



# Annual Report 2006 - 07

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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

Shashank P. Warty

### DIRECTORS

B.K. Taparia

Gunjit Singh

Harish Kumar Vaid

K. Subramanian

Pawan Kumar Jain

Rita Dixit

S.K. Bansal

S.K. Chakrabarti

Sunita Joshi

### COMPANY SECRETARY

P.N. Kumar

### AUDITORS

LC Kailash and 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, Hotel  
Near Tora Village,  
Fatehabad Road,  
Agra-282 003 (U.P.)

### HEAD OFFICE

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

## ANNUAL REPORT 2006-2007

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the members of the JAYPEE HOTELS LIMITED will be held at 10.30 A.M on Thursday the 27<sup>th</sup> day of September, 2007 at the premises of Jaypee Palace Hotel, Near Tora Village, Fatehbad 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, 2007 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 B.K. Taparia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Manoj Gaur, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. P.K.Jain, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri. S.K Chakrabarti, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint M/s. LC Kailash and 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

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Shri Shashank P. Warty be and is hereby appointed as a Director of the Company.”

**“RESOLVED FURTHER THAT** in accordance with the provisions of Section 198, 309, 310 & 311 read with schedule XIII of the Companies Act, 1956 or statutory amendment or re-enactment thereof and subject to any other necessary approvals, if any, as may be required, the consent of the Company be and is hereby accorded to the appointment of Shri Shashank P. Warty as Whole-time Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> February, 2007, on the remuneration and terms & conditions mentioned in the Explanatory Statement annexed hereto.”

**“RESOLVED FURTHER THAT** pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as mentioned in the Explanatory Statement be paid to Shri Shashank P. Warty, Whole-time Director as minimum remuneration, notwithstanding that in any financial year during his tenure, the Company has no profits or its profits are inadequate.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment of the appointee as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.”

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Section 198, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 or any statutory amendment or re-enactment thereof and subject to any other necessary approvals, if any as may be required, the consent of the Company be and is hereby accorded to the modification in the terms of remuneration payable to Shri S.G. Awasthi, Managing Director of the Company w.e.f. 1<sup>st</sup> November, 2006, for the balance period of his tenure i.e. upto 31<sup>st</sup> October, 2007 as set out in the Explanatory Statement annexed hereto.”

**“RESOLVED FURTHER THAT** pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as mentioned in the Explanatory Statement be paid to Shri S.G. Awasthi, Managing Director as minimum remuneration, notwithstanding that in any financial year during his tenure, the Company has no profits or profits are inadequate.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment of Shri S.G. Awasthi as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.”

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Section 198, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 or any statutory amendment or re-enactment thereof and subject to any other necessary approvals, if any, as may be required, the consent of the Company be and is hereby accorded to the modification in the terms of remuneration payable to Smt. Manju Sharma, Whole- time Director of the Company w.e.f. 1<sup>st</sup> November, 2006, for the balance period of her tenure i.e. upto 31<sup>st</sup> March, 2008 as set out in the Explanatory Statement annexed hereto.”

**“RESOLVED FURTHER THAT** pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as mentioned in the Explanatory Statement be paid to Smt. Manju Sharma, Whole- time Director as minimum remuneration, notwithstanding that in any financial year during



## JAYPEE HOTELS LIMITED

her tenure, the Company has no profits or its profits are inadequate."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment of Smt. Manju Sharma as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Section 198, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 or any statutory amendment or re-enactment thereof and subject to any other necessary approvals, if any, as may be required, the consent of the Company be and is hereby accorded to the modification in the terms of remuneration payable to Lt. Gen. S.N. Endley (Retd.), Whole-time Director of the Company w.e.f. 1<sup>st</sup> November, 2006, for the balance period of his tenure i.e. upto 23<sup>rd</sup> January, 2007 as set out in the Explanatory Statement annexed hereto."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on 18<sup>th</sup> December, 1999 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 500.00 Crores (Rupees Five Hundred Crores Only)."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do and perform all such act(s), deed(s), thing(s) and action(s) as may be necessary, desirable or expedient to give effect to this resolution."

**By Order of the Board**

**P.N. Kumar**  
**Company Secretary &**  
**Jt. President (Comm.)**

Place: New Delhi  
 Dated: 27<sup>th</sup> July, 2007

### 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 15<sup>th</sup> September, 2007 to Thursday the 27<sup>th</sup> September, 2007 (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 14<sup>th</sup> September, 2007.
5. A Member who has not received Dividend for 2004-05 paid during March, 2005 and for 2005-06 paid during October, 2006 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 or unpaid 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 31<sup>st</sup> 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.



**12. Particulars of the Directors** as required in terms of Clause 49 of the Listing Agreement proposed to be re-appointed on retirement are given here below and the particulars of the Director proposed to be appointed under Special Business is given in the Explanatory Statement attached to the Notice.

**a) Shri B.K.Taparia**

Shri B.K.Taparia aged 68 years has qualified CAIIB Examination of the Institute of Bankers in 1966. He is an Ex-Chairman of Industrial Investment Bank of India (IIBI) and Ex-executive Director of IDBI, possesses knowledge and rich experience in various aspects of Project Development and Company affairs including financing, banking and management. He has widely traveled all over the world for attending conference and other official meetings in the countries namely USA, Australia, Switzerland, Singapore, Yugoslavia etc. At present he is Director in Jaiprakash Associates Limited, Jaiprakash Enterprises Ltd., Jaiprakash Hydro Power Ltd., Jaiprakash Power Ventures Ltd.

Shri B.K. Taparia does not hold any Equity Share in the Company.

**b) Shri. Manoj Gaur**

Shri Manoj Gaur, aged 43 years is engineering graduate Civil from BITS, Pilani, having experience of 22 years in Corporate Matters and Finance. He is Executive Chairman of Jaiprakash Associates Ltd., Chairman of Jaiprakash Kashmir Energy Ltd., JIL Information Technology Ltd., Gaur & Nagi Ltd. and also a Director on the Board of Jaiprakash Enterprises Ltd., Jaypee Ventures Pvt. Ltd., Jaiprakash Hydro Power Ltd., Jaypee Cement Ltd., Jaypee Karcham Hydro Corporation Ltd., Jaiprakash Power Ventures Ltd., Manumanik Estates Pvt. Ltd., Indesign Enterprises Pvt. Ltd., Gujrat Anjan Cement Ltd., Jaypee Powergrid Ltd. & Madhya Pradesh Jaypee Minerals Ltd.

Shri Manoj Gaur holds 24600 Equity Shares in the Company.

**c) Shri. P.K. Jain**

Shri P.K.Jain, aged 58 years has long experience in General Administration. He is a Director in Jaiprakash Enterprises Ltd.

Shri P.K.Jain holds 30430 Equity Shares in the Company.

**d) Shri S.K. Chakrabarti**

Shri S.K. Chakrabarti, aged 66 years is former Chairman and Managing Director (Acting) of Industrial Development Bank of India (IDBI). He has been a successful development Banker and has good exposure in Industry Finance & General Administration.

Shri S.K. Chakrabarti does not hold any Equity Share in the Company.

overseeing the operations of Hotel Division. Considering his abilities, knowledge & experience the Board of Directors of the Company, at its meeting held on 30<sup>th</sup> January, 2007 decided to appoint Shri Shashank P. Warty as an additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles 133 of Articles of Association of the Company, he holds office upto the date of Annual General Meeting and, being eligible, offers himself for appointment.

Notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit has been received from one of the member of the Company, signifying his intention to propose the candidature of Shri Shashank P. Warty for the office of Director.

Shri Shashank P. Warty, aged 60 years holds Diploma from Institute of Hotel Management of Catering Technology, Mumbai and has more than 38 years of experience of working in Hotel Industry. He joined Indian Hotels Co. Ltd. (Taj Group of Hotels) in 1986 and served in various Managerial Positions for about 20 years and retired in July, 2006 as Sr. Vice President (Corporate affairs). He is also a Director in Berggruen Hospitality Pvt. Ltd.

Shri, Shashank P. Warty does not hold any Equity Share in the Company.

The Board of Directors in its meeting held on 30<sup>th</sup> January, 2007 further decided to appoint Shri Shashank P. Warty as Whole Time Director in pursuance of the Article 173 of Articles of Association of the Company for a period of 5 years w.e.f. 01<sup>st</sup> February, 2007 on the following terms and conditions:

Basic Pay – Rs. 1,00,000/- (Rupees One Lac Only) per month.

Pay scale – Rs. 1,00,000-12,500-1,62,500-15,000-2,37,500

Besides the above basic pay, he would also be entitled to perquisites which may include accommodation / HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, personal accident insurance, use of car and telephone, contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and leave encashment at the end of the tenure etc. Perquisites would be restricted to an amount equal to the annual salary or the amount of entitlement in accordance with Schedule XIII of the Companies Act, 1956 as amended from time to time, whichever would be less.

It is pertinent to mention that on 30<sup>th</sup> October, 2006, the above referred package of Basic Pay and perquisites for every other Whole – time Director of the Company was approved by the Remuneration Committee and the Board. It is pertinent to mention that Shri Shashank P. Warty was drawing the same remuneration in his appointment as Executive Director w.e.f. 23<sup>rd</sup> November, 2006.

Except Shri Shashank P. Warty, 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. 09, 10 & 11**

Shri S.G. Awasthi, Managing Director, Smt. Manju Sharma and Lt. Gen S.N. Endley (Retd.), Whole- time Directors have been working with

**EXPLANATORY STATEMENT**

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

**Item No. 08**

Shri Shashank P. Warty, joined the service of the Company as Executive Director on 23<sup>rd</sup> November, 2006 with the responsibility of





## JAYPEE HOTELS LIMITED

the Company and the last fixation of their remuneration was done w.e.f. 01<sup>st</sup> November, 2002, 01<sup>st</sup> April, 2003 and 24<sup>th</sup> January, 2002 respectively. The hotels of this Company have been witnessing an impressive growth since last few years. Accordingly, as part of employees care initiative, the remuneration at all levels except for Managing Directors and Whole – time Directors were increased. Keeping in view this position, Remuneration Committee and Board of Directors in its meeting held on 30<sup>th</sup> October, 2006 reviewed the remuneration and decided to pay remuneration as stated below, subject to the approval of the shareholders.

Name and Designation	Proposed Pay Scale (Rs.)
Shri S.G. Awasthi Managing Director [Tenure upto 31.10.2007]	2,00,000-25,000-3,25,000-30,000-4,75,000 Basic Pay Rs.2,00,000/- (Existing Basic Pay Rs.1,50,000)
Smt. Manju Sharma Whole-time Director [Tenure upto 31.03.2008]	1,00,000-12,500-1,62,500-15,000-2,37,500 Basic Pay Rs.1,00,000/- (Existing Basic Pay Rs. 60,000)
Lt. Gen. S.N. Endley (Retd.) Whole-time Director [Tenure upto 23.01.2007]	1,00,000-12,500-1,62,500-15,000-2,37,500 Basic Pay Rs.1,00,000/- (Existing Basic Pay Rs.60,000)

The Managing Director and the Whole-time Directors are also entitled to perquisites which include accommodation / HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, personal accident insurance, use of car and telephone, contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and leave encashment at the end of the tenure etc., and these would be restricted to an amount equal to the annual salary or the amount of entitlement in accordance with Schedule XIII of the Companies Act, 1956, as amended from time to time, whichever would be less.

Besides Shri S.G. Awasthi, Lt. Gen. S.N. Endley (Retd.), and Smt. Manju Sharma, Shri Sunil Kumar Sharma (being brother of

Smt. Manju Sharma), no other Director is concerned or interested in the said resolutions.

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

### Item No.12

At the Extraordinary General Meeting of the Company held on 18<sup>th</sup> December, 1999 consent of the members under Section 293(1)(d) of the Companies Act, 1956, had been obtained for the Board of Directors of the Company to borrow upto a maximum amount of Rs. 150.00 Crores.

Now, the Company is planning future expansion of business by construction of new hotels or acquisition, diversification etc. In view of the growing operations, the Company will require additional funds for financing its expansion and diversification activities. The future borrowing of the Company may exceed its paid - up capital and free reserves. Therefore, it would be necessary and/ or desirable to increase the borrowing limit to Rs. 500.00 Crores. Section 293(1)(d) of the Companies Act, 1956, requires the consent of the members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid – up capital and free reserves.

None of the 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: 27<sup>th</sup> July, 2007



## JAYPEE HOTELS LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Seventh Annual Report together with the Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2007.

Jaypee Hotels is engaged in setting up and operating international standard hotels. Presently it owns **three hotels of five-Star and above category** namely Jaypee Siddharth, Jaypee Vasant Continental at New Delhi and Jaypee Palace at Agra. It also manages the operations of Hotel Jaypee Residency Manor at Mussoorie and Jaypee Green Resort at Greater Noida.

### FINANCIAL HIGHLIGHTS OF THE YEAR

(Rupees in Lacs)		
Particulars	Year Ended 31.03.2007	Year Ended 31.03.2006
Gross Revenue	<b>13080.09</b>	14210.07
Gross operating profit	<b>3536.69</b>	5256.10
Less:		
a) Interest & Financial Charges	<b>391.20</b>	502.37
b) Depreciation & Amortization	<b>991.04</b>	934.81
Profit before tax	<b>2154.45</b>	3818.92
Less:		
a) Provision for current tax	<b>793.40</b>	626.47
b) Deferred tax	<b>(36.79)</b>	469.24
c) Fringe Benefit tax	<b>30.00</b>	29.15
Profit after tax	<b>1367.85</b>	2694.06
Add/(Less)		
Other adjustments from earlier years	<b>(5.31)</b>	(85.59)
Profit available for appropriation	<b>1362.54</b>	2608.47
Less:		
a) Transfer to General Reserve	<b>105.00</b>	205.00
b) Proposed Dividend	<b>998.82</b>	998.82
c) Tax on Dividend	<b>169.75</b>	140.08
Balance carried to Balance Sheet	<b>88.97</b>	1264.57
Earning Per Share (Rs.)	<b>2.47</b>	4.86

### DIVIDEND

Your Directors recommend a dividend of Rs.1.80 (18%) per equity share aggregating the payment of Rs.998.82 lacs for the year 2006-07. This will also absorb Rs.169.75 lacs as dividend tax. In addition to this an amount of Rs.105.00 lacs has been transferred to General Reserve.

### FUTURE OUTLOOK

Consequent to Government's liberalized policies, focused and planned approach towards developments, country has sustained robust economic growth. Hospitality industry in general and the hotel business in particular are poised for growth in the coming years.

It has been an endeavor of the Company to constantly strive to sustain growth and maintain high quality standards. The staff and executives of the Company are well motivated and the organization is prepared to confront challenges in emerging competitive environment. Renovated Hotels, Jaypee Vasant Continental, Vasant Vihar, New Delhi and Jaypee Siddharth, Rajendra Place, New Delhi are contemporary and positioned in the up market business segment. The Company has added presidential suite at Jaypee Palace Agra, thereby creating a competitive edge over others in distinguished dignitaries segment. The Company is confident to achieve better performance in the coming years.

### DIRECTORATE

Shri B.K.Taparia, Shri Manoj Gaur, Shri Pawan Kumar Jain and Shri S.K.Chakrabarti, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

Shri Shashank P. Warty was appointed as Additional Director / Whole-time Director in the meeting of the Board of the Company held on 30<sup>th</sup> January, 2007. He holds office upto the ensuing Annual General

Meeting of the Company. Notice under Section 257 of the Companies Act, 1956, has been received from a member of the Company, signifying his intention to propose the appointment of Shri Shashank P. Warty as Director of the Company.

The Board in its meeting held on 30<sup>th</sup> October, 2006 revised the remuneration of the Managing Director and Whole-time Directors.

The Board commends the passing of the resolutions placed in the meeting for reappointment, appointment or modification of the remuneration of Directors.

The Directors place on record their sincere appreciation of Shri R.K. Anand and Lt. Gen. S. N. Endley (Retd.), who resigned during the year, for the valuable contribution during their tenure as Directors of the Company.

### 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

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the name and other particulars of the employees are set out in 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 L.C. Kailash and 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.

The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board commends their appointment.

In respect of observations 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 Exchange, Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding Compliance of the Conditions of Corporate Governance are annexed herewith as Annexure- IV.

### ACKNOWLEDGEMENTS

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 your Company 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: 17<sup>th</sup> April, 2007

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 31<sup>st</sup> March, 2007.**

Name of the Employee	S. G. Awasthi
Age	64 years
Designation	Managing Director
Nature of Employment	Contractual
Nature of Duties	Overall management of the affairs of the company
Gross Remuneration*	Rs.38,28,459/-
Qualification	B.Sc., B.E. (Mechanical), M.B.A.
Experience	41 years
Date of Commencement of Employment	1.11.2002
Particulars of previous employment	Managing Director of M/s Jaypee Greens Ltd.

\*Gross Remuneration includes salary, accommodation and other perquisites including Provident Fund contribution.

### 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 equipments 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.
- Use of Steam for drier and washers in laundry.
- Use of solar energy for hot water.
- Wingcard for energy saving.
- Use of VFD for air conditioners and chilling water.

#### 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

The Company has been making its best efforts to increase its foreign exchange earnings. The foreign exchange earnings during the year was Rs.3564.12 lacs (Rs.2869.66 lacs), and foreign exchange outgo was Rs.60.77 lacs (Rs.58.60 lacs). The details are given at Sr. No. 23 F & 23 D of the Schedule 21. (Notes to the Accounts).

### ANNEXURE - III

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

- 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, 2007 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 provisions 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 14 Directors (against the sanctioned strength of 15), comprising 3 Executive Directors and 11 Non- Executive Directors, out of which 4 are Independent Directors.

The Composition of Board of Directors, Number of shares held and Committee Membership/ Chairmanship as on 31<sup>st</sup> March, 2007 are as under:

S.	Name of Director	Category	No. of	Committees	
No.			Shares held	Membership	Chairmanship
1.	Shri Sunil Kumar Sharma	Chairman + NED	1	1	None
2.	Shri Manoj Gaur	VC + NED	24600	None	None
3.	Shri S.G.Awasthi	MD	0	None	None
4.	Shri S.P. Warty	WTD	0	1	None
5.	Smt. Manju Sharma	WTD	600	1	None
6.	Shri K. Subramanian	NED + ID	0	4	1
7.	Shri Gunjit Singh	NED + ID	0	2	1
8.	Shri B. K. Taparla	NED + ID	0	None	2
9.	Shri S.K. Chakrabarti	NED + ID	0	1	None
10.	Shri Pawan Kumar Jain	NED	30430	2	None
11.	Smt. Rita Dixit	NED	45000	None	None
12.	Shri S.K. Bansal	NED	0	1	None
13.	Ms. Sunita Joshi	NED	0	None	None
14.	Shri Harish Kumar Vaid	NED	7500	None	None

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

During the financial year ended 31<sup>st</sup> March, 2007, four Board Meetings (29<sup>th</sup> April, 2006, 27<sup>th</sup> July, 2006, 30<sup>th</sup> October, 2006, and 30<sup>th</sup> January, 2007), four Audit Committee meetings (29<sup>th</sup> April, 2006, 27<sup>th</sup> July, 2006, 30<sup>th</sup> October, 2006, and 30<sup>th</sup> January, 2007) and one Remuneration Committee meeting (30<sup>th</sup> October, 2006) were held.

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