

**18th  
ANNUAL  
REPORT  
2002-2003**



**Gujarat JHM Hotels Limited**



## Gujarat JHM Hotels Limited

**BOARD OF DIRECTORS**

Shri L. Mansingh, IAS

*Chairman (upto 31.07.2002)*

Shri D. P. Rama

*Managing Director*

Shri U. M. Patel

Shri D. C. Gami

Shri D. J. Patel

Shri H. P. Rama

Shri K. S. Gandhi

*Alternate to Shri H. P. Rama*

Shri P. P. Modi

*Nominee, The Surat People's  
Co-op. Bank Ltd.***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.

**EIGHTEENTH ANNUAL  
GENERAL MEETING**

On Friday, the 26th September, 2003

Gandhi Smruti 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 18th Annual General Meeting of the members of GUJARAT JHM HOTELS LIMITED will be held at Gandhi Smruti Hall on Friday, the 26th day of September 2003, 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 2003 and Profit and 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.C. Gami who retires by rotation and being eligible offers himself for reappointment.
03. To appoint a Director in place of Shri U.M. Patel who retires by rotation and being eligible offers himself for reappointment.
04. To appoint auditors to hold office from the conclusion of the 18th 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 as an Ordinary Resolution.

"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 a Special Resolution:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and rules framed there under, Listing Agreements and all other applicable laws, rules, regulations and relevant SEBI guidelines and subject to the approvals/sanctions as may be necessary/applicable, the consent of the Company be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from The Stock Exchange, Ahmedabad and The Stock Exchange, Mumbai."

"RESOLVED FURTHER THAT the Board of Directors of the company or any committee formed by the directors of the company be and are hereby authorized to take all the steps as may be necessary or expedient in this regard and to do all such acts, deeds and things including execution of such documents as may be necessary or required for the purpose of giving effect to the foregoing resolution."

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 : 28/07/2003  
Place : Surat

DENU P RAMA  
MANAGING DIRECTOR



## Gujarat JHM Hotels Limited

**NOTES :**

01. **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.**
02. The explanatory statement pursuant to provisions of section 173 (2) of the Companies Act, 1956 in respect of Special Business is enclosed.
03. Members/Proxies should bring the attendance slip duly filled in for attending 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 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, Tuesday the 16th September 2003 till Tuesday the 30th September 2003 (both days inclusive).

**Explanatory Statement referred to in Section 173(2) on the Special Business****Item No. 5 of the Notice**

Your company came out with its maiden Public Offer in the year 1990 and since then the Equity Share capital of the company is listed for quotation on Ahmedabad ("ASE") and Mumbai ("BSE") Stock Exchanges after complying with the then applicable requirement of Securities Contracts Regulations Act, 1957 and the Companies Act, 1956. However, as observed, the Equity Share Capital of your company is thinly and infrequently traded on Mumbai Stock (BSE) while it has seldom traded on the Ahmedabad Stock Exchange (ASE). This fact can be verified from the Annexure A2 attached to the Corporate Governance forming part of the Directors' Report.

Investors in general and the members of the company have not derived any benefit from the listing of company's Equity Shares on these stock exchanges as the infrequently traded shares are put in the Z category of BSE whose quotations are normally not available. As against this, the expenses required to be incurred by your company in complying with the stock exchange and SEBI requirements works out dis-proportionate to the benefits.

M/s JHM Hotels Inc. USA have made a Public Offer in April, 2003 for acquisition of Equity Shares of the company and have successfully acquired 12,14,420 fully paid up Equity Shares aggregating to 17.93% of the total subscribed and paid up share capital of the company. As such the total holding of M/s JHM Hotels Inc. USA along with the persons acting in concert with them is already reached a substantial level of the total issued, subscribed and paid up share capital.

According to the extant guidelines of the Securities and Exchange Board of India ("SEBI"), acquisition of equal to or more than 90% of the total issued, paid up and listed securities entitles a company to compulsorily delist the security from the Stock Exchange within the permitted parameters and guidelines of SEBI. It is proposed to de-list the Securities from both Ahmedabad (ASE) and Mumbai (BSE) stock exchanges.

None of the directors of the company may be deemed as concerned or interested in the said resolution.

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 : 28/07/2003  
Place : Surat

DENU P RAMA  
MANAGING DIRECTOR



## Gujarat JHM Hotels Limited

**DIRECTORS' REPORT**

TO  
THE MEMBERS  
GUJARAT JHM HOTELS LTD.

Your directors have pleasure in presenting their report to the members of the company on this 18th Annual General Meeting of the company together with the audited statements of accounts and the reports of the auditors and the Board of Directors thereon.

**FINANCIAL RESULTS :**

Particulars	(Rs in lakhs)	
	Current year	Previous year
Turnover incl. other income	1579.95	1129.05
Operating Expenses	1119.53	751.98
Interest & Financial Charges	98.65	121.95
Profit /(Loss) before Depreciation	361.77	255.12
Depreciation	125.32	424.37
Net Profit/(Loss) after depreciation	236.45	(169.25)
Adjustment for deferred tax	13.29	43.27
Add : Loss Brought forward	(557.59)	(431.61)
Net loss carried to Balance Sheet	(307.85)	(557.59)

During the year under review the Company achieved a turnover of Rs. 1579.95 lakhs as compared to Rs. 1129.05 lakhs last year. The Company generated net profit of Rs. 236.45 lakhs as against loss of Rs. 169.25 lakhs last year. However, in view of the accumulated losses of the company, your directors are unable to propose any dividends 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 along with Management Discussion and Analysis.

**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, 2003 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.

**MANAGEMENT DISCUSSION AND ANALYSIS**

As required by clause 49 of the listing agreement with the stock exchanges, a management discussion and analysis report is appended.

**PARTICULARS OF EMPLOYEES**

Since there are no employees drawing a remuneration equal to or more than 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

During the year under review, Shri L Mansingh, IAS resigned as Chairman of the company from 31st July, 2002. Your directors place on record their appreciation for the valuable services rendered by Shri L Mansingh, IAS during his tenure as Chairman of the company.

Pursuant to provisions of Section 255 of the Companies Act, 1956 Shri U M Patel and Shri D C Gami retires by rotation and being eligible offer themselves for reappointment. As required by Clause 49 of the Listing Agreement, particulars about the retiring directors seeking re-appointment are given in the Corporate Governance Report.

### 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. Since the provisions of Form A under Rule 2 of the said Rules are not applicable the details under the 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

	2002-03	(Rupees) 2001-02
Total foreign exchange earning used and earned		
a. Total Foreign Exchange used	26,32,802	14,20,801
b. Total Foreign Exchange earned	17,51,288	9,76,228

### 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 The Surat Peoples Co-op Bank Limited, State Bank of Saurashtra, Bank of India and other banks for their financial assistance and JHM Hotels Inc. USA, Government of Gujarat, franchiser M/s Bass International N.V. Netherlands, M/s Sun-n-Sand Hotels Private Limited, for their continuous support, 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 : 28/07/2003

D J Patel  
Director

Denu P Rama  
Managing Director





## Gujarat JHM Hotels Limited

## ANNEXURE "A"

## A. MANDATORY REQUIREMENTS

## 1. BOARD OF DIRECTORS

## (a) Composition

The Board of directors has 6 members comprising of one Executive (Managing) Director and 5 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 resigned as Chairman of the company from 31st July 2002.

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

Board Meetings were held during the financial year ended on 31st March, 2003. The attendance of each of the directors is given below:

Name of the Director	Category Directorship	Attendance Particulars		No. of Directorships and Committee memberships/chairmanship		
		Board Meetings	Last AGM	Other Directorships	Committee Member-ships	Committee Chairmanship
L. Mansingh, IAS#	NED	1	NA	1	0	0
Denu P. Rama	MD	0	Y	3	0	0
D. J. Patel	NED	4	N	1	3	0
H. P. Rama	NED	0	N	3	0	0
U. M. Patel	NED	3	Y	4	0	0
D. C. Gami	NED	4	Y	6	3	2
P. P. Modi	ND	4	Y	0	0	0
K S Gandhi (Alternate to Shri H P Rama)	NED	2	N	5	0	0

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

#Shri L Mansingh, IAS, Chairman upto 31/07/2002

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

4 Board Meetings were held during the year in compliance with the minimum requirements of 4 Board Meetings. The dates on which the meetings were held are 20/05/2002, 31/07/2002, 24/10/2002 and 31/01/2003. None of the directors of the company was a member of more than ten committees or the Chairman of more than five committees across all companies in which he was a director.

## 2. AUDIT COMMITTEE

## (a) Terms of Reference

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

- To investigate any activity within the company
- To seek information from the employees
- To obtain outside legal or professional advice
- To review adequacy of internal audit functions
- To secure attendance of outsider/professional with relevant expertise, it considers necessary
- To discuss with the internal auditors any significant findings and follow-up thereon.

## (b) Composition, names of members and chairperson

The Audit Committee of 3 non-executive director -members namely Shri D J Patel, Shri U M Patel and Shri D C Gami was formed on 13th February, 2001 in compliance with the amendments made to the Companies Act, 1956 by recent Companies Amendment Act, 2000. Mr. D C Gami is the Chairperson of the said audit committee.

There has been no change in the constitution of the members of the Audit Committee during the period under review.



## Gujarat JHM Hotels Limited

**(d) Meetings and attendance during the period**

Name of member of Audit Committee	Attendance Particulars
Shri D C Gami	30/05/2002, 24/10/2002, 31/01/2003
Shri D J Patel	30/05/2002, 24/10/2002, 31/01/2003
Shri U M Patel	30/05/2002, 24/10/2002, 31/01/2003

The committee has approved the final accounts as at 31st March 2003 at its meeting held on 28th June 2003 after discussions with the Internal and Statutory Auditors of the company.

**3. SHARETRANSFER COMMITTEE****(a) Terms of Reference**

- (i) To approve share transfer/transmission of shares
- (ii) To approve sub-division/consolidation other than the market lot of shares
- (iii) To issue duplicate share certificates
- (iv) To secure attendance of outsider/professional with relevant expertise, it considers necessary
- (v) To look into and attend to the shareholders' grievances

**(b) Composition, names of members and chairperson**

The Share Transfer Committee comprised of 2 director-members namely Shri D. J. Patel, non-executive director and Shri D P Rama, Managing Director. Shri D J Patel is the Chairperson of the Share Transfer Committee.

There has been no change among the members during the period under review.

**(c) Meetings and attendance during the period**

12 meetings of the Share Transfer Committee were held during the financial year ended on 31st March, 2003.

Name of member of Share Transfer Committee	Attendance Particulars
Shri D J Patel, NED	20/04/2002, 15/06/2002, 08/07/2002, 29/07/2002, 10/08/2002, 30/09/2002, 08/10/2002, 28/10/2002, 18/11/2002, 25/11/2002, 16/12/2002, 31/03/2003
Shri D P Rama, MD	Nil

**4. DETAILS OF REMUNERATION PAID TO DIRECTORS****(I) WHOLE TIME DIRECTOR**

All elements of remuneration including the perquisites paid to Shri D P Rama, Managing Director is Rs. 9,67,050.

**(II) NON-WHOLETIME DIRECTORS**

The company has paid the following amounts as sitting fees to all the non-executive directors @ Rs. 250 for attending each meeting of the Board of Directors during the year ended on 31st March, 2003 : Shri L Mansingh, IAS Rs. 250/-, Shri D. J. Patel Rs. 1000/-, Shri H. P. Rama Rs. Nil, Shri U. M. Patel Rs. 750/-, Shri D. C. Gami Rs. 1,000/-, Shri P P Modi Rs. Nil and Shri K S Gandhi 500/- (Alternate to Shri H P Rama)

**5. SHARE HOLDERS' GRIEVANCES**

Shri Nayan Banker, Financial Controller of the company is appointed as Compliance Officer. No complaints were received from the Shareholders/Stock Exchanges/ SEBI/ Department of Company Affairs in terms of SEBI circular number 1.(96.97) dated 25/07/1996

There are no pending complaints or share transfers/transmission except where the transfers are involved in litigation/forfeiture etc.