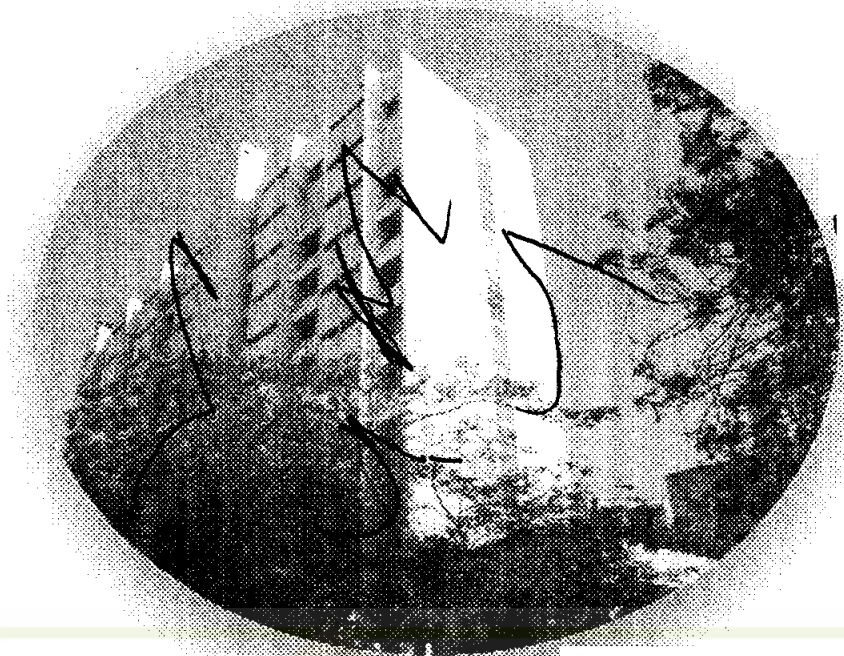


XVth ANNUAL REPORT
1999-2000



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HOTEL SURYA PALACE
JINDAL HOTELS LIMITED
BARODA

JINDAL HOTELS LIMITED, BARODA

Opp. Parsi Agiari, Sayajigunj, Baroda - 390 005.

Board of Directors : Shri D.C.Gami (Chairman)
Shri P.D.Shah (Managing Director)
Shri N.D.Shah (Executive Director)
Shri R.N.Joshi
Shri D.R.Shah
Smt. C.P.Shah

Registered office : Opp. Parsi Agiari,
Sayajigunj,
Baroda - 390 005.

Bankers : Canara Bank, Alkapuri, Baroda
A.S.M. Co-operative Bank Ltd.,
Baroda.

Auditors : M/s. V.Shah & Associates
Chartered Accountants,
B/H, Niraj Clinic,
Nr.Commerce Centre
Sayajigunj,
Baroda - 390 005.

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FIFTEENTH ANNUAL REPORT - 1999-2000

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifteenth Annual General Meeting of the members of M/s. Jindal Hotels Limited, will be held on Tuesday, the 26th day of September, 2000 at 11-00 a. m. at the Company's Registered Office at opp. Parsi Agiari, Sayajigunj, Baroda - 390 005, to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Audited Statement of Accounts for the year ended 31st March, 2000, together with the Directors Report.
2. To declare dividend on Equity Shares.
3. To elect Director in place of Shri D. C. Gami, who retires by rotation, from the Board of Directors.
4. To elect Director in place of Smt. C. P. Shah, who retires by rotation, from the Board of Directors.
5. To appoint Auditors to hold office till the conclusion of the next Annual Meeting and to authorise Board of Directors to fix their remunerations.
6. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 314 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, sanction be and is hereby accorded for the reappointment of Shri Piyush Shah as Managing Director for a period of Five years with effect from 1-8-2000 and payment of remuneration, as set out in the Agreement dated 14-07-2000, entered into between the Company and Shri Piyush Shah, which Agreement is hereby specifically approved with liberty to the Board of Directors ("the Board") to alter and vary the terms and conditions of the said Agreement but so as no to exceed the limits specified in Schedule XIII of the Act or any amendments thereto, as may be agreed to between the Board and Shri Piyush Shah."

7. To consider, and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, sanction be and is hereby accorded for the appointment of Shri Nilesh Shah, a Director of the Company, as Executive Director for a period of five years with effect from 1-8-2000 and payment of remuneration, as set out in the Agreement dated 14-07-2000, entered into between the Company and Shri Nilesh Shah, which Agreement is hereby specifically approved with liberty to the Board of Directors ("the Board") to alter and vary the terms and conditions of the said Agreement but so as not to exceed the limits specified in Schedule XIII of the Act or any amendments thereto, as may be agreed to between the Board and Shri Nilesh Shah."

JINDAL HOTELS LIMITED, BARODA

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8. To consider, and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of Tourism Finance Corporation of India in connection with Rupee term loan not exceeding Rs.450 lacs (Rupees Four hundred Fifty Lacs only) to be lent and advanced by TFCI to the Company.

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

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

"RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the following manner :-

The following new Article 42A be inserted below Article 42 and existing Article 44 be deleted and substituted by new Article 44 :-

42A. Nominee of Share or Debenture holder

- i. Every holder of shares in, or holder of debentures of, the Company may, at any time nominate, in the prescribed manner, a person to whom his shares in or debentures of the company shall vest in the event of his death.
- ii. Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company, shall vest in the event of death of all the joint holders.
- iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person, the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company, or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the company or, as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

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Opp. Parsi Agiari, Sayajigunj, Baroda - 390 005.

- iv. Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

44. Transmission of securities by nominee

- i. Any person who becomes a nominee by virtue of the provisions of Section 109-A of the Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, elect either:
- (a) to be registered himself as holder of the share or debenture, as the case may be; or
 - (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made.
- ii. If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- iii. All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice of transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
- iv. a person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company :

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money payable in respect of the share or debenture, until the requirements of the notice have been complied with."

10. To consider, and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the following manner :-

The Existing Article 99 be deleted and substituted by new Article 99 as follow :

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Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Tourism Finance Corporation of India Ltd. (TFCI), the Industrial Finance Corporation of India Ltd. (IFCI), Industrial Development Bank of India (IDBI), The Industrial Credit & Investment Corporation of India Ltd. (ICICI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), Industrial Reconstruction Bank of India (IRBI), General Insurance Corporation of India (GIC), New India Assurance Company Ltd. (NIA), Oriental Insurance Company Ltd. (OIC), United India Insurance Company Ltd. (UI) and National Insurance Company Ltd. (NIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company/Body out of any loans granted by them to the Company or so long as TFCI, IDBI, IFCI, ICICI, LIC, UTI, IRBI, GIC, NIA, OIC, UI and NIC or any other Finance Corporation or Credit Corporation or any other Financing Company or Body (each of which TFCI, IFCI, IDBI, ICICI, LIC, UTI, IRBI, GIC, NIA, OIC, UI and NIC or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, wholetime or non-wholetime, (which Director or Directors is/are hereinafter re and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any shares qualification to the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject to aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation Holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation hold shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the money owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

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The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment of Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

In the event of the Nominee Director/s being appointed as Whole-time Director/s, such Nominee Director/s shall exercise such powers and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Company. Such Whole-time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

Registered Office:
Opp. Parsi Agiari,
Sayajigunj,
Baroda - 390 005.

By Order of the Board of Directors
of JINDAL HOTELS LIMITED

Place : Baroda
Date : 14-08-2000

P. D. Shah
Managing Director

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM 6 & 7

The term of Shri Piyush Shah, as Managing Director expired on 31-07-2000, Considering the responsibilities shouldered by Shri Piyush Shah, the Board of Directors of the Company have considered in their meeting held on 24-06-2000 to extend the term of office of Shri Piyush Shah, as Managing Director for a further period of five years with effect from 1-08-2000, subject to necessary approval of the shareholders at the General Meeting of the Company.

Shri Nilesh Shah has been appointed as Executive Director for the period of five years in the Annual General Meeting held on 1-08-1995, Considering his qualifications, experience and ability to work, Board of Directors have considered in their meeting held on 24-06-2000 to reappoint him as executive Director from 1st August, 2000 for a period of five years.

Shri Piyush Shah as a Managing Director and Shri Nilesh Shah as Executive Director, are entitled to the remuneration stated below as approved by the Board in pursuance of section 198, 269, 309, 311, 314 of the Companies Act read with Schedule XIII there to and subject to the approval of members in the General Meeting.

01. REMUNERATION

- (a) Salary (i) Shri Piyush Shah Rs. 35,000 - Rs. 2000 - Rs. 45,000 per month.
(ii) Shri Nilesh Shah Rs. 25,000 - Rs. 2000 - Rs. 35,000 per month.

- (b) Perquisites & Allowances- (i) Shri Piyush Shah - overall limit of Rs. 15000 per month.
(ii) Shri Nilesh Shah - overall limit of Rs. 10,000 per month.

- (c) Commission - 0.5% on Net profit of the Company calculated as per section 349 of the Companies Act, 1956 to each of Shri Piyush Shah and Shri Nilesh Shah.

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They shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and their family including dependents. Club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to overall ceiling of remuneration. Stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

They shall be eligible to an annual increment as mentioned above during their tenure as Managing Director / Executive Director.

The terms and conditions as set out in the agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

The Agreement may be terminated by either party (Company or the Managing Director/ Executive Director) by giving the other three months prior notice of termination in writing.

The above may be treated as an abstract of the agreement entered into between the Company and Shri P. D. Shah, Managing Director and N. D. Shah, Executive Director, pursuant to Section 302 of the Companies Act, 1956.

The Agreement entered into between the Company and Shri P. D. Shah, Managing Director and Shri N. D. Shah, Executive Director is available for inspection by the Members of the Company at the registered office of the Company on any working day excluding Sunday and holidays, upto the date of the ensuing Annual General Meeting between 11-00 a.m. and 1-00 p.m.

Your Directors command the resolution for your approval.

Shri P. D. Shah, Shri D. R. Shah, Smt. C. P. Shah and Shri N. D. Shah Directors of the Company are deemed to be concerned or interested in the resolution.

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ITEM No. 8

The Company intends to avail of Term Loan facility of Rs. 450 lacs from Tourism Finance Corporation of India, New Delhi. The Term Loan Facility is required to be secured in favour of Tourism Finance Corporation of India, New Delhi by a mortgage / charge / hypothecation / pledge on all or any of the assets, properties and undertakings of the Company, present and future, together with the power to take over the management of the Company's business and concern of the Company, in certain events.

Section 293(i) (a) of the Companies Act, 1956, provides, inter alia that the Board of Directors of the Company shall not without the consent of the Company, sell, lease or otherwise dispose off the whole or substantially the whole of the undertakings of the Company. The resolution as set out at Item No. 8 of the Notice is, therefore, proposed under Section 293 (1) (a) and other applicable provisions of the Companies Act, 1956, which the Directors recommend to the Members for approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

ITEM No. 9

Consequent upon the Companies (Amendment) Act, 1998, the holder of the securities of the Companies have been given an option to nominate a person to whom the rights of the holders shall vest in the event of their death. To facilitate the shareholders in exercising this option. It would be beneficial to include such nomination clause in the Articles of Association of the Company.

It would be appropriate to alter the Articles of Association as proposed in the Resolution in order to bring the provisions of the Articles of Association in consonance with the provisions of Companies Act, 1956 as amended. The Board of Directors recommend the resolution for your approval.

None of the Directors of the Company is interested or concerned in the proposed resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered office between 11-00 A. M. to 1-00 P. M. on any working day.

ITEM No. 10

Articles of Association of Company contained Clause No. 99 for appointment of Nominee Director, which do not contain clauses as required by Financial Institution/ Bank. Therefore it is necessary to delete existing Article No. 99 of Articles of Association and to substitute the same by new Articles No. 99, as detailed in above Resolution No. 10.