

BEARAT HOTELS LIMITED



Annual Report
2000-2001



Landscaped Hotel Exterior



Presidential Suite
The spacious master bedroom



Palace Suite



The Chinar
24 hour coffee shop



Palace Cottages
in Two & One bedroom options



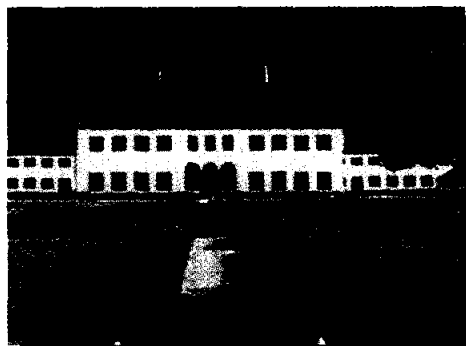
Health Club
with indoor heated pool &
modern facilities



GRAND PALACE
INTER-CONTINENTAL
SRINAGAR



Grand Inter-Continental
New Delhi



Grand Palace Inter-Continental
Srinagar



Grand Inter-Continental Mumbai
(Opening December, 2001)



Grand Goa Inter-Continental Resort
(Opening December, 2001)

**CHAIRMAN-CUM-MANAGING
DIRECTOR**

Mr. Lalit Suri

JOINT MANAGING DIRECTOR

Mrs. Jyotsna Suri

DIRECTORS

Mr. Ramesh Suri
Tikka Hanuwant Singh
Mr. Dharam Veer Batra
Mr. Abhay Navalmal Firodia
Mr. Chakor Lalchand Doshi
Mr. Lalit Bhasin
Mr. Vinod Khanna

**VICE PRESIDENT &
COMPANY SECRETARY**

Mr. Vijay K. Verma

VICE PRESIDENT-FINANCE

Mr. Arvind Sachdev

REGISTERED OFFICE

Barakhamba Lane
New Delhi - 110001

STATUTORY AUDITORS

V. Sankar Aiyar & Co.
Chartered Accountants
202-301, Satyam Cinema Complex
Ranjit Nagar Community Centre
New Delhi-110008

BANKERS

Banque Nationale De Paris
Corporation Bank
Jammu & Kashmir Bank Ltd.

Equity Shares Listed With:

- Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road, New Delhi-110002
- The Stock Exchange Mumbai
Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- The National Stock Exchange of India Limited
Trade World, Senapati Bapat Marg, Lower Parel, Mumbai-400013

GDRs Listed With:

- Luxemborg Stock Exchange
P.O. Box 807, 14, Boulevard, F.D Roosevelt, Luxembourg
- Annual Listing fee paid to All the Stock Exchanges upto date

BHARAT HOTELS LIMITED

National Sales Offices

NEW DELHI

Grand Inter-Continental New Delhi
Barakhamba Avenue,
Connaught Place,
New Delhi-110 001
Tel.: 3411001/3709000
Fax : 3412233

MUMBAI

607, Tulsiani Chambers
Nariman Pont,
Mumbai-400 021
Tel.: 2873050/2831764
Fax: 2025413

CALCUTTA

C/o White House
5th Floor, 119 Park Street,
Calcutta-700 016
Tel.: 2297289/2290045
Fax: 2291264

BANGALORE

C/o Brauners Business Centre
3rd Floor, Monarch Chambers
122, Infantry Road,
Bangalore-560 001
Tel.: 2899327/2861490
Fax: 2860339

CHENNAI

C/o DBS Corporate Club
31/A Cathedral Garden Road,
Chennai-600 034
Tel.: 8275191/8279186
Fax: 8257258

GRAND PALACE INTER-CONTINENTAL SRINAGAR

Gupkar Road, Srinagar-190 001.
Jammu & Kashmir
Tel.: 0194-470101/456701
Fax: 0194-453794

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Bharat Hotels Limited will be held at Sapru House, Barakhamba Road, New Delhi-110001 on Thursday, the 9th August, 2001 at 3.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the Financial year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To consider declaration of dividend by the Company for the financial year ended 31st March, 2001.
3. To appoint a Director in place of Shri Vinod Khanna, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Lait Bhasin who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that the moneys to be borrowed, together with money's already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not so set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed Rs.1000 Crores at any one time."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded in terms of the Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors to create mortgage and/or charges on all or any of the movable or immovable properties both present and future for securing any loan obtained or as may be obtained from any Financial Institution, Bank or any other lender together with interest, costs, charges, expenses and any other money payable by the company."

By Order of the Board
for BHARAT HOTELS LIMITED

NEW DELHI

Dated :16.06.2001

Regd Office : Barakhamba Lane,
New Delhi - 110 001

VIJAY K. VERMA
VICE -PRESIDENT & COMPANY SECRETARY

BHARAT HOTELS LIMITED

NOTES :

1. Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 2nd August, 2001 to Thursday the 9th day of August, 2001 to ascertain the entitlement of the members for payment of Dividend.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy must be deposited at the Registered Office of the Company at Barakhamba Lane, New Delhi-110001 not later than 48 hours before the commencement of the Meeting.
3. The dividend, if declared, shall be paid to those members whose names appear in the Register of Members of the Company on 9th August, 2001.
4. THE MEMBERS/PROXIES SHOULD BRING THEIR ATTENDANCE SLIPS SENT HERewith, DULY FILLED IN FOR ATTENDING THE MEETING.
5. WITH A VIEW TO PREVENT THE POSSIBILITY OF FRAUDULENT ENCASHMENT OF DIVIDEND WARRANTS, THE MEMBERS ARE REQUESTED TO INFORM THE DETAILS OF THEIR RESPECTIVE BANK ACCOUNT NO., NAME AND ADDRESS OF THE BANK OF THE SOLE/FIRST SHAREHOLDER SO THAT THE SAME COULD BE INCORPORATED IN THE DIVIDEND WARRANTS TO BE ISSUED TO THE MEMBERS.
6. THE MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR REGISTERED ADDRESS/ RESIDENTIAL STATUS IMMEDIATELY TO THE REGISTERED OFFICE OF THE COMPANY.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 6 & 7

The company presently owns Grand Inter-Continental New Delhi and Grand Palace Inter-Continental Srinagar. The other two hotels owned by the company namely Grand Inter-Continental Mumbai and Grand Goa Inter-Continental Resort which are under advanced stage of construction and completion and are expected to be operational by the end of the year 2001.

With a view to further expand its chain of hotels by way of promoting and developing new hotels as well as acquiring hotels owned by Hotel Corporation of India and India Tourism Development Corporation under the dis-investment scheme of the Government of India, the company may have to borrow funds from Financial Institutions and Banks. The Board of Directors of the company is authorised by the members to borrow upto Rs.250 crores by way of secured and/or un-secured loans from Financial Institutions, Banks or others. It is proposed to enhance the said borrowing limits from Rs. 250 crores to Rs.1000 crores. The company will also have to create mortgage/charges on its properties both present and future. The members of the company are required to accord their consent pursuant to Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956 in relation to the above.

Hence the Resolutions.

None of the Directors is interested or concerned in the resolutions except as shareholders in general.

By Order of the Board
for BHARAT HOTELS LIMITED

NEW DELHI
Dated :16.06.2001
Regd Office : Barakhamba Lane
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY



DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their twentieth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

	FINANCIAL YEAR ENDED ON (Rs. In lacs)	
	31.3.2001	31.3.2000
GROSS PROFIT	2551.36	2252.11
Less: Interest	53.45	83.17
Depreciation	588.64	580.96
PROFIT FOR THE YEAR	1909.27	1587.98
Less: Interest on Euro Dollar Loan (relating to earlier years)	457.51	—
PROFIT BEFORE TAXATION	1451.76	1587.98
PROVISION FOR TAXATION	250.00	200.00
	1201.76	1387.98
RESERVE FOR 80HHD WRITTEN BACK	—	3000.00
PROFIT AFTER TAXATION	1201.76	4387.98
PROFIT BROUGHT FORWARD FROM LAST YEAR	3381.72	2926.65
TOTAL	4583.48	7314.63
APPROPRIATION OF NET PROFIT		
Transfer to Reserve for Bad and Doubtful Debts.	25.00	25.00
Transfer to General Reserve	625.00	3075.00
Transfer to Reserve u/s 80 HHD of the I. T. Act	400.00	450.00
Proposed Dividend	332.00	332.00
Income Tax on Dividend	33.86	50.91
Surplus Profit Carried to Balance Sheet	3167.62	3381.72
TOTAL	4583.48	7314.63
Equity Share Capital	2213.33	2213.33
Reserves and Surplus	21902.77	20726.01
Net Worth	24116.10	22939.34
Book Value per share (Rs.)	108.95	103.64
Earning Per Share (Rs.)	5.43	6.27
Dividend (Rs.)	1.50	1.50

BHARAT HOTELS LIMITED

OPERATIONS

It has been agreed with Inter-Continental Hotels and Resorts to incorporate the prefix 'Grand' to all the Bharat Hotel properties in India. Consequently, these hotels will now be called Grand Inter-Continental New Delhi and Grand Palace Inter-Continental Srinagar. The two new properties under construction will be named Grand Inter-Continental Mumbai and Grand Goa Inter-Continental Resort. These two properties are under full construction and are expected to be operational by the end of 2001.

Work in respect of company's Goa project was held up due to stay of construction by the Courts in a writ petition filed by Goa Foundation. After dismissal of writ petition by Hon'ble Bombay High Court Goa Foundation filed a Special Leave Petition in the Hon'ble Supreme Court of India, where the stay granted by the Supreme Court was vacated and the petition was dismissed. The construction work has since resumed in full swing.

During the year, our heritage property in Srinagar was converted to an Inter-Continental hotel and today operates as Grand Palace Inter-Continental Srinagar. This 115-room hotel has been fully restored, renovated and upgraded as per international standards and offers 45 Palace Suites including two Presidential Suites, 60 spacious Palace Rooms and 10 self contained Palace Cottages – 6 two bedroom and 4 one bedroom options. Besides, there is health club with heated swimming pool, two tennis courts, beauty and barber salon, 24 hour coffee shop, bar, extensive conference facilities, shopping arcade etc.

At Grand Inter-Continental New Delhi, enhancement of product and facility is a constant management ethos. During the year, the 53 suites at the hotel were completely renovated and enhanced to present a modern look. Further, the hotel's popular Chinese restaurant, Noble House will be completely renovated in summer of 2001 as will the exclusive business club – The Club Privee.

Plans are also on the anvil to create captive power of our operating properties in order to optimize energy management and conserve costs.

You would observe from the Annual Accounts that the Turnover of the Company has been Rs.78.65 crores as against Rs. 77.64 crores last year, whereas the Profit After Interest and Depreciation but after settlement of Euro Dollar loan liability relating to earlier years, has been Rs.14.52crores as against Rs. 15.88 crores last year. The company has provided for taxation a sum of Rs. 2.50 crores this year and the profit after tax has been Rs. 12.02crores as against Rs. 13.88 crores last year.

DIVIDEND

The Board of Directors has recommended a dividend of 15% i.e Rs.1.50 per share aggregating to Rs.332.00 lacs for the Financial Year ended 31st March, 2001 payable to those shareholders whose names appear in the Register of Members and/or in the Depository Mechanism as on the date of the ensuing Annual General Meeting of the company.

EXPANSION & FUTURE PROSPECTS

Under the expansion program, the company has been short listed for various properties of HCI and ITDC in the dis-investment process announced by Government of India. If successful, the company will add more hotels into its fold in due course of time.

DIRECTORS RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;



- (ii) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing fraud and other irregularities;
- (iv) That they have prepared the annual accounts on a going concern basis;

DIRECTORS

Shri Vinod Khanna and Shri Lalit Bhasin, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

Your company has been practicing the principles of Corporate Governance over the years. The company's philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the company and conduct of business and places due emphasis on regulatory compliance. Your company always strived for excellence with the twin objectives of enhancing customer satisfaction and shareholders value. The Board of Directors supports the broad principles of corporate governance.

COMPOSITION OF BOARD OF DIRECTORS

The existing Board has two whole time Directors being Chairman-cum-Managing Director and a Joint Managing Director who are specialists in the hotel industry and the rest are non whole time Directors who bring a wide range of skills and experience to the Board.

RESPONSIBILITIES

The Board has a formal schedule of matters reserved for its consideration and decision which includes reviewing the Corporate Performance ensuring adequate availability of financial resources and reporting to the shareholders. During the year under review, the Board met four times. Board members ensure that their other responsibilities do not materially impact on the responsibility as a Director of the Company.

BOARD MEETINGS

The meetings of the Board of Directors are generally held at New Delhi. Meetings are generally scheduled well in advance. The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board meetings during the year were held on 28.4.2000, 11.8.2000, 16.10.2000 and 17.01.2001.

BOARD COMMITTEE

To enable better and more focussed attention on the affairs of the company, the Board delegates particular matters to committees of the Board set up for the purpose. The four core committees which have been constituted so far are (i) Share Transfer committee (ii) Audit Committee, (iii) Remuneration Committee and (iv) Shareholders & Investor Grievance Committee.

AUDIT COMMITTEE

The audit committee comprises of Mr. Lalit Bhasin, Mr. Dharam Veer Batra and Tikka Hanuwant Singh all non whole time Directors of the Company with Mr. Lalit Bhasin as its Chairman. The role, terms of reference and the

BHARAT HOTELS LIMITED

authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 1956 and listing requirements. The Vice President Finance is the permanent invitee of the Committee & the terms of reference of Audit Committee include:

- To review company's financial reporting process and its financial statement.
- To review the accounting and financial policies & practices.
- To review the efficiency of the internal control mechanism and monitor risk management policies adopted by the company and ensure compliance with regulatory guidelines.
- To review reports furnished by the internal and statutory auditors and ensure suitable follow up action is taken.
- To examine accountancy, taxation and disclosure aspect of all significant transactions.

The first meeting of audit committee was held on 30th May 2001.

REMUNERATION COMMITTEE

The remuneration committee comprises of Tikka Hanuwant Singh, Mr. Ramesh Suri and Mr. Lalit Bhasin all non whole time Directors with Tikka Hanuwant Singh as its Chairman deal with all aspects of remuneration of all whole time Directors.

SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE

The shareholder/Investor Grievance Committee comprises of Mr. Ramesh Suri, Mr. Dharam Veer Batra and Tikka Hanuwant Singh all non whole time Directors with Mr. Ramesh Suri as its Chairman. This committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investor grievances.

The Company will commence reporting on the compliance with clause 49 of listing agreement which has been made mandatory with effect from April, 2001 for the accounting year ending on 31.03.2002 and thereafter.

PARTICULARS REQUIRED TO BE DISCLOSED AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

(1) CONSERVATION OF ENERGY

a) Various energy conservation measures adopted by the company are as follows:

- Over 1000 energy saving electrical fittings have been installed in illuminated areas which are active round the clock.
- Timers and photo cell switches have been installed for controlling the exterior lights.
- With a view to enhance light effects and reduce electricity consumption, the Company has finalised a lighting plan under which Garden lights and Porch lights have been changed. The lights in the Lobby are also replaced into energy saving.
- All Air Handling Units have been fitted with thermostatic controls; supply and exhaust blowers are controlled from a centralised Control Panel for effective operation. Automatic timers have been fitted for various supply and exhaust blowers to avoid wasteful running and have a programmed cycle of operations; all party rooms, conference halls and Restaurants have been fitted with dimmerstat controls; maximum possible area has been covered with fluorescent lightings; proper utilisation of waste steam from laundry and kitchen areas worked out and saving of water also planned.