



Annual Report 2004 - 05

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JAYPEE HOTELS LIMITED



JAYPEE HOTELS LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Jaiprakash Gaur

VICE CHAIRMAN CUM MANAGING DIRECTOR

S.G. Awasthi

DIRECTORS (WHOLE-TIME)

Lt. Gen. S.N. Endley (Retd.)

Manju Sharma

DIRECTORS

B.K. Goswami

B.K. Taparia

Gunjit Singh

K. Subramanian

R.K. Anand

Rita Dixit

S.C.K. Patne

S.K. Chakrabarti

COMPANY SECRETARY

P.N. Kumar

AUDITORS

LC Kailash & 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 Hotels Limited,
Jaypee Vasant Continental,
Basant Lok, Vasant Vihar
New Delhi-110 057.

ANNUAL REPORT – 2004-2005

CONTENTS

Notice	1
Directors' Report	3
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules	12
Cash flow Statement	20
Balance Sheet Abstract	21



JAYPEE HOTELS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty fifth Annual General Meeting of the members of JAYPEE HOTELS LIMITED will be held at 11.30 a.m. on Thursday, the 29th September, 2005 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, 2005 and Profit & Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To confirm the declaration / payment of dividend of Rs.1/- (Rupee One) per equity share.
3. 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.
4. To appoint M/s LC Kailash & Associates, Chartered Accountants, the retiring Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS

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

5. "RESOLVED THAT Shri S.C.K. Patne be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. "RESOLVED THAT Shri B.K. Goswami be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. "RESOLVED THAT Shri B.K. Tapania be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. "RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Lt. Gen. S.N. Endley (Retd.), as Whole-time Director of the Company for a period of two years w.e.f. 24th January, 2005, on remuneration and terms and conditions mentioned in the explanatory statement attached hereto."

By Order of the Board

P.N. Kumar

**Company Secretary &
Jt. President (Comml.)**

Place: New Delhi
Dated: 7th June, 2005

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself. 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.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 21st September, 2005 to 29th September, 2005 (both days inclusive).
4. A Member who has not received Dividend for 2004-05 or whose account has not been credited by the amount of Dividend paid during March, 2005 may correspond with the Company.
5. Pursuant to the Provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to Investor Education and Protection Fund (IEPF) constituted by Central Government and the members would not be able to claim any amount of dividend so transferred to the fund. As such, members who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company.
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 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.
9. Shareholders may please bring their copies of the Annual Report to the meeting.
10. Members/Proxies should fill in the Attendance Slip for attending the meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956.)

ITEM NO. 5

Shri S.C.K. Patne was appointed as Director of the Company on 29th October, 2004 to fill the casual vacancy caused by the resignation of Shri S.K. Dheri, 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.C.K. Patne holds office upto the date of ensuing Annual General Meeting. Shri S.C.K. Patne, B.Sc. Engineering (Chemical), has 38 years of experience of working with Steel Authority of India Ltd. (SAIL). He has held various senior level positions in SAIL including Director (Projects) from 1998 to 2004. He is also a member of Remuneration Committee of the Board of Directors of the Company. His presence in the Board will be very beneficial to the Company. A brief resume of Shri S.C.K. Patne forms part of the Corporate Governance Report attached to the Directors' Report.

JAYPEE HOTELS LIMITED

Except Shri S.C.K. Patne, no other Director is concerned or interested in the said resolution.

The Board of Directors of your Company commends passing of the said resolution.

ITEM NO. 6

Shri B.K. Goswami was appointed as Director of the Company on 7th March, 2005 to fill the casual vacancy caused by the resignation of Shri P.K. 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 B.K. Goswami holds office upto the date of ensuing Annual General Meeting. Shri Goswami, a senior retired IAS Officer, has held many prestigious positions in the Central and the State Governments. He had worked as Secretary – Tourism, Government of India, Advisor to the Governor of Uttar Pradesh and Advisor to the Governor of Jammu & Kashmir. He had received 'HALL OF FAME' award and several other awards for his outstanding performance as a Senior Civil Servant. Earlier also, he was a Director on the Board of your Company from 27th June, 1997 to 29th July, 2002. The Board will benefit from his knowledge and experience. A brief resume of Shri B.K. Goswami forms part of the Corporate Governance Report attached to the Directors' Report.

Except Shri B.K. Goswami, no other Director is concerned or interested in the said resolution.

The Board of Directors of your Company commends passing of the said resolution.

ITEM NO. 7

Shri B.K. Taparia was appointed as Director of the Company on 7th March, 2005 to fill the casual vacancy caused by the resignation of Shri Sunil Kumar Sharma, and by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, Shri B.K. Taparia holds office upto the date of ensuing Annual General Meeting. Shri B.K. Taparia, Ex-Chairman Industrial Investment Bank of India (IIBI) and Ex-Executive Director Industrial Development Bank of India (IDBI), possesses knowledge and rich experience in various aspects of Project Development and Company Affairs, including Financing, Corporate Governance and General Administration. His knowledge and experience will provide added strength to the Company. A brief resume of Shri B.K. Taparia forms part of the Corporate Governance Report attached to the Directors' Report.

Except Shri B.K. Taparia, no other Director is concerned or interested in the said resolution.

The Board of Directors of your Company commends passing of the said 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 S.C.K. Patne, B.K. Goswami and B.K. Taparia.

ITEM NO. 8

Lt. Gen. S.N. Endley (Retd.) was last appointed as Whole-time Director for 5 years w.e.f. 24th January, 2000. The Board considered the performance of Lt. Gen. S.N. Endley (Retd.) and decided to reappoint him for further period of 2 years w.e.f. 24th January, 2005 on the remuneration as was approved by the Remuneration Committee in terms of the requirement of Schedule XIII of the Companies Act, 1956. The details of remuneration are as under:

I. Salary:

Rs.56,000/- per month in the pay scale of Rs.40,000-4000-64000 with next increment on 01.04.2005.

II. Perquisites:

In addition to the salary as above, the following perquisites shall also be allowed:

i) Housing:

- The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the ceiling of 60% of salary over and above 10% payable by the appointee.
- In case the Company owns the accommodation, the Company shall deduct 10% of the salary of the appointee.
- In case the Company provides no accommodation, the appointee shall be entitled to House Rent Allowance equal to 60% of salary.

ii) Reimbursement of Expenses on Gas, Electricity and Water:

Reimbursement of the expenditure on gas, electricity and water subject to a ceiling of 10% of the salary in a year.

iii) Reimbursement of Medical Expenses:

Reimbursement of Medical Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year.

iv) Leave Travel Assistance:

Leave Travel Assistance for the appointee and his family, once in a year incurred in accordance with the rules specified by the Company.

v) Personal Accident Insurance:

Personal Accident Insurance premium for which shall not exceed Rs.4,000/- per annum.

The ceiling on the total value in respect of the aforesaid perquisites shall be 100% of the salary.

III. The appointee shall also be eligible to the following perquisites, in accordance with the rules specified by the Company:

- Contribution to provident fund.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- Encashment of leave at the end of the tenure.

The value in respect of the aforesaid perquisites shall not be included in the computation of the ceiling on remuneration to the extent specified in Schedule XIII of the Companies Act, 1956.

IV. Provision of car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

Notwithstanding anything stated hereinabove, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be paid aforesaid remuneration by way of salary and perquisites subject to limits specified in Part II of the Schedule XIII of the Companies Act, 1956.

Except Lt. Gen. S.N. Endley (Retd.), no other Director is concerned or interested in the said resolution.

The Board of Directors of your Company commends passing of the said resolution.

By Order of the Board

P.N. Kumar

**Company Secretary &
Jt. President (Comml.)**

Place: New Delhi

Dated: 7th June, 2005



JAYPEE HOTELS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty fifth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

Particulars	(Rupees in Lacs)	
	Year Ended 31.03.2005	Year Ended 31.03.2004
Gross Revenue	15597.06	13261.31
Gross operating profit	4396.57	2450.42
Less:		
a) Interest & Financial Charges	645.00	642.95
b) Depreciation & Amortization	901.27	829.46
Profit before tax	2850.30	978.01
Less:		
Provision for current tax/deferred tax	1176.48	450.59
Profit after tax	1673.82	527.42
Add/(Less)		
Other adjustments from earlier years	(207.04)	(3.97)
Profit available for appropriation	1466.78	523.45
Less:		
a) Interim / Final Dividend Paid	(554.90)	-
b) Tax on Dividend	(72.52)	-
Balance carried to Balance Sheet	839.36	523.45
Earning Per Share (Rs.)	3.02	0.95

The financial results of the current year in relation to the results of the previous year have registered an increase of 191% in Profit before Tax, 217% in Profit after Tax and 218% in EPS.

FUTURE 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, Vasant Vihar, New Delhi after completion of the renovation, has emerged as a more popular hotel. Now, the Company has commenced the renovation work at Jaypee Siddharth, Rajendra Place, New Delhi. 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

Lt. Gen. S.N. Endley (Retd.), Director, retires by rotation and being eligible, offers himself for reappointment. The Board recommends the reappointment of Lt. Gen. S.N. Endley (Retd.) as Whole-time Director for a period of two years w.e.f. 24th January, 2005.

Shri S.C.K. Patne was co-opted on the Board w.e.f. 29th October, 2004 and S/Shri B.K. Goswami, B.K. Tapania and Gunjit Singh, were co-opted on the Board w.e.f. 7th March, 2005 to fill the casual vacancies caused by resignations of S/Shri S.K. Dheri, P.K. Jain, Sunil Kumar Sharma and Suresh Kumar respectively. Since the tenure of S/Shri S.C.K. Patne, B.K. Goswami and B.K. Tapania as Directors expires on the date of ensuing Annual General Meeting, hence it is proposed to appoint them as Directors in terms of Section 257 of the Companies Act, 1956.

During the Period under review S/Shri. Shree Prakash, Manoj Gaur and S.K.Bansal also resigned from the Board of the Company.

The Board places on record its appreciation for the valuable contribution of S/Shri S.K. Dheri, Suresh Kumar, Manoj Gaur, Sunil Kumar Sharma, P.K. Jain, S.K. Bansal and Shree Prakash during their tenure as Directors of the Company.

DIVIDEND

Your Directors are pleased to recommend a Dividend of 10% for the financial year ended 31st March, 2005, absorbing an amount of Rs.627.42 lac (including Dividend Tax of Rs.72.52 lac). The said amount was paid as Interim Dividend in the month of March, 2005.

FIXED DEPOSITS

Your Company has not accepted/ invited any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure - I

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Pursuant to Section 217(1)(3) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 particulars of energy conservation, technology absorption, foreign exchange earning and outgo are annexed herewith as per Annexure - II.

AUDITORS AND THEIR OBSERVATIONS

M/s LC Kailash & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

In respect of observation made by the Auditors in their report, your Directors wish to state that the respective notes to accounts are self explanatory, and do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding Compliance of the Conditions of Corporate Governance are attached herewith as Annexure- IV.

TERM LOAN

During the year 2004-05, the Oriental Bank of Commerce (OBC) took over all the balance term loans, which were earlier taken from Indian Overseas Bank and ICICI Bank. OBC granted the loan comparatively at a lower rate of interest.

ACKNOWLEDGEMENT

The Board of Directors acknowledges the esteemed patronage received from customers, the dedicated service rendered by staff members at all levels and unstinting support of the Shareholders. The Board of Directors is thankful to Government, Bankers and other authorities for their continued and valued support.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 7th June, 2005

Jai Prakash Gaur
Chairman



JAYPEE HOTELS LIMITED

ANNEXURE-I

Statement under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2005.

Name of the Employee	: S. G. Awasthi
Age	: 62 years
Designation	: Vice Chairman cum Managing Director
Nature of Duties	: Managing overall affairs of the Company.
Gross Remuneration	: Rs.30,82,559/-
Qualification	: B.Sc., B.E. (Mechanical), M.B.A.
Experience	: 39 years
Date of Commencement of Employment	: 1.11.2002
Particulars of previous employment	: Managing Director M/s. Jaypee Greens Ltd.

Note:

Gross Remuneration includes salary, accommodation & other perquisites.

ANNEXURE-II

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of 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) & (F).

ANNEXURE-III

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, 2005 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-IV

CORPORATE GOVERNANCE

I. Company's Philosophy

Corporate Governance is an integral part of values, ethics and best business practices followed by the Company viz. committed to excellence and customer satisfaction, maximizing long term value for stakeholders, socially valued enterprise and caring for people and environment. Emphasis is laid on striking a balance between individual interest & Corporate goals-while operating within accepted norms of propriety, equity, fair play & sense of Justice.

II. Board Of Directors

The Board of Directors consists of 12 Directors out of which 3 are Executive Directors and 9 Non- Executive Directors out of which 6 are Independent Directors.

Composition of Board of Directors and other details as on 31st March, 2005 are as under:

S. No.	Name of Director	Category
1.	Jaiprakash Gaur	Chairman + NED
2.	S. G. Awasthi	VC & MD
3.	Manju Sharma	WTD
4.	S. N. Endley	WTD
5.	B.K. Goswami	NED + ID
6.	B.K. Talaria	NED + ID
7.	Gunjit Singh	NED + ID
8.	K. Subramanian	NED + ID
9.	Ram Kumar Anand	NED
10.	Rita Dixit	NED
11.	S.C.K. Patne	NED + ID
12.	S.K. Chakrabarti	NED + ID

NED = Non Executive Director, ID = Independent Director, WTD = Whole-Time Director, VC & MD = Vice Chairman cum Managing Director.

During the financial year ended 31st March 2005, total 6 Board meetings were held on 24th May, 2004, 2nd July, 2004, 29th July, 2004, 29th October, 2004, 31st January, 2005 and 7th March 2005. Attendance of the Directors at the Board Meeting, Audit Committee Meetings and Last AGM is as under:

Name of Directors	Attendance			No. of Committees in which Member / Chairman as on 31.03.2005
	ACMs	BMs	Last AGM	
Jaiprakash Gaur	-	6	Yes	-
S.G. Awasthi	4	6	Yes	-
Manju Sharma	4	6	Yes	1
S.N. Endley	-	5	Yes	1
B.K. Goswami	-	-	No	1
B.K. Talaria	-	-	No	-
Gunjit Singh	-	-	No	3
K. Subramanian	4	5	No	2
Manoj Gaur	-	4	No	-
Pawan Kumar Jain	4	5	Yes	-
Ram Kumar Anand	-	-	No	-
Rita Dixit	-	5	Yes	-
Shree Prakash	-	5	Yes	-
S.C.K. Patne	-	3	No	-
S. K. Bansal	-	4	No	-
S.K. Chakrabarti	3	5	No	1
S. K. Dheri	2	3	No	-
Sunil Kumar Sharma	-	4	No	-
Suresh Kumar	-	4	No	-



JAYPEE HOTELS LIMITED

BRIEF RESUME OF DIRECTORS APPOINTED AND REAPPOINTED

Shri Basant Kumar Goswami

Shri B.K.Goswami, born on 29th January, 1935 did Masters in English securing First Position in the University and Joined Indian Administrative Services in 1960. Shri B.K.Goswami, a senior retired IAS officer, had held many prestigious positions in the Central and State Government. He had worked as Secretary – Tourism, Government of India, Advisor to the Governor of Uttar Pradesh and Advisor to the Governor of Jammu & Kashmir. He has received 'HALL OF FAME' award and several other awards for his outstanding performance as a Senior Civil Servant. He was associated with Jaypee Hotels Ltd. as Director from June, 1997 to July, 2002. Prior to June 1997 he was working as Chairman of M/s. American Hotels and Restaurants Pvt. Ltd. He possesses rich and varied experience and knowledge in the field of Tourism & Administration. At present he is on the Board of the following Companies:

- American Hotels & Restaurants (P) Ltd.
- GGL Hotels
- Global Trust Capital Finance Ltd.
- Great India Aviation Ltd.
- Jagson Airlines
- Jaiprakash Power Ventures Ltd.
- Jaypee Greens Ltd.
- L.H. Sugar Factories Ltd.
- Mata Securities (P) Ltd.
- Mayor India Ltd.
- New Kennilworth Hotels Ltd.
- Quest Venture Co-ordinators (P) Ltd.
- Taj Kerala Resorts & Hotels Ltd.
- Unisons Hotels Ltd.

Shri B.K.Taparia

Shri. B.K.Taparia, born on 27th November, 1939 in Ajmer has qualified CAIIB Examination of the Institute of Bankers in 1966. He is an Ex-Chairman of IIBI and Ex-Executive Director of IDBI, possess knowledge and rich experience in various aspects of Project Development and Company Affairs including Financing, Banking and Management. He has widely travelled all over the world for attending Conferences and other official meetings in the Countries namely: USA, Australia, Switzerland, Singapore, Yugoslavia etc. Presently he is on the Board of the following Companies:

- Jaiprakash Power Ventures Ltd.
- Jaiprakash Hydro Power Ltd.

Lt. Gen S.N.Endley (Retd.)

Lt. Gen. S.N.Endley (Retd.), born on 5th November, 1936 is an engineering professional with a long exposure to operational and staff planning. He has a vast experience of Human Resource Development aspect of Military and Civilian personnel in the Army. He has held various training and administrative appointments and he has been associated with highest management and decision making process in Army. He joined the Board of the Company in January, 1995 and since then he has been regularly making useful contribution at the meetings of the Board of Directors, held from time to time. Apart from Jaypee Hotels Ltd, he is not on the Board of any other Company.

Shri S.C.K. Patne

Shri. S.C.K. Patne, born on 19th April, 1944, is a Science Graduate and Engineering (Chemical). He has substantial Executive Experience as he is Ex-Director (Projects) of Steel Authority of India Limited.

III. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and the state of affairs and profits for the year. The year under review witnessed growth in sale revenue and profit levels. Thrust on cost management initiatives has yielded results. The saving in financial cost was achieved through cost effective funds raised to prepay existing high interest bearing debts and tighter controls on asset utilization and in working capital policies. During the year, the Company incurred capital expenditure of Rs.7.64 Crore towards enhancement in the value of assets and its revenue generating

capacity. The Company has an adequate system of internal controls. A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls. The Company recognizes that its real key resource is its people. There is a full fledged in-house training division which prepares the employee to constantly add value both to himself / herself and to the job thereby creating a sense of fulfillment, enabling the retention and development of a team of multi-skilled, motivated and empowered personnel who will enable the Company achieve its business plans.

There is a monthly performance review mechanism to ensure compliance of policies.

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.

IV. Audit Committee:

The term of reference of the Audit Committee include the powers as laid out in Clause 49 II (C) of the Listing Agreement and role as stipulated in Clause 49 II (D) of the Listing Agreement.

During the financial year ended on 31st March 2005, Audit Committee Meetings were held on 24th May, 2004, 29th July, 2004, 29th October 2004 and 31st January, 2005. The Audit Committee comprises of 3 Non-Executive Independent Directors.

The Audit Committee of the Company as on 31st March, 2005 consists of:

Name of Director

K. Subramanian, Chairman
Gunjit Singh, Member
S. K. Chakrabarti, Member

All the members of the Audit Committee have knowledge of Financial and Accounting matters.

V. Remuneration Committee:

The Board of the Company has constituted a Remuneration Committee to recommend/ review the remuneration package of Managing/ Whole Time Directors based on performance and other defined criteria. Remuneration Committee comprises of 3 Non-Executive Directors with Chairman being Independent Director.

The Remuneration Committee of the Company as on 31.3.2005 consists of:

Name of Director

K. Subramanian, Chairman
Gunjit Singh, Member
B.K. Goswami, Member

During the financial year ended on 31st March 2005, Remuneration Committee met on 5th January, 2005 to consider the remuneration of Lt. Gen. S.N. Endley (Retd.).

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs.5000/- (Rs.1500/- upto 31st January, 2005) for attending each meeting of the Board, Audit and Remuneration Committee. The details of the remuneration / sitting fee paid to Executive/ Non-executive Directors for the year ended 31st March, 2005 are as under:-

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fee (Rs.)
S.G. Awasthi, Managing Director	30,82,559	
Manju Sharma, Whole-time Director	13,81,317	
S. N. Endley, Whole-time Director	10,11,002	
Jaiprakash Gaur, Chairman		12,500
K. Subramanian		17,000
Manoj Gaur		6,000
Pawan Kumar Jain		13,500
Ram Kumar Anand		—
Rita Dixit		11,000
Shree Prakash		7,500
S.C.K. Patne		9,500
S. K. Bansal		6,000
S. K. Chakrabarti		17,000
S. K. Dheri		7,500
Sunil Kumar Sharma		6,000
Suresh Kumar		6,000