



Annual Report 2005 - 06

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JAYPEE HOTELS LIMITED

JAYPEE HOTELS LIMITED

**BOARD OF DIRECTORS****CHAIRMAN**

Sunil Kumar Sharma

VICE CHAIRMAN

Manoj Gaur

MANAGING DIRECTOR

S.G. Awasthi

DIRECTORS (WHOLE-TIME)

Manju Sharma

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

DIRECTORS

B.K. Taparia

Gunjit Singh

Harish Kumar Vaid

K. Subramanian

P. K. Jain

R. K. Anand

Rita Dixit

S.K. Bansal

S.K. Chakrabarti

Sunita Joshi

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 Vasant Continental,
Basant Lok, Vasant Vihar
New Delhi-110 057.

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JAYPEE HOTELS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of the JAYPEE HOTELS LIMITED will be held at 10.30 AM on Wednesday, the 27th day of September, 2006 at the premises of Jaypee Palace Hotel, Near Tora Village, Fatehabad Road, Agra – 282003 (U.P) to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri K. Subramanian, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. Manju Sharma, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint a Director in place of Smt. Rita Dixit, who retires by rotation and being eligible, offers herself for reappointment.
6. To appoint M/s. L.C. 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**:

7. "RESOLVED THAT Shri Gunjit Singh be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. "RESOLVED THAT Shri Santosh Kumar Bansal be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. "RESOLVED THAT Shri Harish Kumar Vaid be and is hereby appointed as a Director of the Company, liable to retire by rotation."
10. "RESOLVED THAT Ms. Sunita Joshi be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

P.N. Kumar

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

Place: New Delhi

Dated: 29th April, 2006

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 the meeting is annexed hereto.
3. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 16th September, 2006 to Wednesday, the 27th September, 2006 (both days inclusive) for payment of Dividend. The dividend in respect of equity shares will be paid on the basis of beneficial ownership as per the details available from the National Securities Depository Ltd. and Central Depository Services (India) Ltd. or Register of members as at the end of business hours on 15th September, 2006.
5. A member who has not received Dividend for 2004-05 paid during March 2005 may correspond with the Company.
6. 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 the Investor Education and Protection Fund (IEPF) constituted by Central Government and the members would not be able to claim the amount of dividend so transferred to the IEPF. All unclaimed/ unpaid dividends declared for and upto the financial year ended 31st March, 1998 have been transferred to the IEPF.
7. 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.
8. 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.
9. Shareholders having any question on accounts or on any other items of business of this meeting are requested to send the same at least ten days in advance to the Company to enable it to collect the relevant information.
10. Shareholders may please bring their copies of the Annual Report to the meeting.
11. Members/Proxies should fill in the Attendance Slip for attending the meeting.



JAYPEE HOTELS LIMITED

EXPLANATORY STATEMENT

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

ITEM NO. 7

Shri Gunjit Singh was appointed as Director of the Company on 7th March, 2005 to fill the casual vacancy caused by the resignation of Shri Suresh Kumar and, by virtue of Section 262(2) of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting. Shri Gunjit Singh, aged 65 years is a Post Graduate (English) and holds a degree of Law. He joined Indian Revenue Services in 1964 and served in the Income Tax Department in various posts all over India. He retired as DG (Investigations) North in November, 2001 and was awarded Awadh Rattan in 2001 for excellence in administration. His presence in the Board will be very beneficial to the Company.

A brief resume of Shri Gunjit Singh forms part of the Corporate Governance Report attached to the Directors' Report.

Except Shri Gunjit Singh, 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 Nos. 8, 9 & 10

S/ Shri Santosh Kumar Bansal, Harish Kumar Vaid and Ms. Sunita Joshi were appointed as Additional Directors of the Company with effect from 26th December, 2005 and, by virtue of Section 260 of the Companies Act, 1956 read with Article 133 of the Articles of Association of the Company, they hold office upto the date of ensuing Annual General Meeting of the Company.

Shri Santosh Kumar Bansal, aged 68 years, is a very senior architect. He has more than 40 years of experience in various construction projects and is presently serving as President (Architecture) of Jaiprakash Associates Limited.

Shri Harish Kumar Vaid, aged 52 years, is a Fellow Member of the Institute of Company Secretaries of India and a Law Graduate having a good academic career. He has more than 30 years experience in legal and corporate affairs and is presently serving as President (Corporate Affairs) & Company Secretary of Jaiprakash Associates Limited.

Ms. Sunita Joshi, aged 39 years, is a graduate in Economics and MBA in International Business Management awarded jointly by Nottingham Business School and Fore School of Management, New Delhi. She has more than 15 years experience in systems, marketing and sales, advertising, corporate communications and is presently serving as Executive General Manager of Jaiprakash Associates Limited.

The Board considered that the Company would be benefited by their experience and expertise by co-opting them on the Board of the Company.

Brief resumes of Shri Santosh Kumar Bansal, Shri Harish Kumar Vaid and Ms. Sunita Joshi form part of the Corporate Governance Report attached to the Directors' Report.

None of the Directors of the Company, except the above appointees, is concerned or interested in the resolutions.

Notice under Section 257 of the Companies Act, 1956 alongwith requisite deposits have been received from members of the Company proposing to appoint the above four person(s) as Directors of the Company in this Annual General Meeting.

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

By Order of the Board

P.N. Kumar

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

Place: New Delhi

Dated: 29th April, 2006

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Sixth Annual Report together with the Audited Accounts of your Company for the financial year ended on 31st March, 2006.

FINANCIAL HIGHLIGHTS

Particulars	(Rupees in Lacs)	
	Year Ended 31.03.2006	Year Ended 31.03.2005
Gross Revenue	14249.48	15597.06
Gross operating profit	5256.10	4396.57
Less:		
a) Interest & Financial Charges	502.37	645.00
b) Depreciation & Amortization	934.81	901.27
Profit before tax	3818.92	2850.30
Less:		
a) Provision for current tax	626.47	208.19
b) Deferred tax	469.24	968.29
c) Fringe Benefit tax	29.15	0.00
Profit after tax	2694.06	1673.82
Add/(Less)		
Other adjustments from earlier years	(85.59)	(207.04)
Profit available for appropriation	2608.47	1466.78
Less:		
a) Transfer to General Reserve	205.00	0.00
b) Interim Dividend	0.00	554.90
c) Proposed Dividend	998.82	0.00
d) Tax on Dividend	140.08	72.52
Balance carried to Balance Sheet	1264.57	839.36
Earning Per Share (Rs.)	4.86	3.02

The operational results of the current year, in relation to the operations of previous year have registered an increase of 33.98% in Profit before Tax, 60.95 % in Profit after Tax and 60.93 % in EPS. During the year the Company commenced operations of Jaypee Golf Resort owned by Jaypee Greens Ltd.

DIVIDEND

Your Directors have recommended Dividend of 18% (Previous Year 10%) for the financial year ended 31st March, 2006. The dividend will absorb an amount of Rs 998.82 Lacs excluding dividend tax of Rs. 140.08 Lacs.

JAYPEE HOTELS LIMITED**FUTURE OUTLOOK**

The growth of the tourism industry has shown positive signs. With various initiatives taken by the Government and country's economic growth, the hotel business is expected to improve further.

It is the endeavour of the Company to tirelessly strive to maintain befitting growth rate in the hotel business and keep the staff and executives of the hotel properly motivated and enthusiastic for facing new challenges emerging from the changing tastes of different segments of tourists and travellers and to make distinct niche in the hotel trade. Hotel Jaypee Vasant Continental at Vasant Vihar, New Delhi, after completion of the renovation, has emerged as a preferred choice of "upmarket business travellers". Renovation work at Jaypee Siddharth is in full swing and the results would be visible in the current financial year. In order to give "Royal Touch" to our Jaypee Palace Hotel at Agra, the Company is adding Presidential Suites for the stay of distinguished dignitaries, diplomats and the best of Indian and foreign guests. All these efforts are directed to achieve higher growth coupled with optimization of the resource utilization. The Company is confident to achieve better quotient of customers' satisfaction.

The construction division of the Company has already secured adequate work contracts for execution.

DIRECTORATE

Shri K. Subramanian, Smt. Manju Sharma and Smt. Rita Dixit Directors, retire by rotation and, being eligible, offer themselves for reappointment.

S/ Shri Sunil Kumar Sharma, Pawan Kumar Jain, Manoj Gaur were co-opted on the Board (w.e.f. 26th December, 2005) to fill the casual vacancies caused by resignation of S/ Shri B.K. Goswami, Satish Charn Kumar Patne (w.e.f. 24th December, 2005) and Shri Jaiprakash Gaur (w.e.f. 26th December, 2005) respectively. In the same meeting of 26th December, 2005 Shri Sunil Kumar Sharma was appointed as Chairman of the Board for the period of five years. Shri Gunjit Singh was appointed to fill the casual vacancy caused by the resignation of Shri Suresh Kumar (w.e.f. 07th March, 2005). Since the tenure of Shri Gunjit Singh as Director expires on the date of ensuing Annual General Meeting, it is proposed to appoint him as a Director in terms of Section 257 of the Companies Act, 1956.

The Board places their sincere appreciation for the valuable contribution of S/ Shri B.K. Goswami, Satish Charn Kumar Patne and Jaiprakash Gaur rendered during their tenure as Director(s) of the Company. On the persistent request of the Board, Shri Jaiprakash Gaur Ji accepted to continue as Permanent invitee on the Board in his capacity as Founder Promoter of the Company.

Shri Santosh Kumar Bansal, Shri Harish Kumar Vaid and Ms. Sunita Joshi were co-opted as Additional Directors on the Board of the Company (w.e.f. 26th December, 2005). They hold office upto the ensuing Annual General Meeting of the Company. Notices have been received from the members of the Company signifying their intention to propose the above Additional Directors as Directors of the Company under Section 257 of the Companies Act, 1956.

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)(e) 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 earnings and outgo are annexed herewith as 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 annexed herewith as Annexure- IV

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the efficient and dedicated efforts made and support rendered by employees at all levels. The motivation of the work force and their active participation in operations are helping each hotel to stamp a mark of - "High Customer Quotient."

The Board of Directors acknowledges the esteemed patronage received from customers 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

Place: New Delhi
Dated: 29th April, 2006

Sunil Kumar Sharma
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, 2006.

Name of the Employee	: S. G. Awasthi
Age	: 63 years
Designation	: Managing Director
Nature of Duties	: Overall management of the affairs of the Company.
Gross Remuneration	: Rs.32,56,115/-
Qualification	: B.Sc., B.E. (Mechanical), M.B.A.
Experience	: 40 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 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 earnings and outgo have been given in Schedule 21 - Notes to the Accounts under Note No. 22.

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 appropriate accounting policies have been selected and 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, 2006 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. Commitment 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 and Corporate Goals while operating within accepted norms of propriety, equity, fair play and sense of Justice.

II. Board Of Directors

Total strength of the Board of the Company is 15 Directors, comprising 3 Executive Directors and 12 Non- Executive Directors, out of which 5 are Independent Directors.

The Composition of Board of Directors, Number of shares held and Committee Membership/ Chairmanship as on 31st March, 2006 are as under:

S. No.	Name of Director	Category	No. of Shares held	Committees	
				Membership	Chairmanship
1.	Shri Sunil Kumar Sharma	Chairman + NED	1	1	1
2.	Shri Manoj Gaur	VC + NED	24600	None	1
3.	Shri S.G.Awasthi	MD	0	None	1
4.	Lt. Gen S.N. Endley	WTD	0	1	None
5.	Smt. Manju Sharma	WTD	600	1	None
6.	Shri K. Subramanian	NED + ID	0	5	3
7.	Shri Gunjit Singh	NED + ID	0	2	1
8.	Shri B. K. Taparia	NED + ID	0		2
9.	Shri S.K. Chakrabarti	NED + ID	0	1	None
10.	Shri Ram Kumar Anand	NED + ID	0	None	None
11.	Shri Pawan Kumar Jain	NED	30430	2	None
12.	Smt. Rita Dixit	NED	45000	None	None
13.	Shri Santosh Kumar Bansal	NED	0	None	None
14.	Ms. Sanita Joshi	NED		None	None
15.	Shri Harish Kumar Vaid	NED		None	None

VC = Vice Chairman; NED = Non Executive Director; ID = Independent Director; WTD = Whole Time Director; MD = Managing Director

During the financial year ended 31st March 2006, six Board Meetings (07th June, 2005, 27th July, 2005, 28th September, 2005, 27th October, 2005, 26th December, 2005 and 31st January, 2006) and four Audit Committee meetings (07th June, 2005, 27th July, 2005, 27th October 2005 and 31st January, 2006) were held.

Attendance of the Directors at the Board Meetings, Audit Committee Meetings and last Annual General Meeting (AGM) is as under:

Name of Directors	Attendance		Attendance at last AGM
	AGM	BMs	
Shri Jaiprakash Gaur	-	4	Yes
Shri S.G. Awasthi	-	6	Yes
Smt. Manju Sharma	-	6	Yes
Shri S.N. Endley	-		Yes
Shri Sunil Kumar Sharma	-	2	-
Shri Manoj Gaur	-	2	-
Shri B.K. Goswami	-	4	Yes
Shri B.K. Taparia	-	6	Yes



JAYPEE HOTELS LIMITED

Shri Gunjit Singh	4	6	Yes
Shri K. Subramanian	3	5	Yes
Shri Pawan Kumar Jain	-	2	-
Shri Ram Kumar Anand	-	2	No
Smt. Rita Dixit	-	6	Yes
Shri S.C.K. Patne	-	3	Yes
Shri S. K. Bansal	-	2	-
Shri S.K. Chakrabarti	4	6	Yes
Shri Harish Kumar Vaid	-	2	-
Ms. Sunita Joshi	-	2	-

BRIEF RESUME OF DIRECTORS TO BE REAPPOINTED /APPOINTED

Shri K Subramanian

Shri K Subramanian, aged 66 years, has more than 40 years of experience in Finance and Accounts. He is former Chairman –cum- Managing Director of Indian Overseas Bank. At present he is also a Director in Jaypee Greens Limited, K.C.P.Sugar and Industries Corporation Ltd. Indo Matsushita Carbon Co. Ltd. and J V Somayajulu Co. Ltd.

Smt. Manju Sharma

Smt. Manju Sharma, aged 41 years, has done her masters in mathematics. Her corporate career began in London and Australia and has around 16 years of experience in accounts and finance. At present she is a whole time Director of Jaypee Hotels Ltd. She is also a Director in Sunshine Detectives & Securities Pvt. Ltd.

Smt. Rita Dixit

Smt. Rita Dixit, aged 39 years, is a Chartered Accountant and has more than 16 years of experience in accounts, finance, operations etc. At present she is whole time director of Jaypee Greens Ltd. She is also a Director in Jaiprakash Exports Pvt. Ltd, Orphic Imports and Exports Pvt. Ltd, Apar Builders Pvt. Ltd., Vasujai Estates Pvt. Ltd. and Sudershan Properties Pvt. Ltd.

Shri Gunjit Singh

Shri Gunjit Singh, aged 65 years, is a Post Graduate (English) and holds a degree of Law. He joined Indian Revenue Services in 1964 and served in the Income Tax Department in various posts all over India. He retired as DG (Investigations) North in November, 2001 and was awarded Awadh Rattan in 2001 for excellence in administration. He is also a Director in Jaiprakash Enterprises Ltd.

Shri Santosh Kumar Bansal

Shri Santosh Kumar Bansal, aged 68 years, is a very senior architect and has more than 40 years of experience in various construction projects and is presently serving as President (Architecture) of Jaiprakash Associates Limited. He is also a Director in Jaypee Ventures Limited.

Shri Harish Kumar Vaid

Shri Harish Kumar Vaid, aged 52 years, is a Fellow Member of the Institute of Company Secretaries of India and a Law Graduate having a good academic career. He has more than 30 years experience in legal and corporate affairs and is presently serving as President (Corporate Affairs) & Company Secretary of Jaiprakash Associates Limited. He is also a Director in Jaypee Cement Ltd, Indesign Enterprises Pvt. Ltd. and Gujarat Anjan Cement Ltd.

Ms. Sunita Joshi

Ms. Sunita Joshi, aged 39 years, is a graduate in Economics and MBA in International Business Management awarded jointly by Nottingham Business School and Fore School of Management, New Delhi. She has more than 15 years experience in systems, marketing and sales, advertising, corporate communications and is presently serving as

Executive General Manager of Jaiprakash Associates Limited. She is also a Director in JIL Information Technology Ltd. and Luckystrike Financiers Private Limited.

III. Management Discussion and Analysis Report

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

This Company is in the hotel business for around 25 years. Later on, the Company started construction business also. At present the Company owns 3 Five Star Deluxe Hotels namely Jaypee Palace Hotel at Agra, Jaypee Vasant Continental and Jaypee Siddharth Hotel at New Delhi. Besides, the Company also manages the operation of Jaypee Residency Manor at Mussoorie (a unit of M/s. Jaiprakash Associates Limited) and Jaypee Green Resorts (a unit of M/s. Jaypee Greens Limited) and earns management fee from these hotels.

The operational result of the current year, in relation to the corresponding operation of the previous year, have shown increase in the hotel business but decline in the construction business which was due to reasons beyond the control of the Company. Overall, the Company has registered an increase in the profit, profit before tax and profit after tax. Thrust on cost management initiatives has yielded results. The saving in financial cost was achieved through cost effective methods.

Presently the hotel industry in India is prospering and it shows positive signs of growth. Various policies announced by the Ministry of Tourism and State Government show that concerted efforts are being made for making India as a big destination for tourism.

The construction division of the Company has also procured adequate construction contracts for the year 2006-2007.

The Company has appointed four firms of qualified Chartered Accountants for carrying out of internal audit of the various units / divisions of the Company. The management feels that the internal audit measures are adequate and commensurate with the size of the Company and the nature of its business. The observations made by the internal auditors from time to time are discussed by the Audit Committee with the management.

There is a full fledged in-house training division which prepares the employees to constantly add value to themselves and to the job thereby creating a sense of fulfillment and enabling retention and development of a team of multi-skilled, motivated and empowered personnel who will enable the Company achieve its business plans.

IV. Audit Committee:

The terms 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.

The Audit Committee as on 31st March, 2006 comprised 3 Non-Executive Independent Directors with its Composition as under:

Name of Director	Position
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 3 Non - Executive Directors with Chairman being an Independent Director.

The Remuneration Committee of the Company as on 31st March, 2006 consists of:

Name of Director	Position
K. Subramanian	Chairman
Gunjit Singh	Member
B.K. Taparia	Member