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Annual Report
1996-97

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JAYPEE HOTELS LIMITED





JAYPEE HOTELS LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Jaiprakash Gaur

VICE CHAIRMAN

N.C.Sharma

MANAGING DIRECTOR

P.V.Vora

DIRECTORS (WHOLE TIME)

S.N.Endley

Suren Jain

DIRECTORS

Ramesh C. Vaish

Shailendra Swarup

Basant Kumar Goswami

Suresh Kumar

S.K.Dixit

Gyan Prakash Gaur

Shree Prakash

COMPANY SECRETARY

P.N.Kumar

AUDITORS

LCKailash & Associates,

Chartered Accountants,

NBR House, C-124 Preet Vihar,

DELHI-110 092

BANKERS

Indian Overseas Bank

Janpath, New Delhi

REGISTERED OFFICE

Hotel Vasant Continental,

Basant Lok, Vasant Vihar,

New Delhi-110 057

ANNUAL REPORT

1996-97

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of JAYPEE HOTELS LIMITED will be held at 11.00 A.M. on Monday, the 29th December, 1997 at the lawns adjacent to Swimming Pool of Hotel Vasant Continental, Basant Lok, Vasant Vihar, New Delhi-110 057 to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1997 and Profit & Loss Account for the year ended on that date and reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Shailendra Swarup, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Suren Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Lt.Gen.S.N.Endley (Retd), who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting and fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Sections 198, 269, 309 and other applicable provisions and amendments, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to any other necessary approval, the consent of the Company is hereby given to the re-appointment of Shri P.V.Vora as Managing Director, not liable to

retire by rotation, on such payment of remuneration as set out in the Explanatory Statement, annexed hereunto, for a further period of 5 years with effect from 1st June, 1997."

7. To consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charging of any/all immovable properties of the Company, wherever situated, present or future and/or conferring power to enter upon and to take possession of the assets of the Company in certain events to or in favour of Indian Overseas Bank to secure "Term Loan not exceeding Rs.50.00 Crore" (Rupees Fifty Crore) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on repayment or redemption, costs, charges, expenses and other monies payable by the Company, to Indian Overseas Bank, under the agreements signed/ to be signed and the terms and conditions in respect of the said loan."

"RESOLVED FURTHER THAT the mortgage/charge created or to be created and/or all agreements/documents to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

By Order of the Board

New Delhi
September 20, 1997

P.N.KUMAR
Company Secretary &
General Manager (Comml.)



NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO ANNUAL REPORT.**
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 16th December, 1997 to Monday, the 29th December, 1997 (both days inclusive).
4. Those members who have so far not encashed their dividend warrants for the year ended March 31, 1995 and subsequent years may immediately approach the Company with their dividend warrants for revalidation.
5. Members who are holding shares in identical names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
6. Members are requested to quote their folio nos. while corresponding with the Company and also notify the change in registered address/residential status, if any.
7. Shareholders having any question on accounts are requested to send the same 10 days in advance to the Company to enable it to collect the relevant information.
8. Shareholders may please bring their copies of the Annual Report to the meeting.
9. Members/Proxies should bring their attendance slip sent alongwith the Annual Report, duly filled in, for attending the Meeting.

By Order of the Board

New Delhi
September 20, 1997

P.N.KUMAR
Company Secretary &
General Manager (Comm.)



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

Shri P.V.Vora, who was appointed as Managing Director, with effect from 1st June, 1992, completed his term of 5 years on 31st May, 1997. The Board of Directors in their meeting held on 31st March, 1997 have re-appointed him, subject to the approval of shareholders, as Managing Director of the Company, not liable to retire by rotation, for a further period of 5 years with effect from 1st June, 1997 to 31st May, 2002 at the following remuneration (within the limits prescribed in Schedule XIII).

SALARY : Rs.22,500/- (Rupees Twenty Two Thousand Five hundred only) per month in the scale of 22,500-1,000-26,500.

PERQUISITES : Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equivalent to annual salary or Rs.2,50,000 per annum, whichever is less. Perquisites are classified as under :

CATEGORY 'A'

HOUSING

- In case of unfurnished accommodation hired by the Company, the expenditure incurred by the Company on hiring of such accommodation shall not exceed 60% of salary, over and above 10% payable by the appointee.
- In case the accommodation is owned by the Company then 10% of the salary of the appointee shall be deducted by the Company.
- In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

EXPLANATION :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of the salary of the appointee.

MEDICAL REIMBURSEMENT

Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

LEAVE TRAVEL CONCESSION

For the appointee and his family once in a year incurred in accordance with the rules specified by the Company.

CLUBS

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fee.

PERSONAL ACCIDENT INSURANCE

Personal accident insurance for an amount, annual premium of which does not exceed Rs.4,000/-.

EXPLANATION

For the purpose of Category 'A', family means the spouse, the dependent children and dependent parents of the appointee.

CATEGORY 'B'

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, Gratuity payable should not exceed half a month's salary for each completed year of service.

Earned leave with full pay and allowances as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

The Company shall provide car and telephone facility at the residence of appointee. Provision of car for use on Company's business and telephone facility at the residence will not be considered as perquisites.

Personal long distance calls shall be billed by the Company to the appointee.

The proposed resolution is placed for approval.

None of the Directors is concerned or interested in the aforesaid resolution except Shri P.V.Vora.

ITEM NO.7

The Company has approached Indian Overseas Bank, for granting term loans/working capital loans for the Company's hotels. The said bank will require the Company to sign and execute mortgage deed in their favour as per their normal procedures and general terms and conditions of granting loans. The members in their meeting held on 24.12.1994 had authorised the Board to borrow upto Rs.50.00 Crores as per Section 293(1)(d) (excluding the temporary borrowing required for working capital etc.). Therefore, the proposed resolution is placed for approval.

None of the Directors is interested or concerned in this resolution.

By Order of the Board

New Delhi
September 20, 1997

P.N.KUMAR
Company Secretary &
General Manager (Comm.)



JAYPEE HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Seventeenth Annual Report and the Audited Accounts of the Company for the financial year ended March 31, 1997.

FINANCIAL RESULTS

PARTICULARS	1996-97 (Lac/Rs.)	1995-96 (Lac/Rs.)
Gross Revenue	4448.03	3722.38
Gross Operating Profit	975.46	923.72
Less:		
a) Interest & Financial charges	4.82	13.67
b) Loss on sale of shares and construction machinery	1023.95	
c) Depreciation	160.86	181.09
	(214.17)	728.96
Less :		
Preliminary expenses written off	24.80	24.80
Less : Provision for tax	-	-
Profit after tax	(238.97)	704.16
Add:		
Brought forward from the previous year	320.52	109.76
Profits available for appropriation	81.55	813.92
Transferred to/from Tourism Development Reserve	(353.00)	125.00
Transferred to/from Investment Reserve	(7.02)	-
Expenditure Tax & Dividend paid on redemption of Preference Shares	13.45	-
Proposed Dividend :		
i) on Preference Shares	-	13.50
ii) on Equity Shares	-	354.90
Balance carried to Balance Sheet	428.12	320.52

OPERATING RESULTS

During the financial year 1996-97, all the three Hotels viz. Hotel Vasant Continental, Hotel Siddharth and Hotel Residency Manor, showed better performance in comparison to the previous year. Efforts are being continued to upgrade the properties of Hotel Vasant Continental and Hotel Siddharth and for this purpose the Company is utilising its own accruals from hotel operations.

The Preference Shares for an aggregate sum of

Rs.1.00 Crore were paid off on the last day of redemption i.e. September 26, 1996 alongwith the dividend @ 13.5% from 1st April, 1996 to the date of redemption (after deduction of tax at source).

HOTEL PROJECT AT AGRA

The construction of Hotel-cum-Convention Centre at Agra is progressing satisfactorily. The Company has started the work of interiors of the hotel and installation of machinery etc.

DISPOSAL OF SHARES AND CONSTRUCTION EQUIPMENT

The Company had made investment in the shares of M/s. Jaiprakash Industries Limited in the year 1993 in the hope that the share price will go up and such investment would bring some profit to the Company. Unfortunately the share prices started going down in the year 1996-97 and the management after careful study of the share market, considered it advisable to dispose off the said holding at the earliest at the best available rates to minimise the loss. The said sale has resulted in a loss of Rs.926.90 lacs.

The construction Division of the Company was closed in January, 1995. The construction equipment and machinery which was purchased by the Company when the construction activities were started, was being given on hire to other parties after closure of construction activity, but keeping in view the condition of the machinery which had deteriorated due to extensive use and reduced demand, it was considered expedient to dispose off a part of the stock of said machinery. Thus sale of said machinery resulted into a loss of Rs.97.05 lacs.

DIVIDEND

Though there is operating profit from the hotel business, there is net loss due to loss suffered by disinvestment in shares and disposal of Construction Machinery and equipment. As such the Directors regret their inability to recommend any dividend for the year 1996-97.

CURRENT OUTLOOK

Since the beginning of the current year, there had been a dip in the tourism traffic all over the country. This downfall has been witnessed in all sectors of the tourism and has also affected our turnover. It is, however, heartening to note that Hotel Residency Manor has attracted many Multi-National Companies and other Corporate Bodies to hold their conferences there and the hotel is becoming more and more popular.