

# THE GL HOTELS LIMITED

## BOARD OF DIRECTORS

|                     |  |
|---------------------|--|
| Ravi Ghai           | : Chairman & Managing Director   |
| Gaurav Ghai         | : Joint Managing Director  |
| R.K.P. Shankardass  | : Director   |
| Krishna Kumari Ghai | : Director<br>(Resigned as Director w.e.f. 6th August, 2007<br>and appointed on 26th October, 2007 as<br>additional Director.) |
| Mahendra V. Doshi   | : Director   |
| Harindra Singh      | : Director   |
| Gulshan Bijlani     | : Director   |

## REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),  
Mumbai-400 078.  
Phone No. 022-2596 3838 Fax No. 022-2596 2691

## BANKERS

Vijaya Bank,  
Industrial Finance Branch, Excelsior Building, Fort, Mumbai-400 001

## AUDITORS

M/s. S.P. Chopra & Co.  
Chartered Accountants, Mumbai

## REGISTERED OFFICE

"Dairy Tops" Plot No. J-177, MIDC, Bhosari, Pune-411 026  
Maharashtra  
Phone No. 020-3068 1102/3068 1134, Fax No. 020-2747 7996

## ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030  
Phone No. 022-4050 1111 Fax No. 022-2491 5555

## UNIT

Hotel Inter-Continental, Marine Drive, Mumbai-400 020  
Phone No. 022-6639 9999 Fax No. 022-6639 9600

## MAYFAIR BANQUETS

- (1) 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030
- (2) 4th Level, Pam Beach, Galleria Mall, Plot No.17, Sector 19D,  
Near APMC Police Station, Vashi, New Mumbai-400 703.
- (3) At the Corinthians Club, Nyati County, Near NIBM Road,  
South Pune Pune-411 028.
- (4) Hermes Shopping Centre, Phase II, S. No. 185 & 199,  
Shastri Nagar, Nagar Road, Yerawada, Pune-411 006.
- (5) 8, North Anjaneya Temple Street, Near Gandhi Bazar,  
Basavangudi, Bangalore-560 004.
- (6) 2nd Level, Gallops, Behind ISKON Temple, Off S.G. Road,  
Ahmedabad-380 015.

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# 47TH ANNUAL REPORT

## Notice

NOTICE is hereby given that the 47th Annual General Meeting of the members of THE GL HOTELS LIMITED will be held as scheduled below:

Venue : Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune-411 026, Maharashtra.  
Date : June 20, 2008  
Day : Friday  
Time : 1.00 p.m.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the financial year ended 31st March, 2008 and the Reports of Director's and Auditor's thereon.
2. To declare a Dividend
3. To appoint a Director in place of Mr. Mahendra V. Doshi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Harindra Singh who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting.

### SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :  
"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, Mrs. Krishna Kumari Ghai, who was appointed as an Additional Director, pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the company subject to retirement of rotation under the provisions of the Articles of Association of the company."
7. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:  
"RESOLVED THAT" pursuant to the provisions of section 21, 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, the name of the Company be changed from "The GL Hotel Limited" to "Graviss Hospitality Limited" and consequently the new name "Graviss Hospitality Limited" shall appear in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any difficulty of doubt, the board (which term shall be deemed to include any committee which the board may constitute to exercise its power, including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds matters and things as may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regards to the above or any other matters incidental or consequential thereto."

8. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the provisions of Article 58 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, 2,27,00,000 equity shares of the nominal value of Rs. 10/- each in the authorized share capital of the Company be sub-divided into 11,35,00,000 equity shares of Rs. 2/- each AND THAT Clause V (being Capital Clause) of the Memorandum of Association and Article 4(i) of the Articles of Association of the Company relating to equity shares be altered accordingly.

RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a Committee thereof) be and they are hereby authorized to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, consequent to the sub-division of shares as aforesaid and/or credit the shareholders' accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the Company and to inform the Depositories and

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the Registrars and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution.”

By Order of the Board

For **THE GL HOTELS LIMITED**

Dated: April 29, 2008.

*Asst. Company Secretary*

**Registered Office:**

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

**Notes:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE PROXY FORM IS ENCLOSED.
- (b) Members are requested to bring their copy of the Annual Report to the Meeting.
- (c) Members are requested to intimate changes in their addresses, if any, to the Company.
- (d) Members are requested to note that the Register of Members and the Share Transfer Books of the Company will be closed from June 12, 2008 to June 20, 2008 both days inclusive.
- (e) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on all working days up-to the date of the Annual General Meeting. The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as to enable the Directors to keep the replies ready.
- (f) It is requested that the queries be mailed to Registrars and Share Transfer Agents:  
Intime Spectrum Registry Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.  
Phone No. 022-2596 3838, Fax No. 022-2596 2691
- (g) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Businesses, i.e. Items Nos. 6, 7 & 8 to be transacted at the meeting is annexed hereto.
- (h) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the administrative office of the Company.
- (i) The company has not declared dividend for last nine years. Accordingly, there is no dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.
- (j) At the ensuing Annual General Meeting, Mrs. Krishna Kumari Ghai, is seeking appointment as Director of the company. The Details pertaining to her required to be provided pursuant to Clause 49 of the Listing Agreement is furnished in the statement on Corporate Governance published elsewhere in this Report.

By Order of the Board

For **THE GL HOTELS LIMITED**

Dated: April 29, 2008.

*Asst. Company Secretary*

**Registered Office:**

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

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## Explanatory Statement as Annexure to the Notice

[Pursuant to section 173(2) of the Companies Act, 1956]

### ITEM No. 6:

The Board of Directors of the company (Board) in its meetings held on 26th October 2007 has appointed Mrs. Krishna Kumari Ghai as Additional Director pursuant to provisions of section 260 of the Companies Act, 1956 and Article no.91 of the Articles of Association of the Company.

In terms of the provisions of section 260 of the Companies Act, 1956, Mrs. Krishna Kumari Ghai, will hold the office up to the date of this Annual General meeting.

The Company had received notice in writing from the members of the company along with deposit of Rs.500/- proposing the candidature of Mrs. Krishna Kumari Ghai for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Brief resume of Mrs. Krishna Kumari Ghai, Director, nature of her experience in specific functional area and name of the companies in which she holds directorship, number of shares held in the company and membership/Chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are provided in the report on Corporate Governance forming part of this report.

The Board recommends the proposed resolution set out at item no.6 of the Notice for your approval.

Mrs. Krishna Kumari Ghai may be deemed concerned or interested in the resolution relating to her appointment and Mr. Ravi Ghai and Mr. Gaurav are interested or concerned in the resolution at Item no.6 as relatives of Mrs. Krishna Kumari Ghai.

### ITEM No. 7:

The Company has been primarily engaged in the business of owning, development and management of hotels and also the banqueting business. Currently, the Company has either directly or through subsidiaries companies been engaged in a number of projects under implementation or under consideration in the field of not only in Hotels business but also in several other hospitality projects. The Company has over a period of time significantly expanded its footprint across a wide range of hospitality projects. The Company would be continuously exploring the emerging opportunities in the hospitality business in future.

In order to ensure that the name of the Company adequately reflects the businesses being carried on by the Company, it is proposed to appropriately change the name of the company to "Graviss Hospitality Limited".

The Registrar of Companies, Maharashtra, has confirmed the availability of this new name to the Company.

The proposed change of name will not affect any of the rights of the Company or of the shareholders of the Company. All existing certificates of shares/warrants/debentures/bonds/other Securities bearing the current name of the Company will, after the change of name, continue to be valid for all purposes. The Company, in consultation with the Stock Exchanges and in compliance with all applicable provisions of law, will take appropriate steps in due course to give effect to the above change in the name.

The provisions of the Companies Act, 1956 require the Company to seek the approval of Members for the alteration of the 'Name Clause' of the Memorandum of Association of the Company and consequential alteration in the Articles of Association.

The Board of directors, accordingly, recommends the resolution set out at Item No. 7 of the accompanying notice for the approval of members.

None of the Directors of the Company is, in any way, concerned or interested directly or indirectly in this resolution.

### ITEM No. 8:

The shareholders to note that the equity shares of your Company are listed on Bombay Stock Exchange Limited (BSE).

The market price of the shares of the Company has witnessed significant spurt over the last 12 months. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board at their meeting held on 29th April, 2008, considered it desirable to sub-divide the nominal value of the equity portion of the authorized share capital of the Company.

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The Shareholders may please note that presently the nominal value of the equity shares is Rs.10/- each and consequent to the sub-division, it will be divided into 5 (Five) equity shares of Rs.2/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholder's approval, which will be notified through the Stock Exchange.

The Shareholders' attention is also invited to the fact that in view of the foregoing, the existing Capital Clause V in the Memorandum of Association and Article 4(i) in the Articles of Association of the Company relating to equity shares also need relevant amendment to give effect to the sub-division.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

By Order of the Board

For **THE GL HOTELS LIMITED**

Dated: April 29, 2008.

*Asst. Company Secretary*

**Registered Office:**

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

# 47TH ANNUAL REPORT

## Directors' Report To the Members

The Directors present this 47th Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March, 2008. The financial results of the Company for the year under review are summarized below :

### 1. FINANCIAL RESULTS:

(Rs. in Lakhs)

|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|--|--|--|
| Income   | 7,240                                  | 5,332                                  |
| Profit before Interest, Depreciation, Tax and Amortization | 3,300                                  | 1,860                                  |
| Interest   | 400                                    | 335                                    |
| Depreciation   | 459                                    | 411                                    |
| Profit before Taxation                                     | 2,332                                  | 1,005                                  |
| Provision for Taxation:                                    |  |  |
| Current tax  | (230)                                  | (15)                                   |
| Deferred Tax Credit  | (767)                                  | (242)                                  |
| Fringe Benefit Tax   | (33)                                   | (15)                                   |
| Profit for the year  | 1,302                                  | 733                                    |
| Balance brought forward from last period                   | (982)                                  | (1,715)                                |
| Balance carried forward                                    | 0.17                                   | (982)                                  |

### 2. EXPANSION PLAN, ISSUE OF WARRANTS ON PREFERENTIAL ALLOTMENT BASIS AND FUND UTILIZATION:

For its foray into boutique and lifestyle hotels, with an investment outlay of around Rs. 600 cores, the Company had allotted, on June 21, 2007, 74,09,546 equity warrants at an issue price of Rs. 283.42 per warrant to non-promoters on preferential issue basis entitling the holders to be allotted one equity share of Rs. 10/- each at a price of Rs. 283.42 (including a premium of Rs. 273.42) against each equity warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment. The Company has already received 100% of subscription money for 44,10,462 warrants allotted to Dunearn Investments (Mauritius) Pte Limited upon its conversion and 10 % from other warrant holders. Out of the total proceeds aggregating to Rs. 133.50 Cr. received, after having adjusted issued related expenses of Rs. 4.74 Cr, funds have been utilized as under:

|  |                 |
|--|-----------------|
| Investment in subsidiary and associates          | Rs. 62.30 Crore |
| Invested in Bank Fixed Deposits and Mutual Funds | Rs. 66.46 Crore |

Dunearn Investments (Mauritius) Pte Limited (Acquirer) acquired 21.74% of the Emerging Voting Capital of the Company. As this was more than the stipulated threshold of 15% in Regulation 10 of the SEBI (SAST) Regulations, upon conversion of Warrants into Equity Shares on August 6, 2007, a Public Announcement of the Open Offer was made by Acquirer on July 30, 2007 in compliance with Regulation 10, and in accordance with SEBI's directions, under Regulation 12, read with Regulation 14(2) of the SEBI (SAST) Regulations to acquire the offer shares which constitute 20% of the Emerging voting capital of the Company. Offer Details:

|                                  |                |
|----------------------------------|----------------|
| (a) Date of opening of the Offer | March 07, 2008 |
| (b) Date of closing of the Offer | March 26, 2008 |

## THE GL HOTELS LIMITED

| S. No. | Item   | Proposed in Offer Document |                  | Actual    |                  |
|--------|--|----------------------------|------------------|-----------|------------------|
|        |  | (No)                       | (%) <sup>1</sup> | (No)      | (%) <sup>1</sup> |
| 6.1    | Offer Price  | 283.42                     |                  |           |                  |
| 6.2    | Shares acquired in the Open Offer  | 4,057,625                  | 20.00%           | 92,218    | 0.45%            |
| 6.3    | Size of the Open Offer<br>(No of shares multiplied by offer price per share)<br>in Rs. | 1,150.01                   |                  | 26.14     |                  |
| 6.4    | Post Offer shareholding of Acquirer  | 8,468,087                  | 41.74%           | 4,502,680 | 22.19%           |
| 6.5    | Post Offer shareholding of Public  | 9,965,214                  | 49.12%           | 6,966,100 | 49.12%           |

<sup>1</sup> As a percentage of the Emerging Voting Capital as defined in the Public Announcement dated June 28, 2007.

### 3. OPERATIONAL PERFORMANCE:

During the financial year ended 31st March 2008, the sales and operating income increased from Rs. 5,332 lacs to 7,240 lac. The profit before tax stood at Rs 2,332 lacs as against Rs. 1,005 lacs. The net profit after tax stood at Rs 1,302 lacs as against Rs 733 lacs.

### 4. DIVIDEND:

The Directors recommend payment of a dividend for the financial year ended 31st March, 2008 at the rate of Rs. 1.50 per share of Rs 10.00 each.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION:

Management Discussion and Analysis of the financial conditions and Results of the operations of the company for the year under review as required by Clause 49 of the Listing Agreement with the stock exchange, is given separately in the Annual Report.

### 6. ACCOUNTS OF SUBSIDIARIES:

In pursuance of requirements of section 212 of the Companies Act, 1956, Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiaries companies' viz., Leman International Private Limited and Kwality Resorts and Hospitality Limited are formed as part of this Annual Report.

### 7. CONSOLIDATED FINANCIAL STATEMENTS:

As stipulated in the listing agreement with stock exchanges, the consolidated financial statements have been made part of this Annual Report in accordance with the relevant accounting standards. The audited consolidated financial statements together with Auditors' Report thereon form part of this Annual report.

### 8. FIXED DEPOSIT:

As on 31st March, 2008 total amount of fixed deposits with the Company amounted to Rs. 46.11 Lacs. There are no overdue deposits as on 31st March, 2008. Appropriate reminders are issued at periodic intervals, to either renew or claim repayment of the deposit.

### 9. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Mr. Mahendra Doshi and Mr. Harindra Singh, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.

Mrs. Krishna Kumari Ghai, Director of the company had resigned during the year and again co-opted as an Additional Director of the Company by the Board of Directors on October 26, 2007.

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Brief resumes of the above Directors, nature of their experience in specific functional area and name of the companies in which they hold directorship, number of shares held in the company and membership/Chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are provided in the explanatory statement to notice calling annual general meeting and report on Corporate Governance forming part of this report.

### 10. EMPLOYEES STOCK OPTION PLAN (ESOS):

During the year, under its Employee stock Option Scheme (ESOS) Scheme 2007 the Company has issued letter of grant for 50,000 ESOS to its management level I employee.

### 11. CORPORATE GOVERNANCE:

Your company is committed to good corporate governance practices. As per Clause 49 of the Listing Agreement, a separate report on Corporate Governance appears as a part of the Annual Report along with the Auditors report as regards compliance. A certificate from the Auditors of the company regarding compliance of conditions of the corporate governance as stipulated in clause 49 of the listing agreement as attached therewith.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the Profit of the Company for the year ended 31st March, 2008;
- (iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

### 13. CODE OF BUSINESS CONDUCT AND ETHICS:

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

### 14. LISTING:

The equity shares of your company are presently listed on Bombay Stock Exchange Limited and company has paid the listing fees for the financial year 2008-2009.

### 15. DE-LISTING:

The company's equity shares were delisted from The Delhi Stock Exchange Association Limited with effect from 15th December 2007 on acceptance of Company's application for voluntary delisting from the said exchange.

### 16. PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees, Rules, 1975, as amended, regarding details of employees are given below:

| Employees Name   | Designation                    | Age in Years | Qualification  | Experience in Years | Date of Commencement | Remuneration Rs. in lacs | Last employment held  |
|------------------|--------------------------------|--------------|--|---------------------|----------------------|--------------------------|-----------------------|
| Mr. Ravi Ghai    | Chairman and Managing Director | 65           | Graduate of the School of Hotel Administration, Cornell University, Ithaca, New York | 40                  | 24.05.1967           | 45.45                    | N.A.                  |
| Mr. Gaurav Ghai* | Joint Managing Director        | 39           | B.Com  | 20                  | 01.04.1996           | 25.92                    | N.A.                  |
| Mr. Raman Mehra  | Chief Executive Officer        | 45           | B.A., Diploma in Hotel Management from IHMCT & AN, Mumbai                            | 23                  | 01.04.2004           | 28.10                    | Indian Hotels Limited |

\* Mr. Gaurav Ghai is the son of Mr. Ravi Ghai



# THE GL HOTELS LIMITED

## 17. AUDITORS' REPORT:

The observations of the statutory auditors in their reports read with their Annexure in paragraph 3(ix) (a) and (b) are self-explanatory.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology is that the Company has entered, to avail international technology and expertise, into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of these agreements, IHC and its affiliates are required to provide technical services, marketing reservation and system support to the Company for its Hotel situated at Marine Drive–Mumbai.

### FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. In Lacs)

|                                 | Current Year<br>2007-2008 | Previous year<br>2006-.2007 |
|---------------------------------|---------------------------|-----------------------------|
| Income                          | 7,240                     | 5,332                       |
| CIF Value of Imports            | 8                         | 27                          |
| Expenditure in Foreign Currency | 235                       | 158                         |
| Earnings in Foreign Exchange    | 2,201                     | 1,899                       |

## 19. RELATED PARTY DISCLOSURES

The company has made disclosures in compliance with the Accounting Standards on Related Party Disclosures as required by clause 32 of the Listing Agreements with the stock exchanges.

## 20. AUDITORS

The Auditors M/s S.P. Chopra & Co., Chartered Accountants retire, and being eligible, offer themselves for re-appointment. They have furnished the Company with a written certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section1 (B) of Section 224 of the Companies Act, 1956.

## 21. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation of the Shareholders, Banks, various Regulatory Authorities and Central and State Govt. Officials, vendors, Customers and for valuable contributions made by the employees of the company.

For and on behalf of the Board of Directors

Mumbai  
Dated: April 29, 2008

**RAVI GHAI**  
*Chairman & Managing Director*

**M. V. DOSHI**  
*Director*

# 47TH ANNUAL REPORT

## Management Discussion and Analysis

### Industry Structure and Developments

#### Overview of Tourism and Indian Economy:

Overall growth of travel continues to expand rapidly in India. A large fraction of this demand is being created domestically, indicating a strong base and consequently, strengthening the argument for further development of hotels. India accounts for less than 0.5% of world tourism, and the tourist inflow is expected to grow at the rate of more than 4% till 2012. Strong GDP growth, improving infrastructure, confidence on the country's economic prospects, open sky policy and the 'Incredible India' campaign has improved the outlook for India. This positive outlook would increase the tourist arrival in the country and the hotel industry is expected to be the major beneficiary. Rising disposable incomes, cheaper airfares and better connectivity would continue to increase the demand for rooms. The favourable demand supply gap is likely to continue till FY10 when major expansions would come in. With no new supply coming in the near future, average room rates are expected to surge higher.

India is no longer a city of metros with the growth having spread to newer regions. On the back of the service sector spreading its reach to smaller towns, clusters of manufacturing hubs emerging across the country and large SEZs being established across states, the demand for hotels in these regions have increased. Over the last 2 years, IT cities like Pune and Hyderabad, satellite towns of Faridabad, Gurgaon, Noida and Ghaziabad and tourist destinations like Jaipur and Goa are witnessing faster growth in room rates and occupancy than the metros. Each city will have different factors that will drive revenue growth for hotels. For instance, the Commonwealth games in Delhi, IT boom in Hyderabad and Pune would drive the demand for rooms going forward.

India expects its economy to grow between 8-10% per annum over the next 5 years. Based on this, the hospitality industry is witnessing unprecedented growth and increase in revenue and profitability of the most of the premium hotel segment. Premium segment hotels remained in demand following an up beat occupancy level. Many international hotel chains either have or on the look out for setting up shop in the country. This clearly shows that India is on the international tourism radar.

#### Opportunities:

The Hotel industry in India is booming with rising room rates and on high occupancy rates. The Country is facing a severe shortage of hotel rooms and the industry needs to more than double its room inventory from the current levels. India is becoming the epicenter for outsourcing and new age businesses and the growth in the economy is attracting tourists from all around the world. With increase in the disposable income in the hands of people, domestic tourism has also been rising very rapidly. The demand and supply imbalance of hotel rooms is pushing average room rates (ARR) further as new properties are not coming up at the same place.

#### Threats:

The Hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on operations and financial results of the company. Act of violence or war, in India or other neighboring countries, may affect Indian and worldwide economic markets. Increased competition in the hotel sector may adversely affect the operation of our Hotel. Surging room rates may impact room demand from foreign leisure travel segment.

#### Outlook:

The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. Demand for rooms across India is expected to grow annual at an average 15-20 % over the next 2-3 years.

#### Internal Control Systems and its adequacy:

Your company is committed to maintain high standards of internal controls. The internal audit is conducted by a reputed firm and is commensurate with the size of the business. There are proper and effective internal controls. The Audit Committee of the Board oversees the adequacy of the internal controls through regular reviews of the audit findings and monitoring implementations of internal audit recommendations.

#### Human resources & Industrial Relations:

Your Company recognizes the importance of human resources and seeks to attract the best talent to fulfill its expansion plans. Industrial relations throughout the year were cordial and harmonious with all the employees.

## THE GL HOTELS LIMITED

### **Revenues:**

Income increased by 36% from Rs. 5,332 lacs in 2006-07 to Rs. 7,240 lacs in 2007-08. The financial performance has increased considerably due to increase in numbers of visitors and growth in foods and beverages income availability of good numbers of rooms.

### **Operating Expenses:**

The operating & general expenses increased from Rs. 1,986 lacs to Rs. 2,289 lacs due to increase in power & fuel expenses, rent, advertisement and sales promotion expenses and basic management fees .

### **Interest costs and Depreciation:**

Interest cost increased to Rs. 400 lacs from Rs. 335 lacs in the previous year.

Depreciation for the year was at Rs. 459 lacs against Rs. 411 lacs in previous year.

### **Profit After Tax:**

Profit After Tax increased by 78% from Rs. 733 lacs in 2006-07 to Rs. 1,302 lacs in 2007-08.

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## Report on Corporate Governance

The following Corporate Governance Report is attached as a part of the Directors' Report of the company for the year 2007-2008.

### CORPORATE GOVERNANCE DISCLOSURE:

In compliance with clause 49 of the Listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said clause and practice as followed by Company:

#### 1. Company's Philosophy:

The company believes in transparency, empowerment, accountability, safety of people, motivation, respect for the law and fair business practices with all its stakeholders. These practices being followed since inception and have helped the company in its sustained growth.

#### 2 Board of Directors:

##### (i) Composition and Category of Directors:

The Current strength of the Board of Directors is 7 (Seven) Directors, out of which two are Executive Directors (who are also Promoters), one is Non-Executive Director and remaining four are Non-Executive Independent Directors. The composition of Board is in conformity with clause 49 of listing agreements, which stipulates that at least 50 % of the Board should comprise of Independent Directors, if the Chairman is Executive.

Mrs. Krishna Kumari Ghai had resigned as Director in August 2007 and was again co-opted as Additional Director of the company on 26th October 2007. None of the Directors are members of more than ten Board level committees nor are they chairman of more than five committees in which they are members.

The composition of the Board and other relevant details relating to the Directors are given below:

| Name of the Director    | Designation                  | Category of Directorship | No. of Other Directorships* | No. of Other Committee Memberships# |        |
|-------------------------|------------------------------|--------------------------|-----------------------------|-------------------------------------|--------|
|                         |                              |                          |                             | Chairman                            | Member |
| Mr. Ravi Ghai           | Chairman & Managing Director | Non-Independent          | 1                           | –                                   | –      |
| Mr. Gaurav Ghai         | Joint Managing Director      | Non-Independent          | 1                           | 1                                   | 1      |
| Ms. Krishna Kumari Ghai | Director                     | Non-Independent          | –                           | –                                   | –      |
| Mr. Mahendra V. Doshi   | Director                     | Independent              | 3                           | 1                                   | 1      |
| Mr. R.K.P. Shankardass  | Director                     | Independent              | –                           | –                                   | 2      |
| Mr. Harindra Singh      | Director                     | Independent              | 1                           | –                                   | 1      |
| Mr. Gulshan Bijlani     | Director                     | Independent              | –                           | –                                   | 1      |

\* Directorships in Private and Foreign Companies are excluded

# Memberships of only Audit Committee, Share Transfer and Investor Grievances Committee have been considered.

##### (ii) Board Meetings and attendance of each Director at Board Meeting and at last Annual General Meeting:

The Board of Directors met 7 times during the year viz., 30th April 2007, 11th May 2007, 21st June 2007, 31st July 2007, 6th August 2007, 26th October 2007 and on 30th January 2008. The maximum gap between any two meetings was less than 3 months. The last Annual General Meeting of the Company was held on 21st September 2007. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows.

## THE GL HOTELS LIMITED

| Name of the Director    | No. of Board Meetings Attended | Attendance at Last Annual General Meeting |
|-------------------------|--------------------------------|---|
| Mr. Ravi Ghai           | 2                              | Absent                                    |
| Mr. Gaurav Ghai         | 5                              | Present                                   |
| Mr. Harindra Singh      | 2                              | Absent                                    |
| Mr. Mahendra V. Doshi   | 5                              | Present                                   |
| Mr. R.K.P. Shankardass  | 2                              | Absent                                    |
| Ms. Krishna Kumari Ghai | Nil                            | Absent                                    |
| Mr. Gulshan Bijlani     | 5                              | Present                                   |

**(iii) Shareholding of Directors:**

As on March 31, 2008

| Name of the Director    | No of shares held |
|-------------------------|-------------------|
| Mr. Ravi Ghai           | 635,293           |
| Mr. Gaurav Ghai         | 451,933           |
| Mr. R.K.P.Shankardass   | 6,550             |
| Mr. Gulshan Bijlani     | 3,470             |
| Ms. Krishna Kumari Ghai | 19,750            |

**(iv) Code of Conduct:**

The Company has adopted Code of Conduct, which lays down the procedure to be followed by the Directors and senior management personnel to ensure the highest standards of the professional conduct. The members of the Board and senior management are committed to compliance with the company's code of conduct.

**(v) Directors seeking re-appointment:**

Brief resume of the Director being eligible for re-appointment at the ensuing Annual General Meeting, nature of management expertise, names of the companies in which they hold Directorship/membership of the committee of the Board are given hereunder:

**Mrs. Krishna Kumari Ghai**

Smt. Krishna Kumari Ghai, aged 83 years, has been associated with the Company since 30th October 1989. She has a rich experience of Hotel Management and administration of more than two decades. She serves as Director on the board of Ghai Lamba Private Limited.

**(vi) Disclosure of Director's interest in the transaction with the company:**

None of the non-executive Directors had any pecuniary relationship with the Company. Even where the commercial transactions have taken place with some of the companies where the Company's Executive Director holds directorship/or membership, have been done on the arms length basis and have been disclosed to the Board.

**3. Board Committees:**

The company follows procedures and practices in conformity with the code of corporate governance. In keeping with the spirit of the code, the Board had constituted the following committees:

**(i) Audit Committee:**

The Audit Committee (constituted on 22nd January 2001) was last reconstituted on 30th April 2007. The present members of the Audit Committee are Mr. Mahendra V. Doshi (Chairman of the Committee), Mr. R.K.P. Shankardass, Mr. Harindra Singh, Mr. Gulshan Bijlani and Mr. Gaurav Ghai. More than two-thirds of the members of audit committee are independent directors and all members of audit committee have adequate financial and accounting knowledge. The Company Secretary of the Company acts as the secretary to the committee.

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During the financial year ended March 31, 2008, four audit committee meetings were held and meetings attended by each member during the financial year 2007-2008 were as under:

| Committee Members Attending the Meeting | Designation | No. of Meetings Attended |
|---|-------------|--------------------------|
| Mr. Mahendra V Doshi                    | Chairman    | 3                        |
| Mr. Gaurav Ghai                         | Member      | 3                        |
| Mr. Gulshan Bijlani                     | Member      | 2                        |
| Mr. RKP Shankardass                     | Member      | 2                        |
| Mr. Harindra Singh                      | Member      | 2                        |

The terms of reference of the Audit Committee as approved at the Board Meeting held on 22nd January 2001 provided for adequate powers and has identified its role, which is in accordance with Clauses 49(ii) (c) and (d) of the Listing Agreement.

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Internal Auditors and Chief Financial Officer are also invited to these meetings.

### (ii) **Share Transfer and Shareholders'/Investors' Grievance Committee:**

The current Share Transfer and Investor/Shareholders' Grievance Committee constituted on 22nd May 2001 looks into and investigates the investors complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressed thereof. The Committee now consists of:

| Name of Director      | Executive/<br>Non-executive | Designation<br>Attended | No. of Meetings |
|-----------------------|-----------------------------|-------------------------|-----------------|
| Mr. Gaurav Ghai       | Executive                   | Chairman                | 12              |
| Mr. RKP Shankardass   | Non-executive               | Member                  | 0               |
| Mr. Mahendra V. Doshi | Non-executive               | Member                  | 12              |

The company secretary is also the Compliance Officer for the committee. The Committee meets at frequent intervals to consider shareholders' complaints. There was no complaint pending at the commencement of the year 2007-08. All the requests/complaints received during the year have been redressed and there is no complaint pending at the end of the year ended on 31st March 2008.

All valid share transfers received during the year 2007-08 have been acted upon by the Company and there are no pending share transfers.

### (iii) **Compensation Committee:**

The Compensation Committee, constituted on 11th May 2007 reviewed the performance of Management Level I employees and granted them suitable options on the basis of their performance pursuant to stock option scheme. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra V. Doshi and Mr. Gulshan Bijlani. All the members of this committee are independent directors and all members have adequate business and financial knowledge. The Company Secretary of the Company acts as the secretary to the committee.

### **Management Staff:**

Under Employee stock Option Scheme (ESOS) Scheme 2007 the company issued letter of Grant to its management level I employee. Remuneration of other employees largely consists of basic remuneration; perquisites the components of the total remuneration vary for different grades and are governed by industrial patterns, qualifications and experience of the employees, responsibilities handled by him, his individual performance, etc.

## THE GL HOTELS LIMITED

### Non-Executive Directors:

The Company pays only the sitting fees for attending Board Meeting to all the Non-executive Directors within the limits prescribed by the Companies Act, 1956. In the Board meeting held on 30th January, 2008 Board has decided to increase the sitting Fees payable to Directors up to Rs 20,000/-

| Name of the Director   | Fees for Board Meeting (Rupees) |
|------------------------|---------------------------------|
| Mr. Gaurav Ghai        | 5000                            |
| Mr. Gulshan Bijlani    | 25,000                          |
| Mr. R.K.P. Shankardass | 10,000                          |
| Mr. Mahendra Doshi     | 20,000                          |
| Mr. Harindra Singh     | 10,000                          |

### Executive Directors:

The Managing Director and Joint Managing Director are the Executive Directors in the Company. Their remunerations were approved by the shareholders at the General Meeting held on September 21, 2007 as required by the Companies Act, 1956.

### Remuneration to Managing Director and Joint Managing Director:

Details of remuneration paid to the Managing Director and Jt. Managing Director of the Company for the year ended March 31, 2008 are given below:

| Particulars |   | Amount (Rs. Lacs) |
|-------------|---|-------------------|
| I           | Salary                                  | 53.36             |
| II          | Contribution to Provident Fund          | 6.16              |
| III         | Estimated monetary value of perquisites | 11.85             |
|             | Total                                   | 71.37             |

#### 4. General Body Meetings:

(i) Location, time and date where last three Annual General Meetings were held are given below:

| Financial Year | Date               | Time       | Location of the Meeting                         |
|----------------|--------------------|------------|---|
| 2004-05        | September 27, 2005 | 11.00 A.M. | Dairy Tops, J-177,MIDC , Bhosari, Pune- 411 026 |
| 2005-06        | September 22, 2006 | 11.00 A.M. | Dairy Tops, J-177,MIDC , Bhosari, Pune- 411 026 |
| 2006-07        | September 21, 2007 | 1.00 P.M.  | Dairy Tops, J-177,MIDC , Bhosari, Pune- 411 026 |

(ii) **Postal Ballot:**

During the year ended 31st March 2008, following resolutions i.e. the ordinary and special resolutions were passed by the company through postal ballot. The company had appointed Mr. D. A. Kamat, Practicing Company Secretary as Scrutinizer at its meeting held on April 30, 2007, for conducting the postal ballot voting process.

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|     |   |
|-----|---|
| 01. | Increase in the Authorized Share Capital from Rs. 12 Crores to Rs. 25 Crores  |
| 02. | Alteration of Memorandum of Association – Para 1 of Clause V substituted by new Clause V  |
| 03. | Alteration of Articles of Association – Article 4(i) substituted by new Article (i)   |
| 04. | Increase in Borrowing Limits up to Rs. 500 Crores   |
| 05. | Creation of Charge on assets of the company   |
| 06. | Making loans/investments/giving Corporate Guarantees in excess of limits prescribed u/s 372A  |
| 07. | Voluntary delisting of equity shares of the company from The Delhi Stock Exchange Association Limited   |
| 08. | Re-appointment of Mr. Ravi Ghai as Managing Director of the company for a further period of 5 years   |
| 09. | Alteration of Articles of Association – insertion of clause (e) after clause (d) of Article 4 enabling issue of Share Warrants                                  |
| 10. | Alteration of Articles of Association – insertion of clause (f) after clause (e) of Article 4 enabling issue of shares under Employees Stock Option Plan (ESOP) |

### 5. Disclosures:

#### (i) **Related Party Transactions:**

There were no material significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large. Members may refer to the notes to the accounts for details of other related party transaction.

#### (ii) **Compliance with regulations related to Capital Markets:**

The company has complied fully with the requirement of the regulatory authorities on the capital markets. There were no instance of non-compliance nor have any penalties, or strictures have been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

#### (iii) **Accounting Standards:**

The company has followed the accounting standards laid down by the Institute of the Chartered Accounts of India.

#### (iv) **Risk Management:**

The company will adopt draft Risk Management Policy, which would lay down the procedure to inform Board members about the risk assessment and minimization of risk.

#### (v) **CEO/CFO Certificate:**

Chief Executive Officer and Chief Financial Officer of the company have furnished the requisite certificate to the Board of Directors under clause 49 of the listing Agreement.

### 6. Means of Communication:

The Company regularly submits quarterly results to the Stock Exchange Mumbai on which the shares of the Company are listed. The said results are also published in the newspapers.

- The Company does not send its half-yearly report to its shareholders.
- The quarterly, half-yearly and full year results are published in the Maharashtra Times and Economic Times newspapers at Pune
- No presentations have been made to institutional investors or to analysts.
- The Company's website – [www.glhoteles.com](http://www.glhoteles.com).
- Management Discussion and Analysis is given separately in this Annual Report.



# THE GL HOTELS LIMITED

## 7. General Shareholder Information:

### (i) 47th Annual General Meeting:

|               |  |
|---------------|--|
| Date and Time | Friday, June 20, 2008 at 1.00 p.m.               |
| Venue         | Dairy Tops, J-177, MIDC, Bhosari, Pune- 411 026. |

### (ii) Financial Calendar:

The Company follows April-March as its financial year. The unaudited financial result for every quarter beginning from April is declared in the month following the quarter and audited results for the year is declared within 2 months of the close of the year.

### (iii) Date of Book Closure:

The date of book closure is from June 12, 2008 to June 20 2008 (both days inclusive) for the purpose of annual general meeting and for declaration of payment of dividend.

### (iv) Dividend Payment Date:

The proposed dividend of Rs 1.50 per share is subject to the approval of shareholders and will be paid on or before 19th July 2008.

### (v) Listing on Stock Exchanges:

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited, Mumbai . and the Company has paid Listing Fees for the year 2008-2009 to the Stock Exchanges.

| <u>Stock Exchanges</u>    | <u>Stock Code</u> | <u>ISIN</u>  |
|---------------------------|-------------------|--------------|
| Bombay Stock Exchange Ltd | 509546            | INE214F01018 |

### (vi) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd. during each month in last financial year are as follows:

| Month          | High (Rupees) | Low (Rupees) |
|----------------|---------------|--------------|
| April 2007     | 328.15        | 261.40       |
| May 2007       | 383.85        | 261.60       |
| June 2007      | 395.45        | 323.55       |
| July 2007      | 425.00        | 375.00       |
| August 2007    | 405.00        | 323.90       |
| September 2007 | 460.00        | 326.65       |
| October 2007   | 419.90        | 292.35       |
| November 2007  | 387.00        | 285.00       |
| December 2007  | 396.00        | 290.00       |
| January 2008   | 412.80        | 321.20       |
| February 2008  | 349.40        | 275.00       |
| March 2008     | 296.00        | 265.00       |

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### (vii) Registrar and Share Transfer Agent:

| Address  | Contacts Numbers |
|--|------------------|
| Intime Spectrum Registry Ltd.<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),<br>Mumbai 400 078. | 022 -2596 3838   |

### (viii) Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Company. The processing of transfers is attended immediately and share transfers are processed by Intime Spectrum Registry Ltd. - the Registrar and Share Transfer Agent for the Company. The Shareholder/Investor Grievance Committee is authorized to approve the transfers of shares and the same is ratified subsequently at the next Board Meeting.

### (ix) Category wise Distribution of Shareholding as at March 31, 2008:

| Category  | No. of Shares     | % of holding |
|---|-------------------|--------------|
| <b>Promoters Holding</b>  |                   |              |
| Indian Promoters  | 10,322,912        | 59.71        |
| Foreign Promotor  | Nil               | Nil          |
| Persons Acting in Concert   |                   |              |
| Promoters relatives, related firms, trusts & HUFs   |                   |              |
| <b>Non-promoter Holding Institutional Investors</b>   |                   |              |
| (a) Mutual Funds & UTI  | —                 | —            |
| (b) Banks, Financial Institutions, Insurance Companies<br>(Central/State Govt. Institutions, Non-Government Institutions) |                   |              |
| (i) General Insurance Corporation of India  | —                 | —            |
| (ii) Nationalised Banks   | —                 | —            |
| (c) FII's   | —                 | —            |
| <b>Others</b>   |                   |              |
| Private Corporate Bodies  | 160,904           | 0.93         |
| Indian Public   | 407,233           | 2.36         |
| N.R.I.  | 1,560             | 0.01         |
| OCB's   | 843,725           | 4.88         |
| Foreign Companies   | 5,287,509         | 30.58        |
| Trust   | 265,169           | 1.53         |
| <b>Total</b>  | <b>17,289,012</b> | <b>100</b>   |

### Category wise Distribution of Shareholding (Rupees) as at March 31, 2008:

| Shareholding of Nominal Value (Rupees) | No. of Shareholders | % of Total | Share Capital Amount (Rupees) | % of Total    |
|--|---------------------|------------|-------------------------------|---------------|
| 1-5,000                                | 1,249               | 89.79      | 1,691,060                     | 0.98          |
| 5,001-10,000                           | 87                  | 6.25       | 728,080                       | 0.42          |
| 10,001-20,000                          | 14                  | 1.00       | 198,290                       | 0.12          |
| 20,001-30,000                          | 07                  | 0.50       | 175,240                       | 0.10          |
| 30,001-40,000                          | 06                  | 0.43       | 204,640                       | 0.12          |
| 40,001-50,000                          | 01                  | 0.07       | 45,000                        | 0.02          |
| 50,001-100,000                         | 04                  | 0.29       | 253,840                       | 0.15          |
| 100,001-99,999,999                     | 23                  | 1.65       | 169,593,970                   | 98.09         |
| <b>TOTAL</b>                           | <b>1,391</b>        | <b>100</b> | <b>17,289,012</b>             | <b>100.00</b> |

## THE GL HOTELS LIMITED

**(x) Dematerialization of Shares and Liquidity:**

The equity shares of the Company are traded on the Bombay Stock Exchange Limited. The Company has entered into Tri-Partite Agreement with NSDL and CDSL for dematerialization of Equity shares of the Company. Approximately, 16,139,398 (93.34 %) Equity shares are in dematerialized form as on March 31, 2008.

**(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs and therefore there were no such outstanding instruments as on March 31, 2008. However, 29,99,114 equity warrants issued to non-promoters on preferential issue basis, are outstanding – entitling allotment of one equity share of Rs. 10/- each at a price of Rs. 283.42 (including a premium of Rs. 273.42) against each equity warrant on or before the expiry of 18 months from the date of allotment.

**(xii) Plant Locations:**

|                                     |   |
|-------------------------------------|---|
| The Company's Administrative office | 254-C, Dr. Annie Besant Road, Worli Mumbai-400 030  |
| Registered office at Pune           | Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026  |
| Hotel:                              | Hotel Inter-Continental,<br>Marine Drive, 135, Netaji Subhash Road,<br>Mumbai-400 020.                              |
| Banquets:                           | <b>Mayfair Banquet:</b><br>254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030                                      |
|                                     | 4th Level, Pam Beach Galleria Mall, Plot no.17, Sector 19D,<br>Near APMC Police Station, Vashi, New Mumbai-400 703. |
|                                     | At the Corinthians Club, Nyati County, Near NIBM Road,<br>South Pune, Pune-411 028.                                 |
|                                     | Hermes Shopping Centre, Phase II,<br>S. No.185 &199, Shastri Nagar, Nagar Road,<br>Yerwada, Pune-411 006.           |
|                                     | 8, North Anjaneya Temple Street,<br>Near Gandhi Bazar, Basavangudi,<br>Bangalore-560 004.                           |
|                                     | 2nd Level, Gallops, Behind ISKON Temple, Off S.G. Road,<br>Ahmedabad-380 015.                                       |

**(xiii) Address for Investor Correspondence:**

For any assistance regarding shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares and for general correspondence, please write to:

The Company's Administrative office located at 254-C, Dr. Annie Besant Road, Worli Mumbai-400 030, with Kind Attn. to Mr. Sanjay Trivedi, Assistant Company Secretary Tele.: 022 - 4050 1111, Fax: 022 - 2491 5555

**(xiv) Unclaimed Dividends:**

The company has not declared any dividend for the last 9 years. Accordingly, there is no dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.

**(xv) Nomination:**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose favour the shares shall be transferable in case of death of the registered shareholder. Nomination forms can be obtained

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from the company's registrar and share transfer agent. The nomination facility in respect of shares in electronic form is also available with depository participants.

**(xvi) Certificate on Corporate Governance:**

The company has obtained a certificate from the auditors of the company confirming compliances with the conditions of corporate governance as stipulated in the listing agreement with stock exchanges. This certificate is annexed to the Directors' Report.

# THE GL HOTELS LIMITED

## **Certification by Chief Executive Officer and Chief Financial Officer** **The GL Hotels Limited**

We hereby certify that for the financial year ended 31st March, 2008, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2008, which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - (a) There have been no significant changes in internal control during this year.
  - (b) There have been no significant changes in accounting policies during this year.
  - (c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control systems.

Mumbai,  
April 29, 2008

**RAMAN MEHRA**  
*Chief Executive Officer*

**AMIT JAIN**  
*Chief Financial Officer*

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## **Auditors' Certificate**

### **To the members of the GL Hotels Limited**

We have examined the compliance of conditions of Corporate Governance by the GL Hotels Limited for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 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.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Share Transfer Agents on behalf of the Company, there were no investor grievances remaining unattended/pending more than 30days.

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 **S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No. F-5106

Place: Mumbai  
Dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Auditors' Report

### To the Members of The GL Hotels Limited

1. We have audited the attached Balance Sheet of The GL Hotels Limited, as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 misstatements. An audit includes examining, on a 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the 'Order') as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (The 'Act'), we enclose 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 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the 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, 2008, and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms clause (g) of sub-section (1) of the 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 accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - (ii) in the case of the Profit and Loss Account, 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 **S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No. F-5106

Place: Mumbai  
Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## Annexure to the Auditors' Report

### Annexure referred to in paragraph 3 of our Report of even date to the Members of The GL Hotels Limited

- (i) (a) The records maintained by the Company for fixed assets are not showing full particulars of quantitative details and situation of fixed assets.
- (b) As explained to us, no physical verification of the fixed was carried out by the management during the year. Hence discrepancy if any could not be ascertained.
- (c) During the year, the Company has not disposed off any of the fixed assets.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted interest free unsecured loans to two companies (Subsidiary Companies), covered in the register maintained under Section 301 of the Act. The terms and conditions of these loans have not been stipulated. The amount involved during the year was Rs. 515,851,458 and the year-end balance is Rs. 515,851,458.
- (b) The Company has not taken any secured or unsecured loan during the year from any parties covered in the registered maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not come across any continuing failure to correct major weakness in internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under this section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices for which prevailing market prices at the relevant time are not available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, *except for certain dues in respect of income-tax (tax deducted at source), value added tax, provident fund, employees state insurance and service tax*, the Company is regular in depositing with appropriate authorities undisputed statutory dues including investors education and protection fund, wealth tax, customs duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, *except for value added tax payable of Rs. 3,947,752*, no undisputed amounts payable in respect of income-tax, wealth tax, customs duty and excise duty were outstanding, as at 31 March 2008 for a period of more than six months from the date they become payable,
- (c) According to the records of the Company, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.



## THE GL HOTELS LIMITED

- (x) The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) Clause (xiv) of the Order regarding dealing and trading in shares etc. is not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no fund raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year to parties covered in register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued in accordance with the guidelines issued by the Securities and Exchange Board of India is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No. F-5106

Place: Mumbai  
Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## Balance Sheet

as at 31st March, 2008

|  | Schedule     | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|--------------|-------------------------------|-------------------------------|
| <b>SOURCES OF FUNDS</b>  |              |                               |                               |
| <b>Shareholders' Funds:</b>  |              |                               |                               |
| Share Capital  | A            | 172,890,120                   | 70,163,790                    |
| Share Capital Suspense   | A-1          | –                             | 58,621,710                    |
| Share Application Money  | A-2          | 85,000,889                    | –                             |
| Reserves and Surplus   | B            | 2,440,385,097                 | 1,182,028,406                 |
|  |              | <u>2,698,276,106</u>          | <u>1,310,813,906</u>          |
| <b>Loan Funds:</b>   |              |                               |                               |
| Secured Loans  | C            | 294,208,874                   | 384,221,153                   |
| Unsecured Loans  | D            | 4,844,786                     | 39,419,739                    |
|  |              | <u>299,053,660</u>            | <u>423,640,892</u>            |
| Deferred Tax Liabilities/(Assets) (Net) (Note ' 10')                         |              | <u>39,822,357</u>             | <u>(36,896,734)</u>           |
|  | <b>TOTAL</b> | <u><b>3,037,152,123</b></u>   | <u><b>1,697,558,064</b></u>   |
| <b>APPLICATION OF FUNDS</b>  |              |                               |                               |
| <b>Fixed Assets:</b>   |              |                               |                               |
| Gross Block  | E            | 1,823,341,647                 | 1,689,069,006                 |
| Less: Depreciation   |              | <u>203,927,336</u>            | <u>158,021,556</u>            |
| Net Block  |              | <u>1,619,414,311</u>          | <u>1,531,047,450</u>          |
| <b>Investments</b>   |              |                               |                               |
|  | F            | 693,310,403                   | 39,881,678                    |
| <b>Current Assets Loans and Advances:</b>                                    |              |                               |                               |
|  | G            |                               |                               |
| Inventories  |              | 15,483,404                    | 13,875,997                    |
| Sundry Debtors   |              | 51,988,410                    | 41,834,848                    |
| Cash and Bank Balances   |              | 40,211,910                    | 61,905,188                    |
| Loans and Advances   |              | <u>720,657,733</u>            | <u>60,231,615</u>             |
|  |              | <u>828,341,457</u>            | <u>177,847,648</u>            |
| <b>Less: Current Liabilities and Provisions:</b>                             |              |                               |                               |
|  | H            |                               |                               |
| Current Liabilities  |              | 68,885,025                    | 60,831,304                    |
| Provisions   |              | <u>37,514,655</u>             | <u>3,776,315</u>              |
|  |              | <u>106,399,680</u>            | <u>64,607,619</u>             |
| <b>Net Current Assets</b>  |              | <b>721,941,777</b>            | <b>113,240,029</b>            |
| <b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b> |              |                               |                               |
| Pre-commencement expenses  |              | –                             | 10,074,731                    |
| Amalgamation Expenses (Note '11')  |              | <u>2,485,632</u>              | <u>3,314,176</u>              |
|  | <b>TOTAL</b> | <u><b>3,037,152,123</b></u>   | <u><b>1,697,558,064</b></u>   |

### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**RAMAN MEHRA**  
Chief Executive Officer

**AMIT JAIN**  
Chief Financial Officer

Mumbai,  
Dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Profit and Loss Account for the year ended 31st March, 2008

|   | Schedule     | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|---|--------------|------------------------------------|------------------------------------|
| <b>INCOME</b>   |              |                                    |                                    |
| Sales and Other Services  | I            | 640,608,220                        | 520,393,327                        |
| Other Income  | J            | 83,408,802                         | 12,798,667                         |
| <b>TOTAL</b>  |              | <b>724,017,022</b>                 | <b>533,191,994</b>                 |
| <b>EXPENDITURE</b>  |              |                                    |                                    |
| Consumption of Food and Beverages                                 | K            | 81,124,255                         | 75,452,653                         |
| Employees' Remuneration and Benefits                              | L            | 83,945,730                         | 73,130,521                         |
| Operating and General Expenses                                    | M            | 228,927,632                        | 198,631,787                        |
| <b>TOTAL</b>  |              | <b>393,997,617</b>                 | <b>347,214,961</b>                 |
| <b>PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION</b> |              | <b>330,019,405</b>                 | <b>185,977,033</b>                 |
| <b>Less:</b>  |              |                                    |                                    |
| Interest  |              | 39,996,657                         | 33,458,378                         |
| Depreciation  |              | 45,905,780                         | 41,088,945                         |
| Amortisation of Pre-commencement expenses                         |              | 10,074,731                         | 10,074,720                         |
| Amortisation of Amalgamation expenses (Note "11")                 |              | 828,544                            | 828,544                            |
| <b>TOTAL</b>  |              | <b>96,805,712</b>                  | <b>85,450,587</b>                  |
| <b>PROFIT BEFORE TAX</b>  |              | <b>233,213,693</b>                 | <b>100,526,446</b>                 |
| <b>Provision for Tax:</b>   |              |                                    |                                    |
| Current Tax   | (23,000,000) |                                    | (1,500,000)                        |
| Deferred Tax Credit/(Debit) (Net)                                 | (76,719,091) |                                    | (24,219,351)                       |
| Fringe Benefit Tax  | (2,000,000)  |                                    | (1,500,000)                        |
| Short Provision of Fringe Benefit Tax of earlier years            | (1,309,062)  | (103,028,153)                      | -                                  |
| <b>PROFIT AFTER TAX</b>   |              | <b>130,185,540</b>                 | <b>73,307,095</b>                  |
| Balance brought forward   |              | (98,202,667)                       | (171,509,762)                      |
| <b>TOTAL</b>  |              | <b>31,982,873</b>                  | <b>(98,202,667)</b>                |
| <b>APPROPRIATION:</b>   |              |                                    |                                    |
| Proposed Dividend   |              | 25,933,518                         | -                                  |
| Tax on Proposed Dividend  |              | 4,407,401                          | -                                  |
| Transfer to General Reserve                                       |              | 1,625,000                          | -                                  |
| Balance carried to Balance Sheet                                  |              | 16,954                             | (98,202,667)                       |
| <b>TOTAL</b>  |              | <b>31,982,873</b>                  | <b>(98,202,667)</b>                |
| Basic Earning per Share (Note '9')                                |              | 8.23                               | 10.45                              |
| Diluted Earning per Share (Note '9')                              |              | 8.11                               | 5.69                               |

### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES N

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**RAMAN MEHRA**  
Chief Executive Officer

**AMIT JAIN**  
Chief Financial Officer

Mumbai,  
Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'A' – SHARE CAPITAL</b>  |                               |                               |
| <b>Authorised:</b>   |                               |                               |
| 230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company | 23,000,000                    | 23,000,000                    |
| 22,700,000 Equity shares of Rs. 10 each  | 227,000,000                   | 227,000,000                   |
|  | <u>250,000,000</u>            | <u>250,000,000</u>            |
| <b>Issued, Subscribed and Paid-up:</b>   |                               |                               |
| 10,522,175 (previous year 6,111,713) Equity shares of Rs. 10 each for cash (see note below)  | 105,221,750                   | 61,117,130                    |
| 776,333 Equity shares of Rs. 10 each as Bonus Shares from Capital Redemption and General Reserves Account  | 7,763,330                     | 7,763,330                     |
| 128,333 Equity shares of Rs. 10 each issued as a result of Amalgamation of Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash  | 1,283,330                     | 1,283,330                     |
| 5,862,171 Equity shares of Rs. 10 each issued during the year to erstwhile shareholders of Mayfair Banquets Private Limited in pursuance to Scheme of Arrangement as approved by Hon. High Court, Mumbai.  | 58,621,710                    | –                             |
| <u>17,289,012</u>  | <u>172,890,120</u>            | <u>70,163,790</u>             |
| <b>Note:</b> 4,410,462 Equity shares of Rs. 10 each issued during the year to Dunearn Investments (Mauritius) Pte. Ltd. under Preferential allotment.  |                               |                               |
| <b>SCHEDULE 'A-1' – SHARE CAPITAL SUSPENSE</b>   |                               |                               |
| 5,862,171 Shares of Rs. 10 each as fully paid to be issued to the erstwhile shareholders of Mayfair Banquets Pvt Ltd. in pursuance of Scheme of Arrangement as approved by Hon High Court, Mumbai  | 58,621,710                    | 58,621,710                    |
| <b>Less:</b> Shares issued during the year   | 58,621,710                    | –                             |
|  | –                             | <u>58,621,710</u>             |
| <b>SCHEDULE 'A-2' – SHARE APPLICATION MONEY</b>  |                               |                               |
| 2,999,114 10% Application Money received in respect of Equity Warrants at Rs. 283.42 per share to be issued after receipt of full consideration.   | 85,000,889                    | –                             |
|  | <u>85,000,889</u>             | <u>–</u>                      |

# THE GL HOTELS LIMITED

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'B' – RESERVES AND SURPLUS</b>  |                               |                               |
| <b>Capital Reserves:</b>  |                               |                               |
| Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad.   | <u>778,000</u>                | <u>778,000</u>                |
| Share Premium Account:  |                               |                               |
| As per last account   | 157,942,503                   | 157,942,503                   |
| Add: Amount received during the year  | <u>1,205,908,520</u>          | <u>–</u>                      |
|   | 1,363,851,023                 | 157,942,503                   |
| Less: Expenses for raising additional capital during the year adjusted.   | <u>(47,396,450)</u>           | <u>–</u>                      |
|   | <u>1,316,454,573</u>          | <u>157,942,503</u>            |
| General Reserve:  |                               |                               |
| As per last account   | 1,121,510,570                 | 4,714,460                     |
| Add: Reserve arising on revaluation of Land of the Company  | –                             | 1,026,648,000                 |
| Add: Adjustments on Amalgamation  | –                             | 90,148,110                    |
|   | <u>1,121,510,570</u>          | <u>1,121,510,570</u>          |
| Add: Transferred from Profit & Loss Account   | 1,625,000                     | –                             |
| Less: Adjusted against debit balance in P & L Account -as per contra  | –                             | (98,202,667)                  |
|   | <u>1,123,135,570</u>          | <u>1,023,307,903</u>          |
| Profit and Loss Account:  |                               |                               |
| As per Accounts Annexed   | 16,954                        | (98,202,667)                  |
| Less: Adjusted against General Reserve -as per contra   | –                             | 98,202,667                    |
|   | <u>16,954</u>                 | <u>–</u>                      |
|   | <u>2,440,385,097</u>          | <u>1,182,028,406</u>          |
| <b>SCHEDULE 'C' – SECURED LOANS</b>   |                               |                               |
| <b>From Bank:</b>   |                               |                               |
| <b>I. Term Loan from Vijaya Bank</b>  |                               |                               |
| 1. Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director   |                               |                               |
| (a) Term Loan   | 90,000,000                    | 141,879,782                   |
| (b) Foreign Currency Loan VFRL (US Dollars 3,333,704)   | 133,681,521                   | 145,582,843                   |
| (c) Interest accrued and due  | 900,611                       | 1,339,571                     |
| 2. Secured by First Charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan amount at various locations of the country | 64,000,000                    | –                             |
| <b>II. Term Loan from Axis Bank</b>   |                               |                               |
| 1. Secured by First Charge over the company's assets and movable fixed assets, both present and future, Personal Guarantees by Mr. Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited, a company under the same management.                                   | 894,234                       | 2,712,518                     |

# 47TH ANNUAL REPORT

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'C' – SECURED LOANS—contd.</b>  |                               |                               |
| 2. Secured by First Charge over the company's assets and movable fixed assets which were sold prior to 31 March 2007, Personal Guarantees by Mr. Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwality Frozen Foods Private Limited, a company under the same management. | –                             | 5,656,483                     |
| <b>III. From Others:</b>  |                               |                               |
| 1. SC Hotels & Resorts India Pvt Ltd.<br>(Secured by second charge over the properties of Kwality Frozen Foods Private Limited, the Company under the same management and a personal guarantee of the Managing Director)  |                               |                               |
| (a) Ordinary Loan   | –                             | 17,492,000                    |
| (b) Preferred Loan  | –                             | 65,595,000                    |
| (c) Interest accrued and due  | –                             | 1,017,510                     |
| <b>IV. From Other Banks and Financial Institutions:</b>   |                               |                               |
| Deferred Payment Liabilities (Note '3a')<br>(secured by hypothecation of Vehicles)  | <u>4,732,508</u>              | <u>2,945,446</u>              |
|   | <u><b>294,208,874</b></u>     | <u><b>384,221,153</b></u>     |
| <b>SCHEDULE 'D' – UNSECURED LOANS</b>   |                               |                               |
| <b>Fixed Deposits:</b>  |                               |                               |
| Public  | <b>3,830,000</b>              | 3,956,000                     |
| Directors   | <u>781,000</u>                | <u>670,000</u>                |
|   | <b>4,611,000</b>              | 4,626,000                     |
| Interest accrued and due  | <u>233,786</u>                | <u>162,414</u>                |
|   | <b>4,844,786</b>              | 4,788,414                     |
| Other Loans and Advances (Note '4' )  |                               |                               |
| From Shareholders:  | –                             | 33,446,343                    |
| From Others:  | –                             | <u>1,184,982</u>              |
|   | <u><b>4,844,786</b></u>       | <u><b>39,419,739</b></u>      |

Schedules

forming part of the Balance Sheet as at 31st March, 2008

| PARTICULARS                                      | GROSS BLOCK          |                 |                    |                    |                      | DEPRECIATION (Note "22d") |                 |                   |             |                    | NET BLOCK            |                      |
|--|----------------------|-----------------|--------------------|--------------------|----------------------|---------------------------|-----------------|-------------------|-------------|--------------------|----------------------|----------------------|
|  | As at 01/04/2007     | On Amalgamation | Additions          | Sales/ Adjustments | As at 3/31/2008      | Upto 31/03/2007           | On Amalgamation | For the Year      | Adjustments | Upto 3/31/2008     | As at 3/31/2008      | As at 31/03/2007     |
| Licence Fees (Note "1" below)                    | 531,885              | -               | 739,379            | -                  | 1,271,264            | 132,971                   | -               | 244,799           | -           | 377,770            | 893,494              | 398,914              |
| Leasehold Lands                                  | 1,027,233,000        | -               | -                  | -                  | 1,027,233,000        | -                         | -               | -                 | -           | -                  | 1,027,233,000        | 1,027,233,000        |
| Buildings  | 320,966,999          | -               | 460,833            | -                  | 321,427,832          | 41,678,509                | -               | 10,728,529        | -           | 52,407,038         | 269,020,794          | 279,288,490          |
| Leased Premises (Note "2" below)                 | -                    | -               | 37,235,333         | -                  | 37,235,333           | -                         | -               | 3,786,416         | -           | 3,786,416          | 33,448,917           | -                    |
| Plant and Machinery                              | 59,461,523           | -               | 17,116,490         | -                  | 76,578,013           | 22,214,368                | -               | 6,144,377         | -           | 28,358,745         | 48,219,268           | 37,247,155           |
| Furniture, Fittings and Electrical Installations | 186,065,839          | -               | 12,597,119         | -                  | 198,662,958          | 68,534,590                | -               | 18,226,305        | -           | 86,760,895         | 111,902,063          | 117,531,249          |
| Hotel and Office Equipment                       | 50,376,448           | -               | 2,318,819          | -                  | 52,695,267           | 13,378,168                | -               | 2,409,802         | -           | 15,787,970         | 36,907,297           | 36,998,280           |
| Information Technology                           | 16,768,606           | -               | 2,094,518          | -                  | 18,803,124           | 9,742,189                 | -               | 2,884,317         | -           | 12,626,506         | 6,176,618            | 7,026,417            |
| Vehicles   | 14,092,526           | -               | 3,337,900          | -                  | 17,430,426           | 2,340,761                 | -               | 1,481,235         | -           | 3,821,996          | 13,608,430           | 11,751,765           |
| Advances on capital account:                     |                      |                 |                    |                    |                      |                           |                 |                   |             |                    |                      |                      |
| Construction Contractors/Suppliers               | 13,572,180           | -               | 72,004,430         | 13,572,180         | 72,004,430           | -                         | -               | -                 | -           | -                  | 72,004,430           | 13,572,180           |
| <b>TOTAL</b>                                     | <b>1,689,069,006</b> | <b>-</b>        | <b>147,844,821</b> | <b>13,572,180</b>  | <b>1,823,341,647</b> | <b>158,021,556</b>        | <b>-</b>        | <b>45,905,780</b> | <b>-</b>    | <b>203,927,336</b> | <b>1,619,414,311</b> | <b>1,531,047,450</b> |
| Total (previous year)                            | 637,404,638          | 1,046,686,982   | 34,068,265         | 29,090,879         | 1,689,069,006        | 117,627,776               | 1,189,616       | 41,088,945        | 1,884,781   | 158,021,556        | 1,531,047,450        |                      |

Notes:

1. The licence fees is towards obtaining the software licence.
2. This amount represents the cost of improvements to the premises at New Delhi taken on lease.

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## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'F' – INVESTMENTS (FULLY PAID UP) (AT COST)</b>  |                               |                               |
| <b>Investment in Equity Shares (Other than Trade):</b>   |                               |                               |
| Quoted:  |                               |                               |
| 382,000 of Edelweiss Capital Limited of Rs. 5 each   | 315,150                       | –                             |
| Unquoted:  |                               |                               |
| 530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each   | 5,300                         | 5,300                         |
| 20 of Hotel and Restaurant Co-operative Services Society Ltd. of Rs. 50 each   | 1,000                         | 1,000                         |
| *1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each  | 55,710                        | 55,710                        |
| <b>Investment in Equity Shares (Trade):</b>  |                               |                               |
| 10,000 of Great Indian Cigar Company Private Limited of Rs. 10 each  | 100,000                       | –                             |
| <b>Investment in Equity Shares in Subsidiary Companies:</b>  |                               |                               |
| 50,000 of Kwaliti Resorts and Hospitality Limited of Rs. 10 each (out of which 50 jointly held with third parties)                       | 500,000                       | 100,000                       |
| 76,422 of Leman International Pvt Ltd. of Rs. 10 each  | 1,289,000                     | 1,289,000                     |
| <b>Other than Trade (Mutual Funds):</b>  |                               |                               |
| Unquoted:  |                               |                               |
| 1,344,201.663 units of Rs. 10 each in Prudential ICICI Liquid Fund   | –                             | 15,930,668                    |
| 750,000.000 units of Rs. 10 each in Reliance Fixed Horizon Fund II   | –                             | 7,500,000                     |
| 21,412,350.000 units of Rs. 10 each in Reliance Interval Fund  | 228,314,292                   | 15,000,000                    |
| 9,019,764.000 units of Rs. 10 each in HDFC Mutual Fund   | 102,922,429                   | –                             |
| 24,483,348.257 units of Rs. 10 each in DWS Mutual Fund   | 245,199,896                   | –                             |
| 9,435,251.000 units of Rs. 10 each in Kotak Mutual Fund  | 94,607,626                    | –                             |
| 20,000,000.000 units of Rs. 10 each in ICICI Prudential Mutual Fund  | 20,000,000                    | –                             |
|  | <u>693,310,403</u>            | <u>39,881,678</u>             |
| Aggregate value of quoted Investments  | 315,150                       | –                             |
| Market value of quoted investments   | 309,210                       | –                             |
| *(Note: 190 shares are held in the name of Mr. Ravi Ghai, Managing Director and Mr. Gaurav Ghai, Joint Managing Director of the Company) |                               |                               |



# THE GL HOTELS LIMITED

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES</b>                    |                               |                               |
| <b>Current Assets:</b>  |                               |                               |
| (a) Inventories - At cost<br>(as valued and certified by the Management):   |                               |                               |
| (i) Food and Beverages  | 8,321,344                     | 8,822,268                     |
| (ii) Stores and Other Operating Supplies                                    | 7,162,060                     | 5,053,729                     |
|   | <b>15,483,404</b>             | <b>13,875,997</b>             |
| (b) Sundry Debtors (Unsecured, considered good): (Note '5')                 |                               |                               |
| Outstanding over six months   | 4,476,585                     | 2,830,721                     |
| Other Debts   | 47,511,825                    | 39,004,127                    |
|   | <b>51,988,410</b>             | <b>41,834,848</b>             |
| (c) Cash and Bank Balances:   |                               |                               |
| Cash on hand (as confirmed by the Managing Director)                        | 1,593,303                     | 2,116,889                     |
| Balances with Scheduled Banks in:   |                               |                               |
| Current Accounts  | 26,489,875                    | 21,846,987                    |
| Deposit/Margin Money Accounts (lodged as securities with the banks)         | 12,128,732                    | 11,427,913                    |
| Other Deposit Accounts  | –                             | 26,513,399                    |
|   | <b>40,211,910</b>             | <b>61,905,188</b>             |
| <b>Loans and Advances (unsecured, considered good):</b>                     |                               |                               |
| Loans (interest free) to:   |                               |                               |
| – Kwality Resorts and Hospitality Limited (Subsidiary Company)              | 485,989,426                   | 59,780                        |
| – Leman International Private Ltd. (Subsidiary Company)                     | 29,862,032                    | 8,597,563                     |
| Advances recoverable in cash or in kind for value to be received            | 59,309,299                    | 33,761,270                    |
| Security and other Deposits (Note "5")                                      | 135,476,919                   | 12,498,688                    |
| Advance Income-tax (net of provisions) – (including tax deducted at source) | 10,020,057                    | 5,314,314                     |
|   | <b>720,657,733</b>            | <b>60,231,615</b>             |
| <b>TOTAL</b>  | <b>828,341,457</b>            | <b>177,847,648</b>            |
| <b>SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS</b>                    |                               |                               |
| <b>Current Liabilities</b>  |                               |                               |
| Sundry Creditors (Note '6')   | 53,988,298                    | 47,129,553                    |
| Other Liabilities   | 14,896,727                    | 13,701,751                    |
|   | <b>68,885,025</b>             | <b>60,831,304</b>             |
| <b>Provisions</b>   |                               |                               |
| Leave Encashment  | 1,523,967                     | 1,386,745                     |
| Gratuity (Note '2')   | 5,649,769                     | 2,389,570                     |
| Proposed Dividend   | 25,933,518                    | –                             |
| Tax on Proposed Dividend  | 4,407,401                     | –                             |
|   | <b>37,514,655</b>             | <b>3,776,315</b>              |
| <b>TOTAL</b>  | <b>106,399,680</b>            | <b>64,607,619</b>             |

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## Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'I' – SALES AND OTHER SERVICES</b>  |                               |                               |
| Room Sales  | 234,531,618                   | 191,056,550                   |
| Food and Beverages  | 314,733,255                   | 287,722,750                   |
| Other Services  | 91,343,347                    | 41,614,027                    |
|   | <u>640,608,220</u>            | <u>520,393,327</u>            |
| <b>SCHEDULE 'J' – OTHER INCOME</b>  |                               |                               |
| Miscellaneous receipts  | 1,846,922                     | 452,780                       |
| Dividend Income   | 31,315,384                    | 1,133,390                     |
| Interest Income:<br>(Tax deducted at source – Rs.192,253) (previous year Rs. 484,801) | 1,099,299                     | 2,263,840                     |
| Profit on sale of Investments   | 4,616,426                     | 28,479                        |
| Profit on sale of Assets  | –                             | 900,000                       |
| Sales Tax refund  | 452,150                       | –                             |
| Unclaimed Credit balances written off (net)   | 1,382,057                     | 3,259,399                     |
| Rebate on Loans prepaid   | 30,510,355                    | –                             |
| Exchange Rate Difference (net)  | 11,942,805                    | 4,524,578                     |
| Foreign Exchange Commission   | 243,404                       | 236,201                       |
|   | <u>83,408,802</u>             | <u>12,798,667</u>             |
| <b>SCHEDULE 'K' – CONSUMPTION OF FOOD AND BEVERAGES</b>                               |                               |                               |
| Stock at Commencement   | 8,822,268                     | 4,718,821                     |
| Purchases during the year   | 80,623,331                    | 79,556,100                    |
|   | <u>89,445,599</u>             | <u>84,274,921</u>             |
| Less: Stock at close  | 8,321,344                     | 8,822,268                     |
|   | <u>81,124,255</u>             | <u>75,452,653</u>             |
| <b>SCHEDULE 'L' – EMPLOYEES' REMUNERATION AND BENEFITS (Note '7')</b>                 |                               |                               |
| Salaries, Wages, Bonus and Gratuity   | 73,779,798                    | 62,908,975                    |
| Company's Contribution to Provident and Other Funds                                   | 6,687,514                     | 5,164,978                     |
| Staff Welfare expenses  | 3,478,418                     | 5,056,568                     |
|   | <u>83,945,730</u>             | <u>73,130,521</u>             |

# THE GL HOTELS LIMITED

## Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'M' – OPERATING AND GENERAL EXPENSES</b> |                               |                               |
| <b>Operating Expenses:</b>                           |                               |                               |
| Power, Fuel and Water                                | 33,528,706                    | 25,231,953                    |
| Repairs and Maintenance:                             |                               |                               |
| Building   | 4,424,630                     | 2,619,064                     |
| Machinery  | 1,234,772                     | 1,349,395                     |
| Other Assets   | 8,043,646                     | 10,352,957                    |
| Stores and Supplies including Linen and Uniforms     | 12,601,537                    | 11,202,147                    |
| Washing and Laundry expenses                         | 8,272,940                     | 6,362,087                     |
| Business Operating expenses                          | 27,079,824                    | 29,729,860                    |
| Hall Decoration                                      | 8,605,691                     | 5,683,032                     |
| Music and other Operating expenses                   | 6,916,211                     | 7,091,516                     |
| <b>General Expenses:</b>                             |                               |                               |
| Rent   | 9,274,640                     | 1,933,245                     |
| Rates and Taxes                                      | 5,264,399                     | 5,609,811                     |
| Insurance  | 3,100,980                     | 2,151,309                     |
| Hire charges   | 4,954,664                     | 4,296,012                     |
| Advertisement and Sales Promotion                    | 13,147,078                    | 11,053,043                    |
| Commission of Sales                                  | 17,749,229                    | 15,452,241                    |
| Travelling and Conveyance                            | 12,259,790                    | 13,083,932                    |
| Vehicle Maintenance and expenses                     | 189,047                       | 387,935                       |
| Printing and Stationery                              | 3,610,288                     | 2,844,032                     |
| Postage and Telephones                               | 6,549,603                     | 5,776,195                     |
| Other Expenses                                       | 10,213,811                    | 11,592,809                    |
| Payments to Auditors (Note '8')                      | 798,952                       | 349,367                       |
| Legal and Professional charges                       | 3,747,493                     | 3,632,388                     |
| Basic Management fee                                 | 13,828,436                    | 11,391,081                    |
| Corporate Service fees                               | 7,545,748                     | –                             |
| Donations  | 449,491                       | 53,700                        |
| Lease Rental   | 172,840                       | 359,085                       |
| Directors Sitting fees                               | 70,000                        | 35,000                        |
| Loss on sale of Assets                               | –                             | 624,743                       |
| Prior Period expenses                                | 5,293,186                     | 7,170,000                     |
| Bad Debts written off                                | –                             | 1,213,848                     |
|  | <b>228,927,632</b>            | <b>198,631,787</b>            |

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## Schedules

### Notes to the Accounts

#### SCHEDULE 'N' – NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. The Company is contingently liable in respect of:
  - (a) Bank Guarantees given to the extent of Rs. 50,685,425 (previous year Rs. 50,670,425).
  - (b) Estimated amount of contracts remaining to be executed on capital account and not provided for is approximately Rs. 13,500,000 (previous year Rs. Nil)
2. (a) The total present liability of the Company for gratuity as on 31 March 2008 as per valuation carried out by Life Insurance Corporation of India under Group Gratuity Scheme comes to Rs.10,680,488 (previous year Rs. 7,211,629) out of which Rs. 5,030,719 (previous year Rs. 4,822,059) has been paid to Life Insurance Corporation of India (Group Gratuity Scheme Account) upto 31 March 2008.
  - (b) Upto 31 March 2003 the Company was depositing its gratuity liability with the Gratuity Trust formed by the Company. From 1 April 2003 the Company has opened a Group Gratuity Scheme Account with Life Insurance Corporation of India. The amount lying in Gratuity Trust account of Rs. 884,683 (previous year Rs. 836,241) is to be utilised in subsequent years by way of contribution towards Group Gratuity Scheme with Life Insurance Corporation of India.
3. (a) Finance Lease:
 

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.7,334,697 (previous year Rs. 6,847,867) against which the future obligations aggregate to Rs. 4,732,508 (previous year Rs. 2,945,446) excluding the lease charge Rs. 841,111 (previous year Rs. 1,100,936) and the same are payable as under:

| Period                                       | 2007-2008                      |                        | 2006-2007                      |                        |
|--|--------------------------------|------------------------|--------------------------------|------------------------|
|  | Minimum Lease Payment (Rupees) | Present Value (Rupees) | Minimum Lease Payment (Rupees) | Present Value (Rupees) |
| Not later than 1 year                        | <b>2,161,308</b>               | <b>1,717,617</b>       | 1,560,696                      | 895,113                |
| Later than 1 year but not later than 5 years | <b>3,412,311</b>               | <b>3,014,891</b>       | 2,485,686                      | 2,050,333              |

- (b) Operating Lease:
 

The Company has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

| Period                                       | 2007-08 Minimum Lease Payment (Rupees) | 2006-07 Minimum Lease Payment (Rupees) |
|--|--|--|
| Not later than 1 year                        | <b>43,048,430</b>                      | 10,656,700                             |
| Later than 1 year but not later than 5 years | <b>186,673,062</b>                     | 86,103,350                             |
| Later than 5 years                           | <b>201,382,793</b>                     | 59,745,000                             |

4. The unsecured loans from Others includes:
  - (a) Rs. Nil (previous year 6,925,153) loan from Kwality Frozen Foods Pvt. Ltd. company under the same management. The amount repayable as installments (principal) within one year is Rs. Nil (previous year Rs. 1,211,882).
  - (b) Rs. Nil (previous year Rs. 14,391,891) interest free loan from SC Hotels & Resorts India Private Limited.
  - (c) Rs. Nil (previous Rs. 12,129,299 ) interest free loan from Inter continental Hotels Corporation, U.S.A.
  - (d) Rs. Nil (previous year Rs. 1,184,982) loan from Ambition Trading Private Limited a company under the same management. The amount repayable as installments (principal) within one year is Rs. Nil (previous year Rs. 424,000).

## THE GL HOTELS LIMITED

### Notes to the Accounts — (Contd.)

|  |  |                     |                     |
|--|--|---------------------|---------------------|
| 5. Particulars of Sundry Debtors and Loans and Advances for amounts due from companies under the same management are as follows:   |  | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
| <b>Sundry Debtors:</b>   |  |                     |                     |
| Kwality Frozen Foods Private Limited   |  | 22,874,483          | 20,031,209          |
| Rich Kwality Products Private Limited  |  | 612,506             | 409,558             |
| Mahaniya Investments Private Limited   |  | 248,361             | 231,992             |
| Baskin Robbins Franchise Co Private Limited  |  | 81,296              | —                   |
|  |  | <b>23,816,646</b>   | <b>20,672,759</b>   |
| <b>Loans and Advances:</b>   |  |                     |                     |
| <b>Security Deposits:</b>  |  |                     |                     |
| Kwality Frozen Foods Private Limited   |  | 20,000,000          | —                   |
| Cross Word Beverages Private Limited   |  | 90,000,000          | —                   |
|  |  | <b>110,000,000</b>  | <b>—</b>            |
| 6. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company. |  |                     |                     |
| 7. Remuneration paid to the Managing Director and Joint Managing Director:   |  |                     |                     |
| Salary   |  | 5,335,694           | 1,640,000           |
| Contribution to provident fund   |  | 616,258             | 182,400             |
| Other Perquisites  |  | 1,185,000           | —                   |
|  |  | <b>7,136,952</b>    | <b>1,822,400</b>    |
| 8. Remuneration Payable to Auditors:   |  |                     |                     |
| Audit Fee  |  | 355,000             | 255,000             |
| Certification charges and fee  |  | 443,952             | 94,367              |
|  |  | <b>798,952</b>      | <b>349,367</b>      |
| 9. Earning per Share:  |  |                     |                     |
| Weighted average number of equity shares (Basic)   |  | 15,818,858          | 7,016,379           |
| Weighted average number of equity shares (Diluted)   |  | 16,043,792          | 12,878,550          |
| Net profit after taxation  |  | 130,185,540         | 73,307,095          |
| Earning per share-Basic (Rs.)  |  | 8.23                | 10.45               |
| Earning per share-Diluted (Rs.)  |  | 8.11                | 5.69                |
| Nominal value per equity share (Rs.)   |  | 10                  | 10                  |
| 10. The deferred tax (asset)/liability as on 31 March 2008 is as follows:  |  |                     |                     |
| Deferred tax asset due to:   |  |                     |                     |
| (a) Unabsorbed depreciation and carried forward business loss under the Income-tax Act, 1961   |  | (1,451,128)         | (77,077,982)        |
| (b) Items covered under section 43B of Income-tax Act, 1961  |  | (2,109,686)         | (2,041,948)         |
| Deferred tax liability due to:   |  |                     |                     |
| Depreciation   |  | 43,383,171          | 42,223,196          |
| Net deferred tax (assets)/liability  |  | <b>39,822,357</b>   | <b>(36,896,734)</b> |

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## Notes to the Accounts — (Contd.)

11. Amalgamation expenses amounting to Rs. 4,142,720 to be written off over a period of five years. Accordingly, Rs. 828,544 (previous year Rs. 828,544) has been written off during the year and the balance of Rs. 2,485,632 (previous year Rs. 3,314,176) carried forward.
12. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

### A. List of Related Parties (relied on the details provided by the management):

#### (i) Shareholders/Directors

Mr Ravi Ghai, Mrs Krishana Ghai, Maharani Prithvibir Kaur, Mr Gaurav Ghai, \*Mr RKP Shankardass,  
(\*no transactions during the year)

#### (ii) Other related parties where the common control exists

Kwality Frozen Foods Pvt Ltd, Rich Kwality Products Pvt Ltd, Baskin Robbins Franchise Pvt Ltd., Leman International Pvt. Ltd.

Mahaniya Investments Pvt Ltd., Kwality Resorts and Hospitality Limited, Crossword Beverages Pvt. Ltd., Great Indian Cigar Co. Pvt. Ltd.

\*Idar Hotels Pvt. Ltd., \*Gaylord Pvt. Ltd., \*Oregon Realtys Pvt. Ltd., \*Perfect Livestock Pvt. Ltd., \*Satinetta Finelease & Investments Pvt. Ltd., \*Baskin Robbins India Pvt. Ltd., \*Kwality Walls Fanatasy Ltd. (\*no transactions during the year)

#### (iii) Managing Director

Mr Ravi Ghai

### B. Transactions with Related Parties:

|   | 2007-2008   | 2006-2007  |
|---|-------------|------------|
|   | Rupees      | Rupees     |
| <b>(i) Sale:</b>                                      |             |            |
| Other related parties where the common control exists | 102,674,755 | 75,589,707 |
| <b>(ii) Expenditure and other services fees paid:</b> |             |            |
| Shareholders/Directors/Managing Director              | 931,412     |            |
| Other related parties where the common control exists | 8,570,474   | 5,839,032  |
| <b>(iii) Managerial Remuneration:</b>                 |             |            |
| Managing Director and Joint Managing Director         | 7,136,952   | 1,822,400  |
| <b>(iv) Loans/Advances/Deposits given:</b>            |             |            |
| Other related parties where the common control exists | 625,851,459 | -          |
| <b>(v) Debtors:</b>                                   |             |            |
| Other related parties where the common control exists | 23,816,646  | 20,379,800 |
| <b>(vi) Loans/Advances/Deposits received:</b>         |             |            |
| Other related parties where the common control exists | -           | 6,925,153  |
| <b>(vii) Outstanding payables:</b>                    |             |            |
| Other related parties where the common control exists | 1,030,158   | 155,086    |

13. As the turnover of the Company includes Room sales and sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumed.

# THE GL HOTELS LIMITED

## Notes to the Accounts — (Contd.)

14. Value of raw materials and stores consumed:

|                | 2007-2008                       |                   | 2006-2007                       |               |
|----------------|---------------------------------|-------------------|---------------------------------|---------------|
|                | Percentage of total consumption | Amount Rupees     | Percentage of total consumption | Amount Rupees |
| Raw Materials: |                                 |                   |                                 |               |
| Imported       | <b>1.02</b>                     | <b>829,084</b>    | 2.97                            | 2,244,151     |
| Indigenous     | <b>98.98</b>                    | <b>80,295,171</b> | 97.03                           | 73,208,502    |
| Stores:        |                                 |                   |                                 |               |
| Imported       | <b>6.93</b>                     | <b>211,955</b>    | 3.27                            | 68,526        |
| Indigenous     | <b>93.07</b>                    | <b>2,844,840</b>  | 96.73                           | 2,024,982     |

|  | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|--|---------------------|---------------------|
| 15. Value of imports (CIF value):  |                     |                     |
| (a) Stores, Supplies and Spare Parts for Machinery   | <b>91,164</b>       | 68,526              |
| (b) Capital Goods  | –                   | 345,903             |
| (c) Raw Material   | <b>727,743</b>      | 2,244,151           |
| 16. Earnings in Foreign Exchange:  |                     |                     |
| (a) Sale of Rooms/F & B Income   | <b>212,512,978</b>  | 180,421,273         |
| (b) Encashment of Foreign Exchange   | <b>7,564,837</b>    | 9,448,048           |
| 17. Expenditure in Foreign Currencies:   |                     |                     |
| (a) Travelling - Directors   | <b>2,519,750</b>    | 980,500             |
| (b) Travelling - Others  | <b>1,576,481</b>    | 1,386,483           |
| (c) Agency Commission  | <b>1,475,349</b>    | 92,173              |
| (d) Advertisement  | <b>203,063</b>      | 116,564             |
| (e) Basic Management Fees  | <b>17,054,535</b>   | 12,824,548          |
| (f) Others   | <b>719,307</b>      | 389,237             |
| 18. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.  |                     |                     |
| 19. The Company has granted 50,000 share options under the Company's Employees Stock Option Scheme 2007 and these share options were outstanding as on 31 March 2008. Out of these options 10,000 options will vest in November 2010, 20,000 options in November 2011 and balance 20,000 options in November 2012. |                     |                     |
| 20. The Company Secretary of the Company resigned on 24 March 2008 and was relieved on 15 April 2008. The Company has already issued the letter of appointment to another Company Secretary who is scheduled to join the Company on 12 May 2008.   |                     |                     |
| 21. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's groupings.  |                     |                     |
| 22. Significant Accounting Policies:   |                     |                     |
| (a) The financial statements have been prepared under the historical cost convention on an accrual basis.  |                     |                     |
| (b) Revenue has been recognized on accrual basis. Sales comprise of sale of goods and services and are net of Sales Tax.   |                     |                     |
| (c) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.   |                     |                     |
| (d) Depreciation has been charged in the accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except as follows:   |                     |                     |
| – Licence Fee is depreciated at the rate of 25%  |                     |                     |
| – Leased Premises at the rate of 20%   |                     |                     |

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## Notes to the Accounts — (Contd.)

- 
- (e) Investments are stated at cost of acquisition.
- (f) Stocks and Stores are valued at cost. (Cost being the purchase price and other related expenses to bring the materials into present location and conditions).
- (g) The retirement benefits of the employees are provided for by way of payment to Provident Fund and Group Gratuity Scheme. The Company's contribution in respect of Provident Fund and Group Gratuity Scheme is charged against revenue.
- (h) Leases:
- (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.
- (ii) Operating lease expense is recognised in the Profit and Loss Account on a straight line basis over the lease term.
- (i) Taxation:  
Provision for income tax comprises current tax and fringe benefit tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
- (j) Transactions in foreign exchange are accounted for at exchange rates prevailing on the date of transaction or on the date of remittance/realisation of the amount during the year. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing at the year end.
- (k) Borrowing costs:  
Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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### Signature to Schedules 'A' to 'N'

**For S. P. CHOPRA & CO.**  
*Chartered Accountants*

**RAVI GHAI**  
*Chairman and Managing Director*

**M. V. DOSHI**  
*Director*

**Y. K. SHANKARDASS**  
*Partner*

**RAMAN MEHRA**  
*Chief Executive Officer*

**AMIT JAIN**  
*Chief Financial Officer*

Mumbai, dated: 29th April, 2008



# THE GL HOTELS LIMITED

## Cash Flow Statement for the Year Ended 31st March, 2008

|  | Rupees               | As at 31/03/2007<br>Rupees |
|--|----------------------|----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                |                      |                            |
| Net profit before tax and extra ordinary items               | 233,213,693          | 100,526,446                |
| Adjusted for:  |                      |                            |
| Depreciation   | 45,905,780           | 41,088,945                 |
| Pre-commencement expenses written off                        | 10,074,731           | 10,074,720                 |
| Amalgamation expenses written off                            | 828,544              | 828,544                    |
| Interest paid  | 39,996,657           | 33,458,378                 |
| Interest received  | (1,099,299)          | (2,263,840)                |
| Dividend received  | (31,315,384)         | (1,133,390)                |
| Profit on sale of investments                                | (4,616,426)          | (28,479)                   |
| Loss on sale of fixed assets                                 | -                    | 624,743                    |
|  | <u>59,774,603</u>    | <u>82,649,621</u>          |
| Operating profit before working capital changes              | <u>292,988,296</u>   | <u>183,176,067</u>         |
| Adjustment for:  |                      |                            |
| (Increase)/Decrease in Sundry Debtors                        | (10,153,561)         | (32,706,443)               |
| (Increase)/Decrease in Inventories                           | (1,607,407)          | (2,309,128)                |
| (Increase)/Decrease in Loans and Advances                    | (655,720,376)        | (35,619,402)               |
| Increase/(Decrease) in Current Liabilities                   | 41,792,060           | 27,883,128                 |
|  | <u>(625,689,284)</u> | <u>(42,751,845)</u>        |
| Cash generated from operations                               | <u>(332,700,988)</u> | 140,424,222                |
| Interest paid  | <u>(39,996,657)</u>  | (33,448,896)               |
| Direct Taxes paid...(net of refund)                          | <u>(31,014,805)</u>  | (3,597,556)                |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                    | <u>(403,712,450)</u> | <u>103,377,770</u>         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                |                      |                            |
| Addition to fixed assets                                     | (147,844,821)        | (50,596,589)               |
| Amalgamation expenses  | -                    | (4,142,720)                |
| Advance on capital account adjusted                          | 13,572,180           | 1,649,402                  |
| Sale of fixed assets   | -                    | 22,610,910                 |
| Investments during the year (net)                            | (653,428,725)        | (39,819,668)               |
| Sale of Investments  | -                    | 15,165,249                 |
| Dividend received  | 31,315,384           | 1,133,390                  |
| Profit on sale of investments                                | 4,616,426            | -                          |
| Interest received  | 1,099,299            | 2,263,840                  |
| <b>NET CASH USED IN INVESTMENT ACTIVITIES</b>                | <u>(750,670,257)</u> | <u>(51,736,186)</u>        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                |                      |                            |
| Share Capital Suspense Account                               | -                    | 58,621,710                 |
| Net adjustment due to Amalgamation                           | -                    | 90,148,110                 |
| Proceeds from issue of share capital                         | 44,104,620           | -                          |
| Share Premium Account  | 1,205,908,520        | -                          |
| Expenses for raising additional capital                      | (47,396,450)         | -                          |
| Share Application money                                      | 85,000,889           | -                          |
| Net proceeds from long term borrowings                       | (124,587,232)        | (183,174,872)              |
| Proposed Dividend  | (25,933,518)         | -                          |
| Tax on Proposed Dividend                                     | (4,407,401)          | -                          |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                 | <u>1,132,689,428</u> | <u>(34,405,052)</u>        |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | <u>(21,693,279)</u>  | <u>17,236,532</u>          |
| Cash and cash equivalents - Opening balance                  | <u>61,905,188</u>    | <u>44,668,656</u>          |
| Cash and cash equivalents - Closing balance                  | <u>40,211,910</u>    | <u>61,905,188</u>          |

Notes: (1) Figures in brackets are outflows/deductions. (2) Previous year's figures have been regrouped where necessary.

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**RAMAN MEHRA**  
Chief Executive Officer

**AMIT JAIN**  
Chief Financial Officer

Mumbai, Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

### (1) Registration Details

Registration No:

L55101PN1959PLC012763

State Code

11

Balance Sheet Date

31 03 2008

(Refer Code List)

Date Month Year

### (2) Capital Raised during the year (Amount in Rs. thousands)

Public Issue

NIL

Right Issue

NIL

Bonus Issue

NIL

Preferential Allotment

102726

### (3) Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

SOURCES FUND

Total Liabilities

3037152

Share Application Money

85001

Total Assets

3037152

Paid-up Capital

172890

Reserves and Surplus

2440385

Secured Loans

294209

Unsecured Loans

4845

Deferred Tax Liability (Net)

39822

APPLICATION OF FUNDS

Net Fixed Assets

1619414

Fixed Capital Expenditure

NIL

Investments

693310

Net Current Assets

721942

Deferred Tax Assets (Net)

Nil

Misllaneous Expenditure

2486

Accumulated Losses

Nil

### (4) Performance of Company (Amount in Rs. thousands)

Turnover

724017

Total Expenditure

490803

(Please tick appropriate box + for Profit, - for Loss)

+/- Profit/Loss before tax

+ 233214

+/- Profit/Loss after  
deferred tax credit

+ 130186

Earning per share (Rs.)

Basic

+ 8.23

Dividend Rate %

15

Diluted

+ 8.11

### (5) Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

NA

Product Description

HOSPITALITY INDUSTRY

**RAVI GHAI**

Chairman and Joint Managing Director

**M. V. DOSHI**

Director

**RAMAN MEHRA**

Chief Executive Officer

**AMIT JAIN**

Chief Financial Officer

Mumbai, dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Audit Reports on the Consolidated Financial Statements of the GL Hotels Limited

To the Board of Directors,

1. We have audited the attached Consolidation Balance Sheet of the GL Hotels Limited and its subsidiary companies, (the Group) as at 31st March, 2008, and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statement bases on our audit.
2. We conducted our audit in accordance with the 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 misstatements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
4. Based on the our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008
  - (b) in the case of the Consolidated Profit & Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow statement, the cash flows for the year ended on that date.

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No. F-5106

Place: Mumbai  
Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## Consolidated Balance Sheet as at 31st March, 2008

|  | Schedule     | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|--------------|-------------------------------|-------------------------------|
| <b>SOURCES OF FUNDS</b>  |              |                               |                               |
| <b>Shareholders' Funds:</b>  |              |                               |                               |
| Share Capital  | A            | 172,890,120                   | 70,163,790                    |
| Minority Interest  |              | 100                           | –                             |
| Share Capital Suspense   | A-1          | –                             | 58,621,710                    |
| Share Application Money  | A-2          | 85,000,889                    | –                             |
| Reserves and Surplus   | B            | 2,399,911,579                 | 1,149,845,612                 |
|  |              | <u>2,657,802,688</u>          | <u>1,278,631,112</u>          |
| <b>Loan Funds:</b>   |              |                               |                               |
| Secured Loans  | C            | 294,208,874                   | 384,221,153                   |
| Unsecured Loans  | D            | 35,525,733                    | 76,578,742                    |
|  |              | <u>329,734,607</u>            | <u>460,799,895</u>            |
| <b>Deferred Tax Liability/(Asset) (Net) (Note '11')</b>                      |              | <u>33,324,822</u>             | <u>(39,070,132)</u>           |
|  | <b>TOTAL</b> | <u><b>3,020,862,117</b></u>   | <u><b>1,700,360,875</b></u>   |
| <b>APPLICATION OF FUNDS</b>  |              |                               |                               |
| <b>Fixed Assets:</b>   |              |                               |                               |
| Gross Block  | E            | 2,178,458,526                 | 1,705,768,737                 |
| Less: Depreciation   |              | 211,490,021                   | 163,928,786                   |
| Net Block  |              | <u>1,966,968,505</u>          | <u>1,541,839,951</u>          |
| <b>Expenditure Pending Capitalisation (Note '14')</b>                        | E-1          | 125,696,735                   | 91,44,605                     |
| <b>Investments</b>   | F            | 691,521,403                   | 38,492,678                    |
| <b>Current Assets Loans and Advances</b>                                     |              |                               |                               |
| Inventories  | G            | 15,483,404                    | 14,108,810                    |
| Sundry Debtors   |              | 52,863,583                    | 42,992,010                    |
| Cash and Bank Balances   |              | 53,857,332                    | 62,640,951                    |
| Loans and Advances   |              | 225,299,879                   | 48,491,356                    |
|  |              | <u>347,504,198</u>            | <u>168,233,127</u>            |
| <b>Less: Current Liabilities and Provisions</b>                              | H            |                               |                               |
| Current Liabilities  |              | 76,024,337                    | 66,977,419                    |
| Provisions   |              | 37,514,655                    | 3,776,315                     |
|  |              | <u>113,538,992</u>            | <u>70,753,734</u>             |
| <b>Net Current Assets</b>  |              | <u>233,965,206</u>            | <u>97,479,393</u>             |
| <b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b> |              |                               |                               |
| Pre-Commencement Expenses  |              | –                             | 10,075,139                    |
| Amalgamation Expenses (Note '12')  |              | 2,485,632                     | 3,314,176                     |
| Other Expenditure (Note '13')  |              | 224,636                       | 14,933                        |
|  |              | <u>2,710,268</u>              | <u>13,404,248</u>             |
|  | <b>TOTAL</b> | <u><b>3,020,862,117</b></u>   | <u><b>1,700,360,875</b></u>   |
| <b>NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES</b>                 | N            |                               |                               |

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**AMIT JAIN**  
Chief Financial Officer

Mumbai, dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Consolidated Profit and Loss Account for the year ended 31st March, 2008

|   | Schedule     | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|---|--------------|------------------------------------|------------------------------------|
| <b>INCOME</b>   |              |                                    |                                    |
| Sales and Other Services  | I            | 641,145,786                        | 549,069,386                        |
| Other Income  | J            | 83,975,572                         | 13,418,811                         |
| <b>TOTAL</b>  |              | <u>725,121,358</u>                 | <u>562,488,197</u>                 |
| <b>EXPENDITURE</b>  |              |                                    |                                    |
| Consumption of Food and Beverages                                 | K            | 81,482,782                         | 81,142,434                         |
| Employees' Remuneration and Benefits                              | L            | 86,377,088                         | 78,884,698                         |
| Operating and General Expenses                                    | M            | 234,189,487                        | 213,014,102                        |
| <b>TOTAL</b>  |              | <u>402,049,357</u>                 | <u>373,041,234</u>                 |
| <b>PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION</b> |              | <b>323,072,001</b>                 | 189,446,963                        |
| <b>Less:</b>  |              |                                    |                                    |
| Interest  |              | 43,982,454                         | 38,021,527                         |
| Depreciation  |              | 47,542,440                         | 43,036,821                         |
| Amortisation of Pre-commencement expenses                         |              | 10,074,731                         | 10,074,720                         |
| Amortisation of Amalgamation expenses (Note "12")                 |              | 828,544                            | 828,544                            |
| <b>TOTAL</b>  |              | <u>102,428,169</u>                 | <u>91,961,612</u>                  |
| <b>PROFIT BEFORE TAX</b>  |              | <b>220,643,832</b>                 | 97,485,351                         |
| <b>Provision for Tax:</b>   |              |                                    |                                    |
| Current Tax   | (23,000,000) | –                                  | (1,500,000)                        |
| Deferred Tax Credit/(Debit) (Net )                                | (72,394,954) | –                                  | (29,241,031)                       |
| Fringe Benefit Tax  | (2,045,000)  | –                                  | (1,640,000)                        |
| Short Provision of Fringe Benefit Tax of earlier years            | (1,309,062)  | (98,749,016)                       | –                                  |
| <b>PROFIT AFTER TAX</b>   |              | <b>121,894,816</b>                 | 65,104,320                         |
| Balance brought forward   |              | (129,861,481)                      | (194,965,801)                      |
| <b>TOTAL</b>  |              | <u>(7,966,665)</u>                 | <u>(129,861,481)</u>               |
| <b>APPROPRIATION:</b>   |              |                                    |                                    |
| Proposed Dividend   |              | 25,933,518                         | –                                  |
| Tax on Proposed Dividend  |              | 4,407,401                          | –                                  |
| Transfer to General Reserve                                       |              | 1,625,000                          | –                                  |
| Balance carried to Balance Sheet                                  |              | (39,932,584)                       | (129,861,481)                      |
| <b>TOTAL</b>  |              | <u>(7,966,665)</u>                 | <u>(129,861,481)</u>               |
| Basic Earning per Share (Note '10' )                              |              | 7.71                               | 9.28                               |
| Diluted Earning per Share (Note '10' )                            |              | 7.60                               | 5.05                               |

### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES N

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**AMIT JAIN**  
Chief Financial Officer

Mumbai, dated: 29th April, 2008

# 47TH ANNUAL REPORT

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'A' – SHARE CAPITAL</b>  |                               |                               |
| <b>Authorised:</b>   |                               |                               |
| 230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company | 23,000,000                    | 23,000,000                    |
| 22,700,000 Equity shares of Rs. 10 each  | 227,000,000                   | 227,000,000                   |
|  | <u>250,000,000</u>            | <u>250,000,000</u>            |
| <b>Issued, Subscribed and Paid-up:</b>   |                               |                               |
| 10,522,175 (previous year 6,111,713) Equity shares of Rs. 10 each for cash (see note below)  | 105,221,750                   | 61,117,130                    |
| 776,333 Equity shares of Rs. 10 each as Bonus Shares from Capital Redemption and General Reserves Account  | 7,763,330                     | 7,763,330                     |
| 128,333 Equity shares of Rs. 10 each issued as a result of Amalgamation of Ghai Enterprises Pvt. Ltd., with the Company for consideration other than cash  | 1,283,330                     | 1,283,330                     |
| 5,862,171 Equity shares of Rs. 10 each issued during the year to erstwhile shareholders of Mayfair Banquets Private Limited in pursuance to Scheme of Arrangement as approved by Hon High Court, Mumbai.   | 58,621,710                    | –                             |
|  | <u>172,890,120</u>            | <u>70,163,790</u>             |
|  | <u>17,289,012</u>             |                               |
| Note: 4,410,462 Equity shares of Rs. 10 each issued to Dunearn Investments (Mauritius) Pte Ltd under Preferential allotment.   |                               |                               |
| <b>SCHEDULE 'A' -1 – SHARE CAPITAL SUSPENSE</b>  |                               |                               |
| 5,862,171 Shares of Rs. 10 each as fully paid to be issued to the erstwhile shareholders of Mayfair Banquets Pvt Ltd in pursuance of Scheme of Arrangement as approved by Hon High Court, Mumbai   | 58,621,710                    | 58,621,710                    |
| Less: Shares issued during the year  | 58,621,710                    | –                             |
|  | <u>–</u>                      | <u>58,621,710</u>             |
| <b>SCHEDULE 'A' -2 – SHARE APPLICATION MONEY</b>   |                               |                               |
| 2,999,114 10% Application Money received in respect of Equity Warrants @ Rs. 283.42 to be issued after receipt of full consideration.  | 85,000,889                    | –                             |
|  | <u>85,000,889</u>             | <u>–</u>                      |

# THE GL HOTELS LIMITED

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'B' – RESERVES AND SURPLUS</b>  |                               |                               |
| <b>Capital Reserves:</b>  |                               |                               |
| Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad. | 778,000                       | 778,000                       |
| Share Premium Account:  |                               |                               |
| As per last account   | 157,942,503                   | 157,942,503                   |
| Add: Amount received during the year  | 1,205,908,520                 | –                             |
|   | 1,363,851,023                 | 157,942,503                   |
| Less: Expenses for raising additional capital during the year adjusted                    | (47,396,450)                  | –                             |
|   | 1,316,454,573                 | 157,942,503                   |
| <b>General Reserve:</b>   |                               |                               |
| As per last account   | 1,121,510,570                 | 4,714,460                     |
| Add: Reserve arising on revaluation of Land of the Company                                | –                             | 1,026,648,000                 |
| Add: Adjustments on Amalgamation  | –                             | 90,148,110                    |
|   | 1,121,510,570                 | 1,121,510,570                 |
| Add: Transferred from Profit & Loss Account   | 1,625,000                     | –                             |
| Less: Adjusted against debit balance in P & L Account -as per contra                      | –                             | (129,861,481)                 |
| Less: Goodwill on Consolidation adjusted  | (523,980)                     | (523,980)                     |
|   | 1,122,611,590                 | 991,125,109                   |
| <b>Profit and Loss Account</b>  |                               |                               |
| As per Accounts Annexed   | (39,932,584)                  | (129,861,481)                 |
| Less: Adjusted against General Reserve -as per contra                                     | –                             | (129,861,481)                 |
|   | (39,932,584)                  | –                             |
|   | 2,399,911,579                 | 1,149,845,612                 |

# 47TH ANNUAL REPORT

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'C' – SECURED LOANS</b>  |                               |                               |
| <b>From Bank:</b>  |                               |                               |
| <b>I. Term Loan from Vijaya Bank</b>   |                               |                               |
| 1. Secured by first charge over the five star hotel property of the Company at Mumbai and personal guarantee of the Managing Director:   |                               |                               |
| (a) Term Loan  | 90,000,000                    | 141,879,782                   |
| (b) Foreign Currency Loan VFRL (US Dollars 3,333,704)  | 133,681,521                   | 145,582,843                   |
| (c) Interest accrued and due   | 900,611                       | 1,339,571                     |
| 2. Secured by First Charge over the five star hotel property of the Company at Mumbai and exclusive charge on the fixed assets such as furniture & fixtures, plant & machinery and office equipments in respect of banqueting facilities created out of the loan amount at various locations of the country. | 64,000,000                    | –                             |
| <b>II. Term Loan from Axis Bank</b>  |                               |                               |
| 1. Secured by First Charge over the company's assets and movable fixed assets, both present and future, Personal Guarantees by Mr Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwaliti Frozen Foods Private Limited, a company under the same management.                                     | 894,234                       | 2,712,518                     |
| 2. Secured by First Charge over the company's assets and movable fixed assets which were sold prior to 31 March 2007, Personal Guarantees by Mr Ravi Ghai, Managing Director and Corporate Guarantee by M/s Kwaliti Frozen Foods Private Limited, a company under the same management.                       | –                             | 5,656,483                     |
|  | <b>289,476,366</b>            | <b>297,171,197</b>            |
| <b>III. From Others:</b>   |                               |                               |
| SC Hotels & Resorts India Pvt Ltd.<br>(Secured by second charge over the properties of Kwaliti Frozen Foods Private Limited, the Company under the same management and a personal guarantee of the Managing Director)  |                               |                               |
| (a) Ordinary Loan  | –                             | 17,492,000                    |
| (b) Preferred Loan   | –                             | 65,595,000                    |
| (c) Interest accrued and due   | –                             | 1,017,510                     |
| <b>IV. From others- Banks and Financial Institutions:</b>  |                               |                               |
| Deferred Payment Liabilities (Note '4a')<br>(secured by hypothecation of Vehicles)   | 4,732,508                     | 2,945,446                     |
|  | <b>294,208,874</b>            | <b>384,221,153</b>            |
| <b>SCHEDULE 'D' – UNSECURED LOANS</b>  |                               |                               |
| <b>Fixed Deposits:</b>   |                               |                               |
| Public   | 3,830,000                     | 3,956,000                     |
| Directors  | 781,000                       | 670,000                       |
|  | 4,611,000                     | 4,626,000                     |
| Interest accrued and due   | 233,786                       | 162,414                       |
|  | 4,844,786                     | 4,788,414                     |
| Other Loans and Advances (Note '5' )   |                               |                               |
| From Shareholders:   | 9,698,359                     | 15,662,553                    |
| From Others:   | 20,982,588                    | 56,127,775                    |
|  | <b>35,525,733</b>             | <b>76,578,742</b>             |



**Schedules**

forming part of the Consolidated Balance Sheet as at 31st March, 2008

| PARTICULARS                                      | GROSS BLOCK      |                 |             |                    |                 | DEPRECIATION (Note "22d") |                 |              |             |                | NET BLOCK       |                  |
|--|------------------|-----------------|-------------|--------------------|-----------------|---------------------------|-----------------|--------------|-------------|----------------|-----------------|------------------|
|  | As at 01/04/2007 | On Amalgamation | Additions   | Sales/ Adjustments | As at 31/3/2008 | Upto 31/03/2007           | On Amalgamation | For the Year | Adjustments | Upto 3/31/2008 | As at 3/31/2008 | As at 31/03/2007 |
| Licence Fees (Note '1' below)                    | 531,885          | -               | 739,379     | -                  | 1,271,264       | 132,971                   | -               | 244,799      | -           | 377,770        | 893,494         | 398,914          |
| Leasehold Land                                   | 1,027,233,000    | -               | -           | -                  | 1,027,233,000   | -                         | -               | -            | -           | -              | 1,027,233,000   | 1,027,233,000    |
| Freehold Land (Note '2' below)                   | -                | -               | 295,157,638 | -                  | 295,157,638     | -                         | -               | -            | -           | -              | 295,157,638     | -                |
| Buildings  | 320,966,999      | -               | 460,833     | -                  | 321,427,832     | 41,678,509                | -               | 10,728,529   | -           | 52,407,038     | 269,020,794     | 279,288,490      |
| Leased Premises (Note '3' below)                 | 7,440,788        | -               | 37,235,333  | -                  | 44,676,121      | 2,174,150                 | -               | 4,313,080    | -           | 6,487,230      | 38,188,891      | 5,266,638        |
| Plant and Machinery                              | 63,691,834       | -               | 17,116,490  | -                  | 80,808,324      | 23,759,687                | -               | 6,517,859    | -           | 30,277,546     | 50,530,778      | 39,932,147       |
| Furniture, Fittings and Electrical Installations | 190,667,514      | -               | 12,597,119  | -                  | 203,264,633     | 70,516,481                | -               | 18,904,305   | -           | 89,420,786     | 113,843,847     | 120,151,033      |
| Hotel and Office Equipment                       | 50,525,505       | -               | 2,418,639   | -                  | 52,944,144      | 13,412,545                | -               | 2,427,411    | -           | 15,839,956     | 37,104,188      | 37,112,960       |
| Information Technology                           | 17,046,506       | -               | 2,374,207   | -                  | 19,420,713      | 9,913,682                 | -               | 2,944,017    | -           | 12,857,699     | 6,563,014       | 7,132,824        |
| Vehicles   | 14,092,526       | -               | 3,337,900   | -                  | 17,430,426      | 2,340,761                 | -               | 1,481,235    | -           | 3,821,996      | 13,608,430      | 11,751,765       |
| Advances on capital account:                     |                  |                 |             |                    |                 |                           |                 |              |             |                |                 |                  |
| Construction Contractors/Suppliers               | 13,572,180       | -               | 114,824,431 | 13,572,180         | 114,824,431     | -                         | -               | -            | -           | -              | 114,824,431     | 13,572,180       |
| Total  | 1,705,768,737    | -               | 486,251,969 | 13,572,180         | 2,178,458,526   | 163,928,786               | -               | 47,561,235   | -           | 211,490,021    | 1,966,968,505   | 1,541,839,951    |
| Total (previous year)                            | 637,404,638      | 1,046,686,982   | 39,555,117  | 29,090,879         | 1,705,768,737   | -                         | 1,189,616       | 43,036,821   | 1,884,781   | 163,928,786    | 1,541,839,951   |                  |

**Notes:**

- The licence fees is towards obtaining the software licence.
- Agricultural Land was purchased at Albaugh and Shirdi each in the name of a Director of the Company in terms of the Resolutions of the Board of Directors of the Company dated 12 July 2007 for the beneficial interest of the Company.
- This amount represents the cost of improvements to the premises taken on lease.

**SCHEDULE 'E-1' - FIXED CAPITAL EXPENDITURE**

|   | As at 31/03/2008 Rupees | As at 31/03/2007 Rupees |
|---|-------------------------|-------------------------|
| (a) Development work in progress              | 97,896,709              | 5,000,000               |
| (b) Incidental Expenditure during development | 27,800,026              | 4,144,605               |
| <b>TOTAL</b>                                  | <b>125,696,735</b>      | <b>9,144,605</b>        |

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forming part of the Consolidated Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'F' – INVESTMENTS (FULLY PAID UP) (AT COST)</b>  |                               |                               |
| <b>Investment in Equity Shares (Other than trade):</b>   |                               |                               |
| Quoted:  |                               |                               |
| 382,000 of Edelweiss Capital Limited of Rs. 5 each   | <b>315,150</b>                | –                             |
| Unquoted:  |                               |                               |
| 530 of The Saraswat Co-operative Bank Ltd., of Rs. 10 each   | <b>5,300</b>                  | 5,300                         |
| 20 of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each  | <b>1,000</b>                  | 1,000                         |
| *1857 of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each  | <b>55,710</b>                 | 55,710                        |
| <b>Investment in Equity Shares (trade):</b>  |                               |                               |
| 10,000 of Great Indian Cigar Company Private Limited of Rs. 10 each  | <b>100,000</b>                | –                             |
| <b>Other than Trade- Mutual Funds:</b>   |                               |                               |
| Unquoted:  |                               |                               |
| 1,344,201.663 units of Rs. 10 each in Prudential ICICI Liquid Fund   | –                             | 15,930,668                    |
| 750,000.000 units of Rs. 10 each in Reliance Fixed Horizon Fund II   | –                             | 7,500,000                     |
| 21,412,350.000 units of Rs. 10 each in Reliance Interval Fund  | <b>228,314,292</b>            | 15,000,000                    |
| 9,019,764.000 units of Rs. 10 each in HDFC Mutual Fund   | <b>102,922,429</b>            | –                             |
| 24,483,348.257 units of Rs. 10 each in DWS Mutual Fund   | <b>245,199,896</b>            | –                             |
| 9,435,251.000 units of Rs. 10 each in Kotak Mutual Fund  | <b>94,607,626</b>             | –                             |
| 20,000,000.000 units of Rs. 10 each in ICICI Prudential Mutual Fund  | <b>20,000,000</b>             | –                             |
|  | <b>691,521,403</b>            | <b>38,492,678</b>             |
| Aggregate value of quoted Investments  | <b>315,150</b>                | –                             |
| Market value of quoted investments   | <b>309,210</b>                | –                             |
| *(Note: 190 shares are held in the name of Mr Ravi Ghai, Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company) |                               |                               |

# THE GL HOTELS LIMITED

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES</b>                    |                               |                               |
| <b>Current Assets:</b>  |                               |                               |
| (a) Inventories - At cost<br>(as valued and certified by the Management):   |                               |                               |
| (i) Food and Beverages  | 8,321,344                     | 9,055,081                     |
| (ii) Stores and Other Operating Supplies                                    | 7,162,060                     | 5,053,729                     |
|   | <u>15,483,404</u>             | <u>14,108,810</u>             |
| (b) Sundry Debtors (Unsecured, considered good): (Note '6')                 |                               |                               |
| Outstanding over six months   | 5,351,758                     | 3,276,457                     |
| Other debts   | 47,511,825                    | 39,715,553                    |
|   | <u>52,863,583</u>             | <u>42,992,010</u>             |
| (c) Cash and Bank Balances:   |                               |                               |
| Cash on hand (as confirmed by the Managing Director)                        | 4,524,093                     | 2,203,081                     |
| Balances with Scheduled Banks in:   |                               |                               |
| Current Accounts  | 37,204,507                    | 22,496,558                    |
| Deposit/Margin Money Accounts (lodged as securities with the banks)         | 12,128,732                    | 11,427,913                    |
| Other Deposit Accounts  | –                             | 26,513,399                    |
|   | <u>53,857,332</u>             | <u>62,640,951</u>             |
| <b>Loans and Advances (unsecured, considered good):</b>                     |                               |                               |
| Advances recoverable in cash or in kind for value to be received            | 75,258,070                    | 26,306,707                    |
| Security and other Deposits   | 139,622,669                   | 16,478,638                    |
| Advance Income-tax (net of provisions) – (including tax deducted at source) | 10,419,140                    | 5,706,011                     |
|   | <u>225,299,879</u>            | <u>48,491,356</u>             |
| <b>TOTAL</b>  | <u><u>347,504,198</u></u>     | <u><u>168,233,127</u></u>     |
| <b>SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS</b>                    |                               |                               |
| <b>Current Liabilities:</b>   |                               |                               |
| Sundry Creditors (Note '7' )  | 55,355,294                    | 52,271,592                    |
| Other Liabilities   | 15,051,043                    | 14,705,827                    |
|   | <u>70,406,337</u>             | <u>66,977,419</u>             |
| <b>Provisions:</b>  |                               |                               |
| Leave Encashment  | 1,523,967                     | 1,386,745                     |
| Gratuity (Note '3')   | 5,649,769                     | 2,389,570                     |
| Proposed Dividend   | 25,933,518                    | –                             |
| Tax on Proposed Dividend  | 4,407,401                     | –                             |
|   | <u>37,514,655</u>             | <u>3,776,315</u>              |
| <b>TOTAL</b>  | <u><u>107,920,992</u></u>     | <u><u>70,753,734</u></u>      |

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## Schedules

forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'I' – SALES AND OTHER SERVICES</b>                        |                               |                               |
| Room Sales  | 234,531,618                   | 191,056,550                   |
| Food and Beverages  | 315,270,821                   | 316,398,809                   |
| Other Services  | 91,343,347                    | 41,614,027                    |
|   | <u>641,145,786</u>            | <u>549,069,386</u>            |
| <b>SCHEDULE 'J' – OTHER INCOME</b>                                    |                               |                               |
| Miscellaneous receipts  | 1,851,730                     | 471,100                       |
| Dividend Income   | 31,315,384                    | 1,133,390                     |
| Interest Income   | –                             | –                             |
| (Tax deducted at source - Rs.192,253) (previous year Rs.484,801 )     | 1,099,299                     | 2,263,840                     |
| Profit on sale of Investments   | 4,616,426                     | 28,479                        |
| Profit on sale of Assets  | –                             | 900,000                       |
| Sales Tax refund  | 452,150                       | –                             |
| Unclaimed Credit balances written off (net)                           | 1,944,019                     | 3,861,223                     |
| Rebate on Loans prepaid   | 30,510,355                    | –                             |
| Exchange Rate Difference (net)  | 11,942,805                    | 4,524,578                     |
| Foreign Exchange Commission   | 243,404                       | 236,201                       |
|   | <u>83,975,572</u>             | <u>13,418,811</u>             |
| <b>SCHEDULE 'K' – CONSUMPTION OF FOOD AND BEVERAGES</b>               |                               |                               |
| Stock at Commencement   | 9,055,081                     | 5,308,748                     |
| Purchases during the year   | 80,749,045                    | 84,888,767                    |
|   | <u>89,804,126</u>             | <u>90,197,515</u>             |
| Less: Stock at close  | 8,321,344                     | 9,055,081                     |
|   | <u>81,482,782</u>             | <u>81,142,434</u>             |
| <b>SCHEDULE 'L' – EMPLOYEES' REMUNERATION AND BENEFITS (Note "8")</b> |                               |                               |
| Salaries, Wages, Bonus and Gratuity                                   | 75,954,063                    | 68,170,708                    |
| Company's Contribution to Provident and Other Funds                   | 6,923,182                     | 5,573,378                     |
| Staff Welfare expenses  | 3,499,843                     | 5,140,612                     |
|   | <u>86,377,088</u>             | <u>78,884,698</u>             |

# THE GL HOTELS LIMITED

## Schedules

forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'M' – OPERATING AND GENERAL EXPENSES</b> |                               |                               |
| <b>Operating Expenses:</b>                           |                               |                               |
| Power, Fuel and Water                                | 33,584,563                    | 26,467,373                    |
| Repairs and Maintenance:                             |                               |                               |
| Building   | 4,424,630                     | 3,164,655                     |
| Machinery  | 1,234,772                     | 1,388,077                     |
| Other Assets   | 8,059,001                     | 11,043,803                    |
| Stores and Supplies including Linen and Uniforms     | 12,696,477                    | 11,419,926                    |
| Washing and Laundry expenses                         | 8,273,737                     | 6,629,732                     |
| Business Operating expenses                          | 27,223,729                    | 33,324,069                    |
| Hall Decoration                                      | 8,605,691                     | 5,683,032                     |
| Music and other Operating expenses                   | 6,916,211                     | 7,091,516                     |
| <b>General Expenses:</b>                             |                               |                               |
| Rent   | 9,420,540                     | 2,229,245                     |
| Rates and Taxes                                      | 6,303,022                     | 7,452,409                     |
| Insurance  | 3,137,605                     | 2,250,475                     |
| Hire charges   | 4,978,328                     | 5,629,886                     |
| Advertisement and Sales Promotion                    | 13,147,078                    | 11,302,888                    |
| Commission of Sales                                  | 17,749,229                    | 15,470,053                    |
| Travelling and Conveyance                            | 13,185,006                    | 13,959,370                    |
| Vehicle Maintenance and expenses                     | 189,047                       | 387,935                       |
| Printing and Stationery                              | 3,726,420                     | 2,892,722                     |
| Postage and Telephones                               | 6,686,685                     | 6,192,223                     |
| Other Expenses                                       | 10,782,962                    | 12,736,813                    |
| Payments to Auditors (Note '9')                      | 832,696                       | 394,263                       |
| Legal and Professional charges                       | 5,102,802                     | 4,145,778                     |
| Basic Management fee                                 | 13,828,436                    | 11,391,081                    |
| Corporate Service fees                               | 7,545,748                     | –                             |
| Donations  | 449,491                       | 53,700                        |
| Lease Rental   | 172,840                       | 359,085                       |
| Directors Sitting fees                               | 70,000                        | 35,000                        |
| Loss on sale of Asset                                | –                             | 624,743                       |
| Prior Period expenses                                | 5,293,186                     | 7,170,000                     |
| Bad Debts written off                                | 569,555                       | 2,124,250                     |
|  | <b>234,189,487</b>            | <b>213,014,102</b>            |

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## Schedules

### Notes to the Account

#### SCHEDULE 'N' – NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Consolidation:

- (a) The Consolidated Financial Statements relate to The GL Hotels Ltd (the Company) and its Subsidiary Companies as at 31 March 2008. The Consolidated Financial Statements have been prepared on the following basis:
- (i) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statement'; issued by the Institute of Chartered Accountants of India.
  - (ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as that of the Company, i.e. 31 March 2008.
  - (iii) The excess of cost to the Company of its investment in the subsidiary companies over the Company's portion of equity is recognised in the financial statements as Goodwill adjusted against General Reserve as prescribed by Accounting Standard '21'.
  - (iv) All the Subsidiary Companies are fully owned subsidiary companies of The GL Hotels Limited.
- (b) The list of Subsidiary Companies which are included in the consolidation with their respective country of incorporation are as given below:

| Name of Company                     | Country of Incorporation | Holding % |
|-------------------------------------|--------------------------|-----------|
| Leman International Private Limited | India                    | 100       |
| Kwality Resort and Hospitality Ltd. | India                    | 99.98     |

2. The Company is contingently liable in respect of:

- (a) Bank Guarantees given to the extent of Rs. 50,685,425 (previous year Rs. 50,670,425).
- (b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 433,013,291 (previous year Rs. 45,250,000)

3. (a) The total present liability of the Company for gratuity as on 31 March 2008 as per valuation carried out by Life Insurance Corporation of India under Group Gratuity Scheme comes to Rs.10,680,488 (previous year Rs. 7,211,629) out of which Rs. 5,030,719 (previous year Rs. 4,822,059) has been paid to Life Insurance Corporation of India (Group Gratuity Scheme Account) upto 31 March 2008.
- (b) Upto 31 March 2003 the Company was depositing its gratuity liability with the Gratuity Trust formed by the Company. From 1 April 2003 the Company has opened a Group Gratuity Scheme Account with Life Insurance Corporation of India. The amount lying in Gratuity Trust account of Rs. 884,683 (previous year Rs. 836,241) is to be utilised in subsequent years by way of contribution towards Group Gratuity Scheme with Life Insurance Corporation of India.

4. (a) Finance Lease:

The Company has taken on finance lease, cost of assets having an aggregate value of Rs.7,334,697 (previous year Rs. 6,847,867) against which the future obligations aggregate to Rs. 4,732,508 (previous year Rs. 2,945,446) excluding the lease charge Rs. 841,111 (previous year Rs. 1,100,936) and the same are payable as under:

| Period                                       | 2007-2008                      |                        | 2006-2007                      |                        |
|--|--------------------------------|------------------------|--------------------------------|------------------------|
|  | Minimum Lease Payment (Rupees) | Present Value (Rupees) | Minimum Lease Payment (Rupees) | Present Value (Rupees) |
| Not later than 1 year                        | 2,161,308                      | 1,717,617              | 1,560,696                      | 895,113                |
| Later than 1 year but not later than 5 years | 3,412,311                      | 3,014,891              | 2,485,686                      | 2,050,333              |

# THE GL HOTELS LIMITED

## Notes to the Account — (Contd.)

(b) Operating Lease:

The Company has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows:

| Period                                       | 2007-08<br>Minimum Lease Payment<br>(Rupees) | 2006-07<br>Minimum Lease Payment<br>(Rupees) |
|--|--|--|
| Not later than 1 year                        | 44,008,430                                   | 11,616,700                                   |
| Later than 1 year but not later than 5 years | 188,593,062                                  | 88,983,350                                   |
| Later than 5 years                           | 201,382,793                                  | 59,745,000                                   |

5. The unsecured loans from Others includes:

- (a) Rs. Nil (previous year 6,925,153) loan from Kwality Frozen Foods Pvt. Ltd. Company under the same management. The amount repayable as installments (principal) within one year is Rs. Nil (previous year Rs. 1,211,882).
- (b) Rs. Nil (previous year Rs. 14,391,891) interest free loan from SC Hotels & Resorts India Private Limited.
- (c) Rs. Nil (previous Rs. 12,129,299 ) interest free loan from Inter Continental Hotels Corporation, U.S.A.
- (d) Rs. Nil (previous year Rs. 1,184,982) loan from Ambition Trading Private Limited a company under the same management. The amount repayable as installments (principal) within one year is Rs. Nil (previous year Rs. 424,000).

In case of Subsidiary Companies:

- (a) Rs. 20,882,588 (previous year Rs. 21,393,050) loan from Kwality Frozen Foods Pvt. Ltd. a Company under the same management. The amount repayable as installments (principal) within one year is Rs. 392,941 (previous year Rs. 510,462).
- (b) Rs. 100,000 loan from a Director. The terms of repayment of this loan have not been specified and hence the amount repayable as installments within one year is not ascertainable.

6. Particulars of Sundry Debtors and Loans and Advances for debts due from companies under the same management are as follows:

|                                      | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|--------------------------------------|---------------------|---------------------|
| <b>Sundry Debtors:</b>               |                     |                     |
| Kwality Frozen Foods Pvt Ltd         | 22,874,483          | 20,031,209          |
| Rich Kwality Products Pvt Ltd.       | 612,506             | 409,558             |
| Mahaniya Investments Pvt Ltd         | 248,361             | 231,992             |
| Baskin Robbins Franchise Co Pvt Ltd. | 81,296              | —                   |
|                                      | <b>23,816,646</b>   | 20,672,759          |
| <b>Loans and Advances:</b>           |                     |                     |
| <b>Security Deposits:</b>            |                     |                     |
| Kwality Frozen Foods Private Limited | 20,000,000          | —                   |
| Cross Word Beverages Private Limited | 90,000,000          | —                   |
|                                      | <b>110,000,000</b>  | —                   |

7. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.

8. Remuneration paid to the Managing Director and Joint Managing Director

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Salary                         | 5,335,694        | 1,640,000 |
| Contribution to provident fund | 616,258          | 182,400   |
| Other Perquisites              | 1,185,000        | —         |
|                                | <b>7,136,952</b> | 1,822,400 |

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### Notes to the Account — (Contd.)

|   | <b>2007-2008</b>  | 2006-2007           |
|---|-------------------|---------------------|
|   | <b>Rupees</b>     | Rupees              |
| 9. Remuneration Payable to Auditors:  |                   |                     |
| Audit Fee (inclusive of Service Tax)  | 413,744           | 292,500             |
| Certification charges and fee   | 443,952           | 110,190             |
|   | <u>857,696</u>    | <u>402,690</u>      |
| 10. Earning per Share:  | <b>2007-2008</b>  | 2006-2007           |
| Weighted average number of equity shares (Basic)  | 15,818,858        | 7,016,379           |
| Weighted average number of equity shares (Diluted)  | 16,043,792        | 12,878,550          |
| Net profit after taxation   | 121,894,816       | 65,104,320          |
| Earning per share-Basic - Rs.   | 7.71              | 9.28                |
| Earning per share-Diluted - Rs.   | 7.60              | 5.05                |
| Nominal value per equity share- Rs.   | 10                | 10                  |
| 11. The deferred tax liability/(asset) as on 31 March 2008 is as follows:   |                   |                     |
| Deferred tax asset due to:  |                   |                     |
| (a) Unabsorbed depreciation and carried forward business loss under the Income-tax Act, 1961  | (7,800,398)       | (79,251,380)        |
| (b) Items covered under section 43B of Income-tax Act, 1961   | (2,109,686)       | (2,041,948)         |
| Deferred tax liability due to:  |                   |                     |
| Depreciation  | 43,234,906        | 42,223,196          |
| Net deferred tax liability/(assets)   | <u>33,324,822</u> | <u>(39,070,132)</u> |
| 12. Amalgamation expenses amounting to Rs. 4,142,720 to be written off over a period of five years. Accordingly, Rs. 828,544 (previous year Rs. 828,544) has been written off during the year and the balance of Rs. 2,485,632 (previous year Rs. 3,314,176) carried forward.   |                   |                     |
| 13. In respect of Kwaliti Resorts and Hospitality Limited (subsidiary company), the expenditure amounting to Rs. 209,703 as detailed below (previous year Rs 14,933) incurred during the year not related to hotel development projects are treated as Miscellaneous Expenditure to be written off over a period to be decided by the management. |                   |                     |
|   | <b>2007-2008</b>  | 2006-2007           |
|   | <b>Rupees</b>     | Rupees              |
| Audit fee (including service tax)   | 25,000            | 8,427               |
| Fees and taxes  | 165,500           | 5,710               |
| Bank charges  | -                 | 388                 |
| Depreciation  | 18,795            | -                   |
| Preliminary expenses written off  | 408               | 408                 |
| Net deferred tax liability/(assets)   | <u>209,703</u>    | <u>14,933</u>       |
| 14. In respect of Kwaliti Resorts and Hospitality Limited (subsidiary company), expenses pending capitalisation incurred during the period 1 April 2007 to 31 March 2008 relating to hotel project is as follows:   |                   |                     |
|   | <b>2007-2008</b>  | 2006-2007           |
|   | <b>Rupees</b>     | Rupees              |
| (a) <b>Development work in progress</b>   |                   |                     |
| Advance against expenses for property development   | 97,896,709        | 5,000,000           |
| (b) <b>Pre-commencement Expenses during development:</b>  |                   |                     |
| Salaries, Dearness Allowance, Bonus, Gratuity   | 507,503           | -                   |
| Advertisement and Publicity   | 541,319           | -                   |
| Legal and Professional charges  | 9,412,081         | 3,645,286           |
| Administrative and other service charges reimbursed   | 14,445,027        | -                   |
| Travelling and Conveyance   | 1,792,618         | 499,319             |
| Other expenses  | 1,101,478         | -                   |
|   | <u>27,800,026</u> | <u>4,144,605</u>    |



# THE GL HOTELS LIMITED

## Notes to the Account — (Contd.)

15. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

**A. List of Related Parties (relied on the details provided by the management):**

**(i) Shareholders/Directors**

Mr Ravi Ghai, Mrs Krishana Ghai, Maharani Prithvibir Kaur, Mr Gaurav Ghai, \*Mr RKP Shankardass, Mr Sunil Pardal (\*no transactions during the year)

**(ii) Other related parties where the common control exists**

Kwality Frozen Foods Pvt Ltd, Rich Kwality Products Pvt Ltd, Baskin Robbins Franchise Pvt Ltd.

Mahaniya Investments Pvt Ltd., Crossword Beverages Pvt. Ltd., Great Indian Cigar Co. Pvt. Ltd.

\*Idar Hotels Pvt. Ltd., \*Gaylord Pvt. Ltd., \*Oregaon Realtys Pvt. Ltd.,\* Perfect Livestock Pvt. Ltd., \*Satinetta Finelease & Investments Pvt. Ltd.,\* Baskin Robbins India Pvt. Ltd.,\* Kwality Walls Fanatasy Ltd. (\*No transactions during the year)

**(iii) Managing Director**

Mr Ravi Ghai

**B. Transactions with Related Parties:**

|  | Rupees            | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|--|-------------------|---------------------|---------------------|
| <b>(i) Sale</b>  |                   |                     |                     |
| Other related parties where the common control exists  |                   | <b>92,062,323</b>   | 74,618,065          |
| <b>(ii) Expenditure, other services, administrative and other service charges reimbursed</b> |                   |                     |                     |
| Shareholders/Directors/Managing Director   | <b>3,301,553</b>  |                     |                     |
| Other related parties where the common control exists  | <b>13,570,474</b> | <b>16,872,027</b>   | 8,442,350           |
| <b>(iii) Managerial Remuneration</b>   |                   |                     |                     |
| Managing Director and Joint Managing Director  |                   | <b>7,136,952</b>    | 1,822,400           |
| <b>(iv) Loans/Advances/Deposits given</b>  |                   |                     |                     |
| Other related parties where the common control exists  |                   | <b>110,000,000</b>  | –                   |
| <b>(v) Debtors</b>   |                   |                     |                     |
| Other related parties where the common control exists  |                   | <b>23,816,646</b>   | 20,379,800          |
| <b>(vi) Loans/Advances/Deposits received</b>   |                   |                     |                     |
| Other related parties where the common control exists  |                   | <b>20,882,588</b>   | 28,318,203          |
| <b>(vii) Outstanding payables</b>  |                   |                     |                     |
| Other related parties where the common control exists  |                   | <b>6,069,504</b>    | 448,045             |

16. As the turnover of the Company includes Room sales and sale of food and beverages, it is not possible to give quantitative details of the turnover and food and beverages consumed.

17. Value of raw materials and stores consumed:

|                | 2007-2008                       |               | 2006-2007                       |               |
|----------------|---------------------------------|---------------|---------------------------------|---------------|
|                | Percentage of total consumption | Amount Rupees | Percentage of total consumption | Amount Rupees |
| Raw Materials: |                                 |               |                                 |               |
| Imported       | 1.02                            | 829,084       | 2.77                            | 2,244,151     |
| Indigenous     | 98.98                           | 80,653,698    | 97.23                           | 78,898,283    |
| Stores:        |                                 |               |                                 |               |
| Imported       | 6.93                            | 211,955       | 3.27                            | 68,526        |
| Indigenous     | 93.07                           | 2,844,840     | 96.73                           | 2,024,982     |

# 47TH ANNUAL REPORT

## Notes to the Account — (Contd.)

- 
18. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.
19. The Company has granted 50,000 share options under the Company's Employees Stock Option Scheme 2007 and these share options were outstanding as on 31 March 2008. Out of these options 10,000 options will vest in November 2010, 20,000 options in November 2011 and balance 20,000 options in November 2012.
20. The Company Secretary of the Company resigned on 24 March 2008 and was relieved on 15 April 2008. The Company has already issued the letter of appointment to another Company Secretary who is scheduled to join the Company on 12 May 2008.
21. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's groupings.
22. Significant Accounting Policies:
- (a) The financial statements have been prepared under the historical cost convention on an accrual basis.
  - (b) Revenue has been recognized on accrual basis. Sales comprise of sale of goods and services and are net of Sales Tax.
  - (c) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
  - (d) Depreciation has been charged in the accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except as follows:
    - (i) In case of Leman International Private Limited (subsidiary company) where depreciation has been charged in the accounts on written down value method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
    - (ii) Licence Fee is depreciated at the rate of 25%
    - (iii) Leased premises at the rate of 20%
  - (e) Investments are stated at cost of acquisition.
  - (f) Stocks and Stores are valued at cost. ( Cost being the purchase price and other related expenses to bring the materials into present location and condition).
  - (g) The retirement benefits of the employees are provided for by way of payment to Provident Fund and Group Gratuity Scheme. The Company's contribution in respect of Provident Fund and Group Gratuity Scheme is charged against revenue.
  - (h) Leases:
    - (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.
    - (ii) Operating lease expense is recognised in the Profit and Loss Account on a straight line basis over the lease term.
  - (i) Taxation:

Provision for income tax comprises current tax and fringe benefit tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
  - (j) Transactions in foreign exchange are accounted for at exchange rates prevailing on the date of transaction or on the date of remittance/realisation of the amount during the year. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing at the year end.
  - (k) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.
- 

### Signature to Schedules 'A' to 'N'

**For S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**AMIT JAIN**  
Chief Financial Officer

Mumbai, dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Consolidated Cash Flow Statement for the Year Ended 31st March, 2008

|  | Rupees                 | As at 31/03/2007<br>Rupees |
|--|------------------------|----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                |                        |                            |
| Net profit before tax and extra ordinary items               | 220,643,832            | 97,485,351                 |
| Adjusted for   |                        |                            |
| Depreciation   | 47,542,440             | 43,036,821                 |
| Pre-commencement expenses written off                        | 10,074,731             | 10,074,720                 |
| Amalgamation expenses written off                            | 828,544                | 828,544                    |
| Interest paid  | 43,982,454             | 38,021,527                 |
| Interest received  | (1,099,299)            | (2,263,840)                |
| Dividend received  | (31,315,384)           | (1,133,390)                |
| Profit on sale of investments                                | (4,616,426)            | (28,479)                   |
| Loss on sale of fixed assets                                 | -                      | 624,743                    |
|  | <b>65,397,060</b>      | <b>89,160,646</b>          |
| Operating profit before working capital changes              | <b>286,040,892</b>     | <b>186,645,997</b>         |
| Adjustment for:  |                        |                            |
| (Increase)/Decrease in Sundry Debtors                        | (9,871,573)            | (29,260,725)               |
| (Increase)/Decrease in Inventories                           | (1,374,595)            | (1,952,014)                |
| (Increase)/Decrease in Loans and Advances                    | (172,095,395)          | (39,561,941)               |
| Increase/(Decrease) in Current Liabilities                   | 42,785,258             | 22,384,515                 |
|  | <b>(140,556,305)</b>   | <b>(48,390,165)</b>        |
| Cash generated from operations                               | <b>145,484,587</b>     | <b>138,255,832</b>         |
| Interest paid  | (43,982,454)           | (38,012,045)               |
| Direct Taxes paid...(net of refund)                          | (31,067,191)           | (3,989,710)                |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                    | <b>70,434,942</b>      | <b>96,254,077</b>          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                |                        |                            |
| Addition to fixed assets                                     | (602,814,099)          | (56,083,440)               |
| Amalgamation expenses  | -                      | (4,142,720)                |
| Other Expenditure  | (190,500)              | (14,525)                   |
| Advance on capital account adjusted                          | 13,572,180             | 1,649,402                  |
| Sale of fixed assets   | -                      | 22,610,910                 |
| Investments during the year (net)                            | (653,028,725)          | (39,819,668)               |
| Sale of Investments  | -                      | 15,165,249                 |
| Dividend received  | 31,315,384             | 1,133,390                  |
| Profit on sale of investments                                | 4,616,426              | -                          |
| Interest received  | 1,099,299              | 2,263,840                  |
| <b>NET CASH USED IN INVESTMENT ACTIVITIES</b>                | <b>(1,205,430,035)</b> | <b>(57,237,562)</b>        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                |                        |                            |
| Share Capital Suspense Account                               | -                      | 58,621,710                 |
| Net adjustment due to Amalgamation                           | -                      | 90,148,110                 |
| Proceeds from issue of share capital                         | 44,104,720             | -                          |
| Share Premium Account  | 1,205,908,520          | -                          |
| Expenses for raising additional capital                      | (47,396,450)           | -                          |
| Share Application money                                      | 85,000,889             | -                          |
| Net proceeds from long term borrowings                       | (131,065,288)          | (171,665,873)              |
| Proposed Dividend  | (25,933,518)           | -                          |
| Tax on Proposed Dividend                                     | (4,407,401)            | -                          |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                 | <b>1,126,211,472</b>   | <b>(22,896,053)</b>        |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | <b>(8,783,620)</b>     | <b>16,120,462</b>          |
| Cash and cash equivalents - Opening balance                  | <b>62,640,951</b>      | <b>46,520,489</b>          |
| Cash and cash equivalents - Closing balance                  | <b>53,857,332</b>      | <b>62,640,951</b>          |

Notes: (1) Figures in brackets are outflows/deductions. (2) Previous year's figures have been regrouped where necessary.

### Auditors' Report to the Members of the GL Hotels Limited

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**RAVI GHAI**  
Chairman and Managing Director

**M. V. DOSHI**  
Director

**Y. K. SHANKARDASS**  
Partner

**AMIT JAIN**  
Chief Financial Officer

Mumbai, Dated: 29th April, 2008

# 47TH ANNUAL REPORT

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

### (1) Registration Details

|                    |                       |       |      |
|--------------------|-----------------------|-------|------|
| Registration No:   | L55101PN1959PLC012763 |       |      |
| Balance Sheet Date | 31                    | 03    | 2008 |
|                    | Date                  | Month | Year |

|                   |    |
|-------------------|----|
| State Code        | 11 |
| (Refer Code List) |    |

### (2) Capital Raised during the year (Amount in Rs. thousands)

|              |     |                        |        |
|--------------|-----|------------------------|--------|
| Public Issue | NIL | Right Issue            | NIL    |
| Bonus Issue  | NIL | Preferential Allotment | 102726 |

### (3) Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

| SOURCES FUND         | Total Liabilities            | State Application Money | Total Assets                       |
|----------------------|------------------------------|-------------------------|------------------------------------|
|                      | 3020862                      | 85001                   | 3020862                            |
|                      | Paid-up Capital              |                         | Reserves and Surplus               |
|                      | 172890                       |                         | 2399912                            |
|                      | Secured Loans                |                         | Unsecured Loans                    |
|                      | 294209                       |                         | 35526                              |
|                      | Deferred Tax Liability (Net) |                         |                                    |
|                      | 33325                        |                         |                                    |
| APPLICATION OF FUNDS | Net Fixed Assets             |                         | Expenditure Pending Capitalisation |
|                      | 2080065                      |                         | 125697                             |
|                      | Investments                  |                         | Net Current Assets                 |
|                      | 691521                       |                         | 233965                             |
|                      | Deferred Tax Assets (Net)    |                         | Misllaneous Expenditure            |
|                      | Nil                          |                         | 2710                               |
|                      | Accumulated Losses           |                         |                                    |
|                      | Nil                          |                         |                                    |

### (4) Performance of Company (Amount in Rs. thousands)

|  | Turnover                   | Total Expenditure                          |
|--|----------------------------|--|
|  | 725121                     | 504478                                     |
| (Please tick appropriate box + for Profit, - for Loss) |                            | +/- Profit/Loss after deferred tax credit  |
|  | +/- Profit/Loss before tax |  |
| <input checked="" type="checkbox"/>                    | 220644                     | <input checked="" type="checkbox"/> 121895 |
|  | Earning per share (Rs.)    | Dividend Rate %                            |
|  | Basic                      |  |
| <input checked="" type="checkbox"/>                    | 7.71                       | 15   |
|  | Diluted                    |  |
| <input checked="" type="checkbox"/>                    | 7.60                       |  |

### (5) Generic Names of Three Principal Products/Services of Company (as per monetary terms)

|                          |                      |
|--------------------------|----------------------|
| Item Code No. (ITC Code) | NA                   |
| Product Description      | HOSPITALITY INDUSTRY |

**RAVI GHAI**  
Chairman and Joint Managing Director

**M. V. DOSHI**  
Director

**AMIT JAIN**  
Chief Financial Officer

Mumbai, dated: 29th April, 2008

# THE GL HOTELS LIMITED

## Statement Pursuant to Section 212 of the Companies Act, 1956

|  |   |
|--|---|
| (1) Name of the Subsidiary Company   | Leman International Private Limited   |
| Date on which it became subsidiary   | April 1, 2006   |
| Financial year of the Subsidiary company   | 31st March, 2008  |
| Total issued and paid up capital of the Subsidiary Company                         | 76,502 Equity Shares of Rs. 10 each   |
| Extent of interest of The GL Hotels Limited in Leman International Private Limited | 76,422 Equity Shares of Rs. 10 each   |
| Net Aggregate amount of Profits (Loss) of  | Leman International Private Limited has made a loss before tax of Rs. 12,569,862 (Previous Year loss of Rs. 3,041,095) The total accumulated loss carried to its Balance Sheet as on 31st March, 2008 amounted to Rs. 39,890,803 (Previous year accumulated loss of Rs. 31,630,078) |

No adjustment has been made in the accounts of the company in respect of the loss incurred by Leman International Private Limited.

|  |  |
|--|--|
| (2) Name of the Subsidiary Company   | Kwality Resorts and Hospitality Limited  |
| Date on which it became subsidiary   | November 24, 2006  |
| Financial year of the Subsidiary Company   | 31st March, 2008   |
| Total issued and paid up capital of the Subsidiary Company                         | 50,000 Equity Shares of Rs. 10 each  |
| Extent of interest of The GL Hotels Limited in Leman International Private Limited | 50,000 Equity Shares of Rs. 10 each  |
| Net Aggregate amount of Profits (Loss) of  | Kwality Resorts and Hospitality Limited has made a profit/loss before tax of Rs. NIL (Previous Year loss of Rs. NIL) The total accumulated loss carried to its Balance Sheet as on 31st March 2008 amounted to Rs. 58,736 (Previous year accumulated loss of Rs. 28,736) |

No adjustment has been made in the accounts of the company in respect of the loss incurred by Kwality Resorts and Hospitality Limited.

---

**RAVI GHAI**  
*Chairman and Joint Managing Director*

**M. V. DOSHI**  
*Director*

**AMIT JAIN**  
*Chief Financial Officer*

Mumbai, dated: 29th April, 2008

# LEMAN INTERNATIONAL PRIVATE LIMITED

## BOARD OF DIRECTORS

Mr. Raman Mehra  
Mr. Vikram Seth  
Mr. Sunil Pardal  
Mr. V. P. Garg

## BANKERS

AXIS Bank Ltd.

## AUDITORS

M/s. S.P. Chopra & Co.

## REGISTERED OFFICE

N-25, Panchsheel Park, New Delhi 110 017

## ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030.  
Phone No. 022-40501111 Fax No. 022-24915555

## UNIT

Qutub Minar Rest Complex, Near Qutub Minar Mehrauli,  
New Delhi-110 030.

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# LEMAN INTERNATIONAL PRIVATE LIMITED

## Directors' Report To The Members

The Board of Directors of your Company present the Thirty-first Annual Report of the Company with the Audited Statement of Accounts for the financial year ended 31st March, 2008.

### **BUSINESS OPERATIONS:**

During the period under review the Company has incurred a loss of Rs. 12,569,862/- as against previous year Loss of Rs. 3,041,095/-.

### **DIVIDEND:**

Your Directors do not recommend any dividend on equity shares for the year under review

### **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Mr. Raman Mehra and Mr. Sunil Pardal, Director of the company retire by rotation and being eligible, offer themselves for reappointment.

### **FIXED DEPOSIT:**

The Company has not accepted any fixed deposits from any one.

### **PARTICULARS OF EMPLOYEES:**

The Company has not employed any person who was in receipt of remuneration of:

- (1) Rs. 2,400,000/- or above in case employed for full year OR
- (2) Rs. 200,000/- per month or above in case employed for part of the year OR
- (3) An amount at a rate which is in excess of that drawn by the Managing Director or Whole time Director, ex-Manager and holds by himself or along with his spouse and dependent children not less than two percent of the equity shares of the Company.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGOINGS:**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding the conservation of energy and technology and absorption are not given as the company has not undertaken any manufacturing activity.

### **FOREIGN EXCHANGE EARNING AND OUT GO:**

The Company has not earned or spent any foreign exchange during the year under review.

### **RESPONSIBILITY STATEMENT:**

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

- (i) in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2008, and of the losses of the Company for the year ended 31st March, 2008;
- (iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

## 31ST ANNUAL REPORT

### AUDITORS:

The Auditors M/s S.P. Chopra & Co. Chartered Accountants, Mumbai, retire and being eligible, offer themselves for reappointment as Auditor of the Company for the Financial year 2008-2009 to hold office up to the conclusion of the next Annual General Meeting.

They have furnished the Company with a written certificate to the effect that the proposed reappointment, if made, will be in accordance with sub-section 1(B) of Section 224 of the Companies Act, 1956.

On Behalf of the Board of Directors

Place: Mumbai  
Dated: 28th April, 2008

**SUNIL PARDAL**  
*Director*



# LEMAN INTERNATIONAL PRIVATE LIMITED

## Auditors' Report

### To the Members of Lemman International Private Limited

1. We have audited the attached Balance Sheet of Lemman International Private Limited, as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 misstatements. An audit includes examining, on a 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditors Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as the Company is not covered by the said order.
4. Further to our comments referred to 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the 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, 2008 and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms clause (g) of sub-section (1) of the 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 accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - (ii) in the case of the Profit and Loss Account, of the loss 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 S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No. F-5106

Place: Mumbai  
Dated : 28th April, 2008

# 31ST ANNUAL REPORT

## Balance Sheet

as at 31st March, 2008

|   | Schedule     | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|--------------|-------------------------------|-------------------------------|
| <b>SOURCES OF FUNDS</b>                               |              |                               |                               |
| <b>Shareholders' Funds:</b>                           |              |                               |                               |
| Share Capital   | A            | 765,020                       | 765,020                       |
|   |              | <u>765,020</u>                | <u>765,020</u>                |
| <b>Loan Funds:</b>                                    |              |                               |                               |
| Unsecured Loans                                       | B            | 60,542,979                    | 45,753,166                    |
|   |              | <u>60,542,979</u>             | <u>45,753,166</u>             |
|   | <b>TOTAL</b> | <u><b>61,307,999</b></u>      | <u><b>46,518,186</b></u>      |
| <b>APPLICATION OF FUNDS</b>                           |              |                               |                               |
| <b>Fixed Assets:</b>                                  |              |                               |                               |
| Gross Block   | C            | 16,699,731                    | 16,699,731                    |
| Less: Depreciation                                    |              | <u>7,543,891</u>              | <u>5,907,230</u>              |
| Net Block   |              | <u>9,155,840</u>              | <u>10,792,501</u>             |
| <b>Deferred Tax Assets (Note '4' )</b>                |              | <b>6,497,535</b>              | 2,173,398                     |
| <b>Current Assets, Loans and Advances:</b>            |              |                               |                               |
| Inventories   | D            | –                             | 232,813                       |
| Sundry Debtors  |              | <b>875,173</b>                | 1,157,162                     |
| Cash and Bank Balances                                |              | <b>2,896,889</b>              | 709,414                       |
| Loans and Advances                                    |              | <b>3,473,065</b>              | 4,642,884                     |
|   |              | <u>7,245,127</u>              | <u>6,742,273</u>              |
| <b>Less: Current Liabilities and Provisions:</b>      |              |                               |                               |
| Current Liabilities                                   | E            | <b>1,481,306</b>              | 4,820,064                     |
| Provisions  |              | –                             | –                             |
|   |              | <u>1,481,306</u>              | <u>4,820,064</u>              |
| <b>Net Current Assets</b>                             |              | <b>5,763,821</b>              | 1,922,209                     |
| Profit and Loss Account                               |              |                               |                               |
| As per Accounts annexed                               |              | <b>39,890,803</b>             | 31,630,078                    |
|   | <b>TOTAL</b> | <u><b>61,307,999</b></u>      | <u><b>46,518,186</b></u>      |
| NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES | J            |                               |                               |

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**Y. K. SHANKARDASS**  
Partner

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai,  
Dated: 28th April, 2008

# LEMAN INTERNATIONAL PRIVATE LIMITED

## Profit and Loss Account for the year ended 31st March, 2008

|   | Schedule | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|---|----------|------------------------------------|------------------------------------|
| <b>INCOME</b>                                   |          |                                    |                                    |
| Sales and Other Services (Note "3")             |          | 537,566                            | 29,161,880                         |
| Other Income                                    | F        | 566,770                            | 620,144                            |
| <b>TOTAL</b>                                    |          | <b>1,104,336</b>                   | <b>29,782,024</b>                  |
| <b>EXPENDITURE</b>                              |          |                                    |                                    |
| Consumption of Food and Beverages               | G        | 358,527                            | 6,175,602                          |
| Employees' Remuneration and Benefits            | H        | 2,431,358                          | 5,754,177                          |
| Operating and General Expenses                  | I        | 5,261,855                          | 14,382,315                         |
| Interest  |          | 3,985,797                          | 4,563,149                          |
| Depreciation                                    |          | 1,636,661                          | 1,947,876                          |
| <b>TOTAL</b>                                    |          | <b>13,674,198</b>                  | <b>32,823,119</b>                  |
| <b>PROFIT/(LOSS)</b>                            |          |                                    |                                    |
| Profit/(Loss) before Taxation                   |          | (12,569,862)                       | (3,041,095)                        |
| Provision for Taxation:                         |          |                                    |                                    |
| Deferred Tax Credit/(Debit) (Net )              |          | 4,324,137                          | (5,021,680)                        |
| Fringe Benefit Tax                              |          | (15,000)                           | (140,000)                          |
| Profit/(Loss) after Taxation                    |          | (8,260,725)                        | (8,202,775)                        |
| Balance brought forward                         |          | (31,630,078)                       | (23,427,303)                       |
| Balance carried to Balance Sheet                |          | (39,890,803)                       | (31,630,078)                       |
| Basic and Diluted Earning per Share (Note '5' ) |          | (107.98)                           | (107.22)                           |

### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES J

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**Y. K. SHANKARDASS**  
Partner

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai,  
Dated: 28th April, 2008

# 31ST ANNUAL REPORT

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'A' – SHARE CAPITAL</b>                          |                               |                               |
| <b>Authorised:</b>   |                               |                               |
| 100,000 Equity shares of Rs. 10 each                         | 1,000,000                     | 1,000,000                     |
| <b>Issued, Subscribed and Paid up:</b>                       |                               |                               |
| 76,502 Equity shares of Rs. 10 each fully paid up (Note "1") | 765,020                       | 765,020                       |
|  | <u>765,020</u>                | <u>765,020</u>                |
| <b>SCHEDULE 'B' – UNSECURED LOANS</b>                        |                               |                               |
| (a) From Shareholders  | 9,698,359                     | 15,662,553                    |
| (b) From Holding Company:                                    | 29,862,032                    | 8,597,563                     |
| (c) From Others  | 20,982,588                    | 21,493,050                    |
|  | <u>60,542,979</u>             | <u>45,753,166</u>             |

## SCHEDULE 'C' – FIXED ASSETS

| PARTICULARS               | GROSS BLOCK         |           |                       |                    | DEPRECIATION       |                 |                 |                   | NET BLOCK           |                     |
|---------------------------|---------------------|-----------|-----------------------|--------------------|--------------------|-----------------|-----------------|-------------------|---------------------|---------------------|
|                           | As at<br>01/04/2007 | Additions | Sales/<br>Adjustments | As at<br>3/31/2008 | Upto<br>31/03/2007 | For the<br>Year | Adjust<br>ments | Upto<br>3/31/2008 | As at<br>31/03/2008 | As at<br>31/03/2007 |
| Premises (see note below) | 7,440,788           | –         | –                     | 7,440,788          | 2,174,150          | 526,664         | –               | 2,700,814         | 4,739,974           | 5,266,638           |
| Plant and Machinery       | 4,230,311           | –         | –                     | 4,230,311          | 1,545,319          | 373,482         | –               | 1,918,801         | 2,311,510           | 2,684,992           |
| Furniture and Fixtures    | 4,601,675           | –         | –                     | 4,601,675          | 1,981,890          | 678,000         | –               | 2,659,890         | 1,941,785           | 2,619,784           |
| Other Equipment           | 149,057             | –         | –                     | 149,057            | 34,377             | 15,952          | –               | 50,329            | 98,728              | 114,680             |
| Computer                  | 277,900             | –         | –                     | 277,900            | 171,494            | 42,563          | –               | 214,057           | 63,843              | 106,407             |
| TOTAL                     | 16,699,731          | –         | –                     | 16,699,731         | 5,907,230          | 1,636,661       | –               | 7,543,891         | 9,155,840           | 10,792,501          |
| Total (previous year)     | 15,357,484          | 1,342,247 | –                     | 16,699,731         | 3,959,354          | 1,947,876       | –               | 5,907,230         | 10,792,501          |                     |

Note: This amount represents the cost of improvement to the premises at New Delhi taken on lease.

# LEMAN INTERNATIONAL PRIVATE LIMITED

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|   | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>SCHEDULE 'D' – CURRENT ASSETS, LOANS AND ADVANCES</b>                  |                                    |                                    |
| <b>Current Assets:</b>  |                                    |                                    |
| (a) Inventories - At cost<br>(as valued and certified by the Management): |                                    |                                    |
| Food and Beverages  | –                                  | 232,813                            |
|   | <u>–</u>                           | <u>232,813</u>                     |
| (b) Sundry Debtors (Unsecured, considered good):                          |                                    |                                    |
| Outstanding over six months   | 875,173                            | 445,736                            |
| Other debts   | –                                  | 711,426                            |
|   | <u>875,173</u>                     | <u>1,157,162</u>                   |
| (c) Cash and Bank Balances:   |                                    |                                    |
| Cash on hand (as confirmed by a Director)                                 | 41,650                             | 86,172                             |
| Balances with scheduled Banks in:   |                                    |                                    |
| Current Accounts  | 2,855,239                          | 623,242                            |
|   | <u>2,896,889</u>                   | <u>709,414</u>                     |
| (d) Loans and Advances:   |                                    |                                    |
| Advances recoverable in cash or in kind or value to be received           | 98,232                             | 345,437                            |
| Security and other deposits   | 2,945,750                          | 3,905,750                          |
| Advance Income-tax (including tax deducted at source)                     | 429,083                            | 391,697                            |
|   | <u>3,473,065</u>                   | <u>4,642,884</u>                   |
| <b>TOTAL</b>  | <u><b>7,245,127</b></u>            | <u><b>6,742,273</b></u>            |
| <b>SCHEDULE 'E' – CURRENT LIABILITIES</b>                                 |                                    |                                    |
| Sundry Creditors (Note '2' )  | 1,327,791                          | 3,907,485                          |
| Other Liabilities   | 153,515                            | 912,579                            |
|   | <u>1,481,306</u>                   | <u>4,820,064</u>                   |

# 31ST ANNUAL REPORT

## Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2008

|  | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 'F' – OTHER INCOME</b>                         |                                    |                                    |
| Miscellaneous receipts                                     | –                                  | 4,804                              |
| Sales of Scrap   | 4,808                              | 13,516                             |
| Unclaimed Credit balances written off (net)                | 561,962                            | 601,824                            |
|  | <u>566,770</u>                     | <u>620,144</u>                     |
| <b>SCHEDULE 'G' – CONSUMPTION OF FOOD AND BEVERAGES</b>    |                                    |                                    |
| Stock at Commencement                                      | 232,813                            | 589,927                            |
| Purchase during the year                                   | 125,714                            | 5,818,488                          |
|  | <u>358,527</u>                     | <u>6,408,415</u>                   |
| Less: Stock at close                                       | –                                  | 232,813                            |
|  | <u>358,527</u>                     | <u>6,175,602</u>                   |
| <b>SCHEDULE 'H' – EMPLOYEES' REMUNERATION AND BENEFITS</b> |                                    |                                    |
| Salaries, Wages and Bonus                                  | 2,174,265                          | 5,261,733                          |
| Company's contribution to Provident and other Funds        | 235,668                            | 408,400                            |
| Staff Welfare expenses                                     | 21,425                             | 84,044                             |
|  | <u>2,431,358</u>                   | <u>5,754,177</u>                   |
| <b>SCHEDULE 'I' – OPERATING AND GENERAL EXPENSES</b>       |                                    |                                    |
| <b>Operating Expenses:</b>                                 |                                    |                                    |
| Power, Fuel and Water                                      | 55,857                             | 1,235,420                          |
| Repairs and Maintenance:                                   |                                    |                                    |
| Building   | –                                  | 545,591                            |
| Machinery  | –                                  | 38,682                             |
| Other Assets   | 15,355                             | 690,846                            |
| Stores and supplies including linen and uniforms           | 94,940                             | 217,779                            |
| Washing and Laundry Expenses                               | 797                                | 267,645                            |
| Business Operating expenses                                | 143,905                            | 3,594,209                          |
| Hire charges and outdoor expenses                          | 23,664                             | 1,333,874                          |
| <b>General Expenses:</b>                                   |                                    |                                    |
| Rent   | 145,900                            | 296,000                            |
| Rates and Taxes  | 1,038,623                          | 1,842,598                          |
| Insurance  | 36,625                             | 99,166                             |
| Advertisement and Sales Promotion                          | –                                  | 249,845                            |
| Commission of Sales  | –                                  | 17,812                             |
| Traveling and Conveyance                                   | 925,217                            | 875,438                            |
| Printing and Stationery                                    | 116,132                            | 48,690                             |
| Postage and Telephones                                     | 137,082                            | 416,028                            |
| Other expenses   | 569,150                            | 1,144,004                          |
| Audit fees (inclusive of Service Tax)                      | 33,744                             | 44,896                             |
| Legal and Professional charges                             | 1,355,309                          | 513,390                            |
| Bad Debts written off                                      | 569,555                            | 910,402                            |
|  | <u>5,261,855</u>                   | <u>14,382,315</u>                  |

# LEMAN INTERNATIONAL PRIVATE LIMITED

## Schedules

### Notes to the Accounts

#### SCHEDULE 'J' – NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

##### A. Notes on Accounts :

1. 76,422 Equity shares of Rs. 10 each fully paid up are held by the holding company, The G.L. Hotels Limited.
2. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
3. There were no sales during the year from the premises sealed by the authorities as per Court order. Sales recorded during the year are from outdoor catering contracts.
4. The Company has recognised deferred tax asset/(liability) arising on account of timing difference, being tax impact there on as on March 31,2008

|                        | 2007-08<br>Rupees | 2006-07<br>Rupees |
|------------------------|-------------------|-------------------|
| Deferred tax Assets:   |                   |                   |
| Carried forward Loss   | 6,349,270         | 2,167,486         |
| Depreciation           | 148,265           | 5,912             |
| Net Deferred Tax Asset | 6,497,535         | 2,173,398         |

5. Earning Per Share:
 

|  |             |             |
|--|-------------|-------------|
| Weighted average number of equity Shares     | 76,502      | 76,502      |
| Net Profit/(Loss) after tax (in Rs.)         | (8,260,725) | (8,202,775) |
| Earning per share Basic and Diluted (in Rs.) | (107.98)    | (107.22)    |
| Nominal value per equity share (in Rs.)      | 10          | 10          |
6. Previous years figures have been rearranged/regrouped wherever necessary to conform to this year's classifications.
7. The Company has taken on operating lease an asset, the minimum future lease rentals payable on which are as follows:

| Period                                       | 2007-08<br>Minimum<br>Lease<br>Payment<br>(Rupees) | 2006-07<br>Minimum<br>Lease<br>Payment<br>(Rupees) |
|--|--|--|
| Not later than 1 year                        | 960,000  | 960,000  |
| Later than 1 year but not later than 5 years | 1,920,000  | 2,880,000  |

8. List of Related Parties (relied on the details provided by the management):

**(i) Shareholders/Directors**

The GL Hotels Limited, \*Mr. Vikram Seth, \*Mr. Raman Mehra, \*Mr. V. P. Garg, \*Mr. Sunil Pardal,  
(\*no transactions during the year)

**(ii) Other related parties where the common control exists**

Kwality Frozen Foods Pvt Ltd, \*Rich Kwality Products Pvt. Ltd., \*Baskin Robbins Franchise Pvt. Ltd., \*Mahaniya Investments Pvt. Ltd., \*Crossword Beverages Pvt Ltd., \*Great Indian Cigar Co. Pvt. Ltd. \*Idar Hotels Pvt. Ltd., \*Gaylord Pvt. Ltd., \*Oregaon Realtys Pvt Ltd,\* Perfect Livestock Pvt. Ltd., \*Satinetta Finelease & Investments Pvt. Ltd.,\* Baskin Robbins India Pvt. Ltd.,\* Kwality Walls Fanatasy Ltd. (\*no transactions during the year)

# 31ST ANNUAL REPORT

## Notes to the Account — (Contd.)

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|   |            |
|---|------------|
|   | Rupees     |
| <b>Expenditure and other services fees paid</b>       |            |
| Other related parties where the common control exists | 2,370,141  |
| <b>Loans /Advaces/ Deposits received</b>              |            |
| Other related parties where the common control exists | 52,207,027 |

### B Significant Accounting Policies

- (a) The financial statements have been prepared under historical cost convention on accrual basis.
- (b) Revenue has been recognised on accrual basis. Sales comprise of sales of goods and services and net of Value Added Tax and Service Tax.
- (c) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (d) Depreciation has been charged in the accounts on written down value method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (e) Inventories are valued at cost. Cost is the actual cost of purchases and other expenses to bring the materials to present location and condition.
- (f) Retirement benefits are accounted on accrual basis. The gratuity liability and leave encashment are provided on the actuarial valuation wherever applicable.
- (g) Provision is made for Income tax comprise of current tax and fringe benefit tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognized, subject to consideration of prudence in respect of deferred tax asset

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### Signature to Schedules 'A' to 'J'

As per our separate report of even date

**For S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS**  
*Partner*

**SUNIL PARDAL**  
*Director*

**VIKRAM SETH**  
*Director*

Mumbai, dated: 28th April, 2008



# LEMAN INTERNATIONAL PRIVATE LIMITED

## Cash Flow Statement for the Year Ended 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                |                               |                               |
| Net profit/(loss) before tax and extra ordinary items        | (12,569,862)                  | (3,041,095)                   |
| Adjusted for   |                               |                               |
| Depreciation   | 1,636,661                     | 1,947,876                     |
| Interest paid  | 3,985,797                     | 4,563,149                     |
|  | 5,622,458                     | 6,511,025                     |
| Operating profit before working capital changes              | (6,947,404)                   | 3,469,930                     |
| Adjustment for:  |                               |                               |
| (Increase)/Decrease in Sundry Debtors                        | 281,989                       | 3,445,718                     |
| (Increase)/Decrease in Inventories                           | 232,813                       | 357,114                       |
| (Increase)/Decrease in Loans and Advances                    | 1,207,204                     | 1,057,463                     |
| Increase/(Decrease) in Current Liabilities                   | (3,338,758)                   | (6,819,665)                   |
|  | (1,616,752)                   | (1,959,369)                   |
| Cash generated from operations                               | (8,564,156)                   | 1,510,561                     |
| Interest paid  | (3,985,797)                   | (4,563,149)                   |
| Direct Taxes paid...(net of refund)                          | (52,386)                      | (392,154)                     |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                    | <b>(12,602,339)</b>           | <b>(3,444,743)</b>            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                |                               |                               |
| Addition to fixed assets                                     | -                             | (1,342,247)                   |
| <b>NET CASH USED IN INVESTMENT ACTIVITIES</b>                | -                             | (1,342,247)                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                |                               |                               |
| Proceeds from long term borrowings (net)                     | 14,789,814                    | 3,649,219                     |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                 | 14,789,814                    | 3,649,219                     |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | 2,187,475                     | (1,137,770)                   |
| Cash and cash equivalents - Opening balance                  | 709,414                       | 1,847,185                     |
| Cash and cash equivalents - Closing balance                  | 2,896,889                     | 709,414                       |

Notes:

1. Figures in brackets are outflows/deductions.

As per our separate report of even date

**For S. P. CHOPRA & CO.**

*Chartered Accountants*

**Y. K. SHANKARDASS**

*Partner*

**SUNIL PARDAL**

*Director*

**VIKRAM SETH**

*Director*

Mumbai, dated: 28th April, 2008

# 31ST ANNUAL REPORT

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

### (1) Registration Details

|                    |                       |       |      |
|--------------------|-----------------------|-------|------|
| Registration No:   | U74899DL1978PLC008829 |       |      |
| Balance Sheet Date | 31                    | 03    | 2008 |
|                    | Date                  | Month | Year |

State Code   
(Refer Code List)

### (2) Capital Raised during the year (Amount in Rs. thousands)

|              |     |                        |     |
|--------------|-----|------------------------|-----|
| Public Issue | NIL | Right Issue            | NIL |
| Bonus Issue  | NIL | Preferential Allotment | NIL |

### (3) Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

|                      |                           |       |                           |       |
|----------------------|---------------------------|-------|---------------------------|-------|
|                      | Total Liabilities         | 61308 | Total Assets              | 61308 |
| SOURCES FUND         | Paid-up Capital           | 765   | Reserves and Surplus      | NIL   |
|                      | Secured Loans             | NIL   | Unsecured Loans           | 60543 |
|                      |                           |       |                           |       |
| APPLICATION OF FUNDS | Net Fixed Assets          | 9156  | Fixed Capital Expenditure | NIL   |
|                      | Investments               | NIL   | Net Current Assets        | 5764  |
|                      | Deferred Tax Assets (Net) | 6498  | Misllaneous Expenditure   | NIL   |
|                      | Accumulated Losses        | 39890 |                           |       |
|                      |                           |       |                           |       |

### (4) Performance of Company (amount in Rs. thousands)

|  |                            |          |   |        |
|--|----------------------------|----------|---|--------|
|  | Turnover                   | 1104     | Total Expenditure                         | 13674  |
| (Please tick appropriate box + for Profit, - for Loss) |                            |          | +/- Profit/Loss after deferred tax credit | - 8261 |
|  | +/- Profit/Loss before tax | - 12570  |   |        |
|  | Earning per share (Rs.)    |          | Dividend Rate %                           | NIL    |
|  | Basic                      | - 107.98 |   |        |
|  | Diluted                    | - NIL    |   |        |

### (5) Generatic Names of Three Principal Products/Services of Company (as per monetary terms)

|                          |                      |
|--------------------------|----------------------|
| Item Code No. (ITC Code) | NA                   |
| Product Description      | HOSPITALITY INDUSTRY |

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai,  
Dated: 28th April, 2008

# KWALITY RESORTS AND HOSPITALITY LIMITED

## BOARD OF DIRECTORS

Mr. Ravi Ghai  
Mr. Gaurav Ghai  
Mr. Raman Mehra  
Mr. Vikram Seth  
Mr. Sunil Pardal

## BANKERS

AXIS Bank

## AUDITORS

M/s. S.P. Chopra & Co.

## REGISTERED OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030.  
Phone No. 022-40501111 Fax No. 022-24915555

## ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030.  
Phone No. 022-40501111 Fax No. 022-24915555

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# 12TH ANNUAL REPORT

## Directors' Report To The Members

The Board of Directors of your Company present the 12th Annual Report of the Company with the Audited Statement of Accounts for the financial year ended 31st March, 2008.

### BUSINESS OPERATIONS

During the year under review the Company has not incurred any loss. Your company has started acquisition of lands for developing boutiques and hotels across India. The Company has already acquired land parcels at Jaipur and Goa and in process of acquiring lands at Surat, Shirdi and Alibagh.

The Company has also started appointing various consultants required for constructions of Hotels.

### DIVIDEND:

Your Directors do not recommend any dividend on equity shares for the year under review

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Mr. Vikram Seth and Mr. Sunil Pardal, Directors of the company retire by rotation and being eligible, offer themselves for reappointment.

### ISSUE OF SHARES ON PREFERENTIAL BASIS:

Pursuant to Share Subscription and Shareholders Agreement dated 24th May, 2007 executed amongst Dunearn Investments (Mauritius) Pte Limited, The GL Hotels Ltd. and the Company and in Pursuant to Section 81(1A), Company has issued and allotted 10 equity shares of Rs.10/- each at par to Dunearn Investments (Mauritius) Pte Limited on 28th December, 2007.

### FIXED DEPOSIT

The Company has not accepted any fixed deposits from any one.

### PARTICULARS OF EMPLOYEES:

The Company has not employed any person who was in receipt of remuneration of:

- (1) Rs. 2,400,000 or above in case employed for full year OR
- (2) Rs. 200,000 per month or above in case employed for part of the year OR
- (3) An amount at a rate which is in excess of that drawn by the Managing Director or Whole time Director, ex-Manager and holds by himself or along with his spouse and dependent children not less than two percent of the equity shares of the Company.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGOINGS

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding the conservation of energy and technology and absorption are not given as the company has not undertaken any manufacturing activity.

### FOREIGN EXCHANGE EARNING AND OUT GO:

The Company has not earned and spent any foreign exchange during the year under review.

### RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2008, and of the losses of the Company for the year ended 31st March, 2008;
- (iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance

## KWALITY RESORTS AND HOSPITALITY LIMITED

with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

(iv) the Directors have prepared the annual accounts on a going concern basis.

### **AUDITORS:**

The Auditors M/s S.P. Chopra & Co. Chartered Accountants, Mumbai, retire and being eligible, offer themselves for reappointment as Auditor of the Company for the Financial year 2008-2009 to hold office up to the conclusion of the next Annual General Meeting.

They have furnished the Company with a written certificate to the effect that the proposed reappointment, if made, will be in accordance with sub-section 1(B) of Section 224 of the Companies Act, 1956.

On Behalf of the Board of Directors

Place: Mumbai  
Dated: April 28, 2008.

**SUNIL PARDAL**  
*Director*

# 12TH ANNUAL REPORT

## Auditors' Report

### To the Members of Kquality Resorts and Hospitality Limited

1. We have audited the attached Balance Sheet of Kquality Resorts and Hospitality Limited, as at 31 March 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 misstatements. An audit includes examining, on a 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the 'Order') as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (The 'Act'), we enclose 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 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the 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 31 March 2008, and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31 march 2008 from being appointed as a director in terms clause (g) of sub-section (1) of the Section 274 of the Companies Act, 1956.

## KWALITY RESORTS AND HOSPITALITY LIMITED

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;
- (ii) in the case of the Profit and Loss Account, of the loss 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 S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No.F-5106

Place: Mumbai  
Dated : 28th April, 2008

# 12TH ANNUAL REPORT

## Annexure to the Auditors' Report

### Annexure referred to in paragraph 3 of our Report of even date to the Members of Kwalita Resorts and Hospitality Limited

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but 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. We have been informed that no material discrepancies were noticed on such verification..
- (c) During the year, the Company has not disposed off any of the fixed assets.
- (ii) Clause (ii) of the Order regarding inventories is not applicable to the Company.
- (iii) (a) The Company has not granted any secured or unsecured loan during the year to any parties covered in the registered maintained under Section 301 of the Act.
- (b) The Company has taken interest free unsecured loans from a company (Holding Company), covered in the register maintained under Section 301 of the Act. The terms and conditions of these loans have not been stipulated. The amount involved during the year was Rs. 485,989,426 and the year-end balance is Rs. 485,989,426.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not come across any continuing failure to correct major weakness in internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under this section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices for which prevailing market prices at the relevant time are not available.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public which come within purview of the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) Clause (vii) of the Order regarding internal audit system is not applicable to the Company.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues where applicable, including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts, where applicable, payable in respect of income-tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable,
- (c) According to the records of the Company, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, there are no dues to a financial institution or bank
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or nidhi/ mutual benefit fund/society.
- (xiv) Clause (xiv) of the Order regarding dealing and trading in shares etc. is not applicable to the Company.



## KWALITY RESORTS AND HOSPITALITY LIMITED

- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) As per information and explanations given to us, no term loans were raised during the year and hence clauses (xvi) and (xvii) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xviii) The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xix) The Company has not raised any money by way of public issues during the year.
- (xx) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS.**  
*Partner.*  
Membership No.F-5106

Place: Mumbai  
Dated : 28th April, 2008

# 12TH ANNUAL REPORT

## Balance Sheet

as at 31st March, 2008

|   | Schedule | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|----------|-------------------------------|-------------------------------|
| <b>SOURCES OF FUNDS</b>                               |          |                               |                               |
| <b>Shareholders' Funds:</b>                           |          |                               |                               |
| Share Capital   | A        | 500,100                       | 100,000                       |
| <b>Loan Funds:</b>                                    |          |                               |                               |
| Unsecured Loans                                       | B        | 485,989,426                   | 7,863,180                     |
| <b>TOTAL</b>  |          | <u>486,489,526</u>            | <u>7,963,180</u>              |
| <b>APPLICATION OF FUNDS</b>                           |          |                               |                               |
| <b>Fixed Assets:</b>                                  |          |                               |                               |
| Gross Block   | C        | 338,417,148                   | –                             |
| Less : Depreciation                                   |          | 18,795                        | –                             |
| <b>Net Block</b>                                      |          | <u>338,398,353</u>            | <u>–</u>                      |
| <b>Expenditure Pending Capitalisation (Note '7')</b>  |          |                               |                               |
| Current Assets Loans and Advances:                    |          |                               |                               |
| Cash and Bank Balances                                | D        | 10,748,532                    | 26,349                        |
| Loans and Advances                                    |          | 17,050,540                    | 74,200                        |
|   |          | <u>27,799,072</u>             | <u>100,549</u>                |
| Less : Current Liabilities and Provisions             | E        | 5,688,006                     | 1,326,051                     |
| <b>Net Current Assets</b>                             |          | <u>22,111,066</u>             | <u>(1,225,502)</u>            |
| <b>Miscellaneous Expenditure</b>                      |          |                               |                               |
| (To the extent not written off or Adjusted)           |          |                               |                               |
| Preliminary Expenses                                  |          | –                             | 408                           |
| Other Expenditure (Note "2(ii)")                      |          | 224,636                       | 14,933                        |
| <b>Profit and Loss Account</b>                        |          |                               |                               |
| As per Account annexed                                |          | 58,736                        | 28,736                        |
| <b>TOTAL</b>  |          | <u>486,489,526</u>            | <u>7,963,180</u>              |
| NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES | F        |                               |                               |

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**Y. K. SHANKARDASS**  
Partner

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai, dated: 28th April, 2008

# KWALITY RESORTS AND HOSPITALITY LIMITED

## Profit and Loss Account for the year ended 31st March, 2008

|  | Schedule | Year ended<br>31/03/2008<br>Rupees | Year ended<br>31/03/2007<br>Rupees |
|--|----------|------------------------------------|------------------------------------|
| <b>INCOME (Note "2(i)")</b>                            |          | -                                  | -                                  |
| <b>TOTAL</b>   |          | -                                  | -                                  |
| <br><b>EXPENDITURE (Note "2(ii)")</b>                  |          |                                    |                                    |
| Audit fee  |          | 25,000                             | 8,427                              |
| Fees and Taxes   |          | 165,500                            | 5,710                              |
| Bank charges   |          | -                                  | 388                                |
| Depreciation   |          | 18,795                             | -                                  |
| Preliminary Expenses written Off                       |          | 408                                | 408                                |
| <b>TOTAL</b>   |          | 209,703                            | 14,933                             |
| <b>Less</b> : Transferred to Miscellaneous Expenditure |          | 209,703                            | 14,933                             |
|  |          | -                                  | -                                  |
| <br><b>PROFIT/(LOSS)</b>                               |          |                                    |                                    |
| Profit/(Loss) before Taxation                          |          | -                                  | -                                  |
| Provision for Fringe Benefit Tax                       |          | (30,000)                           | -                                  |
| Profit/(Loss) after Taxation                           |          | (30,000)                           | -                                  |
| Balance brought forward                                |          | (28,736)                           | (28,736)                           |
| Balance carried to Balance Sheet                       |          | (58,736)                           | (28,736)                           |

NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

F

As per our separate report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants

**Y. K. SHANKARDASS**  
Partner

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai, dated: 28th April, 2008

# 12TH ANNUAL REPORT

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|   | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>SCHEDULE 'A' – SHARE CAPITAL</b>   |                               |                               |
| <b>Authorised:</b>  |                               |                               |
| 1,000,000 Equity shares of Rs. 10 each<br>(previous year 10,000 Equity Shares of Rs. 10 Each)                       | 10,000,000                    | 100,000                       |
| <b>Issued, Subscribed and Paid up:</b>  |                               |                               |
| 50,010 Equity shares of Rs. 10 each fully paid up<br>(previous year 10,000 Equity Shares of Rs. 10 Each fully paid) | 500,100                       | 100,000                       |
|   | <u>500,100</u>                | <u>100,000</u>                |
| <b>SCHEDULE 'B' – UNSECURED LOANS</b>   |                               |                               |
| (a) From Holding Company  | 485,989,426                   | 59,780                        |
| (b) From Others   | –                             | 7,803,400                     |
|   | <u>485,989,426</u>            | <u>7,863,180</u>              |

## SCHEDULE 'C' - FIXED ASSETS

| PARTICULARS                 | GROSS BLOCK         |             |                       |                     | DEPRECIATION       |                 |                   | NET BLOCK           |                     |
|-----------------------------|---------------------|-------------|-----------------------|---------------------|--------------------|-----------------|-------------------|---------------------|---------------------|
|                             | As at<br>01/04/2007 | Additions   | Sales/<br>Adjustments | As at<br>31/03/2008 | Upto<br>31/03/2007 | For the<br>Year | Upto<br>3/31/2008 | As at<br>31/03/2008 | As at<br>31/03/2007 |
| Freehold Land (Note below)  | –                   | 295,157,638 | –                     | 295,157,638         | –                  | –               | –                 | 295,157,638         | –                   |
| Office Equipment            | –                   | 99,820      | –                     | 99,820              | –                  | 1,658           | 1,658             | 98,162              | –                   |
| Computers                   | –                   | 339,689     | –                     | 339,689             | –                  | 17,137          | 17,137            | 322,552             | –                   |
| Advances on Capital Account | –                   | 42,820,001  | –                     | 42,820,001          | –                  | –               | –                 | 42,820,001          | –                   |
| Total                       | –                   | 338,417,148 | –                     | 338,417,148         | –                  | 18,795          | 18,795            | 338,398,353         | –                   |
| Total (previous year)       | –                   | –           | –                     | –                   | –                  | –               | –                 | –                   | –                   |

NOTE: Agricultural Land was purchased at Alibaugh and Shirdi each in the name of a Director of the Company in terms of the Resolutions of the Board of Directors of the Company dated 12 July 2007 for the beneficial interest of the Company.

## SCHEDULE 'C-1' – EXPENDITURE PENDING CAPITALISATION (Note '7')

| PARTICULARS   | 2007-08<br>Rupees  | 2006-07<br>Rupees |
|---|--------------------|-------------------|
| (a) Development work in progress                    | 97,896,709         | 5,000,000         |
| (b) Pre-Commencement Expenditure during development | 27,800,026         | 4,144,605         |
|   | <u>125,696,735</u> | <u>9,144,605</u>  |

# KWALITY RESORTS AND HOSPITALITY LIMITED

## Schedules

forming part of the Balance Sheet as at 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>SCHEDULE 'D' – CURRENT ASSETS, LOANS AND ADVANCES</b> |                               |                               |
| <b>Current Assets:</b>                                   |                               |                               |
| Cash and Bank Balances:                                  |                               |                               |
| Cash on hand (as confirmed by a Director)                | 2,889,139                     | 20                            |
| Balances with scheduled Banks in:                        |                               |                               |
| Current Accounts   | 7,859,393                     | 26,329                        |
|  | <u>10,748,532</u>             | <u>26,349</u>                 |
| <b>Loans and Advances (unsecured considered good):</b>   |                               |                               |
| Advances recoverable in cash or in kind or value         | 2,276,340                     | –                             |
| Security and other Deposits                              | 1,200,000                     | –                             |
| Due from Kwaliti Ice Cream                               | 74,200                        | 74,200                        |
| Advance against purchase of investments (Note "4" )      | 13,500,000                    | –                             |
|  | <u>17,050,540</u>             | <u>74,200</u>                 |
| <b>TOTAL</b>   | <u><u>27,799,072</u></u>      | <u><u>100,549</u></u>         |
| <b>SCHEDULE 'E' – CURRENT LIABILITIES AND PROVISIONS</b> |                               |                               |
| <b>Current Liabilities:</b>                              |                               |                               |
| Sundry Creditors   | 5,078,552                     | 1,234,554                     |
| Other Liabilities  | 579,454                       | 91,497                        |
|  | <u>5,658,006</u>              | <u>1,326,051</u>              |
| <b>Provisions:</b>                                       |                               |                               |
| Fringe Benefit Tax                                       | 30,000                        | –                             |
| <b>TOTAL</b>   | <u><u>5,688,006</u></u>       | <u><u>1,326,051</u></u>       |

# 12TH ANNUAL REPORT

## Schedules

### Notes to the Accounts

#### SCHEDULE 'F' – NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

##### A. Notes on Accounts :

1. The name of the Company has changed from Kwaliti Resorts and Hospitality Private Limited to Kwaliti Resorts and Hospitality Limited with effect from 29 June 2007.
2. (i) The Company did not have any income during the year. The Company proposes to build and run hotels and has purchased land at various places for its hotel projects.  
(ii) The expenditure amounting to Rs. 209,703 incurred during the year not related to hotel development projects are treated as Miscellaneous Expenditure to be written off over a period to be decided by the management.
3. 49,950 Equity shares of Rs. 10 each fully paid up are held by the holding company, The G.L. Hotels Limited and 50 Equity Shares of Rs. 10 each fully paid up are held by holding Company jointly with third parties.
4. Advance of Rs. 13,500,000 given against the acquisition of the entire share holding of 245,000 equity shares of Rs. 10 each of Hotel Kanakeshwar Private Limited for Rs 17,000,000 as per the agreement dated 25 July 2007 for purchase of these shares.
5. The Company is contingently liable for approximately Rs. 419,513,291 (previous year Rs. 45,250,000) in respect of estimated amount of contracts remaining to be executed on capital account not provided for.
6. Amounts, if any, due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
7. Expenses pending capitalisation incurred during the period 1 April 2007 to 31 March 2008 relating to hotel project are as follows:

|   | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|---|---------------------|---------------------|
| <b>(a) Development work in progress</b>             |                     |                     |
| Advances against expenses for property development  | 97,896,709          | 5,000,000           |
| <b>(b) Other Expenditure during development:</b>    |                     |                     |
| Salaries, Dearness Allowance, Bonus, Gratuity       | 507,503             | –                   |
| Advertisement and Publicity                         | 541,319             | –                   |
| Legal and Professional charges                      | 9,412,081           | 3,645,286           |
| Administrative and other service charges reimbursed | 14,445,027          | –                   |
| Travelling and Conveyance                           | 1,792,618           | 499,319             |
| Other expenses                                      | 1,101,478           | –                   |
|   | <u>27,800,026</u>   | <u>4,144,605</u>    |

8. List of Related Parties (relied on the details provided by the management):

##### (i) Shareholders/Directors

The GL Hotels Limited,\*Mr Ravi Ghai.\* Vikram Seth,\*Mr Gaurav Ghai\*Mr Sunil Pardal\*Mr Raman Mehra (\*no transactions during the year)

##### (ii) Other related parties where the common control exists

Kwaliti Frozen Foods Pvt Ltd, \*Rich Kwaliti Products Pvt Ltd, \*Baskin Robbins Franchise Pvt Ltd., \*Mahaniya Investments Pvt Ltd., \*Crossword Beverages Pvt. Ltd., \*Great Indian Cigar Co. Pvt. Ltd. \*Idar Hotels Pvt. Ltd., \*Gaylord Pvt. Ltd., \*Oregaon Realtys Pvt Ltd,\* Perfect Livestock Pvt. Ltd., \*Satinetta Finelease & Investments Pvt. Ltd.,\* Baskin Robbins India Pvt. Ltd.,\* Kwaliti Walls Fanatasy Ltd. \*Leman International Pvt. Ltd.(\* no transactions during the year)

# KWALITY RESORTS AND HOSPITALITY LIMITED

## Notes to the Accounts – (Contd.)

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|  | Rupees      |
|--|-------------|
| <b>Administrative and other service charges reimbursed</b> |             |
| Other related parties where the common control exists      | 14,445,027  |
| <b>Outstanding payables</b>                                |             |
| Other related parties where the common control exists      | 5,039,346   |
| <b>Loans/Advances/Deposits received</b>                    |             |
| Other related parties where the common control exists      | 485,989,426 |

9. Previous years figures have been rearranged/regrouped wherever necessary to conform to this year's classifications.

### B. Significant Accounting Policies

- (a) The financial statements have been prepared under historical cost convention on accrual basis.
- (b) Fixed Assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (c) Depreciation has been charged in the accounts on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (d) Retirement benefits are accounted on accrual basis. The gratuity liability and leave encashment are provided on the actuarial valuation wherever applicable.

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As per our separate report of even date

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*

**Y. K. SHANKARDASS**  
*Partner*

**SUNIL PARDAL**  
*Director*

**VIKRAM SETH**  
*Director*

Mumbai, dated: 28th April, 2008

# 12TH ANNUAL REPORT

## Cash Flow Statement for the Year Ended 31st March, 2008

|  | As at<br>31/03/2008<br>Rupees | As at<br>31/03/2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                |                               |                               |
| Net profit before tax and extra ordinary items               | —                             | —                             |
| Adjusted for Depreciation                                    | —                             | —                             |
| Preliminary expenses written off                             | —                             | —                             |
| Interest paid  | —                             | —                             |
| Operating profit before working capital changes              | —                             | —                             |
| Adjustment for:  |                               |                               |
| (Increase)/Decrease in Loans and Advances                    | <b>(16,976,340)</b>           | (5,000,000)                   |
| Increase/(Decrease) in Current Liabilities                   | <b>4,361,955</b>              | 1,321,051                     |
|  | <b>(12,614,385)</b>           | (3,678,949)                   |
| Cash generated from operations                               | <b>(12,614,385)</b>           | (3,678,949)                   |
| Interest paid  | —                             | —                             |
| Direct Taxes paid...(net of refund)                          | <b>(30,000)</b>               | —                             |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                    | <b>(12,644,385)</b>           | (3,678,949)                   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                |                               |                               |
| Purchase of Fixed Assets                                     | <b>(454,969,278)</b>          | —                             |
| Miscellaneous Expenditure                                    | <b>(190,500)</b>              | (14,525)                      |
| Advance on Capital Account                                   | —                             | (4,144,605)                   |
| <b>NET CASH USED IN INVESTMENT ACTIVITIES</b>                | <b>(455,159,778)</b>          | (4,159,130)                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                |                               |                               |
| Proceeds from Share Capital                                  | <b>400,100</b>                | —                             |
| Proceeds from borrowings                                     | <b>478,126,246</b>            | 7,859,780                     |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                 | <b>478,526,346</b>            | 7,859,780                     |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | <b>10,722,183</b>             | 21,701                        |
| Cash and cash equivalents - Opening balance                  | <b>26,349</b>                 | 4,648                         |
| Cash and cash equivalents - Closing balance                  | <b>10,748,532</b>             | 26,349                        |

Notes: (1) Figures in brackets are outflows/deductions.

As per our separate report of even date

**For S. P. CHOPRA & CO.**  
Chartered Accountants

**Y. K. SHANKARDASS**  
Partner

**SUNIL PARDAL**  
Director

**VIKRAM SETH**  
Director

Mumbai, dated: 28th April, 2008



# KWALITY RESORTS AND HOSPITALITY LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Schedule VI, Part IV of the Companies Act, 1956

**(1) Registration Details**

|                    |                       |       |      |
|--------------------|-----------------------|-------|------|
| Registration No:   | U15200MH1996PLC096973 |       |      |
| Balance Sheet Date | 31                    | 03    | 2008 |
|                    | Date                  | Month | Year |

|                                 |    |
|---------------------------------|----|
| State Code<br>(Refer Code List) | 11 |
|---------------------------------|----|

**(2) Capital Raised during the year (amount in Rs. thousands)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| NIL          | NIL               |
| Bonus Issue  | Private Placement |
| NIL          | NIL               |

**(3) Position of Mobilisation and Deployment of Funds (amount in Rs. thousands)**

|                                 |                           |  |
|---------------------------------|---------------------------|--|
| <b>SOURCES FUND</b>             | Total Liabilities         | Total Assets                           |
|                                 | 486490                    | 486490                                 |
|                                 | Paid-up Capital           | Reserves and Surplus                   |
|                                 | 500                       | NIL                                    |
|                                 | Secured Loans             | Unsecured Loans                        |
|                                 | NIL                       | 485989                                 |
| <br><b>APPLICATION OF FUNDS</b> | <br>Net Fixed Assets      | <br>Expenditure Pending Capitalization |
|                                 | 338398                    | 125697                                 |
|                                 | Investments               | Net Current Assets                     |
|                                 | NIL                       | 22111                                  |
|                                 | Deferred Tax Assets (Net) | Miscellaneous Expenditure              |
|                                 | NIL                       | 225                                    |
|                                 | Accumulated Losses        |  |
|                                 | 59                        |  |

**(4) Performance of Company (amount in Rs. thousands)**

|   |   |
|---|---|
| Turnover  | Total Expenditure                         |
| NIL   | NIL                                       |
| (Please tick appropriate box + for Profit, – for Loss)    |   |
| +/- Profit/Loss before tax                                | +/- Profit/Loss after deferred tax credit |
| <input type="checkbox"/> + <input type="checkbox"/> - NIL | <input type="checkbox"/> - 30             |
| Earning per share (Rs.)                                   | Dividend Rate %                           |
| Basic   | Nil                                       |
| <input type="checkbox"/> + <input type="checkbox"/> - NIL |   |
| Diluted   |   |
| <input type="checkbox"/> + <input type="checkbox"/> - NIL |   |

**(5) Generic of Three Principal Products/Services of Company (as per monetary terms)**

|                          |                      |
|--------------------------|----------------------|
| Item Code No. (ITC Code) | NA                   |
| Product Description      | HOSPITALITY INDUSTRY |

**SUNIL PARDAL**  
*Director*

**VIKRAM SETH**  
*Director*

Mumbai, dated: 28th April, 2008

TEAR HERE

### THE GL HOTELS LIMITED

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

#### PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of the above named Company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the 47th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 20th June, 2008 at 1.00 P.M. and at any adjournment thereof.

Affix  
Revenue  
Stamp of  
15 paise

Signature \_\_\_\_\_

Date \_\_\_\_\_

Member's Folio No. \_\_\_\_\_

Note : Proxy Form must reach the Company's Registered Office not less than 48 hours before the meeting.

### THE GL HOTELS LIMITED

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

#### ATTENDANCE SLIP

I hereby record my presence at the 47th ANNUAL GENERAL MEETING of the Company held on Friday, the 20th June, 2008 at 1.00 P.M. at the Registered Office of the Company at "Dairy Tops", Plot No. J-177, MIDC, Bhosari, Pune-411 026.

|   |
|---|
|   |
| Name of the attending Member(s)<br>(In Block Letters)   |
|   |
| Name of the Proxy (In Block Letters)<br>[To be Filled in if the Proxy attends instead of the Member(s)] |

No. of Shares held \_\_\_\_\_ Member's Folio No. \_\_\_\_\_

Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

For Office Use : \_\_\_\_\_

TEAR HERE