

Annual Report

2002 - 03



BHARAT HOTELS LIMITED

The Grand Group

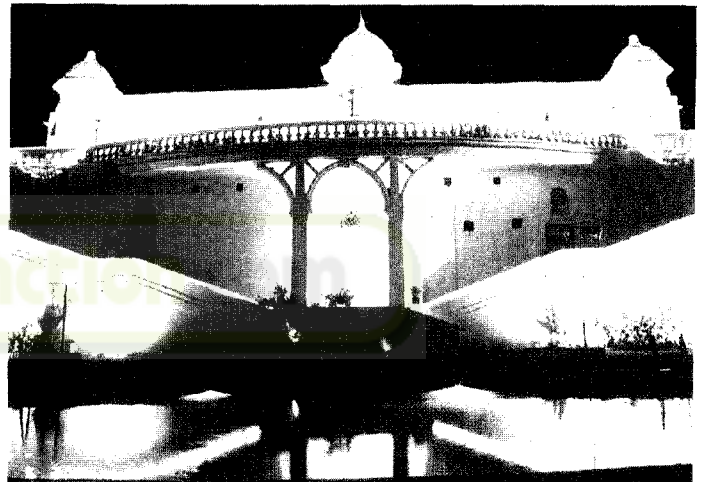
covers India like no other chain



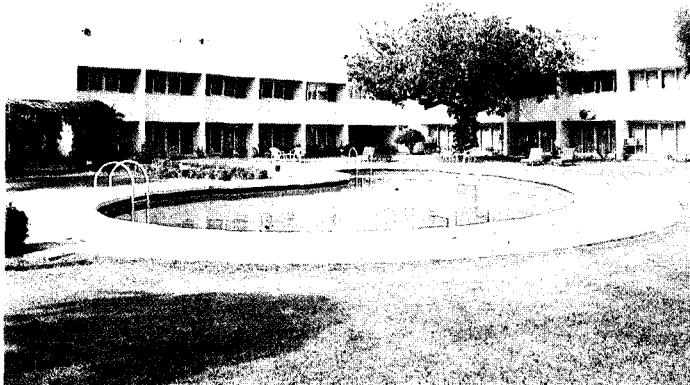
The Grand Luxury now in Bangalore, Udaipur and Khajuraho



THE GRAND ASHOK
Bangalore



THE GRAND LAXMI VILAS PALACE
Udaipur



THE GRAND TEMPLE VIEW
Khajuraho

The Grand Group

presents

Elegant Business Hotels.. Luxurious Beach Resorts... Graceful Heritage Palaces....

 InterContinental 'The Grand' Hotels



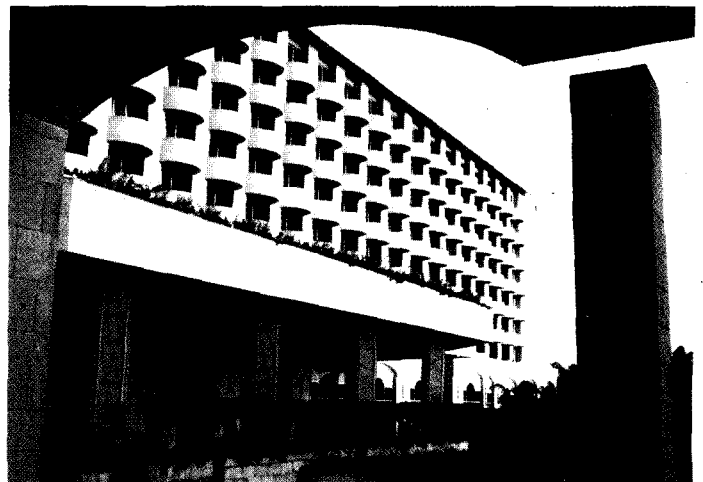
INTERCONTINENTAL
THE GRAND
NEW DELHI



INTERCONTINENTAL
The Grand Resort
COCHIN



INTERCONTINENTAL
THE GRAND PALACE
SRINAGAR



INTERCONTINENTAL
THE GRAND
MUMBAI

BHARAT HOTELS LIMITED

CHAIRMAN-CUM-MANAGING

DIRECTOR

Mr. Lalit Suri

JOINT MANAGING DIRECTOR

Mrs. Jyotsna Suri

DIRECTORS

Mr. Ramesh Suri

Mr. Hanuwant Singh

Mr. Dharam Veer Batra

Mr. Abhay Navalmal Firodia

Mr. Chakor Lalchand Doshi

Mr. Lalit Bhasin

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

Satyam Cinema Complex

Ranjit Nagar Commercial Complex

New Delhi-110008

BANKERS

Jammu & Kashmir Bank Ltd.

Banque Nationale De Paris

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Bharat Hotels Limited will be held at Sapru House, Barakhamba Road, New Delhi-110001 on Friday, the 8th August, 2003 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, 2003 and the Profit and Loss Account for the Financial year ended on that date and the Reports of the Directors and the Auditors thereon and statement in respect of three subsidiary companies under section 212 of the Companies Act.
2. To appoint a Director in place of Shri Abhay Navalmal Firodia who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Hanuwant Singh who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board
for BHARAT HOTELS LIMITED

NEW DELHI

Dated : 9th June, 2003

Regd. Office : Barakhamba Lane,
New Delhi-110001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY

NOTES :

1. The register of members and share transfer books of the company will remain closed from Monday, the 4th August, 2003 to Friday, the 8th August, 2003 to take record of the members of the company.
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 not later than 48 hours before the commencement of the Meeting.
3. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION CONCERNING ACCOUNTS OR OPERATIONS OF THE COMPANY ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST 10 DAYS BEFORE THE DATE OF ANNUAL GENERAL MEETING SO THAT THE INFORMATION WILL BE MADE AVAILABLE TO THEM AT THE MEETING.
4. THE MEMBERS/PROXIES SHOULD BRING THEIR ATTENDANCE SLIPS SENT HERewith, DULY FILLED IN FOR ATTENDING THE MEETING.
5. THE MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR REGISTERED ADDRESS/ RESIDENTIAL STATUS IMMEDIATELY TO THE REGISTERED OFFICE OF THE COMPANY.

BHARAT HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting twenty second Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs. In lacs)	
	FINANCIAL YEAR ENDED ON	
	31.03.2003	31.03.2002
GROSS PROFIT	684.10	898.46
Less: Interest	165.30	111.00
Depreciation	514.48	561.18
PROFIT FOR THE YEAR	4.32	226.28
LESS: PROVISION FOR TAXATION – CURRENT YEAR	0.35	—
LESS: PROVISION FOR TAXATION RELATING TO EARLIER YEARS	—	(307.00)
RESERVE FOR 80HHD WRITTEN BACK	—	1,275.00
PROFIT AFTER TAXATION	3.97	1,194.28
PROFIT BROUGHT FORWARD FROM LAST YEAR	4,221.90	3,167.62
TOTAL	4,225.87	4,361.90
APPROPRIATION OF NET PROFIT		
Transfer to Reserve for Bad and Doubtful Debts.	—	15.00
Transfer to Reserve u/s 80 HHD of the I. T. Act	—	125.00
Surplus Profit Carried to Balance Sheet	4,225.87	4,221.90
TOTAL	4,225.87	4,361.90
Equity Share Capital	2,213.33	2,213.33
Reserves and Surplus	19,545.16	18,541.18
Net Worth	21,758.49	20,754.51
Book Value per share (Rs.)	98.30	92.77
Earning Per Share (Rs.)	0.02	1.02

OPERATIONS

Your company's portfolio now incorporates SEVEN luxury hotels in the country, offering more than 1600 rooms in the 5-star deluxe segment. These include Inter Continental The Grand Hotels in New Delhi, Srinagar, Mumbai & Goa and 'The Grand' hotels in Bangalore, Udaipur & Khajuraho. All hotels are operated under THE GRAND brand name.



The company's new project in Goa is now complete and is presently in a soft opening phase. InterContinental The Grand Resort Goa with 255 rooms, suites and cottages is spread out on 85 acres with almost a kilometer long beach front. Straddled between two rivers and lapped by the Arabian sea, the resort is one of the finest in Goa. A 9-hole international standard golf course, spread out on 40 acres, fresh and seawater sports facilities, a state-of-the-art fitness spa with special services for slimming and body rejuvenation make the resort unique in the guest facilities that it offers. Besides, the resort has a free form swimming pool, squash and tennis courts, a conference hall, kids corner, 6 food & beverage outlets and a modern gaming club.

The company's under construction hotel in Mumbai is also in its final finishing phase and is set to be commissioned in July, 2003. The 400-room Inter-Continental The Grand Mumbai is located near Sahar International Airport and boasts of a magnificent architectural facade with a soaring 8-storey high atrium lobby. The hotel's accommodation options are luxurious and fitted with the most modern facilities and services. There will be 31 suites, 48 Club Inter-Continental rooms and 321 deluxe rooms, 6 dining & entertainment options, extensive banquets, a state of the art business centre, a spacious fitness club, outdoor swimming pool, salon and a host of other facilities. Adding an additional dimension is commercial complex owned by the company, which will offer show rooms, offices, service apartments, a movie preview theatre and a speciality Chinese restaurant.

In the company's acquired properties from ITDC, namely The Grand hotels in Bangalore, Udaipur and Khajuraho - a new management ethos has been infused and an extensive product renovation/refurbishment programme introduced.

At The Grand Ashok Bangalore, renovation programme is in two phases with the first phase ready to be commissioned by mid June, 2003. Under this, 90 guest rooms have been completely renovated along with a new state-of-the-art business centre and the rooftop Chinese restaurant. The second phase will be ready by year-end. The areas include the hotel lobby, suites and rooms, all other restaurants, an exciting new bar, a modern and well equipped health spa, land-scaping of the gardens and additions to the banquet facilities. By the year-end, The Grand Ashok Bangalore will have a completely new look.

At The Grand Laxmi Vilas Palace Udaipur owned by Udaipur Hotels Limited a subsidiary of the company - which already has a wonderful heritage setting, the refurbishment plans under way incorporate enhancement of the suites, land-scaping of the outdoors and upgrading of the operating equipment.

The Grand Temple View Khajuraho owned by Khajuraho Hotels Limited will shortly see a complete re-build in its interiors. Plans have already been finalized to re-do all the existing facilities and services - to make the hotel a 'top line' boutique living experience.

DIVIDEND

Due to further fall in company's profits and huge capital expenditure involved in the company's Mumbai and Goa Hotel Projects as well as renovation works for company's hotel The Grand Ashok Bangalore, the Board of Directors of your company has not recommended any dividend for the year ended 31st March, 2003.

EXPANSION & FUTURE PROSPECTS

During the year two new hotels of your company at Mumbai and Goa shall be operational. Further the company's hotel at Bangalore will be fully renovated during the year as such the turn over of the company is expected to increase considerably. The company has further plans to add more hotels in its chain in the near future.

BHARAT HOTELS LIMITED

DELISTING OF EQUITY SHARES FROM THE STOCK EXCHANGES

The promoters of your company have acquired further shares by making open offers pursuant to SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. The promoter group is now holding 95.80% equity shares of your company. The equity shares of your company have already been delisted from all the Stock Exchanges where they were listed viz The Delhi Stock Exchange Association Limited, The Stock Exchange, Mumbai and National Stock Exchange of India Limited with effect from 6th June, 2003, 11th June, 2003 and 17th June, 2003 respectively.

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 Abhay Navalmal Firodia and Shri Hanuwant Singh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

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 in respect of all Hotels are as follows:
 - 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, Lobby lights and Porch lights are changed from time to time in order to have 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.



(b) The implementation of Energy Conservation Programme:-

The company has been continuously studying fuel and utility bills; measuring the results of tracking energy consumptions and the objectives of record keeping; having commitment to and accountability for energy conservation at all levels of the operations of all the hotels; established an energy conservation committee; making a walk-through inspection of the hotel to identify wasteful conditions; implementing changes in operating procedures by instructions to the staff regarding wasteful energy practices, setting realistic energy saving objectives.

- (c) Energy conservation efforts are being greatly enhanced by a strong planned Preventive Maintenance Programme. Each month the Maintenance Department compiles an Energy Consumption Report for the hotel that is a valuable energy conservation tool. Discussions with regard to the same are held on a continuous basis to achieve more better results.
- (d) Internal energy audit's are carried out to balance total energy inputs with use to identify all of the energy streams into a facility and to quantify energy use according to discrete functions.
- (e) During renovation of the properties the process of changing (renewal) from incandescent bulbs to low wattage compact fluorescent lamps is being done substantially to conserve energy thereby cutting energy costs, at the same time keeping the aesthetic value of the properties in tact and still going on.
- (f) As a result of the aforesaid measures taken and firm commitment of the management, considerable saving in Electrical unit, LDO & HSD has been achieved. The company continues to make all efforts to keep consumption at optimum level. As an example: Vapour Absorption machine of 500 Tons installed.

(2) TECHNOLOGY ABSORPTION

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, to the extent applicable, the steps taken by the company in Technology Absorption are detailed in the prescribed Form B which is annexed hereto as Annexure 'A' and forms part of this report.

(3) FOREIGN EXCHANGE EARNING & OUTGO

- (a) The company has earned foreign exchange equivalent to Rs. 20.18 crores which is about 29.10% of the total revenue earned by the Company from Hotel operations during the year.
- (b) The foreign exchange outgo including for capital goods for hotel projects during the year is equivalent to Rs.18.35 crores, which is around 90.98% of the total foreign exchange earnings of the company during the year.

AUDITORS' OBSERVATIONS

The observations of the Auditors have been suitably explained in the notes on Accounts and do not call for any further comments.

FIXED DEPOSITS

The company has accepted deposits within the meaning of Company's (Acceptance of Deposits) Rules, 1975 from the public during the year. There is no unpaid or unclaimed deposits lying with the company.

BHARAT HOTELS LIMITED

AUDITORS

M/s. V.Sankar Aiyar & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The company has received a certificate from them pursuant to section 224(1B) of the Companies Act, 1956 confirming their eligibility for re-appointment.

PARTICULARS OF EMPLOYEES

As required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the Particulars of Employees are annexed as Annexure 'B' and forms part of this report.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the whole-hearted support and the co-operation extended by all associated with the commercial operations of Company's Hotels at New Delhi Bangalore, Udaipur, Khajuraho and Srinagar. They also express their appreciation to the employees at all levels for their dedication and sincerity at work.

The Directors also express their gratitude to the members of the Company, valued customers and clients, Banks and members of public for their continuous support given and confidence reposed in the management of the company.

For and on behalf of the Board

New Delhi
Dated: 9th June, 2003

LALIT SURI
CHAIRMAN CUM MANAGING DIRECTOR