



# Annual Report 2003 - 04

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**JAYPEE HOTELS LIMITED**



## JAYPEE HOTELS LIMITED

### BOARD OF DIRECTORS

#### CHAIRMAN

Jaiprakash Gaur

#### VICE CHAIRMAN CUM MANAGING DIRECTOR

S.G. Awasthi

#### WHOLE-TIME DIRECTORS

S.N. Endley

Manju Sharma

#### DIRECTORS

Krishnaswamy Subramanian

Manoj Gaur

Pawan Kumar Jain

Ram Kumar Anand

Rita Dixit

Santosh Kumar Bansal

Satish Kumar Dheri

Shree Prakash

Sibendra Kumar Chakrabarti

Sunil Kumar Sharma

Suresh Kumar

#### 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- 110 001

#### REGISTERED OFFICE

Jaypee Palace,

Near Tora Village,

Fatehabad Road,

AGRA-282 003(U.P.)

#### HEAD OFFICE

Jaypee Vasant Continental,

Vasant Vihar,

New Delhi- 110 057

Tel.: 011-26148800

Fax : 011-26145959

E-mail : hvc@del3.vsnl.net.in

Visit us at : <http://www.jaypeehotels.com>

### ANNUAL REPORT – 2003-2004

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## JAYPEE HOTELS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the members of JAYPEE HOTELS LIMITED will be held at 10.30 a.m. on Thursday, the 30<sup>th</sup> September, 2004 at the premises of Jaypee Palace Hotel, Near Tora Village, Fatehabad Road, Agra-282 003 (U.P) to transact the following business:-

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2004 and Profit & Loss Account for the year ended on that date and the Directors' and the Auditors' reports thereon.
2. To appoint a Director in place of Shri Suresh Kumar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fixing of their remuneration. M/s LCKailash & Associates, Chartered Accountants have offered themselves for reappointment.

#### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolution:

4. "RESOLVED THAT Shri Jairprakash Gaur be and is hereby appointed as a Director of the Company liable to retire by rotation".
5. "RESOLVED THAT Shri K. Subramanian be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. "RESOLVED THAT Shri R.K. Anand be and is hereby appointed as a Director of the Company liable to retire by rotation".
7. "RESOLVED THAT Shri S.K. Chakrabarti be and is hereby appointed as a Director of the Company liable to retire by rotation".

#### 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 the Annual Report.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 21<sup>st</sup> September, 2004 to Thursday, the 30<sup>th</sup> September, 2004 (both days inclusive).
4. Those members who have not yet encashed their dividend warrants for the year ended March 31, 1998 may immediately approach the Company with their dividend warrants for revalidation.
5. Pursuant to the provisions of Section 205A of the Companies (Amendment) Act, 1999, the amount of dividend which remains unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend Account for the respective year would be transferred to the Investor Education and Protection Fund. As such, shareholders who have not yet encashed their dividend warrants are requested, in their own interest, to write to the Company immediately for claiming outstanding dividends declared by the Company for the year 1997-98.
6. 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.
7. Members are requested to quote their Folio No./Client ID No. & DP ID No. while corresponding with the Company and also notify the change in registered address/residential status, if any.
8. Shareholders may please bring their copies of the Annual Report to the meeting.
9. Shareholders having any question on accounts are requested to send the same at least ten days in advance to the Company to enable it to collect the relevant information.
10. Members/Proxies should bring their attendance slip sent alongwith the Annual Report, duly filled in, for attending the meeting.

By Order of the Board

**P.N.Kumar**

Place: New Delhi

Dated: 29<sup>th</sup> July, 2004

**Company Secretary &  
Sr. Vice President (Comm.)**



## JAYPEE HOTELS LIMITED

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

#### ITEM NO. 4

Shri Jaiprakash Gaur was appointed as Director of the Company on 30<sup>th</sup> July, 2002 to fill the casual vacancy caused by the resignation of Shri P.V. Vora, and by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, Shri Jaiprakash Gaur holds office upto the date of ensuing Annual General Meeting. Shri Jaiprakash Gaur is a qualified civil engineer, a great visionary and a successful entrepreneur who has played key role in Jaypee Group's growth. His presence in the Board will be very beneficial to the Company. A brief resume of Shri Jaiprakash Gaur forms part of the Corporate Governance Report attached to the Directors' Report.

None of the Directors of the Company except Shri Jaiprakash Gaur himself, Shri Manoj Gaur, Smt. Rita Dixit, Shri Sunil Kumar Sharma and Smt. Manju Sharma being relatives, is in any way interested or concerned with the resolution.

#### ITEM NO. 5

Shri K. Subramanian was appointed as Director of the Company on 30<sup>th</sup> July, 2002 to fill the casual vacancy caused by the resignation of Shri B.K. Goswami, and by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, Shri K. Subramanian holds office upto the date of ensuing Annual General Meeting. Shri K. Subramanian is former Chairman-cum-Managing Director of Indian Overseas Bank. The Board will benefit from his knowledge and experience. A brief resume of Shri K. Subramanian forms part of the Corporate Governance Report attached to the Directors' Report.

None of the Directors of the Company except Shri K. Subramanian himself, is in any way interested or concerned with the resolution.

#### ITEM NO. 6

Shri R.K. Anand was appointed as Director of the Company on 9<sup>th</sup> January, 2003 to fill the casual vacancy caused by the resignation of Shri Shailender Swarup, and by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, Shri R.K. Anand holds office upto the date of ensuing Annual General Meeting. He is a well known Lawyer of the country. His knowledge, expertise and experience in

the legal matters, will provide added strength to the Company. A brief resume of Shri R.K. Anand forms part of the Corporate Governance Report attached to the Directors' Report.

None of the Directors of the Company except Shri R.K. Anand himself, is in any way interested or concerned with the resolution.

#### ITEM NO. 7

Shri S.K. Chakrabarti was appointed as Director of the Company w.e.f. 1<sup>st</sup> April, 2004 to fill the casual vacancy caused by the resignation of Shri Suren Jain, and by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, Shri S.K. Chakrabarti holds office upto the date of ensuing Annual General Meeting. Shri S.K. Chakrabarti is former Chairman & Managing Director (Acting) of Industrial Development Bank of India (IDBI). He has been a successful development Banker and has good exposure in industry and finance. His presence in the Board will be beneficial to the Company. A brief resume of Shri S.K. Chakrabarti forms part of the Corporate Governance Report attached to the Directors' Report.

None of the Directors of the Company except Shri S.K. Chakrabarti himself, is in any way interested or concerned with the resolution.

**The Company received notices in writing along with deposit from the members of the Company in terms of Section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of S/Shri Jaiprakash Gaur, K. Subramanian, R.K. Anand and S.K. Chakrabarti.**

By Order of the Board

P.N.Kumar

Company Secretary &

Sr. Vice President (Comm.)

Place: New Delhi

Dated: 29<sup>th</sup> July, 2004



## JAYPEE HOTELS LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS

The Directors of your Company are pleased to present the 24<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2004.

#### WORKING RESULTS

The Working Results of the Company for the year under report are as under:

Particulars	2003-2004 Rs. In lac	2002-2003 Rs. In lac
Gross Revenue	13261.31	10178.30
Gross operating profit	2450.42	2176.49
Less:		
a) Interest & Financial Charges	642.95	958.42
b) Depreciation & Amortization	829.46	846.83
Profit before tax	978.01	371.24
Less:		
a) Provision for current tax/deferred tax	450.59	167.38
Profit after tax	527.42	203.86
Add/(Less)		
Other adjustments from earlier years	(3.97)	(94.93)
Profit available for appropriation	523.45	108.93
<b>Balance carried to Balance Sheet</b>	<b>523.45</b>	<b>108.93</b>

During the year under review, the tourism industry, in general, witnessed signs of recovery. There was 14.75 per cent increase in the revenue of the hotel business, which is Rs.5898 lac as compared to Rs.5140 lac in previous year. The revenue in construction business also recorded increase of 54.43 per cent making it Rs.7150 lac as compared to Rs.4630 lac in previous year.

#### DIVIDEND

Keeping in view the need to conserve the Company's resources to meet the enhanced demand of funds, the Directors do not recommend any dividend for the financial year 2003-04.

#### OUTLOOK

The growth of the tourism industry is showing positive signs. With the various initiatives being taken by the Government and country's economic growth, the hotel business is also expected to improve. It has been the endeavour of the Company to continuously renovate and upgrade the hotel properties to keep pace with the industry trends and to achieve better operating results. Jaypee Vasant Continental, New Delhi is clearly emerging as a popular boutique hotel after its creative and contemporary renovation and improved standards of quality and service. Efforts are also being made to optimize construction activity by securing more contracts and economical execution.

Your Company, therefore, hopes to improve its operating results in future.

#### DIRECTORATE

Shri Suresh Kumar, Director, retires by rotation and being eligible, offers himself for reappointment.

Shri Jaiprakash Gaur, Shri K. Subramanian, Shri R.K. Anand and Shri S.K. Chakrabarti, were co-opted on the Board on 30<sup>th</sup> July, 2002, 30<sup>th</sup> July, 2002, 9<sup>th</sup> January, 2003 and 1<sup>st</sup> April, 2004 respectively in the casual vacancies caused due to resignations of Shri P.V. Vora, Shri B.K. Goswami, Shri Shailendra Swarup and Shri Suren Jain respectively and shall hold office upto the date of ensuing Annual

General Meeting and are proposed to be appointed as Directors in terms of Section 257 of the Companies Act, 1956.

The Board places on record its appreciation for the valuable contribution made by Shri P.V. Vora, Shri B.K. Goswami, Shri Shailendra Swarup and Shri Suren Jain during their tenure as Directors of the Company.

#### HOLDING COMPANY

After the merger of Jaiprakash Industries Limited (the holding Company) with its subsidiary Jaypee Cement Limited, the name of the Jaypee Cement Limited has been changed to Jaiprakash Associates Limited and therefore, your Company is now a subsidiary of Jaiprakash Associates Limited.

#### PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed herewith as Annexure-I.

#### PARTICULARS OF ENERGY CONSERVATION ETC.

Particulars with respect to conservation of energy as per Section 217(1)(3) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2004 are annexed herewith as Annexure-II.

#### NOTES ON ACCOUNTS

The observations of the Auditors and Notes on Accounts are self-explanatory.

#### AUDITORS

M/s LCKailash & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for reappointment.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed note on 'Management Discussion and Analysis', pursuant to Clause 49 of the Listing Agreement is annexed herewith as Annexure-III.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956 is annexed herewith as Annexure-IV.

#### CORPORATE GOVERNANCE

The report on Corporate Governance along with the Auditors' Report on its compliance as per Clause 49 of the Listing Agreement is attached herewith as Annexure-V.

#### LISTING OF SHARES

Your Company is now listed with National Stock Exchange and the annual listing fee for the year 2004-05 has been paid to them. Pursuant to the decision taken at the last Annual General Meeting, the Company had applied, before the year end, to Uttar Pradesh, Delhi & Mumbai Stock Exchanges for delisting.

#### DISCLOSURES

The Related party transactions, the Segment-wise information and Deferred Tax liability disclosures have been given in the Notes to the Accounts in compliance with the requirements of the Companies Act, 1956, Listing Agreement and Accounting Standards. The Quarterly, Half Yearly, and the Annual Financial Results have been published with necessary disclosures within the specified time.





## JAYPEE HOTELS LIMITED

### APPRECIATION

The Directors wish to place on record their gratitude to various departments and undertakings of Central and State Governments, All India Financial Institutions and Banks for their continued cooperation and support to the Company. The Directors also wish to place on record their appreciation of the wholehearted support extended by the shareholders. The Directors also wish to place on record their appreciation for the excellent work done by the employees.

By order of the Board

Place: New Delhi  
Date: 29<sup>th</sup> July, 2004

**Jaiprakash Gaur**  
Chairman

### ANNEXURE-I

**Statement under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee's) Rule 1975 for the year ended 31<sup>st</sup> March, 2004.**

Name of the Employee	: S. G. Awasthi
Age	: 61 years
Designation	: Vice Chairman cum Managing Director
Nature of Duties	: Overall management of the affairs of the Company
Gross Remuneration	: Rs.28,80,598/-
Qualification	: B.Sc., B.E. (Mechanical), M.B.A.
Experience	: 38 years
Date of Commencement of Employment	: 1.11.2002
Particulars of previous employment	: Managing Director M/s Jaypee Greens Ltd.

#### Notes:

Gross Remuneration includes salary, accommodation & other perquisites. The remuneration is, however, pending for approval from Central Government.

### ANNEXURE-II

Information as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

#### A. CONSERVATION OF ENERGY

The Company is making continuous efforts for reducing energy consumption at all levels. Various measures taken by the Company include:

- Improvement of the Power factor.
- Replacement of old machines and equipment by new machines and equipment of improved technology.
- Installation of human presence sensor in guest rooms to automatically switch off the lights when the guest leaves the room.
- Use of PL-9 light fixtures instead of ordinary bulbs.
- Preventive maintenance schedule of plant and equipment to optimize efficiency.
- Energy Audit by a reputed agency.
- Introduction of PNG in place of LPG.

#### B. TECHNOLOGY ABSORPTION

The Company is not involved in manufacturing activity. It is basically involved in the Hotel and Construction business. As such the required particulars in terms of Rule 2 are not applicable.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars of Foreign Exchange outgo and earnings have been given in Schedule 21 Notes to the Accounts under Note Nos. 24(D) & (E).

### ANNEXURE-III

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

JAYPEE HOTELS LIMITED, a subsidiary of M/s. Jaiprakash Associates Limited is into hotel & construction business.

The tourism industry has passed through difficult times in the recent past. However, the Company has been making best efforts to improve the operating results through continuous improvement of product and services. Recent renovation of the Jaypee Vasant Continental, New Delhi, has considerably improved its position in the well recognized hotels and it is hoped that it will result in better occupancy and revenues. There is lot of potential in Construction business and emphasis is therefore being given to increase activities in the Construction division. As the fundamentals of economy are strong and Government policies spell out continuation of reforms, the economy is set to grow. As the tourism industry and the construction industry are directly related to the state of economy, the coming years may witness significant growth in these sectors.

The management's endeavour is to continuously develop and improve the internal control systems. The objective is to make the systems market oriented and enhance efficiency by improving productivity and minimizing wastages. Various key results areas have been identified with set targets on cost reduction, quality and productivity improvement. There is a monthly performance review mechanism to ensure compliance of policies.

### ANNEXURE-IV

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

### ANNEXURE -V

#### REPORT ON CORPORATE GOVERNANCE

##### Introduction

The Company's philosophy of Corporate Governance is reflected in its commitment and management which objectively works, realizing and accepting its responsibilities towards shareholders, society and the country. The management's endeavour remains to maintain transparency, optimize operational efficiency and retain high level of credibility with the shareholders, creditors and the government.



## JAYPEE HOTELS LIMITED

The Board of Directors has an optimum combination of Executive, Non-executive and Independent Directors as required under clause 49 of the Listing Agreement.

### Constitution of the Board as on 31<sup>st</sup> March, 2004 :

#### Managing /Whole time Directors

S. G. Awasthi, Managing Director  
Manju Sharma  
S. N. Endley  
Suren Jain

#### Non-executive/Independent Directors

Jaiprakash Gaur, Chairman  
K. Subramanian  
Manoj Gaur  
Pawan Kumar Jain  
Ram Kumar Anand  
Rita Dixit  
Shree Prakash  
S. K. Bansal  
S. K. Dheri  
Sunil Kumar Sharma  
Suresh Kumar

### BOARD MEETINGS

Board Meetings were held on 30<sup>th</sup> June, 2003, 30<sup>th</sup> July, 2003, 3<sup>rd</sup> September, 2003, 26<sup>th</sup> September, 2003, 30<sup>th</sup> October, 2003, 12<sup>th</sup> January, 2004, 31<sup>st</sup> January, 2004 and 5<sup>th</sup> March, 2004. All the Directors on the Board of the Company were given agenda papers along with all necessary information relating to the agenda items well in advance.

The attendance record of the Directors for Board Meetings (BMs) / Audit Committee Meetings (ACMs) / Annual General Meeting (AGM) held during the financial year ended 31<sup>st</sup> March 2004 is as under:-

Name	BMs	ACMs	Attendance at last AGM	No. of Committees in which member
Jaiprakash Gaur	8		Yes	
S.G. Awasthi	8	4	Yes	1
Manju Sharma	8	4	Yes	2
S.N. Endley	7		Yes	1
Suren Jain	6		No	
K. Subramanian	5	4	Yes	2
Manoj Gaur	6		No	
Pawan Kumar Jain	7	4	Yes	1
Ram Kumar Anand	—		No	
Rita Dixit	4		No	
Shree Prakash	5		No	
S. K. Bansal	7		No	2
S. K. Dheri	6	4	Yes	2
Sunil Kumar Sharma	5		No	
Suresh Kumar	5		No	

### Details of Directors Appointed / Re-appointed

Name	Jaiprakash Gaur	S.K. Chakrabarti	Suresh Kumar	K. Subramanian	R. K. Anand
Date of Birth	01.01.1931	25.04.1941	30.11.1940	15.11.1939	15.03.1943
Date of Appointment	30.07.2002	01.04.2004	31.01.1983	30.07.2002	09.01.2003
Expertise in specific Functional Areas	Business Administration	Finance & General Administration	General Administration	Finance & Accounts	Senior Advocate
Directorship	Jaypee Ventures Ltd. Jaiprakash Associates Ltd. Jaiprakash Enterprises Ltd. Jaiprakash Power Venture Ltd. Jaiprakash Hydro Power Ltd. Jaypee Greens Ltd. Jaypee Karcham Hydro Corp. Ltd. Jaypee Aluminium Co. Ltd. Indian Overseas Construction Co. Ltd. Manumanik Estate Pvt. Ltd. Sunvim Estates Pvt. Ltd. Samsun Estate Pvt. Ltd. Ceekay Estates Pvt. Ltd.		Jaiprakash Power Venture Ltd. Jaypee Karcham Hydro Corp. Ltd.	Jaypee Greens Ltd. K.C.P. Sugars & Ind. Ltd. Indo Matsushita Carbon Co. Ltd.	Quick Diffusion Pvt. Ltd. V. D. Estate Pvt. Ltd.