

Annual Report 2003-2004

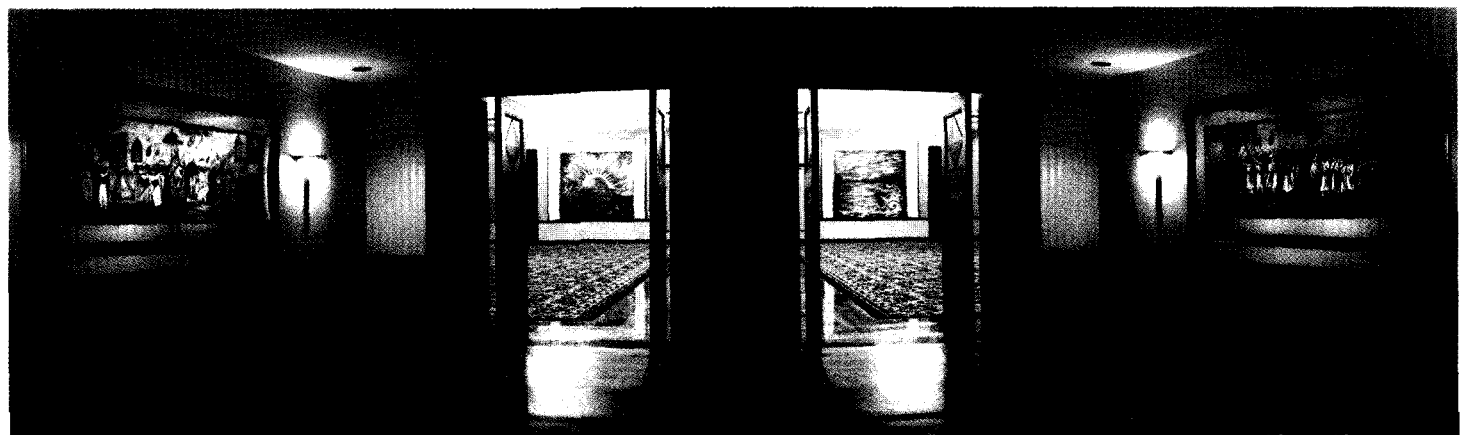
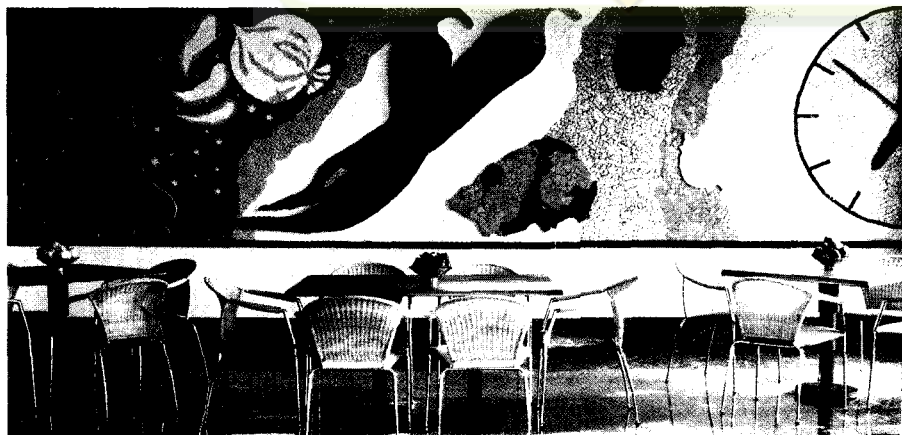


BHARAT HOTELS LIMITED



INTERCONTINENTAL. THE GRAND MUMBAI

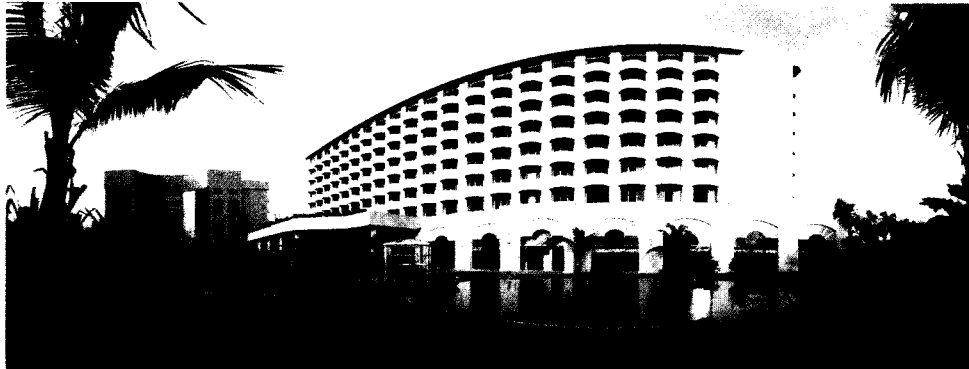
Located close to Mumbai airport and the new commercial developments of North Mumbai.
A soaring eight-storey atrium lobby, the largest in Asia, welcomes guests to a world of untold luxuries.
400 spacious rooms & suites. 6 restaurants & bars. A movie preview theatre.
Extensive banquet facilities. State-of-the-art health facilities. A range of business & leisure services and lots more.
Adjoining commercial tower offers 21 'serviced' apartments; showrooms; shops & offices.



THE GRAND GROUP

The Grand Group presents a world of unbelievable luxuries at InterContinental The Grand Hotels in New Delhi, Srinagar, Mumbai & Goa along with The Grand Hotels at Bangalore, Udaipur & Khajuraho.

A selection of SEVEN luxurious hotels, palaces & resorts offering more than 1500 rooms & suites. Over 28 restaurants & bars, modern leisure and business services, extensive banquet facilities and lots more.



InterContinental The Grand Mumbai



InterContinental The Grand Resort Goa



InterContinental The Grand Palace Srinagar



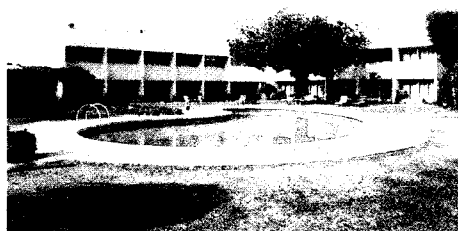
THE GRAND
Hotels Palaces Resorts



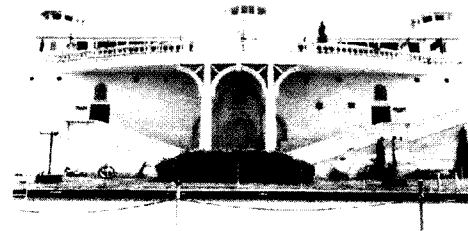
InterContinental The Grand New Delhi



The Grand Ashok Bangalore



The Grand Temple View Khajuraho



The Grand Laxmi Vilas Palace Udaipur
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BHARAT HOTELS LIMITED

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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.		



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of Bharat Hotels Limited will be held at Federation of Indian Chambers of Commerce & Industry Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi-110001 on Monday, the 6th September, 2004 at 3.30 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Lalit Bhasin, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Chakor L. Doshi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that the Authorised Capital of the Company be and is hereby increased from Rs.40,00,00,000/- (Rupees forty crores only) divided into 4,00,00,000 Equity Shares of Rs.10/- each to Rs.1,00,00,00,000/- (Rupees one hundred crores only) divided into 10,00,00,000 equity shares of Rs.10/- each, by creation of 6,00,00,000 Equity Shares of Rs.10/- each and that clause (v) of the Memorandum of Association of the Company be substituted by the following clause :

- (v) The share capital of the Company is Rs. 1,00,00,00,000/- (Rupees one hundred crores only) divided into 10,00,00,000 (ten crores) Equity Shares of Rs.10/- (Rupees ten only) each"

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

"RESOLVED that Article No. 4 of the Articles of Association of the Company be substituted by the following new Article:

4. The Authorised Share Capital of the company is Rs.1,00,00,00,000/- (Rupees one hundred crores only) divided into 10,00,00,000 (ten crores) Equity Shares of Rs.10/- (Rupees ten each only) each". The company shall have power to increase or reduce its capital and to sub-divide the shares in capital for the time being into shares of smaller denominations or to consolidate them into shares of larger denominations or to divide them into several classes of stock or shares and to attach thereto respectively, such preferential rights, or privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

BHARAT HOTELS LIMITED

"RESOLVED that subject to the requisite consents and approvals required under Foreign Exchange Management Act, 1999 or any other applicable laws for the time being in force, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of Section 81(1A) or any other provisions of the Companies Act, 1956 to issue and allot such number of equity shares out of the un-issued share capital at any time by way of private placement at such premium as the Board of Directors may decide, to any select group of person(s) including Non residents, Foreign Institutional Investors, Bodies Corporate incorporated outside India or any other persons and that the Board of Directors of the Company be and is hereby authorised to negotiate and finalise all the terms and conditions with regard to the said preferential issue of equity shares and to take all necessary steps for giving effect to this resolution."

8. To consider and, if thought fit, to pass with our without modification(s), the following resolution as a Special Resolution:

A. RESOLVED that upon the recommendation on the Board of Directors and subject to the approval of Reserve Bank of India and other appropriate authorities where applicable, the consent of the members be and is hereby accorded to the Board of Directors to issue and allot 4,79,27,466 bonus shares in the proportion of two new equity shares of Rs.10/- each at par for every one equity share of Rs.10/- issued and held by all the members whose names appear on the register of members of the company as on such date to be hereafter fixed by the Board by capitalizing a sum equivalent to the nominal value of the said new equity shares out of the sums standing to the credit of the Share Premium Account in the Balance Sheet of the Company as at 31st March, 2004 and on the basis that members become entitled to the new equity shares as capital and not as income.

B. RESOLVED FURTHER THAT the new equity shares shall be allotted subject to the Memorandum and Articles of Association of the Company and shall in all respects rank *pari passu* with the existing fully paid-up equity shares of the company, with a right, if the Directors so determine, to participate in full dividend to be declared after the date of allotment of these shares.

C. RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the said bonus shares but the certificates in respect of the new equity shares to be allotted as fully paid bonus shares as aforesaid shall be delivered within six months of the date of allotment thereof by the Board of Directors of the Company or within such extended time as may be allowed by appropriate authorities.

D. RESOLVED FURTHER THAT the issue and allotment of the said bonus shares to the non-resident members of the company, will be subject to the approval of the Reserve Bank of India, as may be necessary.

E. RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons.

9. To consider and, if thought fit, to pass with our without modification(s), the following resolution as a Special Resolution:

"RESOLVED that Mr. Vinod Khanna who was appointed by the Board of Directors as an Additional Director of the company w.e.f. 25th May, 2004 under Article 87 of the Articles of Association of the Company and who holds office upto this Annual General Meeting as per section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice from a member pursuant to Section 257 of the said Act in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."



10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that approval of the members of the company be and is hereby accorded pursuant to the provisions of Section 310 and 311 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, to increase the remuneration of Shri. Lalit Suri, Chairman -cum-Managing Director of the Company from Rs. 1,00,000/- per month to Rs.1,50,000/- per month by way of salary and the commission on net profits and perquisites subject to the ceilings laid down in Schedule XIII of the Companies Act, 1956, as amended from time to time, with effect from 7th September, 2004 for the unexpired period of his term as Chairman-cum-Managing Director as per the terms set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the approval of the members of the company be and is hereby also accorded to the payment of the said remuneration as minimum remuneration payable to him in the event of loss or inadequacy of profits in any year subject to ceilings laid down in Schedule XIII of the Companies Act, 1956."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that approval of the members of the Company be and is hereby accorded pursuant to the provisions of Section 198, 269, 309 or any other applicable provisions of the Companies Act, 1956 to the re-appointment of Smt. Jyotsna Suri as the Joint Managing Director of the Company for a period of five years from 17th August, 2004 at a monthly salary of Rs. 1,15,000/- per month and commission on net profits and the perquisites subject to the ceilings laid down in schedule XIII of the Companies Act, 1956 as per the terms and conditions set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the approval of the members of the company be and is hereby also accorded to the payment of the said remuneration as minimum remuneration payable to her in the event of loss or inadequacy of profits in any year subject to ceilings laid down in Schedule XIII of the Companies Act, 1956."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 314 1 (B) of the Companies Act, 1956 and other applicable provisions, if any, and subject to the approval of the Central Government, the consent of the company be and is hereby accorded to the increase in remuneration w.e.f 7th September, 2004 payable to Ms. Deeksha Suri holding office or place of profit as General Manager (Corporate) being related to the Chairman-cum-Managing Director, Joint Managing Director and a Director of the Company, as per the following terms:

1. Salary @ Rs.80,000/- per month in the scale of Rs. 80,000 – 10,000 - 90,000-10,000-1,00,000-10,000-1,10,000-10,000-1,20,000.
2. Reimbursement of Leave Travel Allowance subject to maximum of one month's salary in a year.
3. Contribution to Provident Fund as per Rules of the Company.
4. Reimbursement of medical expenses subject to maximum of one month's salary in a year.

By Order of the Board
for BHARAT HOTELS LIMITED

New Delhi
Dated : 31st July, 2004
Regd. Office : Barakhamba Lane,
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY

BHARAT HOTELS LIMITED

NOTES :

1. The register of members and share transfer books of the company will remain closed from Thursday, the 2nd September, 2004 to Monday, the 6th September, 2004 to take record of the shareholders 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 at Barakhamba Lane, New Delhi-110001 not later than 48 hours before the commencement of the Meeting.
3. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION CONCERNING ACCOUNTS OR OPERATION 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.





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

ITEM NO. 5, 6 & 7

After having implemented expansion plans, the company is now having a chain of seven hotels at prime locations. The company further envisages an expansion plan for promoting, developing and managing new hotels and resorts. With a view to part finance of the aforesaid expansion plans the company proposes to raise finance by way of issue of Equity Shares to Indian as well as Foreign Investors including Overseas Body Corporate, Foreign Institutional Investors. The company is already in the process of negotiating and finalising the premium and other terms and conditions for above.

As the existing Authorised Capital of the Company is Rs.40,00,00,000/- it is proposed to raise the Authorised Capital of the company from Rs.40,00,00,000/- to Rs.1,00,00,00,000/- As such the capital clause in the Memorandum and Articles of Association of the company requires modification requiring the approval of the members of the company. Approval of the members of the company is also required under section 81 (1A) of the Companies Act, for the preferential allotment or private placement of the shares as mentioned above.

Hence the Resolutions.

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

ITEM NO. 8

The Company has to the credit of share premium account a sum of Rs.182.79 crores out of total Reserve & Surplus of Rs. 312.63 as on 31.03.2004. In the circumstances, it is felt that it will be advantageous to the company and the members if a sum equivalent to the nominal value of bonus shares is capitalised out of the share Premium account. It is recommended that 4,79,27,466 bonus equity shares be issued and allotted in the proportion of two equity share for every one equity share issued and allotted by the Company to the members as on such date as may be fixed by the Board. The said bonus shares shall rank pari passu with the existing equity shares.

The Board recommends the adoption of the resolution. None of the Directors of the company is interested in the resolution except to the extent they would be entitled for bonus shares in relation to their holding of equity shares.

ITEM NO. 9

Mr. Vinod Khanna was appointed as an Additional Director by the Board of Directors of the Company on 25th May, 2004. The Company has received a notice in writing from a member pursuant to the provisions of section 257 of the Companies Act, 1956, indicating the intention to propose candidature of Mr. Vinod Khanna for the office of Director of the Company liable to retire by rotation. The said member has deposited Rs. 500/- with the company as required under section 257 (1) of the Companies Act. 1956. The Board of Directors feels that the appointment of Mr. Vinod Khanna as a Director of the company would be in the interest of the Company.

Hence the Resolution.

None of the Directors may be deemed to be concerned or interested in this Resolution.

ITEM NO. 10

Shri. Lalit Suri was re-appointed as the Chairman-cum-Managing Director of the company with effect from 13th November, 2002 for a period of five years as approved by the Members of the Company.

BHARAT HOTELS LIMITED

In view of multifold increase in business operations of the company, the Board of Directors of the Company at its meeting held on 31st July, 2004 has proposed and recommended to increase the remuneration drawn by Shri Lalit Suri, Chairman-cum-managing Director with effect from 7th September, 2004 for the remaining term of his appointment as Chairman-cum-Managing Director on the following terms and conditions:

- I) **SALARY**
Salary @ Rs.1,50,000/- (Rupees one lac fifty thousand only)
- II) **PERQUISITES**
Perquisites will be restricted to an amount equal to the annual salary. For this purpose perquisites be classified into three categories, Parts A,B & C.

PART "A"

- i) **HOUSING**
 - a) The expenditure by the Company on hiring accommodation for Chairman-cum-Managing Director will be subject to 60% of salary, over and above 10% payable by the appointee;
 - b) Where the Company does not provide accommodation for the Chairman-cum-Managing Director, House Rent allowance may be paid by the Company subject to ceiling laid down in Clause(i)(a) above;
 - c) Where accommodation in the Company owned house is provided, the Chairman-cum-Managing Director shall pay to the Company by way of rent @ 10% of salary.

EXPLANATION

The expenditure incurred by the Company on Gas, Electricity, Water and Furniture shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Chairman-cum-Managing Managing Director.

- ii) **MEDICAL REIMBURSEMENT**
Expenses incurred for self and the family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) **LEAVE TRAVEL CONCESSION**
For self and family once in a year in accordance with the rules of the company.
- iv) **PERSONAL ACCIDENT INSURANCE**
Premium not to exceed Rs.4,000/- per annum.
- v) **CLUB FEES**
Fees of Clubs, subject to a maximum of Two Clubs. This will not include admission and life membership fees.

EXPLANATION

For the purpose of this Part 'Family' means the spouse, the dependent children and dependent parents.