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THE GL HOTELS LIMITED
Report and Accounts 2003-2004

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

Vijaya Bank Ltd.
 Industrial Finance Branch, Excelsior Building,
 2nd Floor, Fort, Mumbai - 400 001.

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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 43rd 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 : 27th August, 2004
 Day : Friday
 Time : 11.00 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, 2004 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of H.H. Maharani Prithvi Bir Kaur, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. R.K.P. Shankardass, 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. Raman Mehra who was appointed as an Additional Director with effect from 30th April, 2004 be and is hereby appointed as Director of the Company subject to retirement by rotation."

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

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 (the Act), the Company hereby approves that the Register of Members, Index of Members and copies of all Annual Returns prepared under Section 159 of the Act, together with copies of the certificates and documents required to be annexed thereto under Section 160 and 161 of the Act, be kept at the office of Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078, the Registrars and Share Transfer Agents of the Company instead of at J-177, MIDC, Bhosari, Pune- 411 026, the Registered Office of the Company.

RESOLVED FURTHER THAT the Registers, Indexes, Returns and Copies of Certificates and other Documents of the Company referred to above be kept open for inspection, at the place where they are kept, by the persons entitled thereto, to the extent, in the manner and on payment of fee, if any specified in the Act, between 2.00 p.m. and 5.00 p.m. on any working day, except when the Registrars and Books are closed under the provisions of the Act or the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such further steps as may be necessary in this regard."

By Order of the Board
 For THE GL HOTELS LIMITED

BHAGWANT BHARGAWA
 Company Secretary & General Counsel

Dated : 16th July, 2004.

Registered Office:

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

THE GL HOTELS LIMITED

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.
- (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 Share Transfer Books of the Company will be closed from 18th August, 2004 to 25th August, 2004.
- (e) All documents referred to in the accompanying Notice are open for inspection between 2.00 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 Businesses 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, 1996 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) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company will transfer the Unpaid Dividend Account for the year ended on 31st March, 1997 to Investor Education and Protection Fund on completion of seven years from the date of transfer to unpaid dividend account of the Company i.e. on 8th January, 2005. Shareholders who have not so far encashed the dividend warrant(s) for the year ended on 31st March, 1997 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 dates 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) The Company has pleasure to inform the members that it has entered into Tri-partite agreement with National Securities Depository Limited and Central Depository Services India Limited for De-mat of the shares of the Equity Shares of the Company. The Company has been allotted ISIN Number as INE214F01018. It is recommended to the members to get their shares De-mated. It provides protection against fraudulent transfers and also facilitates easy liquidity, as the De-mated shares have more acceptability in market and settlements are quicker.
- (m) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who holds shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- (n) **Appointment / Re-appointment of Directors:**
At the ensuing Annual General Meeting, H.H.Maharani Prithvi Bir Kaur & Mr. R.K.P. Shankardass, retire by rotation and being eligible offer themselves for re-appointment. Mr. Raman Mehra who was appointed by the Board as an Additional Director with effect from 30th April, 2004 is being appointed as Director of the Company subject to retirement by

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rotation. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the listing agreement with Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

By Order of the Board
For **THE GL HOTELS LIMITED**

BHAGWANT BHARGAWE
Company Secretary & General Counsel

Dated : 16th July, 2004.

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. Raman Mehra was appointed as an Additional Director at the Board Meeting held on 30th April, 2004 and holds office up to the date of ensuing Annual General Meeting. Mr. Mehra brings with him considerable expertise in Hotel Management Business Strategy and Corporate Governance. He has been working for Taj Group of Hotels for more than a decade. Therefore your Directors recommend his appointment as Director.

Mr. Raman Mehra 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.

ITEM NO. 6

At present the Company has in house share transfer work. Shares of the Company are required to be De-mated. As per the SEBI guidelines and listing requirements of Stock Exchanges every listed Company has to keep the records at one place only. It cannot keep the share transfer work in house and have De-mat record about shareholders and their transfers with Registrars and Share Transfer Agents. Therefore the Company is required to appoint Registrars and Share Transfer Agents having connectivity with NSDL and CDSL.

The Board of Directors, at their meeting held on 30th January, 2004 have decided the appointment of **Intime Spectrum Registry Ltd. having connectivity with NSDL and CDSL and having office address at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078** as the Companies Registrars and Share Transfer Agents and also for keeping the Register of Members and Index of Members and copies of all Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 (the Act), together with copies of Certificates and Documents required by the Act to be annexed thereto at their office at Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078 instead of keeping them at J-177, MIDC, Bhosari, Pune-411 026. i.e. the Registered Office of the Company.

Accordingly, approval of the shareholders by a Special Resolution is being sought, pursuant to the provisions of Section 163 of the Act. A copy of the Special Resolution set out in Item No. 6 of the Notice will be delivered to the Registrar of Companies, Maharashtra, Mumbai in advance.

None of the Directors are interested or concerned in the passing of this Resolution except as a member, if any, of the Company.

By Order of the Board
For **THE GL HOTELS LIMITED**

BHAGWANT BHARGAWE
Company Secretary & General Counsel

Dated : 16th July, 2004.

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 43rd Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March, 2004. 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, 2004	For the year ended 31 st March, 2003
Income	1468.33	18.87
Profit/(Loss) before Interest & Depreciation	(433.61)	(51.86)
Interest	428.62	(5.25)
Depreciation	370.55	(7.44)
Profit/(Loss) before Taxation	(1232.78)	(64.55)
Provision for Taxation	—	—
Deferred Tax Credit	469.76	5.23
Profit/(Loss) for the year	(763.03)	(59.32)
Balance brought forward from last period	(369.11)	(309.79)
Balance carried forward	(1132.14)	(369.11)

2. OPERATIONAL PERFORMANCE:

Loss before tax at Rs.1,232.78 lakhs was mainly due to first year of hotel operations after reconstruction. Hotel Inter-Continental Marine Drive, Mumbai has been operational w.e.f. 2nd April, 2003.

3. DIVIDEND:

In view of first year of operation after reconstruction of Hotel Inter-Continental Marine Drive, Mumbai, the hotel project of the Company, Directors do not recommend payment of dividend.

4. FIXED DEPOSIT:

As on 31st March, 2004 total amount of fixed deposits with the Company amounted to Rs.46.86 Lakhs. There are no overdue deposits except unclaimed deposits amounting to Rs. 0.80 Lakhs as on 31st March, 2004. 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 H.H. Maharani Prithvi Bir Kaur and Mr. R.K.P. Shankardass, Directors retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors appointed Mr. Raman Mehra as an Additional Director of the Company at their meeting held on 30th April, 2004. He holds office up to the date of the forthcoming Annual General Meeting and is eligible for appointment as Director of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 proposing his appointment as Director subject to retirement by rotation. The Directors recommend his appointment.

The Board of Directors also noted that Mr. V. P. Garg appointed as an Additional Director of the Company at their meeting held on 29th April, 2003 resigned as Director of the Company w.e.f. 6th August, 2003 due to his pre-occupation. The Board noted sincere appreciation of the services rendered by him.

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.

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7. DIRECTORS RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and 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, 2004, and of the losses of the Company for the period 1st April, 2003 to 31st March, 2004;
- (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 Company does not have any employee drawing remuneration in excess of the limits prescribed 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, 2004.

9. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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 agreement 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. The said technology has been now under implementation.

10. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In Lakhs)

	Current Year 2003-2004	Previous Year 2002-2003
CIF Value of Imports (Capital Goods)	25.97	672.49
Expenditure in Foreign Currency	38.39	67.41
Earnings in Foreign Exchange	470.86	—

11. 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 of Directors
THE GL HOTELS LTD.

RAVI GHAI
Chairman & Managing Director

Dated : 16th July, 2004.

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Management Discussion and Analysis

(a) Industry Structure & Developments:

The Hotel Industry is also impacted by political strife and militancy in several regions across the globe. Recent peace initiatives with Pakistan have given the citizens of both the countries a chance to have a glimpse of possibilities of living in harmony after more than 50 years of hostilities. Volatile events culminating with the SARS virus syndrome and Middle East conflict have adversely affected the Hotel Industry. The Hotel Industry has witnessed revival since last six months and trends indicate that the same may be sustained. The Gross Domestic Product (GDP) has increased to 8% with the last quarter of the year 2003-2004 registering double digit growth. These indicate positive signs of improvement in the Indian Economy.

(b) Opportunities & Threats

This is the first year of operations of your Company's hotel unit i.e. "Hotel Inter-Continental Marine Drive". It is for providing Five Star Hotel facilities at South Mumbai having International Brand. The revival in industrial growth together with expectation of fair monsoon is expected to keep economy progressing resulting in more business to hotel industry.

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

(c) Segment wise Performance

The Company has been engaged in only one activity i.e Hotel business. There is therefore only one segment.

(d) Outlook

The outlook for 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. Trends in the current year show some revival in former which may lead to better outlook for Hotel Industry. Your Company has built a Hotel of World Class Nature in South Mumbai which is a good potential area for Hotel Industry and expects to perform reasonably.

(e) Risks & Concerns

A large investment has gone in making a Five Star Hotel. It is an internationally branded property. However it is the experience of all Hoteliers that the financial returns on such large investment may take some time. It takes time for customers and visitors to get to know about the existence thereof. The Company like any other Company is exposed to specific risks that is particular to it's business and the environment within which it operates.

(f) Internal Control Systems and it's adequacy

The Company has satisfactory internal control system, the adequacy of which is mentioned by the Statutory Auditors in their report.

(g) Human Resources

The Company has harmonious and cordial relations with the employees.

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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 eight Non-executive Directors. The Non-executive Directors comprise 89% of the Board.

The Chairman of the Board is a Non-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	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	—
Mr. Sunil Pardal	Director	Non-Executive	—	—	—
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) H.H. Maharani Prithvi Bir Kaur

Maharani Prithvi Bir Kaur aged 77 years and Chairman Emeritus of the Company has been associated with the company since inception. She holds an experience of more than four decades.

(ii) Mr. R.K.P. Shankardass

Mr. R.K.P. Shankardass aged 74 years has been associated with the Company since more than three decades. He is a lawyer practicing in Supreme Court. He has represented many matters involving courts outside India.

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(iii) **Mr. Raman Mehra**

Mr. Raman Mehra aged 42 years joined the Board as an Additional Director w.e.f. 30th April, 2004. He holds an experience of Taj Group — Pioneers in Hotel Industry. He has held different senior positions with Tata Group and has joined the Company as Group CEO. He would be helping the Company in Marketing Management, laying down business strategy etc.

(c) **Board Meetings and Annual General Meeting:**

During the financial year 2003-04, five Board Meetings were held on April 29, 2003, August 6, 2003, August 29, 2003, October 30, 2003, January 30, 2004. The last Annual General Meeting of the Company was held on September 30, 2003. 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	5	Present
Mr. Gaurav Ghai	5	Present
Mr. Sunil Pardal	2	Present
Mr. Deepak Bassi	5	Present
Mr. S. Chandrasekaran (Alternate Director to Mr. Paul Far Hurst)	4	Present
Mr. R.K.P. Shankardass	1	Absent
Smt. Krishna Kumari Ghai	Nil	Absent
Mr. Paul Fair Hurst	Nil (Attended by Alternate Director)	Absent
Mr. Tony South (Alternate Director to Mr. Paul Far Hurst)	1	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 4 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 24, 2003, July 30, 2003, October 30, 2003 and January 30, 2004. The Composition of the Audit Committee and the number of meetings attended during the financial year 2003-2004 were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Sunil Pardal	Chairman	1
Mr. Gaurav Ghai	Member	4
Mr. Deepak Bassi	Member	4
Mr. S. Chandrasekaran	Member	4

(c) **Attendees:**

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Internal Auditors is also invited to these meetings. Mr. Bhagwant Bhargawe, the Company Secretary and Gen.Counsel, acts as the Secretary of the Committee.