



THE GL HOTELS LIMITED
Report and Accounts 2002 - 2003

THE GL HOTELS LIMITED**THE GL HOTELS LIMITED****BOARD OF DIRECTORS**

Prithvi Bir Kaur — *Chairman Emeritus*
 Ravi Ghai — *Chairman & Managing Director*
 R. K. P. Shankardass
 Krishna Ghai
 Paul John Fairhurst — *Representative of
 Inter - Continental
 Hotels Corporation, USA*
 S. Chandrasekaran — *Alternate Director to
 Paul John Fairhurst*
 Gaurav Ghai
 Sunil Pardal
 Deepak Bassi

COMPANY SECRETARY & GENERAL COUNSEL

Bhagwant Bhargawe

BANKERS

UTI Bank Ltd.
 Universal Insurance Building,
 Sir P. M. Road, Fort, Mumbai - 400 001.

AUDITORS

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road,
 Worli, Mumbai - 400 025.

UNIT

Hotel Inter-Continental Marine Drive
 135, Netaji Subhash Road,
 Mumbai - 400 020.

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Notice

NOTICE is hereby given that the 42nd 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 : 30th September, 2003

Day : Tuesday

Time : 11.30 a.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, 2003 and the Reports of Director's and Auditor's thereon.
2. To appoint a Director in place of Smt. Krishna Kumari Ghai, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Gaurav Ghai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Sunil Pardal who was appointed as an Additional Director with effect from 6th August, 2003 be and is hereby appointed as Director of the Company."

By Order of the Board
For THE GL HOTELS LIMITED

BHAGWANT BHARGAWE
Company Secretary & General Counsel

Dated : 29th August, 2003.

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 TO 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.

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- (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 Transfer Books of the Company will be closed from Tuesday, 23rd September, 2003 to Tuesday, 30th September, 2003, 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 upto the date of the Annual General Meeting.
- (f) 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. It is requested that the queries be mailed to the Company's Administrative Office situated at 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 025 marked in the name of Mr. B.P. Bhargawe – Company Secretary and General Counsel, preferably fifteen days in advance.
- (g) An Explanatory Statement pursuant to Section 173 of the Company's Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- (h) Members may please note that in view of the amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India.
- (i) The Company has transferred the unclaimed/unpaid dividend up to financial year 31st March, 1995 to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims.
- (j) The Company will transfer the Unpaid Dividend Account for the year ended on 31st March, 1996 to Investor Education and Protection Fund on completion of seven years from the date of transfer to unpaid dividend account of the Company. Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the administrative office of the Company i.e. 254-C, Dr. Annie Besant Road, Worli, Mumbai-400 025. Shareholders are requested to note that no claims shall lie against the said fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.
- (k) 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.
- (l) **Appointment / Re-appointment of Directors:**

At the ensuing Annual General Meeting, Mr. Sunil Pardal who was appointed as an Additional Director with effect from 6th August, 2003 is being appointed as Director of the Company. Mrs. Krishna Kumari Ghai & Mr. Gaurav Ghai, retire by rotation and being eligible, offer themselves for re-appointment. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

Mr. Gaurav Ghai: Aged 35 years is a B. Com. from Mumbai University and son of Chairman & Managing Director of the Company Mr. Ravi Ghai. He was appointed on the Board in the year 1996 & has an experience in Hotel Industry of more than 10 years & effectively implemented the reconstruction project of the Hotel Inter-Continental Marine Drive, Mumbai in place of Hotel Nataraj. He is also Chairman of Share Transfer and Investor Grievance Committee of the Company.

Mr. Sunil Pardal: Aged 50, holds a Master's Degree in Management from the Mumbai University and has been working as Chief Executive Officer of Rich Kwaliti Products Pvt. Ltd. The said Company has a collaboration with Rich Holdings Inc. USA. Mr. Pardal brings with him considerable expertise in financial management, business strategy and corporate governance.

He has been a Director of the Company since the year 2000. He is also the Chairman of the Audit Committee and a member of the Share Transfer Committee and the Shareholders' / Investors' Grievance Committee. He has been as a Director of many Private Limited Companies.

Smt. Krishna Kumari Ghai: Aged 79 years has been associated with the Company since 1989. She has an experience of Hotel management of more than three decades.

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(m) The Equity Shares of the Company are listed at the following Stock Exchanges in India:

The Stock Exchange, Mumbai, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.

and

The Delhi Stock Exchange Association Ltd., 3/1, DSE House, Asaf Ali Road, New Delhi-110 006.

(n) The Company has paid the annual listing fees to each of the above Stock Exchanges for the financial year 2003-2004.

By Order of the Board
For THE GL HOTELS LIMITED

BHAGWANT BHARGAWE
Company Secretary & General Counsel

Dated : 29th August, 2003.

Registered Office:

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

Annexure to the Notice

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

ITEM NO. 5

Mr. Sunil Pardal was appointed as an Additional Director of the Company at the Board Meeting held on 6th August, 2003 and holds office up to the date of ensuing Annual General Meeting. Mr. Pardal brings with him considerable expertise in financial management, business strategy and corporate governance. Therefore your Directors recommend his appointment as a Director.

Mr. Sunil Pardal may be deemed to be concerned or interested in the resolution since it relates to his own appointment.

None of the other Directors may be deemed to be concerned or interested in the aforesaid resolution.

By Order of the Board
For THE GL HOTELS LIMITED

BHAGWANT BHARGAWE
Company Secretary & General Counsel

Dated : 29th August, 2003.

Registered Office:

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

THE GL HOTELS LIMITED

Directors' Report To the Members

The Directors present this 42nd Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March, 2003. The financial results of the Company for the year under review are summarised below:

1. FINANCIAL RESULTS

(Rs. In Lakhs)

	For the year ended 31 st March, 2003	For the year ended 31 st March, 2002
Income	18.87	331.68
Profit/(Loss) before Interest & Depreciation	(51.86)	(46.08)
Interest	(5.25)	(4.67)
Depreciation	(7.44)	(17.91)
Profit/(Loss) before Taxation	(64.55)	(68.66)
Provision for Taxation	—	—
Deferred Tax Credit	5.23	79.13
Profit/(Loss) for the year	(59.32)	10.47
Balance brought forward from last year	(309.79)	(320.26)
Balance carried forward	(369.11)	(309.79)

2. OPERATIONAL PERFORMANCE:

Loss before tax at Rs. 64.55 lakhs was mainly due to hotel being under reconstruction. The proposed Hotel Inter-Continental, Marine Drive, Mumbai has been completed and It was operative from 2nd April, 2003.

3. DIVIDEND:

In consideration of reconstruction project of the Hotel and losses incurred during the period, Directors do not recommend payment of dividend.

4. FIXED DEPOSIT:

As on 31st March, 2003 total amount of fixed deposits with the Company amounted to Rs. 33. 32 Lakhs. There are no overdue deposits except unclaimed deposits amounting to Rs. 0.80 Lakhs as on 31st March, 2003. Appropriate reminders are issued at periodic intervals, to either renew or claim repayment of the deposit.

5. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Smt. Krishna Kumari Ghai and Mr. Gaurav Ghai, Directors retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors appointed Mr. Sunil Pardal as an Additional Director at their meeting held on 6th August, 2003. He holds office up to the date of the Annual General Meeting and is eligible for re-appointment. The Company has received notice under Section 257 of the Companies Act, 1956 proposing his appointment as a Director subject to retirement by rotation. The Directors recommend his appointment.

6. CORPORATE GOVERNANCE:

A separate report on Corporate Governance appears as a part of the Annual Report along with the Auditors report as regards compliance.

7. DIRECTORS RESPONSIBILITY STATEMENT:

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

- In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgements and

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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, 2003, and of the losses of the Company for the period 1st April, 2002 to 31st March, 2003;

(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.

8. PARTICULARS OF EMPLOYEES:

The statement giving particulars of employees as required under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, for the financial year ended 31st March, 2003 forms a part of this report. However pursuant to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and statement of Accounts are being sent to all the shareholders excluding the above statement. Any shareholder interested in obtaining the copy of this statement may write to the Company at its office.

9. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

1. Conservation of Energy : Not Applicable

2. Technology Absorption:

To avail international technology and expertise the Company has entered into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of this 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, after reconstruction. As explained earlier reconstruction project of the hotel is in progress and detail report as 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 can be prepared after reconstruction is completed.

10. FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. In Lakhs)

	Current Year 2002-2003	Previous Year 2001-2002
CIF Value of Imports (Capital Goods)	672.49	67.21
Expenditure in Foreign Currency	67.41	101.10
Earnings in Foreign Exchange	—	—

11. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere appreciation of the continued support which the Company has received from its promoters, Bankers, Inter-Continental Hotels Corporation USA, Suppliers and the Employees.

12. 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-section 1(B) of Section 224 of the Companies Act, 1956.

For and on behalf of the Board
THE GL HOTELS LTD.

RAVI GHAI
Chairman & Managing Director

Dated : 29th August, 2003.

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MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry structure & Developments:

The Hotel Industry is impacted by instability caused by major events on a worldwide basis. The last couple of years have seen many volatile events culminating with the SARS virus syndrome and the Middle East conflict, which have adversely affected the Hotel Industry. The Hotel Industry has witnessed a measured revival since the beginning of the 3rd quarter of this year and trends indicate the same may be sustained. The Hotel Industry shares a positive correlation with the Industrial Growth Index, which has increased from 3.3% to 6% despite the GDP indicating a slowdown in the growth of the economy to about 4% from the 6% level achieved in the previous year.

(b) Opportunities & Threats

Your Company has opened "Hotel Inter-Continental Marine Drive" in the 1st quarter of this financial year. Your Company seeks to exploit the opportunity to provide the only Internationally branded Hotel in South Mumbai and offer the services and standards on par with that available in contemporary five star Hotels the world over. The revival in Industrial Growth together with a fair monsoon this year is expected to keep the economy buoyant, which your Company expects shall translate into a recovery of the Hotel Industry.

Hotel Industry in India per se does not face specific threats, however it is linked to the General Economy and faces threats common to the Economy.

(c) Segment wise Performance

The Company was not engaged in any activity during the year under review other than construction of the Hotel hence the requirement of reporting is considered irrelevant.

(d) Outlook

The outlook for your Company's business depends on Economic & Political stability in the world and more specifically in the Country. It is very difficult to predict the same. However based on the current year trends there has been reasonable revival in the former, which may lead to a better outlook for the Hotel Industry in the current year. Your Company has created a world class, internationally branded Hotel in South Mumbai, which is a high potential area for the Hotel Industry and based on the prevailing conditions expects the Hotel to perform reasonably.

(e) Risks & Concerns

Your Company has created a Five Star Hotel, which has entailed a large investment. The Company has been successful in creating an Internationally Branded property, which is perceived as being of Global standards. However, financial returns on such a large Investment may take time to accrue. This is an inherent feature of the Hotel Industry worldwide. The Company like any other Company is exposed to specific risks that is particular to its business and the environment within which it operates.

(f) Internal Control Systems and their adequacy

The Company has satisfactory internal control system, the adequacy of which has been mentioned in the Auditor's Report.

(g) Human Resources

The Company has issued a notice to its workmen of the Hotel in January, 2002 terminating their services and the workmen were offered notice pay, retrenchment compensation and other legal dues in accordance with the provisions of the law. The workmen who had filed a petition in the labor court on grounds of re-instatement did not accept this offer. The dispute has since been settled out of court and the workmen have been re-instated from the 1st quarter of the current financial year. As on 31st March, 2003, the Company had 26 employee on it payroll.

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Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in the clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

2. Board of Directors

(a) Composition and Category of Directors:

The Company has an optimum combination of Executive and Non-executive Directors. The Board comprises of one Executive Director - the Managing Director and seven Non-executive Directors. The Non-executive Directors comprise 87% of the Board.

The Chairman of the Board is an Executive Director and more than one third of the Board comprises of independent directors.

Except the Managing Director and representative of Inter-Continental Hotels Corporation, USA, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

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

Name of the Director	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
				Chairman	Member
H.H. Prithvi Bir Kaur	Chairman Emeritus	Non-Executive	—	—	—
Mr. Ravi Ghai	Chairman & Managing Director	Executive	1	—	—
Mr. Gaurav Ghai	Director	Non-Executive	—	1	1
Mr. R.K.P. Shankardass	Director	Non-Executive	2	—	1
Smt. Krishna Kumari Ghai	Director	Non-Executive	—	—	—
Mr. Paul Fair Hurst	Director	Non-Executive	—	—	—
Mr. S. Chandrasekaran Alternate to Mr. Paul Fair Hurst	Director	Non-Executive	—	—	1
Mr. Sunil Pardal	Director	Non-Executive	—	1	1
Mr. Deepak Bassi	Director	Non-Executive	—	—	2

(* Directorships in Private and Foreign Companies are excluded.)

(# Memberships of only Audit Committee, Shareholders' Grievance Committee and Investor Grievances Committee have been considered.)

(b) Appointment/Re-appointment of Directors:

The Directors who retire by rotation and who are eligible for re-appointment are:

(i) Mr. Gaurav Ghai

Mr. Gaurav Ghai aged 35 has been associated with the Company since 1992. He holds a degree in commerce from the Mumbai University and has rich experience in hotel industry of more than 10 years. He has efficiently and effectively implemented company's reconstruction project of Hotel Inter-Continental, Marine Drive, Mumbai. He is also on the Board of many other Private Ltd. Companies.

(ii) Mr. Sunil Pardal

Mr. Sunil Pardal, aged 50, holds a Master's Degree in Management from the Mumbai University, and has

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been working as Chief Executive Officer of Rich Quality Products Pvt. Ltd. The said Company has a foreign collaboration with Rich International Holding Inc. USA. Mr. Pardal brings with him considerable expertise in financial management, business strategy and corporate governance.

He has been a Director of the Company since 2000. He is also the Chairman of the Audit Committee and a member of the Share Transfer Committee and the Shareholders'/Investors' Grievance Committee.

He has been also Director of many Private Limited Companies.

(iii) *Smt. Krishna Kumari Ghai*

Smt. Krishna Kumari Ghai, aged 79 years has been associated with the Company since 1989. She has an experience of Hotel management of more than three decades.

(c) Board Meetings and Annual General Meeting:

During the financial year 2002-03, five Board Meetings were held on April 30, 2002, June 27, 2002, July 29, 2002, October 29, 2002 and January 28, 2003. The last Annual General Meeting of the Company was held on September 30, 2002. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ravi Ghai	4	Present
Mr. Gaurav Ghai	5	Present
Mr. Sunil Pardal	5	Present
Mr. Deepak Bassi	5	Present
Mr. S. Chandrasekaran	3	Present
Mr. R.K.P. Shankardass	1	Absent
Smt. Krishna Kumari Ghai	Nil	Absent
Mr. Paul Fair Hurst	Nil (Attended through Alternate Director)	Absent
H.H. Prithvi Bir Kaur	Nil	Absent

3. Audit Committee

(a) Constitution of Audit Committee:

The current Audit Committee was constituted on 22nd January, 2001. It now consists of 3 Directors all being Non-executive Directors and majority of whom are independent and most of them have financial and accounting knowledge.

(b) Composition of Audit Committee and Number of Meetings Attended:

Four Audit Committee Meetings were held during the financial year on April 29 2002, July 26, 2002, October 28, 2002 and January 25, 2003. The composition of the Audit Committee and the number of meetings attended during the financial year 2002-2003 were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Sunil Pardal	Chairman	4
Mr. Deepak Bassi	Member	4
Mr. R.K.P. Shankardass	Member	1
Mr. Gaurav Ghai	Member	2

(c) Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The