

**19th
ANNUAL
REPORT
2003-2004**

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Gujarat JHM Hotels Limited



Gujarat JHM Hotels Limited

BOARD OF DIRECTORS

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. (Upto 6-10-2003)

AUDITORS

Rajendra & Co.

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

BANKERS

State Bank of Saurashtra
State Bank of India
Bank of India

19th ANNUAL GENERAL MEETING

On Friday, the 2nd July, 2004
at Gandhi Smruti Bhavan,
Timaliawad, Nanpura,
Surat - 395 001
at 10.30 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 19th Annual General Meeting of the members of GUJARAT JHM HOTELS LIMITED will be held at Gandhi Smruti Bhavan, Timaliyawad, Surat, on Friday, the 2nd day of July 2004, at 10.30am to transact the following business.

ORDINARY BUSINESS :

01. To review, consider and adopt the Balance Sheet as at 31st March 2004 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 H. P. Rama who retires by rotation but being eligible offers himself for reappointment.
03. To appoint a Director in place of Shri D.J. Patel who retires by rotation but being eligible offers himself for reappointment.
04. To appoint auditors to hold office from the conclusion of the 19th 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 Accounts 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."

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 : 31-05-2003
Place : Surat

DENU P RAMA
MANAGING DIRECTOR

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. Members/Proxies should bring the attendance slip duly filled in at 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.
03. Company is having In-house share transfer department. Hence, Members are requested to do all future correspondence at the Registered office of the Company.
04. Members desiring any additional information concerning accounts are requested to write to Mr. Nayan Banker – Financial Controller, seven days in advance of the meeting.
05. The Register of Members and Share Transfer Books of the company will remain closed from, Wednesday the 16th June 2004 till Wednesday the 30th June 2004 (both days inclusive).



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 19th 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	1849.63	1579.95
Operating Expenses	1135.63	1119.53
Interest & Financial Charges	100.88	98.65
Profit before Depreciation	613.12	361.77
Depreciation	281.84	125.32
Net Profit after depreciation	331.28	236.45
Adjustment for Current tax	20.54	NIL
Adjustment for deferred tax	124.36	13.29
Net Profit for the year	186.38	249.73
Add : Loss Brought forward	(307.85)	(557.59)
Net loss carried to Balance Sheet	(121.47)	(307.85)

During the year under review the company achieved a turnover of Rs. 1849.63 lakhs as compared to Rs. 1579.95 lakhs in the previous year. The company generated net profit before tax of Rs. 331.28 lakhs as against Rs. 236.45 lakhs last year and a net profit after tax of Rs. 186.38 lakhs against the profit of Rs. 249.73 lakhs last year. In view of the accumulated losses of the company, your directors are unable to propose any dividend for the year under review.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, is given as a part of Annexure "A" to this report.

CORPORATE GOVERNANCE

Annexure "A" gives a report on the Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. the directors have 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, 2004 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.



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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.

DIRECTORS

Shri P P Modi, Nominee Director appointed by The Surat Peoples' Co-operative Bank Limited ceased to be a Director of the Company with effect from 6th October 2003 as your company repaid the entire loan outstanding of the said bank. Your directors place on record their appreciation for the valuable services rendered by Shri P P Modi during his tenure as Nominee Director on the Board of Directors of your company.

Pursuant to provisions of Section 255 of the Companies Act, 1956 Shri H P Rama and Shri D J Patel retire by rotation and being eligible offer themselves for re-appointment. 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

M/s. Rajendra & Company, Chartered Accountants, auditors of the company retire at the forthcoming Annual General Meeting and being eligible for re-appointment, they offer for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956. 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

	2003-04	(Rupees) 2002-03
Total foreign exchange used and earned		
a. Total Foreign Exchange used	30,36,924	26,32,802
b. Total Foreign Exchange earned	9,48,235	17,51,288
(As per RLM-1 Submitted to RBI, excluding earning 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.

DELISTING

In accordance with the approval granted by the shareholders, the company has got its equity shares delisted from the Ahmedabad Stock Exchange. The Company's equity shares shall continue to be listed on the Stock Exchange, Mumbai (BSE), which has nation-wide trading terminals.

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 support, M/s 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 continued support 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 : 31/05/2004

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 had 5 members comprising of one Executive (Managing) Director and 4 non-executive directors. M/s JHM Hotels Inc, USA has nominated two directors. Surat Peoples Co-operative Bank had nominated one Nominee Director and rest three are independent directors.

During the year under review Shri P P Modi, Nominee Director representing The Surat Peoples' Co-operative Bank Limited resigned with effect from 6th October, 2003 as entire liability of the said Bank was paid off by the company.

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

5 Board Meetings were held during the financial year ended on 31st March, 2004. 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
Denu P. Rama	MD	1	N	3	0	0
D. J. Patel	NED	5	Y	1	1	0
H. P. Rama	NED	1	N	3	0	0
U. M. Patel	NED	4	Y	2	0	0
D. C. Gami	NED	5	Y	5	3	3
P. P. Modi\$	ND	2	Y	0	0	0
K S Gandhi (Alternate to Shri H P Rama)	NED	1	N	5	0	0

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

\$ upto 06/10/2003

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

5 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 28/06/2003, 28/07/2003 26/09/2003, 14/11/2003 and 29/01/2004. 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.



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(d) Meetings and attendance during the period

Name of member of Audit Committee	Attendance Particulars
Shri D C Gami	28/06/2003, 28/07/2003, 14/11/2003, 29/01/2004
Shri D J Patel	28/06/2003, 28/07/2003, 14/11/2003, 29/01/2004
Shri U M Patel	28/06/2003, 28/07/2003, 14/11/2003

The committee has approved the final accounts, as at 31st March 2004 at its meeting held on 31st May 2004 after discussions with the Internal and Statutory Auditors of the company.

3. SHARETRANSFER COMMITTEE

(a) Terms of Reference

- To approve share transfer/transmission of shares
- To approve sub-division/consolidation other than the market lot of shares
- To issue duplicate share certificates
- To secure attendance of outsider/professional with relevant expertise, it considers necessary
- 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

6 meetings of the Share Transfer Committee were held during the financial year ended on 31st March, 2004.

Name of member of Share Transfer Committee	Attendance Particulars
Shri D J Patel, NED	31/08/2003, 25/11/2003, 31/12/2003, 21/01/2004, 21/02/2004, 21/03/2004
Shri D P Rama, MD	Nil

4. DETAILS OF REMUNERATION PAID TO DIRECTORS

(I) WHOLE TIME DIRECTOR

Value of all elements of remuneration including the perquisites paid to Shri D P Rama, Managing Director is Rs. 13,47,300.

(II) NON-WHOLETIME DIRECTORS

The company has paid the following amounts as sitting fees to all the non-executive directors for attending each meeting of the Board of Directors as well as audit sub-committee meetings during the year ended on 31st March, 2004:

Sr. No.	Name of Director	Sitting Fees for Board Meetings	Sitting Fees for Audit Sub-committee meetings
1.	D. C Gami	6,250	4,500
2.	D. J. Patel	6,250	4,500
3.	K. S. Gandhi (Alternate to Shri H P Rama)	1,500	0
4.	U. M. Patel	4,750	3,000
TOTAL Rs.		18,750	12,000

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.