

ANNUAL REPORT

2004-2005

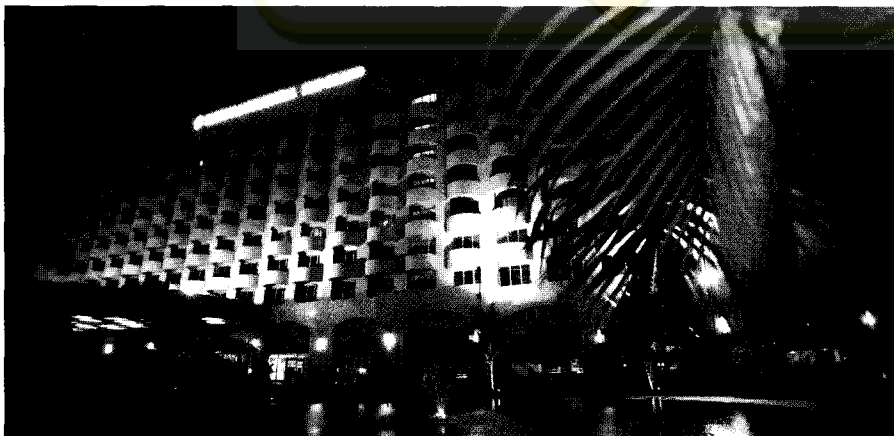
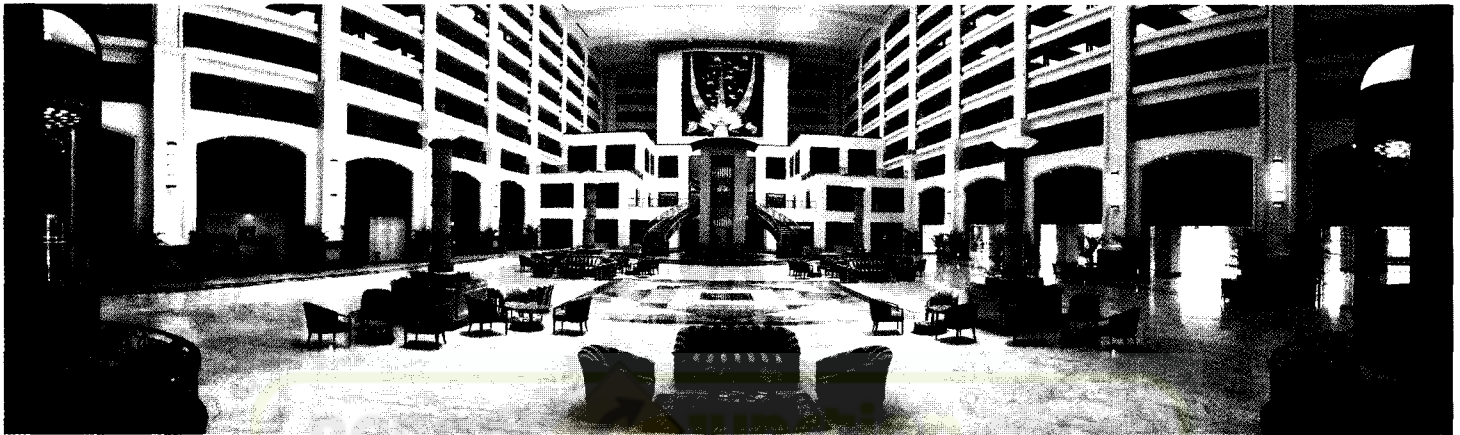


BHARAT HOTELS LIMITED



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.
369 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

Hotels Palaces Resorts

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 New Delhi



InterContinental The Grand Mumbai



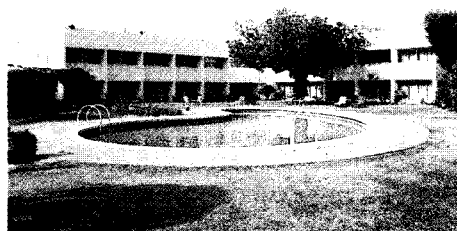
InterContinental The Grand Palace Srinagar



InterContinental The Grand Resort Goa



The Grand Ashok Bangalore



The Grand Temple View Khajuraho



The Grand Laxmi Vilas Palace Udaipur

BHARAT HOTELS LIMITED

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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 Community Centre		
New Delhi-110008		
BANKERS		
Jammu & Kashmir Bank Ltd.		



NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of Bharat Hotels Limited will be held on Saturday the 4th June, 2005 at 10.00 A.M at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi 110001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 statements in respect of three subsidiary companies under section 212 of the Companies Act.
2. To appoint a Director in place of Shri Dharam Veer Batra, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Abhay Navalmal Firodia, 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 pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 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 to issue and allot further equity shares and/or any other Instrument including partly or fully convertible debentures by way of preferential allotment or private placement or public offerings for cash at par or at premium and for such aggregate sums as the Board of Directors may decide in its absolute discretion to any select group of person(s) including Indian or Foreign Institutional Investors, Bodies Corporate incorporated within or outside India, Banks or any persons whether resident or not.

RESOLVED FURTHER that the Board be and is hereby authorised in its absolute discretion to negotiate and finalise all terms and conditions with regard to further issue of share capital, time and period of conversion of debentures into shares, redemption, creation of security, appointment of debenture trustees and decide and settle any matter in connection with the above. "

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

"RESOLVED that the consent of the members of the company be and is hereby accorded pursuant to section 314(IB) or any other applicable provisions of the Companies Act, 1956, for payment of a sum of Rs. 25,000/- (Rupees Twenty Five Thousand only) per month w.e.f. 1st April, 2005 to Bhasin & Company, Advocates, of which Mr. Lalit Bhasin, a Director of the Company, is a partner as retainership fees in addition to the fees payable for appearances in any court of law or any other Authority."

By Order of the Board
for BHARAT HOTELS LIMITED

Place: New Delhi
Dated: 22nd April, 2005
Regd. Office : Barakhamba Lane,
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY

BHARAT HOTELS LIMITED

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT BARAKHAMBHA LANE, NEW DELHI-110001 NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, the 1st June, 2005 to Saturday, the 4th June, 2005 to take record of the shareholders of the company.
3. The members/proxies should bring their attendance slips sent herewith, duly filled in for attending the meeting.
4. 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 as to enable the management to keep the information ready.
5. The members are requested to notify any change in their registered address/residential status immediately to the Registrar M/s Mas Services Pvt. Ltd, AB-4, Safdarjung Enclave, New Delhi 110029. In case of dematerialised shares, the aforesaid information should be given to the depository participant with which the member has account.
6. Entry in the meeting hall shall be strictly restricted to the members/valid proxies only carrying the attendance slip.
7. As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1988 as amended, the unpaid/unclaimed dividend for the financial year ended up to 31st March, 1995 was transferred to the general revenue account of the central government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies NCT of Delhi and Haryana, Paryavaran Bhawan, C.G.O complex, New Delhi. *In case any assistance is required, members may write to the registrar and share transfer agent of the company.*

Consequent upon amendment to section 205A of the Companies Act, 1956 and introduction of section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed and/or unpaid for a period of seven years is to be transferred to the Investor Education and Protection Fund (IEPF) of the central government.

Accordingly, unclaimed dividend for the financial years 1995-96 and 1996-97 were transferred to Investor Education & Protection Fund (IEPF) as above. Unclaimed dividend for the financial year 1997-98 is due for transfer to the said fund in September, 2005. In terms of the provisions of section 205C of the Companies Act, 1956, no claim shall lie against the company or the said fund after the said transfer. Hence, the members who have not encashed the dividend warrants may surrender the same to the company for obtaining fresh pay order or demand drafts.



**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956**

ITEM NO. 5

As part of strategic expansion plan, the company proposes to expand its hotel chain which presently has seven hotels. With a view to meet the cost of capital expenditure for development of new hotels, the company proposes to raise funds by issue of further equity shares and/or any other instruments including partly or fully convertible debentures by way of private placement or preferential allotment or public offerings. The company is already in the process of negotiating the terms for the said issue with various investors.

In view of the above, resolution at Item No. 5 is placed before the members for approval.

None of the directors may be deemed to be concerned or interested in the resolution.

ITEM NO. 6

Bhasin & Company, Advocates, of which Mr. Lalit Bhasin, a Director of the company, is a Partner, had been retained by the Company for rendering professional services and are being paid a Retainership Fee of Rs.19,000/-per month effective 1st August, 2002. Keeping in view the increase in volume of work, it is proposed to increase the retainership fees from Rs. 19,000/- p.m. to Rs. 25,000/- p.m. w.e.f. 1st April, 2005.

In accordance with the provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, if any, the company is required to obtain approval of the Members of the Company at a General Meeting. Accordingly, the resolution at Item No. 6 is placed before the members for approval.

None of the Directors except Mr. Lalit Bhasin may be deemed to be concerned or interested in the Resolution.

By order of the Board
For BHARAT HOTELS LIMITED

Place: New Delhi
Dated: 22nd April, 2005
Regd. Office:
Barakhamba Lane
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY

BHARAT HOTELS LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

The Directors have pleasure in presenting twenty fourth Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2005.

FINANCIAL RESULTS

	(Rs. In lacs)	
	2004-05	2003-04
GROSS PROFIT	5357.44	1084.59
Less: Interest	661.76	234.11
Depreciation	4205.74	973.75
PROFIT FOR THE YEAR	489.94	(123.27)
ADD: DEPRECIATION FOR EARLIER YEARS WRITTEN BACK	—	126.37
LESS: PROVISION FOR TAXATION	40.00	0.25
DEFERRED TAX LIABILITY	143.60	NIL
PROFIT AFTER TAXATION	306.34	2.85
RESERVE FOR 80HHD WRITTEN BACK	—	125.00
PROFIT AFTER TAXATION	306.34	127.85
ADD: PROFIT BROUGHT FORWARD FROM LAST YEAR	4353.72	4225.87
PROFIT CARRIED TO BALANCE SHEET	4660.06	4353.72

OPERATIONS

Bharat Hotels Limited, promoters of The Grand Group has SEVEN operational luxury hotels in the country, offering more than 1600 rooms in the 5-star deluxe segment. These include InterContinental The Grand hotels in New Delhi, Srinagar, Mumbai & Goa and 'The Grand' hotels in Bangalore, Udaipur & Khajuraho.

During the year 2004-05, the Group consolidated its position and ensured enhanced market share for all its hotels – specially the newly commissioned properties in Mumbai & Goa. Further renovations have almost been completed in Bangalore and Udaipur. Plans for the coming year include a dramatic makeover of the Group's flagship hotel in New Delhi. The unit in Khajuraho will also be completely renovated to present it as a classic boutique hotel – shortly.



You will be delighted to know that our new properties in Mumbai & Goa, have been very well received by customers. InterContinental The Grand Mumbai, a 369-room super luxury hotel located near Sahar International Airport and the new commercial developments of North Mumbai, boasts of a soaring 8-storey high atrium lobby – the largest in Asia. The hotel's accommodation options are luxurious as well as fitted with the most modern facilities and services. There are 31 suites, 48 Club InterContinental rooms and 290 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 adjoining commercial complex, which has show rooms, offices, service apartments, a movie preview theatre and a speciality Chinese restaurant.

InterContinental The Grand Resort Goa, offering 255 suites style accommodation, 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. An international standard golf course spread out on 40 acres, where one can play the entire 18-holes; 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, an extensive banquet & meeting rooms, kids corner, 6 food & beverage outlets, a sports centre with squash and tennis courts. Beside a modern gaming club, is to be commissioned shortly.

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 widely acknowledged by both our guests and employees, as highly successful. The extensive product renovation/refurbishment programme for these properties is also well underway.

At The Grand Ashok Bangalore, the first phase of the renovation programme is complete. Under this, 90 guestrooms have been totally renovated along with the hotel lobby, a new state-of-the-art business center, the rooftop Chinese restaurant, the 24 hour restaurant, speciality Indian restaurant. By the season of 2005 all areas will be completed. These include, balance suites and rooms, an exciting new bar, a modern and well equipped health spa, landscaping the gardens and additions to the banquet facilities.

At The Grand Laxmi Vilas Palace Udaipur – which already has a wonderful heritage setting – the refurbishment is complete. The lobby and the façade of the one-time majestic palace, built in 1911 by Maharana Bhupal Singh, has been given a makeover. The end-result is at once stunning and grand. Indeed, the interest in the newly-refurbished hotel has come from the leisure market. All the rooms – the 41 deluxe palace rooms and the 14 luxurious suites have been refurbished and brand new conference facilities and an international standard spa has been added. We are now adding a new wing with additional rooms and suites. This will be completed by the year end.

EXPANSION PLANS & PROSPECTS

The company has already acquired land for a Luxury Resort at Bekal, Kerala and also negotiating for acquisition of sites for hotels at Jaipur, Amritsar and Ahmedabad. The company also proposes to set up hotels at Chennai and Hyderabad and is accordingly looking for good opportunities to expand its presence in other destinations around the country.

To meet costs of these projects, the company is in the process of negotiating further issue of capital by way of private placement/preferential issue as well as borrowing at competitive rates. The company will also use internal accruals to meet the costs.

DIVIDEND

Due to company's strategic plan for setting up hotels in Jaipur, Amritsar and Ahmedabad as well as expenditure involved in massive renovation in company's hotel at Delhi, the Board of Directors has considered it appropriate to plough back the profits and hence has not recommended any dividend for the year under review.

BHARAT HOTELS LIMITED

BONUS SHARES

The company allotted 4,79,27,466 Bonus Shares during the financial year ended 31st March, 2005 in the ratio of two Equity shares for every one Equity Share held by the members of the company. The said Bonus Shares shall rank pari-passu with the existing equity shares in all respect. The total issued share capital after the Bonus Issue is Rs.71,89,11,990 divided in to 7,18,91,199 Equity Shares of Rs.10/- each.

CHANGE IN METHOD OF CHARGING DEPRECIATION

The hotel Industry is witnessing rapid changes globally in technology, décor and concepts. This has led to faster redundancy of fixed assets, more specifically plant & machinery, equipment, furniture and fixture. Therefore, it is considered prudent by the company to change the method of depreciation from straight line method to written down value method for its new hotel units at Mumbai and Goa. Accordingly, the company has charged higher depreciation for the current year by a sum of Rs.25.72 crores.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Dharam Veer Batra and Mr. Abhay Navalal Firodia, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company transferred a sum of Rs.88,783/- being the amount due and payable and remaining unpaid for a period of seven years as provided in Section 205C of the Companies Act, 1956.

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 renewed/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.

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.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and information as per section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 as amended from time to time are given in Annexure 'A', 'B' and 'C' forming part of the report.