th August, 2012.

In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie with respect to unclaimed dividend once it is transferred by the Company to IEPF.

11. Members who hold shares in the certificate form and wish to make any nomination/ change nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit to RTA the prescribed Form 2B.
12. The Statement of Profit and Loss for the financial year ended 31st March, 2012, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet, are available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on working days up to the date of this AGM.
13. Members who wish to obtain information on the Company or view the accounts for the financial year ended 31st March, 2012, may visit the Company's website www.gujarathotelsltd.in or send their queries at least 10 days before the AGM at the Registered Office of Company.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirtieth Annual General Meeting to be held on Wednesday, 8th August, 2012.

Item No. 5

Mr Arun Pathak was appointed as an Additional



GUJARAT HOTELS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Director of the Company with effect from 12th November, 2011 in terms of Section 260 of the Companies Act, 1956 ('the Act'). Mr Pathak vacates office at the AGM. Due notice under Section 257 of the Act has been received by the Company from a Member proposing the appointment of Mr Pathak as a Director of the Company. Requisite consent pursuant to Section 264(1) of the Act has been filed by Mr Pathak to act as a Director, if appointed. Mr Pathak does not hold any shares in the Company.

Mr Pathak is interested in the Resolution relating to his appointment. None of the other Directors of your

Company is interested in this Resolution. The Board of Directors of your Company recommends this Resolution for your approval.

By Order of the Board

Place : New Delhi
Date : 27th April, 2012

Chandrasekhar
Subrahmoneyan
Director

Regd. Office: WelcomHotel Vadodara
R C Dutt Road, Alkapuri
Vadodara - 390007

Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode, as a measure of support to Green Initiative in Corporate Governance of Ministry of Corporate Affairs, Government of India. The form for such registration can be downloaded from the Company's website www.gujarathotelsltd.in.



GUJARAT HOTELS LIMITED

YOUR DIRECTORS

Nakul Anand

Nakul Anand has been a Non-Executive Director of the Company since March 10, 1998 and was appointed the Chairman of the Company effective March 21, 2009. He is an Executive Director on the Board of ITC Limited and holds responsibility of the Hospitality, Travel and Tourism businesses of that company.

An Economics Honours graduate from Delhi University with an AMP degree from Bond University, Australia, he joined ITC Hotels' Management Training Programme in 1978 and also served as the Managing Director of erstwhile ITC Hotels Limited during the period 2003-05. In a career that spans over three decades, he has been acknowledged for his vision and commitment.

Leveraging the significant learning of sustainable excellence within ITC, he pioneered the concept of 'Responsible Luxury' in the hospitality industry that led to the LEED Platinum certification of all ITC super premium luxury hotels, making it the 'Greenest Luxury Hotel Chain in the world'. Anand is widely recognised for excellent people management and team-building abilities. He has formulated value-based strategies to create a unique quality control model. His dynamic leadership and passion for the business is recognised and acknowledged by his peers. He is presently the President of the Hotel Association of India.

Other Directorships

Name of the Company	Position
International Travel House Limited	Chairman & Director
Landbase India Limited	Chairman & Director
Fortune Park Hotels Limited	Chairman & Director
Srinivasa Resorts Limited	Vice Chairman & Director
ITC Limited	Executive Director
Bay Islands Hotels Limited	Director
Maharaja Heritage Resorts Limited	Director
Adyar Gate Hotels Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Landbase India Limited	Audit Committee	Member

Prafull Indulal Bhuva

Prafull I Bhuva was appointed as Non-Executive Director of the Company on May 25, 1998 and is an Independent Director on the Board. He holds a Bachelor's degree in Chemical Engineering from Kinki University, Osaka, Japan. He has rich experience of over 42 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	Managing Director
Bhuva Holdings Limited	Director
Darshan Overseas Pte Limited*	Director

* Denotes Foreign Company

Committee Membership of other Companies: Nil

Cheruvettolil Kochukoshy Koshy

C K Koshy was appointed as an Independent Non-Executive Director of the Company on May 1, 2007. He is Master of Arts in Political Science and Public Administration. He started off in the Indian Administrative Service in 1968 from the Gujarat Cadre and superannuated in February, 2005 when he was the Chairman of Gujarat State Petroleum Corporation Limited, Gujarat Petronet Limited and Gujarat Energy Research and Management Institute.

In his long career spanning over 37 years, he has held several eminent positions including those of Additional Chief Secretary, Department of Revenue, Industries and Mines, Tourism and Civil Aviation and Finance and Principal Secretary to the Chief Minister and Joint Secretary & Financial Advisor to the Department of Atomic Energy, Government of India. He also served as Managing Director of the Tourism Corporation of Gujarat, Sardar Sarovar Narmada Nigam, Gujarat State Small Industries Corporation,



GUJARAT HOTELS LIMITED

YOUR DIRECTORS

and Girinar Scooter Limited and as joint Managing Director of the Gujarat Industrial Investment Corporation.

He also served as Executive Director of Nuclear Power Corporation of India Limited. He is currently Professor Emeritus in the faculty of Planning and Public Policy at CEPT University and an advisor to both Indian School of Petroleum and Energy, New Delhi and University of Petroleum and Energy Studies, Dehradun. He does not hold directorship or committee membership of any other company.

Rohitbhai Chinubhai Mehta

Rohit C Mehta was appointed as Non-Executive Director of the Company on March 28, 2003 and is an Independent Director on the Board. 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 42 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, 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
Torrent Cables Limited	Chairman
GRUH Finance Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
GRUH Finance Limited	Shareholders Investors Grievance Committee	Chairman
GRUH Finance Limited	Audit Committee	Member
Torrent Cables Limited	Audit Committee	Member

Mahalinga Narayanan

M Narayanan was appointed as an Independent Non-Executive Director of the Company on January 10, 2008. He is a post graduate in Commerce, graduate in Law, diploma in Business Management and certified Associated Membership of the Indian Institute of Bankers. He has rich experience of over four decades in Banking, Project Finance, Administration and related areas.

Narayanan started his career with Reserve Bank of India in 1964 and moved over to the Bank of Baroda in 1969 and till March, 1985. During this tenure he worked in all departments of commercial banking operation and was incharge of large branches of the Bank. In April, 1985 he joined Industrial Finance Corporation of India and had held Senior Management positions. In October, 1997 he joined Tourism Finance Corporation of India Limited (TFCI) as Managing Director and rose to the position of Chairman and Managing Director which position he held till his retirement in September, 2006. He was conferred with "Udyog Rattan Award" in the year 2005 by the Institute of Economic Studies, New Delhi.

Other Directorships

Name of the Company	Position
Pride Hotels Limited	Chairman
Cox & Kings Limited	Director
Royale Indian Rail Tours Limited	Director
Neesa Leisure Limited	Director
Tulip Star Hotels Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Cox & Kings Limited	Audit Committee	Chairman
Pride Hotels Limited	Audit Committee	Chairman
Royale Indian Rail Tours Limited	Audit Committee	Chairman
Neesa Leisure Limited	Audit Committee	Chairman
Tulip Star Hotels Limited	Audit Committee	Chairman



GUJARAT HOTELS LIMITED

YOUR DIRECTORS

Arun Pathak

Arun Pathak was appointed as Non-Executive Director of the Company on November 12, 2011. A Commerce graduate with Honours from Delhi University and a merit list rank holder in Chartered Accountancy, Pathak joined ITC Limited in its Tobacco Division in the year 1983. He has varied experience and handled several responsibilities in Tobacco Division and moved on to Agri Business, Paper and Foods before joining the Hotels Division of that company in the year 2008. During these 29 years, he held various portfolios in finance, taxation, 'technology upgrade' task forces, cigarette exports, information technology and procurement. He is currently the Executive Vice President - Finance, IT and Procurement of the Hotels Division of ITC Limited.

Other Directorships

Name of the Company	Position
Fortune Park Hotels Limited	Director
Bay Islands Hotels Limited	Director

Committee Membership of other Companies: Nil

Chandrasekhar Subrahmoneyan

S C Sekhar was appointed as Non-Executive Director of the Company on March 24, 1992. A Science graduate from Delhi University and a fellow member of The Institute of Chartered Accountants of India, Sekhar joined ITC Limited in its Hotels Division in the year 1978. During these 34 years, he has held various positions in the finance function besides working as Executive Assistant to the Chairman of ITC's Hotels Division. In 1992, he took over as Head of Finance and was subsequently promoted as Executive Vice-President with Finance, Treasury, Audit, Legal and Information Technology under his span of control, of that company. He is currently the

Senior Executive Vice President of the Hotels Division of ITC Limited and Managing Director of Landbase India Limited.

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
Adyar Gate Hotels Limited	Director
Indo-Continental Hotels & Resorts Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Srinivasa Resorts Limited	Audit Committee	Chairman
International Travel House Limited	Audit Committee	Member
International Travel House Limited	Investor Service Committee	Member
Adyar Gate Hotels Limited	Audit Committee	Member
Indo-Continental Hotels and Resorts Limited	Audit Committee	Member

Notes:

- Other Directorships exclude Directorship in Indian Private Limited Companies, Membership of Managing Committees of Chamber of Commerce/ Professional Bodies and Alternate Directorship.
- Committee Memberships are in respect of Audit Committee and Investor Grievance Committees of Indian Public Limited Companies.



GUJARAT HOTELS LIMITED

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

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.

BOARD OF DIRECTORS

All statutory and material information are placed before the Board to enable it to discharge its responsibilities effectively as trustees of the Shareholders

Composition

The composition of the Board of Directors of the Company comprises of Non-Executive Directors who are appointed/ re-appointed with the approval of the Shareholders and all are liable to retire by rotation. The present strength of the Board of Directors of the Company is seven.

Composition of the Board as on 31st March, 2012

Category	No. of Directors	Percentage of total no. of Director
Non-Executive Independent Directors	4	57%
Other Non-Executive Directors	3	43%
Total	7	100%

Meetings and Attendance

During the financial year ended 31st March, 2012, four meetings of the Board were held as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1	28th April, 2011	6	5
2	2nd August, 2011	6	6
3	12th November, 2011	6	5
4	2nd February, 2012	7	7

Directors' attendance at the Board Meetings during the financial year and the last Annual General Meeting (AGM) as also their 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 Directorship(s) (*)	No. of Membership(s) (including Chairmanship(s) of Board Committees of other companies(**))
1	Nakul Anand	Chairman & Non-Executive Director	3	Yes	8	1
2	Prafull I Bhuva	Non-Executive Independent Director	4	Yes	2 (including 1 as Managing Director)	Nil
3	C K Koshy	Non-Executive Independent Director	4	Yes	Nil	Nil
4	Rohit C Mehta	Non-Executive Independent Director	3	Yes	2	3 (including 1 as Chairman)



REPORT ON CORPORATE GOVERNANCE

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorship(s) (*)	No. of Membership(s) (including Chairmanship(s) of Board Committees of other companies(**))
5	M Narayanan	Non-Executive Independent Director	4	Yes	5	5 as Chairman
6	Arun Pathak***	Non-Executive Director	1	No	2	Nil
7	S C Sekhar	Non-Executive Director	4	Yes	8 (including 1 as Managing Director)	5 (including 1 as Chairman)

* Excludes Directorships in Indian Private Limited Companies & Foreign companies, Membership of Managing Committees of Chambers of Commerce/ Professional Bodies and Alternate Directorship.

** Represents Memberships/ Chairmanships of Audit Committee and/ or Investors Grievance Committee of Indian Public Limited Companies.

*** Appointed as a Director effective 12th November, 2011.

COMMITTEES OF THE BOARD

The Board of Directors has constituted two Committees of the Board - the Audit Committee and the Investor Services Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee meetings are placed for the information of the Board. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. AUDIT COMMITTEE

Terms of Reference

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of the operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information;
- compliance with relevant national laws and regulations.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- investigate any activity within its terms of reference and to seek any information from any employee;
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role 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 auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management the financial statements before submission to the Board, focusing 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

REPORT ON CORPORATE GOVERNANCE

- Significant adjustments arising out of audit
- The going concern assumption
- Compliance with Accounting Standards
- Compliance with Stock Exchanges and legal requirements concerning financial statements
- Any Related party transactions
- Report of the Directors & Management Discussion and Analysis;
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the external auditors before the audit commences, on nature and scope of audit, as well as after conclusion of audit, to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the Shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as a role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

Composition

The Audit Committee comprises five Non-Executive Directors, four of whom are Independent Directors. Representative of Statutory Auditors is a Permanent

Invitee to the Audit Committee. The Chairman of the Committee is a Non-Executive Independent Director. All members of the Committee are financially literate and two members have accounting and financial management expertise.

The names of the Members of the Audit Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

During the financial year ended 31st March, 2012, four meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	28th April, 2011	5	5
2	2nd August, 2011	5	5
3	12th November, 2011	5	4
4	2nd February, 2012	5	5

Attendance at Audit Committee Meetings held during the financial year:

Director	No. of meetings attended
Rohit C Mehta	3
Prafull I Bhuva	4
C K Koshy	4
M Narayanan	4
S C Sekhar	4

B. INVESTOR SERVICES COMMITTEE

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



GUJARAT HOTELS LIMITED

REPORT ON CORPORATE GOVERNANCE

Composition

The Investor Services Committee presently comprises three Directors. On 12th November, 2011 Mr Nakul Anand stepped down as a member and Mr Arun Pathak was inducted in his place as a member of the Committee.

The names of the members of the Investor Services Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

During the financial year ended 31st March, 2012, four meetings of the Investor Services Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	28th April, 2011	3	2
2	2nd August, 2011	3	3
3	12th November, 2011	3	2
4	2nd February, 2012	3	3

Attendance at Investor Services Committee Meetings held during the financial year:

Director	No. of meetings attended
S C Sekhar	4
C K Koshy	4
Nakul Anand*	1
Arun Pathak**	1

* Ceased to be a Member w.e.f. 12th November, 2011.

** Appointed as Member w.e.f. 12th November, 2011.

Remuneration of Directors

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and Committees thereof. The sitting fees as determined by the Board is presently ₹ 5,000/- for each meeting of the Board and Committees.

Details of sitting fees paid to the Directors for the financial year ended 31st March, 2012:

Director	Sitting Fees (Amount in ₹)
Prafull I Bhuva	40,000/-
C K Koshy	60,000/-
Rohit C Mehta	30,000/-
M Narayanan	40,000/-

Directors' Shareholding

Shareholding of the Directors in the Company as on 31st March, 2012:

Director	No. of Equity Shares of ₹ 10/- each held singly/ jointly
Nakul Anand	200
S C Sekhar	500
Prafull I Bhuva	Nil
C K Koshy	Nil
M Narayanan	Nil
Rohit C Mehta	Nil
Arun Pathak	Nil

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

Inter-se relationships between Directors of the Company:

None

Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interest of the Company at large:

None

The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.



MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the quarterly results of the Company were announced within 45 days of the end of each quarter for the first three quarters. The audited annual results alongwith the results for the fourth quarter were announced within two months of the end of the financial year. Such results are normally published, in 'The Financial Express' (all editions) including its Gujarati edition. All these results, including the entire Report and Accounts, information relating to shareholding pattern, compliance with corporate governance norms etc. were posted on Company's website www.gujarathotelsltd.in.

The Report of the Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

CODE OF CONDUCT

The GHL Code of Conduct, as adopted by the Board of Directors, is applicable to Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code covers GHL's commitment to sustainable development, concern for occupational health, safety and environment, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company's website.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management of the Company have affirmed compliance with The GHL Code of Conduct for the financial year ended 31st March, 2012.

Place : New Delhi
Date : 27th April, 2012

Nakul Anand
Chairman

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The GHL Code of Conduct for Prevention of Insider Trading as approved by the Board of Directors, inter alia, prohibits purchase/ sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The Code is available on the website of the Company.

NON-MANDATORY RECOMMENDATIONS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The status of compliance with the non-mandatory recommendations of Clause 49 of the Listing

Agreement with Stock Exchanges is provided below:

- 1. Non-Executive Chairman's Office:** The Company has a Non-Executive Chairman but he does not maintain any separate office, hence no expense in this regard is being incurred by the Company.
- 2. Tenure of Independent Directors:** No maximum tenure for Independent Directors has been prescribed by the Board.
- 3. Remuneration Committee:** The Company does not have a Remuneration Committee.
- 4. Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's website www.gujarathotelsltd.in. The complete Annual Report is sent to every Shareholder of the Company.
- 5. Audit Qualifications:** It is always the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended 31st March, 2012.
- 6. Training of Board Members:** The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimisation procedures, and new initiatives proposed by the Company.
- 7. Mechanism for evaluation of Non-Executive Directors:** The role of the Board of Directors is to provide direction and exercise overall supervision to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.
- 8. Whistle-Blower Policy:** The Company encourages an open door policy where employees have access to the Head of the Business/ Function. In terms of the Company's Code of Conduct, any instance of non-adherence to the Code/ any other observed unethical behaviour is to be brought to the attention of the immediate reporting authority, who is required to report the same to the Human Resources Manager.

GENERAL SHAREHOLDER INFORMATION

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

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors' Certificate, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, that the Company has complied with the conditions of Corporate Governance is annexed to the Report of the Directors & Management Discussion and Analysis. This Certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.



GUJARAT HOTELS LIMITED

SHAREHOLDER INFORMATION

AGM Details

Date	Wednesday, 8th August, 2012
Venue	WelcomHotel Vadodara, R C Dutt Road, Alkapuri Vadodara - 390 007
Time	11.00 a.m.
Book Closure Dates	Wednesday, 25th July, 2012 to Wednesday, 8th August, 2012 (both days inclusive)
Dividend Payment Date	Thursday, 16th August, 2012

Registrars & Share Transfer Agents (RTA)

Messrs MCS Limited are the Registrars and Share Transfer Agents of the Company for carrying out share registration and other related activities of the Company.

Address for Correspondence

MCS Limited
Neelam Apartments
88, Sampatrao Colony,
Alkapuri, Vadodara - 390 007

Telephone No. : 0265-2339397
Facsimile No. : 0265-2341639
E-mail : mcsitdbaroda@yahoo.com

Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

Compliance Officer

Rajaram Mundhara, Unit Financial Controller, is the Compliance Officer under Clause 47 of the Listing Agreement with Stock Exchanges.

Share Transfer Committee

The Share Transfer Committee of the Company generally meets fortnightly for approving share transfers. The processing activities with respect to requests received for share transfer are completed within 30 days from the date of receipt of request. There were no share transfers pending as on 31st March, 2012.

The Share Transfer Committee comprises the following:

Ashutosh Chhibba General Manager	Member
Rajaram Mundhara Unit Financial Controller	Member

Dematerialisation of Shares and Liquidity

The shares of the Company are available for trading in dematerialised form under both the Depository Systems in India - NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE621C01011. The annual custody fee for the financial year 2012-13 has been paid to NSDL and CDSL, the Depositories.

As on 31st March, 2012, a total of 32,83,449 shares of the Company, which forms 86.69% of the Share Capital, stands dematerialised. The processing activities with respect to the requests received for dematerialisation are completed within 15-21 days.

Shareholder/Investor Complaints

The Company has attended to the Shareholders'/Investors' complaints/ correspondence mostly within a period of 10-15 working days except in cases where constrained by disputes or legal impediments.

The Company received no complaints during the financial year ended 31st March, 2012.

The e-mail ID earmarked for investor complaints: **ghlinvestors@yahoo.co.in**



GUJARAT HOTELS LIMITED

SHAREHOLDER INFORMATION

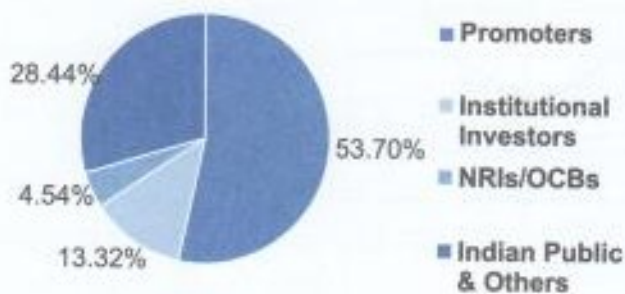
Distribution of Shareholding as on 31st March, 2012

No. of Shares Slab	No. of Shareholders		No. of Equity Shares	
	Total	% to Share holders	Total	% to Share capital
1-500	6,061	95.82	7,53,720	19.90
501-1000	170	2.69	1,38,209	3.65
1001-2000	46	0.73	65,649	1.73
2001-3000	15	0.23	36,829	0.97
3001-4000	8	0.13	28,985	0.76
4001-5000	5	0.08	22,993	0.61
5001-10000	14	0.22	92,516	2.44
10001-50000	2	0.03	37,616	1.00
50001-100000	1	0.01	72,764	1.92
100001 & above	4	0.06	25,38,234	67.02
Total	6,326	100.00	37,87,515	100.00

Categories of Shareholders as on 31st March, 2012

Sl. No.	Category	No. of Shares held	% of Share holding
A	Promoter's Holding		
1	Indian Promoters		
	ITC Limited	17,33,907	45.78
2	Persons acting in concert		
	Russell Investments Limited	3,00,056	7.92
	Sub Total	20,33,963	53.70
B	Non Promoters Holding		
3	Institutional Investors		
a	Mutual Funds and UTI	Nil	Nil
b	Banks	200	0.01
c	Foreign Institutional Investors	5,04,271	13.31
	Sub Total	5,04,471	13.32
4	Others		
a	Private Corporate Bodies	1,11,021	2.93
b	Indian Public	9,50,231	25.09
c	NRIs/OCBs	1,72,060	4.54
d	Any Other	15,769	0.42
	Sub Total	12,49,081	32.98
	Grand Total	37,87,515	100.00

SHAREHOLDING PATTERN

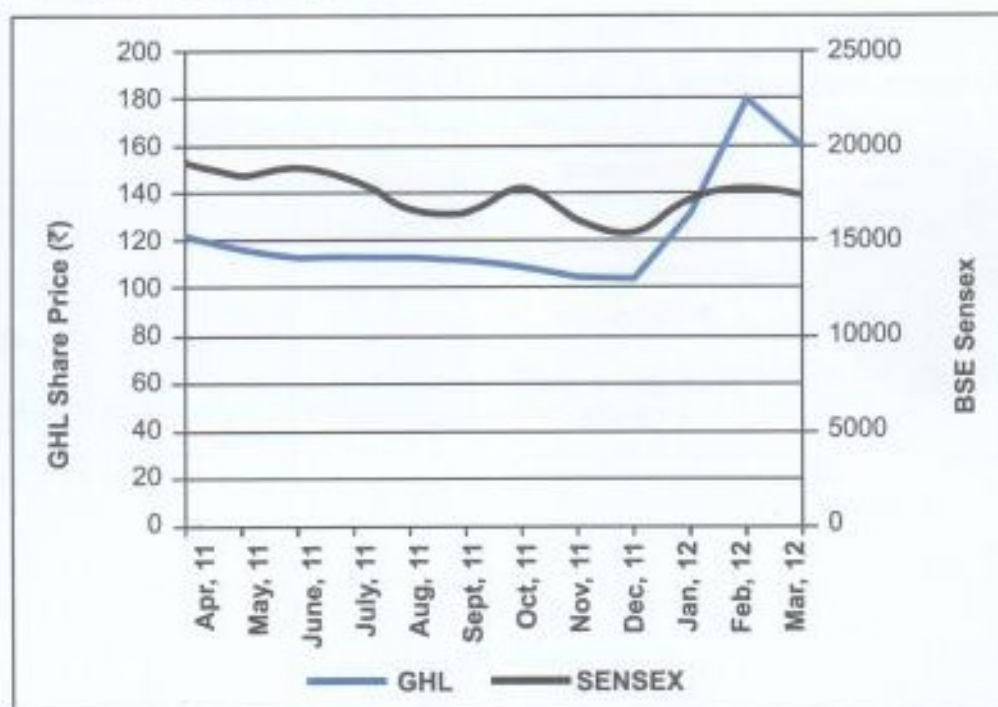


SHAREHOLDER INFORMATION

Monthly High and Low quotes and Volume of Shares traded on Bombay Stock Exchange (BSE).

Bombay Stock Exchange					
Year	Month	High (₹)	Low (₹)	Volume (Nos.)	
2011	April	126.00	110.00	34,320	
	May	128.85	108.10	3,753	
	June	118.70	108.20	20,104	
	July	123.00	110.10	7,741	
	August	119.55	104.30	13,023	
	September	120.00	109.10	12,968	
	October	115.90	105.10	4,910	
	November	113.00	100.00	5,814	
	December	106.90	95.30	6,231	
	2012	January	130.65	101.10	38,161
		February	204.10	124.00	89,569
		March	197.50	140.00	9,891

Performance in comparison to broad based indices such as BSE Sensex



Note – Indicates monthly closing positions.



GUJARAT HOTELS LIMITED

SHAREHOLDER INFORMATION

Listing of Shares on Stock Exchanges (with Stock Code)

The Vadodara Stock Exchange (170)
Fortune Towers, 3rd Floor, Sayajigunj
Vadodara-390 005

BSE Limited (507960)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

The Listing Fees for the financial year 2012- 2013 have been paid to the aforesaid Stock Exchanges.

Financial Calendar

Financial Year 2012-2013	On or Before
1 First Quarter Results	14th August, 2012
2 Second Quarter and Half - Year Results	14th November, 2012
3 Third Quarter Results	14th February, 2013
4 Fourth Quarter and Audited Annual Results	30th May, 2013

Particulars of Past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions(s) Passed
29th	2010-11	WelcomeHotel Vadodara	02-08-2011	11 a.m.	None
28th	2009-10	R C Dutt Road Alkapuri	27-07-2010	11 a.m.	None
27th	2008-09	Vadodara 390 007.	28-07-2009	11 a.m.	None

Postal Ballot

No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

SHAREHOLDER REFERENCER

Unclaimed Dividend

The dividend for the following years remaining unclaimed for 7 years will be statutorily transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 according to the schedule given below. Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the RTA confirming

non-encashment/ non-receipt of dividend warrant(s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Date of Declaration of Dividend	Due for Transfer to IEPF on
2004-2005	8th July, 2005	14th August, 2012*
2005-2006	18th July, 2006	24th August, 2013
2006-2007	20th July, 2007	26th August, 2014
2007-2008	22nd July, 2008	28th August, 2015
2008-2009	28th July, 2009	3rd September, 2016
2009-2010	27th July, 2010	2nd September, 2017
2010-2011	2nd August, 2011	8th September, 2018

*In respect of Dividend for the financial year 2004-2005, only those claims which are received by RTA by 11th August, 2012 will be entertained.

Permanent Account Number (PAN)

Shareholders holding shares in the certificate form are advised that SEBI has made it mandatory that copy of PAN Card is to be furnished in the following cases:

- Transferees' PAN Cards for transfer of shares,
- Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- Legal heirs' PAN Cards for transmission of shares, and
- Joint holders' PAN Cards for transposition of shares.

National Electronic Clearing Services (NECS)

The Company provides the facility for remittance of dividend to the Shareholders through NECS. This facility can be availed by Shareholders across the country provided they maintain accounts with those branches of the banks which have implemented the Core Banking System (CBS) and participated in the NECS facility extended by the Reserve Bank of India.

Shareholders who have not availed the NECS facility so far and wish to avail the same may-

For shares held in Dematerialised Form -

Have their new bank account number under CBS



SHAREHOLDER INFORMATION

updated with their respective Depository Participants (DPs).

For shares held in Certificate Form -

Send their NECS mandate in the prescribed form to the Company.

Depository Services

Shareholders may write to our RTA or to the respective Depositories for guidance on depository services.

Address for Correspondence with Depository

National Securities Depository Limited
Trade World, 'A' Wing, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013

Telephone No. : 022-24994200
Facsimile No. : 022-24972993 / 24976351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street
Mumbai 400 023

Telephone No. : 022-22723333
Facsimile No. : 022-22723199 / 22722072
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

Shareholders holding shares in the dematerialised form shall address their correspondence except those relating to dividend, to their respective Depository Participants.

Nomination Facility

Shareholders who hold shares in the certificate form and wish to make/ change nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the RTA the prescribed Form 2B for this purpose.



GUJARAT HOTELS LIMITED

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Your Directors submit their Report for the financial year ended 31st March, 2012.

FINANCIAL PERFORMANCE

During the year under review, your Company earned a licence fee of ₹ 361.25 lakhs (previous year - ₹ 392.30 lakhs) showing a de growth of 7.91% over last year. This reflects the impact of the general economic environment. The net profit of the Company increased to ₹ 304.37 lakhs (previous year - ₹ 294.97 lakhs) registering a growth of 3.19%. The Company's focus on proactive treasury operations to invest surplus funds in tax saving mutual funds led to enhanced yields and reduced income tax for the year to ₹ 115.21 lakhs (previous year - ₹ 134.66 lakhs). Earnings per share for the year stood at ₹ 8.04 and Cash Flows from operations were ₹ 204.64 lakhs.

Your Directors are pleased to recommend a dividend of ₹ 3.25 per equity share of ₹ 10/- each (previous year - ₹ 3/- per equity share) for the year ended 31st March, 2012. Your Board further recommends a transfer to General Reserve of ₹ 30.44 lakhs (previous year - ₹ 29.50 lakhs).

HOTEL OPERATIONS

Your Company's hotel WelcomHotel Vadodara, licenced to ITC Limited, continues to retain its market leadership in the city of Vadodara. The hotel recorded an income of ₹ 2444 lakhs during the year as compared to ₹ 2650 lakhs in the previous year.

Your Company is pursuing the arbitration proceedings in a bid to settle the pending lease revision with respect to land on which your hotel is built. Your Company has filed its statement of claims with the Arbitrator and expects him to pass appropriate orders in this regard going forward.

The foreign exchange earnings of the hotel during the year were ₹ 1342 lakhs as against ₹ 1391 lakhs in the previous year.

CONSERVATION OF ENERGY

Considering the fact that the Company's hotel is under an operating licence with ITC Limited, no comment is made on conservation of energy. However, the hotel continues to focus on energy conservation, safety and environment.

EMPLOYEES

Your Directors wish to record their sincere appreciation of the efforts made and the support rendered by the employees of the Company. Your Company's total manpower strength as deployed in the Company's hotel is 202.

None of the employees fall under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Mr Arun Pathak was appointed as an Additional Director of the Company with effect from 12th November, 2011. As per the provisions of Section 260 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company, Mr Pathak would vacate office at the forthcoming Annual General Meeting (AGM) and being eligible, offers himself for appointment. Notice has been received from a Member of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr Pathak as Director. Appropriate resolution seeking your approval to his appointment is appearing in the Notice convening the 30th AGM of the Company.

In accordance with the provisions of Article 147 of the Articles of Association of the Company, Mr Rohit C Mehta will retire by rotation at the ensuing AGM of the Company and, being eligible, offers himself for re-election. The Board has recommended his re-election.

Mr Prafull Indulal Bhuva, who was also due to retire by rotation at the ensuing AGM, has intimated that he would not like to seek re-election as a Director at the ensuing AGM. The Board recommends that the vacancy so caused by the retirement of Mr Bhuva be not filled up. The Directors would like to place on record their sincere appreciation of the valuable services rendered by Mr Bhuva.

COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956

A certificate issued by Messrs H M Mehta & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act,



GUJARAT HOTELS LIMITED

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

AUDITORS

The Company's Auditors, Messrs Talati & Talati, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

OTHER INFORMATION

The certificate of the Auditors, Messrs Talati & Talati, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the Report.

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 27th April, 2012 and recommended them for the approval of the Board of Directors.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- (i) followed in the preparation of the Annual Accounts the applicable accounting standards

along with proper explanations relating to material departures, if any;

- (ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- (iii) 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 your Company and for preventing and detecting fraud and other irregularities; and
- (iv) prepared the Annual Accounts on going concern basis.

On behalf of the Board

Chandrasekhar
Subrahmoneyan
Director

Arun Pathak
Director

Place : New Delhi
Date : 27th April, 2012

ANNEXURE TO THE REPORT OF THE DIRECTORS

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

CERTIFICATE

To the Members of Gujarat Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Gujarat Hotels Limited for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Talati & Talati
Firm's Registration No. 11075B (W)
Chartered Accountants

Place : New Delhi
Date : 27th April, 2012

Manish Baxi
Partner
M.No. : 45011



COMPLIANCE CERTIFICATE TO THE MEMBERS

CIN: L55100GJ1982PLC005408

We have examined the registers, records, books and papers of Gujarat Hotels Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of my/ our information and according to the examinations carried out by me/ us and explanations furnished to me/ us by the Company, its officers and agents, I/ We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public limited company, comment is not required.
4. The Board of Directors duly met 04 (Four) times on 28.04.2011, 02.08.2011, 12.11.2011, and 02.02.2012 in respect of which meetings proper notices were given and the proceedings were properly signed and recorded in the Minutes Books maintained for the purpose. There was no circular resolution passed during the financial year.
5. The Company closed its Register of Members from 19.07.2011 to 02.08.2011 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2011 was held on 02.08.2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members and previous approval of the Central Government, as the case may be.
12. The duly constituted Committee of the Company has approved the issue of duplicate share certificates during the financial year.
13. (i) There was no allotment of securities during the financial year. The Company has delivered all the certificates on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provision of the Act.
(ii) The Company has deposited amount of dividend declared in a separate bank account in the name and style of "Gujarat Hotels-Equity Dividend Account 2011" opened with HDFC Bank Limited, Arun Complex, 36 Alkapuri Society, R. C. Dutt Road, Vadodara on 02.08.2011, which is within five days from the date of declaration of such dividend.
(iii) The Company has posted warrants for the dividends to all the members within a period of thirty days from the date of such declaration and that all unclaimed/ unpaid dividend has been kept in the aforesaid account with the change of its nomenclature being "Gujarat Hotels-Unpaid Dividend Account 2011."
(iv) During the financial year, the Company has transferred the amounts of unpaid dividend for the financial year 2003-2004 which was remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.



ANNEXURE TO THE REPORT OF THE DIRECTORS

- (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of additional Director has been duly made.
 15. During the financial year, the Company has not made any appointment of Managing Director and Whole Time Director in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
 16. The Company has not appointed any sole-selling agent during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms/ companies to the Board of Director pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares, debentures, or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares, pending registration of transfer of shares in compliance with the provisions of the Act.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company has not borrowed any amount from directors, members, public financial institutions, banks and others during the financial year ending on 31st March, 2012.
 25. The Company has not made any loans, investments or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of

the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Vadodara
Date : 11.04.2012

Hemang M Mehta
C. P. No.: 2554

Annexure A

Registers as maintained by the Company

- Register of Members u/s. 150
- Register and Returns u/s. 163
- Minutes Books of Board Meetings, Committee Meetings and Shareholders Meetings u/s. 193
- Books of Accounts u/s. 209
- Register of Particulars of Contracts in which Directors are interested u/s. 301
- Register of Directors, Managing Director and Secretary u/s. 303
- Register of Directors' Shareholdings u/s. 307
- Register of Directors' Attendance
- Register of Shareholders' Attendance
- Register of Transfer/ Transmission of shares
- Register of Renewed and Duplicate Certificates

Place : Vadodara
Date : 11.04.2012

Hemang M Mehta
C. P. No.: 2554

ANNEXURE TO THE REPORT OF THE DIRECTORS
ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2012.

Sl. No.	Form No./ Return	Filed under Section	For	Date of filing & Receipt No.	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1	Form No. 20B	159 (1)	Annual Return for the financial year ended on 31.03.2010	08.07.2011 P68307057	No	Yes
2	Form No. 66	383A (1)	Compliance Certificate for the financial year ended on 31.03.2011	16.08.2011 P69217685	Yes	No
3	Form No. 1	Rule 3 of the Investor Edu. & Protection Fund Rules, 2001	Deposition of Unpaid Dividend amount pertaining to FY 2003-04 to Investor Education & Protection Fund	22.09.2011 B21002175 B18996884	Yes	No
4	Form No. 20B	159 (1)	Annual Return for the financial year 31.03.2011 AGM held on 02.08.2011	29.09.2011 P71239438	Yes	No
5	Form No. 23AC & ACA (XBRL)	220 (1)	Balance Sheet & P/ L for the financial year ended on 31.03.2011	30.11.2011 P81945016	Yes	No
6	Form No. 32	303 (2)	Appointment of Arun Pathak as an Additional Director	02.12.2011 B26195701	Yes	No

Place : Vadodara
Date : 11.04.2012

Hemang M Mehta
C. P. No.: 2554



GUJARAT HOTELS LIMITED

BALANCE SHEET

As at 31st March, 2012

Particulars	Note No	Amount in ₹	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3,78,75,150	3,78,75,150
(b) Reserves and Surplus	2	11,83,08,234	10,21,77,520
(2) Non-Current Liabilities			
(a) Deferred tax liabilities	3	60,05,563	63,31,869
(b) Long term provisions	4	10,02,000	8,96,004
(3) Current Liabilities			
(a) Trade payables	5	91,353	1,25,958
(b) Other current liabilities	6	53,57,522	49,81,650
(c) Short-term provisions	7	1,43,29,320	1,33,64,304
TOTAL		18,29,69,142	16,57,52,455
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets - Tangible Assets	8	1,89,02,194	1,94,99,421
(b) Long term loans and advances	9	19,31,831	19,31,831
(2) Current assets			
(a) Current investments	10	12,31,25,051	9,61,69,523
(b) Trade receivables	11	66,31,195	58,06,033
(c) Cash and cash equivalents	12	2,36,81,068	3,49,43,533
(d) Short-term loans and advances	13	18,40,591	17,34,723
(e) Other current assets	14	68,57,212	56,67,391
TOTAL		18,29,69,142	16,57,52,455
Additional Notes to the Financial Statements	20		
Significant Accounting Policies	21		

The Notes referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.

For Talati & Talati
Firm's Registration No. 110758(W)
Chartered Accountants

CA Manish Baxi
Partner
M.No. 45011

On behalf of the Board

Place : New Delhi
Date : 27th April, 2012

Chandrasekhar Subrahmoneyan
Director

Arun Pathak
Director

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2012

Particulars	Note No	Amount in ₹	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
REVENUE:			
Revenue from operations	15	3,61,24,896	3,92,29,362
Other Income	16	93,23,743	79,56,430
TOTAL REVENUE		4,54,48,639	4,71,85,792
EXPENSES:			
Employee benefits expense	17	1,13,540	1,03,684
Depreciation and amortization expense		4,95,296	4,95,293
Other expenses	18	28,82,010	36,23,975
TOTAL EXPENSES		34,90,846	42,22,952
Profit before tax		4,19,57,793	4,29,62,840
Tax expense:			
Current tax		1,18,47,065	1,37,75,810
Deferred tax		(3,26,306)	(3,09,806)
Profit for the period		3,04,37,034	2,94,96,836
Earning per equity share:	19		
Basic		8.04	7.79
Diluted		8.04	7.79
Additional Notes to the Financial Statements	20		
Significant Accounting Policies	21		

The Notes referred to above form an integral part of the Statement of Profit and Loss. This is the Statement of Profit and Loss referred to in our Report of even date.

For Talati & Talati
Firm's Registration No. 110758(W)
Chartered Accountants

CA Manish Baxi
Partner
M.No. 45011

Place : New Delhi
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmoneyan
Director

Arun Pathak
Director



GUJARAT HOTELS LIMITED

CASH FLOW STATEMENT

For the year ended 31st March, 2012

Particulars	Amount in ₹	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. Cash Flow from Operating Activities :		
PROFIT BEFORE TAX	4,19,57,793	4,29,62,840
Adjustments for :		
Depreciation	4,95,296	4,95,293
(Profit) / Loss From Sale of Fixed Assets	32,401	1,964
Interest Income	(18,76,391)	(59,86,907)
Income from Current Investments	(5,04,118)	(19,69,523)
Profit on Sale of Current Investments	(69,43,234)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,31,61,747	3,55,03,667
Adjustments for :		
(Increase) / Decrease in Trade and Other Receivables	(9,27,434)	(57,63,155)
Increase / (Decrease) in Trade and Other Payables	(4,831)	2,17,935
CASH GENERATED FROM OPERATIONS	3,22,29,482	2,99,58,447
Income Tax Paid	(1,17,65,597)	(1,53,23,212)
NET CASH FROM OPERATING ACTIVITIES	2,04,63,885	1,46,35,235
B. Cash Flow from Investing Activities :		
Sale of Fixed Assets	69,530	31,050
Purchase of Current Investments	(18,35,03,053)	(9,42,00,000)
Sale / Redemption of Current Investments	16,34,90,759	-
Income from Current Investments received	5,04,118	-
Interest Received	6,01,506	32,10,569
(Increase) / Decrease in Deposits	-	(33,313)
NET CASH USED IN INVESTING ACTIVITIES	(1,88,37,140)	(9,09,91,694)
C. Cash Flow from Financing Activities :		
Dividend Paid	(1,10,01,891)	(1,00,90,918)
Income Tax on Dividends Paid	(18,87,319)	(17,70,663)
NET CASH USED IN FINANCING ACTIVITIES	(1,28,89,210)	(1,18,61,581)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,12,62,465)	(8,82,18,040)
OPENING CASH AND CASH EQUIVALENTS	3,49,43,533	12,31,61,573
CLOSING CASH AND CASH EQUIVALENTS	2,36,81,068	3,49,43,533

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements

This is the Cash Flow Statement referred to in our Report of even date.

For Talati & Talati
Firm's Registration No. 110758(W)
Chartered Accountants

CA Manish Baxi
Partner
M.No. 45011

Place : New Delhi
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmoneyan
Director

Arun Pathak
Director



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SHARE CAPITAL

Particulars	Amount in ₹	
	As at 31st March, 2012	As at 31st March, 2011
Authorised		
1,00,00,000 Equity Shares of ₹ 10/- each	10,00,00,000	10,00,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed and Paid up		
37,87,515 Equity Shares of ₹ 10/- each	3,78,75,150	3,78,75,150
	<u>3,78,75,150</u>	<u>3,78,75,150</u>

Details of Shareholders holding more than 5% shares

	As at 31st March, 2012		As at 31st March, 2011	
	No. of shares	% holding	No. of shares	% holding
ITC Limited	17,33,907	45.78%	17,33,907	45.78%
Orange Mauritius Investments Limited	3,40,756	9.00%	3,40,756	9.00%
Russell Investments Limited	3,00,056	7.92%	2,82,010	7.45%

Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10/- per share, rank pari passu in all respects including entitlement to dividend. Repayment of Capital in the event of the winding up of the Company will inter alia be subject to the provisions of the Articles of Association of Company and as may be as determined by the Company in General Meeting, prior to such winding up.

Reconciliation of the number of shares outstanding

Particulars	For the year ended	
	31st March, 2012	31st March, 2011
No. of Shares outstanding at the beginning of the year	37,87,515	37,87,515
Add : No. of shares issued during the year	-	-
Less : No. of shares Bought Back during the year	-	-
No. of Shares outstanding at the end of the year	<u>37,87,515</u>	<u>37,87,515</u>



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Amount in ₹

Particulars	As at 31st March, 2012		As at 31st March, 2011	
2 RESERVES AND SURPLUS				
General Reserve				
At commencement of the year	1,78,64,561		1,49,14,878	
Add : Transfer from Surplus in Statement of Profit and Loss	<u>30,43,703</u>	2,09,08,264	<u>29,49,683</u>	1,78,64,561
Surplus in Statement of Profit and Loss				
At the commencement of the year	8,43,12,959		7,10,15,670	
Add : Profit for the year	3,04,37,034		2,94,96,836	
Less : Proposed Dividend (Refer Note 20(II))	1,23,09,424		1,13,62,545	
Less : Income Tax on Proposed Dividends	19,96,896		18,87,319	
Less : Transfer to General Reserve	<u>30,43,703</u>	9,73,99,970	<u>29,49,683</u>	8,43,12,959
TOTAL		<u>11,83,08,234</u>		<u>10,21,77,520</u>
3 DEFERRED TAX LIABILITY				
Depreciation - Timing Difference		<u>60,05,563</u>		<u>63,31,869</u>
		<u>60,05,563</u>		<u>63,31,869</u>
4 LONG TERM PROVISIONS				
Provision for Employee Benefits:				
Provision for Retirement Benefits		<u>10,02,000</u>		<u>8,96,004</u>
		<u>10,02,000</u>		<u>8,96,004</u>
5 TRADE PAYABLES				
Total outstanding dues of creditors other than micro enterprises and small enterprises		<u>91,353</u>		<u>1,25,958</u>
		<u>91,353</u>		<u>1,25,958</u>
6 OTHER CURRENT LIABILITIES				
Unpaid Dividend*		34,40,802		30,80,148
Employee Related		18,72,953		18,80,609
Statutory Dues / Obligations		43,767		20,893
TOTAL		<u>53,57,522</u>		<u>49,81,650</u>
* Represents dividend amounts not claimed, to be transferred to Investor Education and Protection Fund when due.				
7 SHORT TERM PROVISIONS				
Provision for Employee Benefits:				
Provision for Retirement Benefits		23,000		1,14,440
Proposed Dividend		1,23,09,424		1,13,62,545
Income Tax on Proposed Dividend		19,96,896		18,87,319
TOTAL		<u>1,43,29,320</u>		<u>1,33,64,304</u>

Particulars	Gross Block				Depreciation			Net Book Value		
	Original Cost As at 31st March, 2011	Additions	Withdrawals and adjustments	As at 31st March, 2012	Upto 31st March, 2011	Period from April, 2011 to March, 2012	On Withdrawals and adjustments	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Buildings	3,03,86,278	-	-	3,03,86,278	1,20,95,771	4,95,296	-	1,25,91,067	1,77,95,211	1,82,90,507
Plant and Equipment	2,06,72,854	-	12,93,882	1,93,78,972	1,96,42,064	-	12,30,205	1,84,11,859	9,67,113	10,30,790
Furniture and Fixtures	33,23,189	-	5,52,853	27,70,336	31,56,965	-	5,24,259	26,32,706	1,37,630	1,66,224
Office Equipment	2,35,897	-	1,59,660	76,237	2,23,997	-	1,50,000	73,997	2,240	11,900
TOTAL	5,46,18,218	-	20,06,395	5,26,11,823	3,51,18,797	4,95,296	18,04,464	3,37,09,629	1,89,02,194	1,94,99,421
Previous Year	5,52,81,254	-	6,63,036	5,46,18,218	3,52,53,526	4,95,293	6,30,022	3,51,18,797	1,94,99,421	-

*All the above assets are given on Operating Lease

9 LONG TERM LOANS AND ADVANCES

Particulars	Amount in ₹	
	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good Deposits with Government, Public Bodies and others	19,31,831	19,31,831
	<u>19,31,831</u>	<u>19,31,831</u>



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 CURRENT INVESTMENTS

Amount in ₹

Sl. No.	Investments in Mutual Funds Name of Plan	As at 31st March, 2012		As at 31st March, 2011	
		Quoted	Unquoted	Quoted	Unquoted
1	Birla Sun Life Fixed Term Plan Series CO Nil (2011 - 12,70,000) Units of ₹ 10.17 each	-	-	1,29,12,852	-
2	DSP Blackrock FMP - 12M Series 19 4,26,000 (2011 - Nil) Units of ₹ 10/- each	42,60,000	-	-	-
3	JP Morgan India Liquid Fund - Super Inst. Daily Dividend Plan 10,08,539.6317 (2011 - Nil) Units of ₹ 10.0079/- each	1,00,93,364	-	-	-
4	Kotak FMP Series 34 Nil (2011 - 12,50,000) Units of ₹ 10.11 each	-	-	1,26,36,000	-
5	Kotak FMP Series 75 13,50,000 (2011 - Nil) Units of ₹ 10/- each	1,35,00,000	-	-	-
6	Reliance Fixed Horizon Fund - XIX Series 4 4,07,168.705 (2011 - Nil) Units of ₹ 10/- each	40,71,687	-	-	-
7	Reliance Liquid Fund - Cash Plan Nil (2011 - 3,63,121.785) Units of ₹ 11.14 each	-	-	-	40,45,721
8	TATA Fixed Maturity Plan Series 29 Scheme C Nil (2011 - 65,00,000) Units of ₹ 10.24 each	-	-	6,65,74,950	-
9	TATA Fixed Maturity Plan Series 38 Scheme H 71,20,000 (2011 - Nil) Units of ₹ 10/- each	7,12,00,000	-	-	-
10	UTI Fixed Term Income Fund Series X - VII 20,00,000 (2011 - Nil) Units of ₹ 10/- each	2,00,00,000	-	-	-
Aggregate amount of quoted and unquoted Investments		12,31,25,051	-	9,21,23,802	40,45,721
TOTAL CURRENT INVESTMENTS			12,31,25,051		9,61,69,523
Market Value of Quoted Investments		12,53,50,574	-	9,21,23,802	-

11 TRADE RECEIVABLES

Amount in ₹

Particulars	As at 31st March, 2012	As at 31st March, 2011
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others		
Unsecured, considered good	66,31,195	58,06,033
TOTAL	66,31,195	58,06,033

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in ₹	
	As at 31st March, 2012	As at 31st March, 2011
12 CASH AND CASH EQUIVALENTS		
Balances with banks		
On Current account	1,36,748	2,93,642
Earmarked balances	34,40,802	30,80,148
On Deposit accounts with original maturity greater than 12 months	2,01,03,518	3,15,69,743
TOTAL	2,36,81,068	3,49,43,533
13 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind for value to be received	1,61,073	1,66,588
Advance Tax paid (Net of Provisions)	16,79,518	15,68,135
TOTAL	18,40,591	17,34,723
14 OTHER CURRENT ASSETS		
Interest accrued on Deposits	37,54,955	27,76,338
Others - Unsecured, considered good	31,02,257	28,91,053
TOTAL	68,57,212	56,67,391
Particulars	Amount in ₹	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
15 REVENUE FROM OPERATIONS		
Operating License Fees	3,61,24,896	3,92,29,362
	<u>3,61,24,896</u>	<u>3,92,29,362</u>
16 OTHER INCOME		
Interest Income*	18,76,391	59,86,907
Dividend Income from Current Investments	5,04,118	19,69,523
Net Gain on Sale of Current Investments	69,43,234	-
TOTAL	93,23,743	79,56,430

*The Income from Interest is stated Gross, the amount of Income Tax deducted is ₹ 1.93 lacs (2011- ₹ 6.09 lacs)



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in ₹	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
17 EMPLOYEE BENEFITS EXPENSE		
Salaries / Wages and Bonus	2,39,54,792	2,01,15,889
Contribution to Provident Fund	13,83,343	13,01,630
Contribution to Other Funds	17,02,385	12,95,710
Workmen and Staff Welfare Expenses	48,49,683	41,06,544
	<u>3,18,90,203</u>	<u>2,68,19,773</u>
Less: Recoveries/Reimbursements	(3,17,76,663)	(2,67,16,089)
TOTAL	<u>1,13,540</u>	<u>1,03,684</u>
18 OTHER EXPENSES		
Advertising & Publicity	1,51,744	2,08,872
Legal & Professional Charges	4,47,889	13,22,583
Travelling & Conveyance	15,34,238	13,11,472
Postage, Telephone, Stationery etc.	62,015	1,95,397
Miscellaneous Expenses	6,04,367	5,34,052
Loss on Sale of Fixed Assets	32,401	1,964
Auditors Remuneration and expenses:		
Audit Fees	33,708	33,090
Tax Audit Fees	11,236	11,030
Fees for other services	4,412	5,515
TOTAL	<u>28,82,010</u>	<u>36,23,975</u>
19 EARNINGS PER EQUITY SHARE		
Profit After Taxation	3,04,37,034	2,94,96,836
Number of equity shares outstanding	37,87,515	37,87,515
Basic and diluted earnings per share in ₹ (Face value ₹ 10/- per share)	8.04	7.79

NOTES TO THE FINANCIAL STATEMENTS
20 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

- I) The Company was allotted 8200 sq mtrs of land at Vadodara in 1984 and an additional land of 2548 sq mtrs in 1989 at R C Dutt Road, Alkapuri, Vadodara through GIIC for 30 years. As per the sub - lease agreement, after first 15 years the lease rent was to be fixed at 15% of the revised valuation of the land and the said revision was to be arrived at by mutual agreement between the State Government and the Company or else through arbitration. In June'10, the Company has received a demand from State Government to pay arrear lease rental (i.e. revised rentals for next 15 years of agreement) based on an arbitrary calculation. The Company has invoked arbitration in Gujarat High Court and has also applied for an interim order against the demand in the Vadodara Civil Court. The High Court of Gujarat has passed an order on July 22, 2011 appointing Hon'ble Justice C K Thakker (Retd.) as the sole arbitrator for this case for which the proceedings are on. Meanwhile, the State Government & GIIC have confirmed in the Civil Court at Vadodara that no coercive action would be taken on the basis of demand notice against the Company. In view of the same no outflow is expected till the arbitration is decided.
- II) For the year ended 31st March, 2012, dividend of ₹ 1,23,09,424/- (LY - ₹ 1,13,62,545/-) proposed to be distributed to equity shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend proposed for distribution to equity shareholders for the year ended 31st March, 2012 is ₹ 3.25 per share (LY - ₹ 3.00 per share)

- III) a) Long Term Compensated Absences - as per Actuarial Valuations as on 31st March, 2012 and recognized in the financial statements:

Amount in ₹

Particulars	Leave Encashment (Unfunded)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
i Components of Employer Expense		
1 Current Service Cost	2,27,880	2,09,450
2 Interest Cost	66,611	62,339
3 Expected Return on Plan Assets	-	-
4 Curtailment Cost / (Credit)	-	-
5 Settlement Cost / (Credit)	-	-
6 Past Service Cost	-	-
7 Actuarial Losses / (Gains)	75,675	1,17,000
8 Total expense recognised in the Statement of Profit and Loss	3,70,166	3,88,789
ii Net Asset / (Liability) recognised in Balance Sheet		
1 Present Value of Defined Benefit Obligation	10,25,000	10,10,444
2 Fair Value of Plan Assets	-	-
3 Status [Surplus / (Deficit)]	(10,25,000)	(10,10,444)
4 Unrecognised Past Service Cost	-	-
5 Net Asset / (Liability) recognised in Balance Sheet	(10,25,000)	(10,10,444)
- Current	(23,000)	(1,14,440)
- Non-current	(10,02,000)	(8,96,004)



NOTES TO THE FINANCIAL STATEMENTS

20 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Amount in ₹

Particulars	Leave Encashment (Unfunded)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
iii Change in Defined Benefit Obligations (DBO)		
1 Present Value of DBO at the Beginning of Period	10,10,444	9,38,000
2 Current Service Cost	2,27,880	2,09,450
3 Interest Cost	66,611	62,339
4 Curtailment Cost / (Credit)	-	-
5 Settlement Cost / (Credit)	-	-
6 Plan Amendments	-	-
7 Acquisitions	-	-
8 Actuarial (Gains) / Losses	75,675	1,17,000
9 Benefits Paid	(3,55,610)	(3,16,345)
10 Present Value of DBO at the End of Period	10,25,000	10,10,444
iv Actuarial Assumptions		
1 Discount Rate (%)	8.30%	8.00%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

v Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)

Particulars	Leave Encashment (Unfunded)				
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2009	For the year ended 31st March, 2008
1 Defined Benefit Obligation at end of the period	(10,25,000)	(10,10,444)	(9,38,000)	(9,25,000)	(8,19,000)
2 Plan Assets at the end of the period	-	-	-	-	-
3 Funded Status [Surplus/(Deficit)]	(10,25,000)	(10,10,444)	(9,38,000)	(9,25,000)	(8,19,000)
4 Experience Gain/(Loss) adjustments on Plan Liabilities	(1,83,675)	(1,25,000)	(27,000)	(1,21,000)	23,000
5 Experience Gain/(Loss) adjustments on Plan Assets	-	-	-	-	-
6 Actuarial Gain/(Loss) due to change on assumptions	88,000	8,000	24,000	(88,000)	(23,000)

b) Amount towards Defined Contribution Plans have been recognized under "Contribution to Provident and Other Funds" in Note No.17 : ₹ 30.86 lacs (2011 - ₹ 25.97 lacs). Such amount includes ₹ 6.25 lacs (2011 - ₹ 3.79 lacs) charged to P&L for contribution to Group Gratuity Scheme with Life Insurance Corporation of India.

IV) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS (Contd.)

V) Dividend Remittance in Foreign Currency

Amount in ₹

Year of Remittance	On Account of Financial Year	No. of Non-Resident Shareholders	No. of Shares Held	Amount
2011-2012	2010-2011	26	8600	25,800
2010-2011	2009-2010	27	8800	24,200

VI) The Company operates in one segment i.e. Hoteliering . However, interest income arising from deposits and dividend income/ gain from Investments in Mutual Funds made out of cash surplus from operations has been shown under Other Income.

VII) Related party disclosures under Accounting Standard 18

i) Related parties with whom transactions have taken place during the year.

Investing Party : ITC Limited

Amount in ₹

Sr. No.	Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	License Fees received from ITC Limited	3,61,24,896	3,92,29,362
2	Purchase of Services from ITC Limited	5,56,345	2,30,992
3	Expenses Recovered from ITC Limited	45,55,559	43,17,505
4	Dividend Payments to ITC Limited	52,01,721	47,68,244
5	Balance amount due from ITC Limited	97,33,452	86,97,085

ii) Key Management Personnel

Board of Directors

Nakul Anand
S C Sekhar
Arun Pathak
Prafull I Bhuva
Rohit C Mehta
CK Koshy
M Narayanan

iii) Summary of transactions during the year

Amount in ₹

Sr. No.	Particulars	Investing Party		Key Management Personnel	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	Director's Sitting Fees	-	-	1,70,000	1,55,000
2	Dividend Paid	52,01,721	47,68,244	2,275	2,100

VIII) Previous Year's figures have been regrouped/ rearranged wherever necessary to conform with the revised presentation.



NOTES TO THE FINANCIAL STATEMENTS

21 SIGNIFICANT ACCOUNTING POLICIES

I) CONVENTION

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

II) BASIS OF ACCOUNTING

To prepare the financial statements in accordance with the historical cost convention.

III) FIXED ASSETS

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of the assets capitalised.

IV) DEPRECIATION

To calculate depreciation on Fixed Assets and Intangible Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments.

V) INVESTMENTS

To state Current Investments at lower of cost and fair value and Long Term Investments at cost.

VI) REVENUE RECOGNITION

Income from operating licence fees is booked on accrual basis in accordance with the provisions of operating licence agreement / arrangements with the licensee viz, ITC Limited.

VII) INVESTMENT INCOME

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

VIII) PROPOSED DIVIDEND

To provide for Dividends (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

IX) EMPLOYEE BENEFITS

To make regular contribution to the Provident Fund and Gratuity Fund which are charged to revenue and provide for unavailed leave on basis of an independent actuarial valuation as per the requirements of Accounting Standard - 15 (revised 2005) on "Employee Benefits". The contributions in respect of Gratuity Fund is made to Life Insurance Corporation and the Provident Fund and Family Pension contributions are statutorily deposited with the Government. All such Employee Benefit expenditures / provisions are reimbursed by the Licensee as per the Operating License Agreement.

X) TAXES ON INCOME

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred Tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.



GUJARAT HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

XI) CLAIMS

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

As per our Report of even date.

Signatures to Notes 1 to 21

For Talati & Talati
Firm's Registration No. 110758(W)
Chartered Accountants

CA Manish Baxi
Partner
M.No. 45011

Place : New Delhi
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmoneyan
Director

Arun Pathak
Director



GUJARAT HOTELS LIMITED

AUDITORS' REPORT

To,
The Members,
Gujarat Hotels Limited
Vadodara.

1. We have audited the attached Balance Sheet of Gujarat Hotels Limited as on 31st March, 2012, and also the Statement of Profit and Loss of the Company and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government in terms of Section 227(4A) of Companies Act, 1956, and we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) in our opinion, the Company has kept proper books of accounts as required by law so far as it appears from our examination of the books.
 - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from the Directors as on 31st March, 2012 and taken on the record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of Accounts together with the notes annexed thereto, give the information required by the Companies Act, 1956 as amended from time to time in the manner so required, and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Talati & Talati
Chartered Accountants
FRN:- 110758W

Place : New Delhi
Date : 27th April, 2012

(CA. Manish Baxi)
Partner / M.No.: 045011



AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date on the accounts Gujarat Hotels Limited for the year ended on 31st March, 2012)

- (i) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. All the assets have been physically verified by the management and found in order. No material discrepancies have been noticed on such verification.
 - c) No Substantial (or major) part of the fixed assets has been disposed of during the year.
- (ii) There are no inventories and hence the related paragraphs of the Order are not applicable.
- (iii) According to the information and explanation given to us, there are no loans, secured or unsecured granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, paragraph 4 (iii) (b),(c),(d),(e),(f) and (g) of the Order are not applicable.
- (iv) The Company has not accepted any deposits from the public during the year or earlier years. Accordingly provisions of Section 58A of Companies act, 1956 are not applicable to the Company.
- (v) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with size of the Company and nature of its business.
- (vi) Statutory and other dues:
 - a) According to the information and explanations given to us and based on the records examined by us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Service Tax, and any other statutory dues with the appropriate authorities during the year.
 - b) According to the information and explanations given to us, no undisputed dues outstanding in respect of Sales Tax, Income Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty as at 31st March, 2012 for a period of more than six months from date they become payable.
- (vii) The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- (viii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) The provisions of any special statute applicable to chit fund are not applicable to the Company.
- (x) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xi) There are no guarantees given by the Company for loans taken by others from banks and financial institutions.



AUDITORS' REPORT

- (xii) The Company has not obtained any term loan during the year.
- (xiii) According to Cash Flow Statement and other records examined by us and the information and explanation given to us, on an overall basis, funds raised on short term basis have, prima facie, not being used during the year for long term investment (fixed assets, etc.) and vice-a-versa.
- (xiv) According to information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xv) The Company has not issued any debentures during the year.
- (xvi) The Company has not raised any money by way of Public Issue during the year.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xviii) As per information and explanation given to us taken into consideration the nature Company's activities, other items of Clause A of the paragraph 4 of the CARO are not applicable to the Company.

For Talati & Talati
Chartered Accountants
FRN:- 110758W

Place : New Delhi
Date : 27th April, 2012

(CA. Manish Baxi)
Partner / M.No.: 045011



GUJARAT HOTELS LIMITED

Registered office : WelcomHotel Vadodara, R C Dutt Road, Alkapuri, Vadodara-390 007

THIRTIETH ANNUAL GENERAL MEETING

ADMISSION SLIP

DATE
8th August, 2012
Wednesday

VENUE
WelcomHotel Vadodara
R C Dutt Road, Alkapuri, Vadodara-390 007

TIME
11.00 A.M.

Name & Address of Member

Folio No. :

DP-ID :

Client ID :

I/ We hereby record my/ our presence at the 30th Annual General Meeting of the Company.

Please ✓ in the box.

Member Proxy

Signature (s) of Member (s)

Name of the Proxy in Block Letters

Proxy's Signature

- Note : 1. Members are informed that no duplicate Admission Slips will be issued at the Meeting.
2. Member/ Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand over at the entrance duly signed.

GUJARAT HOTELS LIMITED

Registered office : WelcomHotel Vadodara, R C Dutt Road, Alkapuri, Vadodara-390 007

PROXY FORM

I/ We _____
of _____ being a Member(s) of Gujarat Hotels Limited
hereby appoint _____ of _____
or failing him _____ of _____
or failing him _____ of _____
as my/ our proxy to attend and vote for me/ us on my/ our behalf at the Thirtieth Annual General Meeting of the Company to be held on Wednesday, 8th August, 2012 and at any adjournment thereof.
Signed this _____ day of _____ 2012

Signature(s) _____

Folio No. _____

Affix 15 Ps.
Revenue
Stamp

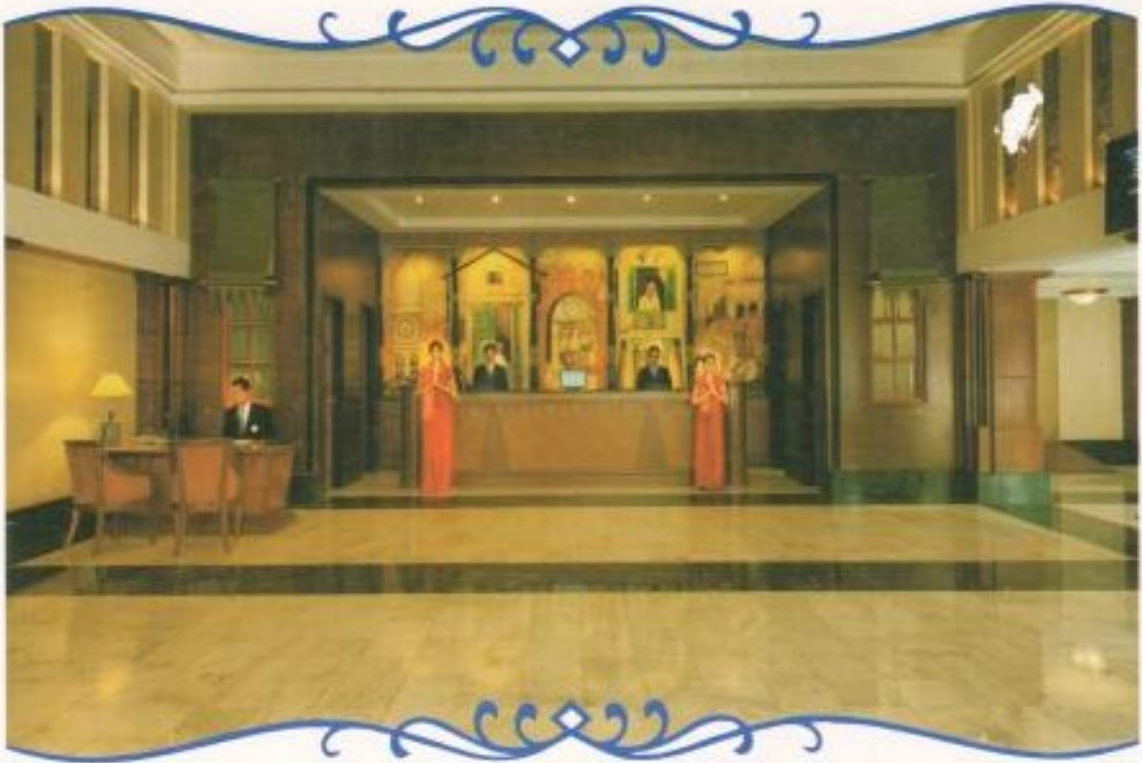
Note : The Proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the aforesaid Meeting.



Cambay Pavilion - 24x7 Fine Dining restaurant



Peshawri - Speciality restaurant catering to North-West Frontier cuisine



Gujarat Hotels Limited

