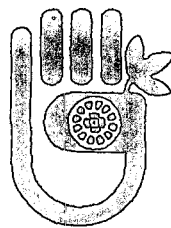


20th  
ANNUAL  
REPORT  
2004-2005

Report Junction.com



Gujarat JHM Hotels Limited



## Gujarat JHM Hotels Limited

### BOARD OF DIRECTORS

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 Sanjiv Shah	<i>(w.e.f. 12-10-2004)</i>
Shri Jimmy Patalwala	<i>(w.e.f. 19-01-2005)</i>

### AUDITORS

#### **Rajendra & Co.**

Chartered Accountants, Member, Polaris International  
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.

### 20TH ANNUAL GENERAL MEETING

On Saturday, the 16th July, 2005  
Mahida Bhavan, Opp. SVR College,  
Dumas Road, Piplod, 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 20th Annual General Meeting of the members of GUJARAT JHM HOTELS LIMITED will be held on Saturday, the 16th day of July 2005, at 9.30 am. at Mahida Bhavan, Opp. SVR College, Dumas Road, Piplod, Surat - 395 007 to transact the following business.

## ORDINARY BUSINESS :

01. To review, consider and adopt the Balance Sheet as at 31st March 2005 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 U. M. Patel who retires by rotation and being eligible offers himself for reappointment.
03. To appoint a Director in place of Shri D. C. Gami who retired by rotation and being eligible offers himself for reappointment.
04. To appoint auditors to hold office from the conclusion of the 20th Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration and in connection there with 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 an Ordinary Resolution:

"RESOLVED THAT Shri Sanjiv Shah who was appointed as an Additional Director of the company be and is hereby appointed as a 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 an Ordinary Resolution:

"RESOLVED THAT Shri Jimmy Patalwala who was appointed as an Additional Director of the company be and is hereby appointed as a Director of the company, liable to retire by rotation."

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 : 31/05/2005  
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 or attending the meeting and members may please bring their copies of the annual report to as no copies will be distributed again in the meeting.
05. Company is having In-house share transfer department. Hence, Members are requested to do all future correspondence at the registered office of the Company.
06. Members desiring any additional information concerning accounts are requested to write to Mr. Nayan Banker – Financial Controller, seven days in advance of the meeting.
07. The Register of Members and Share Transfer Books of the company will remain closed from, Saturday the 16th July 2005 till Saturday the 30th July 2005 (both days inclusive).
08. Special Resolution requiring postal ballot shall be passed under postal ballot system as required by Section 192 A of the Companies Act, 1956.

### ***Explanatory Statement pursuant to provisions at Section 173 (2) of the Companies Act, 1956 in respect of Special Business***

Item No. 5 and 6

Your Board of Directors had appointed Shri Sanjiv Shah and Shri Jimmy Patalwala as Additional Directors of the company from 12th October 2004 and 19th January 2005 respectively.

Accordingly Shri Sanjiv Shah and Shri Jimmy Patalwala would 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 names of Shri Sanjeev Shah and Shri Jimmy Patalwala as Directors of the company at the Annual General Meeting.

Shri Sanjiv Shah, 44, has done his MBA and AIT from USA. He has 15 years of experience in Textile Management and is Director of two private limited companies since last 20 years. It is expected that from his vast experience and knowledge the company will benefit immensely.

Shri Jimmy Patalwala, 71, is a noted industrialist of Surat and leading social worker. He is also Past District Governor of the Lions Club of Surat.

Your directors recommend the appointment of Shri Sanjiv Shah and Shri Jimmy Patalwala as directors of the company. Except Shri Sanjiv Shah and Shri Jimmy Patalwala, 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 (except Saturday) between 11.00am to 2.00pm. 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.

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 : 31/05/2005  
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 20th 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	Current year	(Rs in lakhs) Previous year
Turnover incl. other income	2191.93	1849.63
Operating Expenses	1276.30	1135.63
Interest & Financial Charges	57.78	100.88
Profit before Depreciation	857.85	613.12
Depreciation	333.55	281.84
Net Profit after Depreciation	524.30	331.28
Adjustment for Current tax	(42.00)	(20.54)
Adjustment for deferred tax	(167.24)	(124.36)
Net Profit for the year	315.06	186.38
Add: Loss Brought forward	(121.47)	(307.85)
Net Profit/ (Loss) Carried to Balance Sheet	193.59	(121.47)

During the year under review the company achieved a turnover of Rs.2191.93 lakhs as compared to Rs. 1849.63 in the previous year. The company generated net profit before tax of Rs. 524.30 lakhs against Rs. 331.28 lakhs last year and net profit after tax of Rs. 315.06 lakhs against the net profit of Rs. 186.38 lakhs last year. In view of the ongoing investment and future expansion it is decided to retain the earning. Hence, no dividend is recommend.

**CORPORATE GOVERNANCE**

Management Discussion and Analysis of Financial Condition and Results of Operations 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 along with a Certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under the said clause 49.

**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 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, 2005 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 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 Sanjiv Shah and Shri Jimmy Patalwala were appointed as Additional Directors of your company from 12<sup>th</sup> October 2004 and 19<sup>th</sup> January 2005 respectively, pursuant to provisions of Section 260 of the Companies Act, 1956. Shri Sanjiv Shah who is based in Ahmedabad, has done his MBA and AIT from USA. He has 15 years of





## Gujarat JHM Hotels Limited

experience in Textile Management and is Director of two private limited companies since last 20 years.. Shri Jimmy Patalwala, who is based in Surat, is a noted industrialist and Past District Governor of the Lions Club of Surat. It is expected that from their vast experience and knowledge the company will benefit immensely.

Your directors recommend the appointment of Shri Sanjiv Shah and Shri Jimmy Patalwala as directors of the company.

Pursuant to provisions of Section 255 of the Companies Act, 1956 Shri U. M. Patel and Shri D. C. Gami 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 themselves for re-appointment. The company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits 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 gas fired steam and hot water boilers as part of its continuous efforts to save energy. This investment is expected to save the consumption of diesel. 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

	2004-05	(Rupees) 2003-04
Total foreign exchange earning used and earned		
a. Total Foreign Exchange used	62, 60,316	30,36,924
b. Total Foreign Exchange earned	18, 86,131	9,48,235

### 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 State Bank of Saurashtra and State Bank of India and other banks for their financial assistance and support, M/s JHM Hotels Inc. USA, Government of Gujarat, franchiser M/s Six Continent Hotels, 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 : 31/05/2005

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

During the year under review Shri Sanjeev Shah and Shri Jimmy Patalwala were co-opted as additional directors from 12<sup>th</sup> October 2004 and 19th January 2005 respectively.

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

Five Board Meetings were held during the financial year ended on 31st March, 2005. 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	0	0	0
D. J. Patel	NED	4	Y	0	0	0
H. P. Rama	NED	4	Y	1	0	0
U. M. Patel	NED	4	Y	3	0	0
D. C. Gami	NED	3	N	4	2	4
Sanjiv Shah\$	NED	2	N	2	0	0
Jimmy Patalwala %	NED	NA	NA	2	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)

\$ from 12/10/2004 % from 19/01/2005

## (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 31/05/2004, 02/07/2004 12/10/2004, 25/11/2004 and 19/01/2005. 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 comprising 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 the 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	25/11/2004, 19/01/2005
Shri D J Patel	31/05/2004, 02/07/2004, 19/01/2005
Shri U M Patel	02/07/2004, 25/11/2004, 19/01/2005

The committee has approved the final accounts, as at 31<sup>st</sup> March 2005 at its meeting held on 31<sup>st</sup> May 2005 after discussions with the Internal and Statutory Auditors of the company.

**3. SHARE TRANSFER 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**

6 meetings of the Share Transfer Committee were held during the financial year ended on 31<sup>st</sup> March, 2005.

Name of member of Share Transfer Committee	Attendance Particulars
Shri D J Patel, NED	31/08/2004, 25/11/2004, 31/12/2004, 21/01/2005, 21/02/2005, 21/03/2005
Shri D P Rama, MD	Nil

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

All elements of remuneration including the perquisites and commission paid to Shri D P Rama, Managing Director is Rs. 2,101,333.

**(II) NON-WHOLE TIME 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 31<sup>st</sup> March, 2005:

Sr. No.	Name of Director	Sitting Fees for Board Meetings	Sitting Fees for Audit Sub-committee meetings
1.	D. C Gami	7,500	5,000
2.	D. J. Patel	10,000	7,500
3.	K. S. Gandhi (Alternate to Shri H P Rama)	2,500	0
4.	U. M. Patel	10,000	7,500
5.	Sanjeev Shah	5,000	0
	<b>TOTAL Rs.</b>	<b>35,000</b>	<b>20,000</b>

**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.