

**17th
ANNUAL
REPORT
2001-2002**



Gujarat JHM Hotels Limited



Gujarat JHM Hotels Limited

BOARD OF DIRECTORS

Shri L. Mansingh, IAS	<i>Chairman (w.e.f. 14/09/2001)</i>
Shri Ashok Narayan, IAS	<i>Chairman (upto 13/09/2001)</i>
Shri D. P. Rama	<i>Managing Director</i>
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>
Shri M. S. Parekh	<i>Nominee, The Surat People's Co-op. Bank Ltd. upto 29/03/2002</i>
Shri P. P. Modi	<i>Nominee, The Surat People's Co-op. Bank Ltd. from 30/03/2002</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
The Surat Peoples' Co.op. Bank Ltd.

**SEVENTEENTH ANNUAL
GENERAL MEETING**

On Thursday, the 12th September, 2002
Gandhi Smriti Bhavan,
Timaliawad, Nanpura,
Surat,
at 9.30 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 Limited

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of GUJARAT JHM HOTELS LIMITED will be held at Gandhi Smriti Bhavan, Timaliawad, Nanpura, SURAT - 395 001 on Thursday the 12th day of September, 2002 at 09.30 a.m. to transact the following business.

ORDINARY BUSINESS :

01. To review, consider and adopt the Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended on that date and the Reports of Auditors and Directors thereon.
02. To appoint a Director in place of Shri D J Patel who retires by rotation but being eligible offers himself for reappointment.
03. To appoint a Director in place of Shri H P Rama who retires by rotation but being eligible offers himself for reappointment.
04. To appoint auditors to hold office from the conclusion of the 17th 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 with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri L Mansingh, IAS be and is hereby appointed as director of the company liable to retire by rotation."

- 06 To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, and 309 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 the company hereby approves the terms of appointment and the remuneration payable to Shri Denu P Rama, Managing Director of the company for a further period of five years with effect from 1st January, 2003 as set out in the explanatory statement annexed to the notice convening this meeting, and the draft agreement of the re-appointment, a copy where of is put on the table and for the purpose

of identification, initialled by Shri D J Patel, Director of the company with the liberty to the Board of Directors to increase remuneration and /or alter and vary such terms and conditions in accordance with the requirements of Schedule XIII or any changes in the Government Policy on managerial remuneration or any amendments made in the schedule XIII to the act hereafter as may be agreed by the Board of Directors and Shri Denu P Rama."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year the salary (no commission shall be payable in case of loss) as mentioned in the explanatory statement plus all usual perquisites will be paid to him as minimum remuneration."

By Order of the Board

For GUJARAT JHM HOTELS LIMITED

Registered Office :

HOTEL HOLIDAY INN-Surat

Near Bharti Park, Ambica Niketan

SURAT - 395 007

Date : 30/05/2002

Place : Surat

L. MANSINGH, IAS

CHAIRMAN

NOTES :

01. The explanatory statement pursuant to provisions of section 173(2) of the Companies Act, 1956 in respect of Special Business is enclosed.
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. Hence, Members are requested to address 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 Friday the 16th August, 2002 till Saturday the 01st September, 2002 (both days inclusive).



Gujarat JHM Hotels Limited

Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956 in respect of Special Business**Item No. 5**

Your Board of Directors have appointed Shri L. Mansingh, IAS as an Additional Director of the company from 14th September, 2001 pursuant to provisions of Section 260 of the Companies Act, 1956.

Accordingly Shri L. Mansingh, IAS shall hold office of director upto the conclusion of ensuing Annual General Meeting. The company has received a notice under Section 257 of the Companies Act, 1956 from a member specifying his intention to propose the name of Shri L Mansingh, IAS as director of the company at the Annual General Meeting.

Shri L Mansingh, IAS is Principal Secretary Industries and Mines Department, Government of Gujarat at Gandhinagar. He has been appointed in place of Shri Ashok Narayan, IAS who is now Additional Chief Secretary, Home Department, Government of Gujarat.

Your directors recommend the appointment of Shri L Mansingh, IAS as director of the company. Except Shri L Mansingh, IAS no other director of the company is interested or concerned in the said resolution. The notice received from the member of the company can be inspected at the registered office of the company on any working days between 11.00 am to 2.00 pm. As required by Articles 9D of the Articles of Association read with provisions of the Companies Act, 1956, this resolution does not require to be passed by the Postal Ballot as on date.

Item No. 6

Your Board of Directors have re-appointed Shri Denu P Rama as Managing Director of the company for another term of 5 years commencing from 1st January, 2003 at the Board Meeting held on 30th May, 2002. Previous appointment of Shri Denu P Rama was confirmed at the 12th Annual General Meeting of the company held on 23rd August, 1997.

Shri Denu P Rama has been proposed as Managing Director of the company for another term of 5 years commencing from 1st January, 2003 and a necessary Board resolution has been passed as aforesaid, subject to the approval of the members of the company on the following terms and conditions.

Salary : Rs. 75,000/- per month in the scale of Rs. 75,000-1,00,000-1,25,000

Commission : 1% of the net profits of the company as computed under sections 309, 349 and 350 of the Companies Act, 1956.

Perquisites**Category "A"**

- a. **Housing :** Expenses incurred on hiring furnished accommodation will be limited to 60% of the salary over & above 10% payable by the Managing Director

- b. **Medical reimbursement :** Expenses incurred for self and family subject to a ceiling of one month salary in a year or 3 months salary over a period of 3 years.
- c. **Leave Travel Concession :** For self and family once in a year in accordance with the rules specified by the company.
- d. **Club Fees :** Fees of two clubs. However, admission and life membership fees will not be allowed.
- e. **Personal Accident insurance :** Premium not exceeding Rs. 10,000 p.a.
- f. **Gas, electricity and water :** Expenditure incurred by the company on Gas, Electricity and water shall be valued as per provisions of the Income Tax Rules, 1962 subject to a ceiling of 10% of the Annual Salary.
- g. **Children Education allowance :** Children Education Allowance limited to Rs. 5,000 per month or actual expenditure incurred which ever is less for maximum of two children.

Category "B"

Contribution to Provident Fund, Super Annuation Fund and Annuity Fund shall not exceed 1/2 months' salary per month.

Leave as per the rules of the company applicable to managerial staff. Encashment of leave at the end of tenure for 90 days and which shall not be included in the computation of ceiling on perquisites.

Category "C"

Provision of Car for use on Company's business and telephone at residence provided however that personal long distance calls on telephone and use of car for private purpose shall be billed by the company on actuals.

Where in financial year during the currency of tenure of Managing Director, if the company has no profits or its profits are inadequate, he shall be paid remuneration as specified herein above and there shall be no cut in his perquisites.

This may be considered and treated as an Abstract to the members of the company as required under Section 302 of the Companies Act, 1956.

No other directors except Shri Denu P Rama and Shri H P Rama may be deemed as concerned or interested in the above resolution.

As required by Article 9D of the Articles of Association read with provisions of the Companies Act, 1956, this resolution does not require to be passed by the Postal Ballot as on date.

By Order of the Board
For GUJARAT JHM HOTELS LIMITED

Registered Office :
THE HOLIDAY INN-Surat
Near Bharti Park, Ambica Niketan
SURAT - 395 007
Date : 30/05/2002
Place : Surat

L. MANSINGH, IAS
CHAIRMAN



Gujarat JHM Hotels Limited

DIRECTORS' REPORT

TO
THE MEMBERS
GUJARAT JHM HOTELS LTD.

Your directors have pleasure in presenting their 17th report to the members of the company on this 17th Annual General Meeting of the company.

FINANCIAL RESULTS :

Particulars	(Rs in lakhs)	
	Current year	Previous year
Turnover incl. other income	1129.05	849.99
Operating Expenses	751.98	641.16
Operating Profits	377.07	208.83
Interest & Financial Charges	121.95	132.22
Profit/(Loss) before Depreciation	255.12	76.61
Depreciation	424.37	90.38
Net Profit/(Loss) after depreciation	(169.25)	(13.77)
Adjustment for deferred tax	43.27	67.79
Add : Loss Brought forward	(431.61)	(485.63)
Net Loss carried to Balance Sheet	(557.59)	(431.61)

The year under review brought encouraging results for your company. As against an Operating profit of Rs. 208.83 lakhs before provision of the interest & depreciation last year, this year the same has gone upto Rs. 377.07 lakhs registering a growth of 81%.

Your company has made a cash profit of Rs. 255.12 lakhs as against the cash profit of Rs. 76.61 lakhs in the corresponding previous year. However, due to the need felt for providing for the obsolescence, after providing for a depreciation your company has posted a net loss of Rs. 169.25 lakhs as compared to a net loss of Rs. 13.77 lakhs in the previous corresponding year.

In view of the accumulated losses of the company, your directors are unable to propose any dividends for the year under review.

OPERATIONS AND MARKETING

Due to signs of recovery in the global economy and Indian economy, your company posted a net cash profit of Rs. 255.12 lakhs. The improved level of revenue particularly from rooms division of the hotel supported by increase in other allied revenues, the company has posted an operating profit for the year under review.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a report on the Corporate Governance is given in Annexure "A" hereto on voluntary basis.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the amended Companies Act, 1956, your directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company as on 31st March, 2002 and of the Profit & Loss Account for the year ended on that date.
3. the directors have taken proper and sufficient care for the 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 frauds and other irregularities.
4. the directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

Since there are no employees drawing a remuneration equal to or more Rs. 2,00,000 per month or Rs. 24,00,000 per annum prescribed under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, the company has no particulars to offer.



Gujarat JHM Hotels Limited

DIRECTORS

Nomination of Dr. Ashok Narayan, IAS was withdrawn by Gujarat Industrial Investment Corporation Limited (GIIC) and in his place Shri L Mansingh, IAS was appointed as an additional director and Chairman of the company from 14/09/2001. As required by clause 49 of the Listing Agreement, particulars about Shri L Mansingh, IAS are given under the Corporate Governance Report.

Shri G P Joshi and Shri D R Shah ceased to be directors of the company effective 5th January, 2002. Shri M S Parekh, Nominee director appointed by M/s. Surat Peoples Co-operative Bank Limited was replaced by Shri P P Modi effective 30th March, 2002. Pursuant to provisions of Section 255 of the Companies Act, 1956 Shri D J Patel and Shri H P Rama retires by rotation and being eligible offer themselves for re-appointment.

AUDITORS

Rajendra & Company, Auditors of the company retire at the forthcoming Annual General Meeting and being eligible for re-appointment, your Directors recommend their re-appointment.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE 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

The Company has installed another Solar System for 10,000-litre Hot Water which has considerably reduced diesel consumption. Your company has also awarded the job of Energy Audit to a reputed firm which is expected to give its report in the current year. Your company has taken steps to formulate a plan to replace the present boiler with the gas-fired boiler which will save the diesel consumption. 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.

C. Total Foreign Exchange Earning And Outgo (Rupees)

Total foreign exchange earning used and earned	2001-02	2000-01
a. Total Foreign Exchange used	10,58,964	8,98,553
b. Total Foreign Exchange earned	9,76,228	4,84,145
(does not include indirect Foreign Exchange Earning during year through credit cards)		

INDUSTRIAL RELATIONS

During the period under review, the relations with the most valuable human resources of the company remained cordial and peaceful. Your Directors wish to place on record their appreciation for the devoted services rendered by the staff of the company. Your company has continued the tradition of training programmes, refresher courses for its human resources and multi-tasking of its man-power.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere thanks to M/s State Bank of Saurashtra, Surat Peoples' Co-op Bank Ltd. and other banks for their continued support, GIIC, JHM Hotels Inc. USA, Government of Gujarat, franchiser M/s Bass International N.V. Netherlands, M/s Sun-n-Sand Hotels Private Limited, the management and hotel operators and appreciate the support of all the staff members for smooth functioning of your hotel. Your directors also wish to record their recognition of the customer support and patronage by the corporate houses in and around Surat.

On behalf of the Board

Place : Surat
Date : 30/05/2002

L. MANSINGH, IAS
CHAIRMAN



Gujarat JHM Hotels Limited

ANNEXURE "A"

A. MANDATORY REQUIREMENTS

1. BOARD OF DIRECTORS

(a) Composition

The Board of directors has 7 members comprising of one Executive (Managing) Director and 6 non-executive directors. M/s JHM Hotels Inc, USA has nominated two directors.

Surat Peoples Co-operative Bank has nominated one Nominee Director and rest three are independent directors.

During the year under review Shri L. Mansingh, IAS was appointed as additional director and Chairman in place of Dr. Ashok Narayan, IAS. Shri Gyan Joshi, IAS and Shri Deepak Shah were appointed as additional directors of the company with effect from 14th September, 2001. On and from 5th January, 2002 Shri Gyan Joshi, IAS and Shri Deepak Shah ceased to be the directors of the company due to their nomination withdrawn by GIC/Government of Gujarat. On and from 30th March, 2002, M/s Surat Peoples Co-op Bank Limited appointed Shri Pravinchandra P. Modi as their nominee director in place of Shri Manoj S. Parekh.

(b) Attendance of each director at the Board Meetings and Last AGM

5 Board Meetings were held during the financial year ended on 31st March, 2002. The attendance of each of the directors is given below:

Name of the Director	Category of Directorship	No. of meetings attended	% of total meetings attended during the tenure as Director
Dr. Ashok Narayan (upto 14.09.2001)	NED	2	40%
L. Mansingh	NED	2	40%
G. P. Joshi (upto 05.01.2002)	NED	2	40%
Denu P. Rama	MD	1	20%
D. J. Patel	NED	5	100%
H. P. Rama	NED	0	0%
U. M. Patel	NED	3	60%
D. C. Gami	NED	5	100%
D. R. Shah (upto 05.01.2002)	NED	1	20%
M. S. Parekh (upto 30.03.2002)	ND	3	60%
P. P. Modi (from 30.03.2002)	ND	NA	NA
K. S. Gandhi (Alternate to H. P. Rama)	NED	1	20%

Out of the above directors Shri D. C. Gami, Shri D. J. Patel, Shri U. M. Patel and Shri D. P. Rama attended the last AGM held on 14/09/2001.

(MD - Managing Director NED - Non-executive Director ND - Nominee Director)

(c) Number of other companies or committees the director is a director/member/chairman of

Name of the Director	No. of other companies in which director (including alternate director)	Number of Committees (other than GJHM) in which member
L. Mansingh, IAS	1	0
Denu P. Rama	3	0
D. J. Patel	1	3
H. P. Rama	3	0
U. M. Patel	4	0
D. C. Gami	6	6
K. S. Gandhi (Alternate Dir (to H. P. Rama)	5	0

(d) Number of Board Meetings held and the dates thereof

5 Board Meetings were held during the Financial Year. The dates are as under.

- | | |
|-------------------------|------------------------|
| 1. 31st May, 2001 | 2. 28th July, 2001 |
| 3. 14th September, 2001 | 4. 29th November, 2001 |
| 5. 31st January, 2002 | |