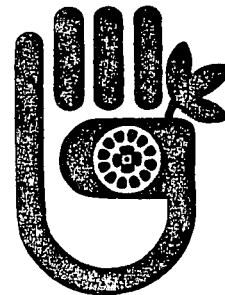


13th ANNUAL REPORT 1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

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Gujarat JHM Hotels Limited

**BOARD OF DIRECTORS**

Shri Ashok Narayan, IAS	<i>Chairman</i>
Shri D. P. Rama	<i>Managing Director</i>
Shri G. S. Shukla	
Shri U. M. Patel	
Shri D. C. Gami	
Shri D. J. Patel	
Shri H. P. Rama	
Shri K. S. Gandhi	<i>Alternate to Shri H.P. Rama</i>
Dr. J. D. Chougule	<i>Nominee, IFCI, till 30-5-1998</i>
Shri M. S. Parekh	<i>Nominee, The Surat People's Co-Op. Bank Ltd. w.e.f. 30-5-1998</i>

AUDITORS

Rajendra & Co.,
Chartered Accountants
 1311, Dalamal Towers,
 Free Press Journal Road,
 Nariman Point,
 MUMBAI - 400 021.

BANKERS

State Bank of Saurashtra
 Bank of India
 State Bank of India

THIRTEENTH ANNUAL GENERAL MEETING

On Saturday, the 28th November, 1998
 Rajeshree Hall, Shetrapal Mandir Road,
 Navsari Bazar,
 SURAT - 395 002
 at 10.45 a.m.

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Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting, as copies of the report will not be distributed at the meeting.



Gujarat JHM Hotels Ltd.

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of GUJARAT JHM HOTELS LIMITED will be held at Rajeshree Hall, Shetrapal Mandir Road, Navsari Bazar, SURAT - 395 002 on Saturday, the 28th day of November, 1998 at 10.45 a.m. to transact the following business.

ORDINARY BUSINESS :

01. To review, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date and the Reports of Auditors and Directors thereon.
02. To appoint Director in place of Shri Ashok Narayan, IAS who retires by rotation but being eligible offers himself for reappointment.
03. To appoint Director in place of Shri G.S. Shukla who retires by rotation but being eligible offers himself for reappointment.
04. To appoint auditors to hold office from the conclusion of the 13th Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration and in connection therewith to pass the following resolution with or without modifications.

"RESOLVED THAT the retiring Auditors M/s. Rajendra & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the company on such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS :

05. To consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct together with power to take over the management/undertaking of the Company in certain events, to or in favour of all or any of the financial institutions/banks/ any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions/banks/any other investing agencies or any other person(s)/ bodies corporate by private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding

Rs.85 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/ hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

Registered Office : By Order of the Board
for GUJARAT JHM HOTELS LIMITED
HOLIDAY INN-Surat
Near Bharti Park
Ambica Niketan
SURAT - 395 007
Date : 3rd October, 1998

ASHOK NARAYAN
Chairman

NOTES :

01. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No.5 is annexed hereto.
02. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF THE MEMBER. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
03. Members/Proxies should bring the attendance slip duly filled in for attending the meeting and members may please bring their copies of the annual report to the meeting as no copies will be distributed again in the meeting.
04. Company is having In-house share transfer department. So Members are requested to do all future correspondence at the Registered office of the Company.
05. Members desiring any additional information concerning accounts are requested to write to Mr. Nayan Banker, Financial Controller, seven days in advance of the meeting.
06. The Register of Members and Share Transfer Books of the company will remain closed from Monday the 16th November,



Gujarat JHM Hotels Ltd.

1998, till Saturday, 21st November, 1998 (both days inclusive).

Explanatory Statement

As required by Section 173 of the Companies Act, 1956. The Following Explanatory Statement sets out all the Material facts relating to the business under Item Nos. 5 mentioned in the accompanying Notice date 3rd October, 1998.

Item No.5.

The Company has subrogated loans of IFCI, IDBI and ICICI by a loan from The Surat People's Co-Op. Bank Ltd.. In order to provide security for the same and for future projects as also for meeting other corporate requirements, further borrowings as set out upto the amount mentioned in the Resolution (hereinafter referred to as "such borrowings") may be made by the Company as may be decided by the respective lenders/parties and/or the Board of Directors of the Company.

Therefore, the Resolution proposes the creation of mortgages, charges, etc., on the Company's assets upto a value not

exceeding Rs.85 crores. As the documents already executed / to be executed with, or in favour of the lenders/parties may contain the power to take over the management/undertaking of the business and undertakings of the Company in certain events, it is necessary for the Members to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956, for the creation of the mortgages and charges to secure such borrowings.

None of the directors of the company except Mr. Manojbhai S. Parekh, Nominee Director of The Surat People's Co-Op. Bank Limited may be deemed as concerned or interested in the said resolution.

Registered Office :
HOLIDAY INN-Surat
Near Bharti Park
Ambica Niketan
SURAT - 395 007
Date : 3rd October, 1998

By Order of the Board
for GUJARAT JHM HOTELS LIMITED

ASHOK NARAYAN
Chairman

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Gujarat JHM Hotels Ltd.

DIRECTORS' REPORT

To
THE MEMBERS
Gujarat JHM Hotels Limited

Your Directors are pleased to present their report to the members of the company on this 13th Annual General Meeting of the Company.

FINANCIAL RESULTS :

(Rs. in lakhs)

	Current Year	Previous Year
Turnover	975.46	1224.30
Operating Expenses	614.28	661.02
Operating Profits	361.18	563.28
Interest and financial Charges	159.93	205.76
Profit before depreciation	201.25	357.52
Depreciation	178.72	147.59
Profit after depreciation	22.53	209.93
Prior period adjustments	Nil	(60.20)
Net Profits	22.53	149.73
Net Loss carried to the Balance Sheet.	230.17	252.70

In view of the accumulated losses of Rs. 230.17 lakhs on the books of your company, your directors do not propose any dividend for the year under review.

OPERATIONS & MARKETING :

Your company has posted a gross sales of Rs.975.46 lakhs which is almost 20% less as compared to the sales of the previous year at Rs. 1224.30 lakhs. The profit after interest and depreciation has stood at Rs. 22.53 lakhs as compared to Rs. 149.73 lakhs in the previous year.

Though your company had increased its rooms as well as Banquet Capacity in the hotel, due to the recessionary trends continuing in the economy, there could not be any sizable increase in the revenue, as was expected.

To economize on the cost of operations and financial charges, your directors are glad to report that the institutional loans from IFCL, IDBI and ICICI have been repaid along with the interest and substituted by the loan from The Surat People's Co-Op. Bank Limited. As a result of this subrogation of term borrowing, there would be a decrease in the interest cost.

PARTICULARS OF EMPLOYEES :

The particulars of the Employees drawing remuneration equal to or more than the remuneration prescribed under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, are appended as Annexure "A" to this report.

DIRECTORS :

Since your company has paid off all institutional loans of IFCL, IDBI and ICICI Dr. J. D. Chougule, Nominee Director appointed by them has ceased to be a director from 30th May, 1998. In his place, Shri Manoj S. Parekh has been appointed by The Surat People's Co-Op. Bank Limited from the said date. The Board places on record its deep appreciation of the valuable services rendered by Dr. J. D. Chougule during his tenure as a Director of the Company.

In terms of provisions of section 255 of the Companies Act, 1956 Shri Ashok Narayan, IAS and Shri G. S. Shukla retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS :

Rajendra & Co., Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Your directors recommend their re-appointment.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO :

In terms of Section 217(1)(e) of the Companies Act, 1956 (as amended) and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors furnish here under the additional information as required.

A. Conservation of Energy

Your company closely monitored the power consumption on the daily basis to reduce wastage. The Company has also installed Solar System for Hot Water which has reduced diesel consumption. Installation of 160 TR Vapour Absorption Plant for Air-conditioning has helped in reducing the Energy bills. The company has also used Natural Gas through pipe lines instead of LPG Cylinders in the production and other areas. Since provision of Form A under Rule 2 of the said Rules are not applicable the details under same are not given.

B. Technology Absorption

The project of your company has no foreign collaboration hence, no particulars are offered for the same as Rule 2 of the said Rules does not apply.