



**XVI th ANNUAL REPORT  
2000-01**



**HOTEL SURYA PALACE  
JINDAL HOTELS LIMITED  
BARODA**

## **JINDAL HOTELS LIMITED, BARODA**

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

<b>Board of Directors</b>	:	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
<b>Registered Office</b>	:	Opp. Parsi Agiari, Sayajigunj, Baroda 390 005.
<b>Financial Institution</b>	:	Tourism Finance Corporation of India Ltd., 5 <sup>th</sup> Floor, IFCI Bhavan, Nehru Place, New Delhi 110 019.
<b>Bankers</b>		Canara Bank, Alkapuri, Baroda. Anyonya Cooperative Bank Ltd., Baroda.
<b>Auditors</b>	:	M/s. V. Shah & Associates, Chartered Accountants, 4, Raj Bhavan Colony, B/H Baroda High School, Near Polo Ground Baroda 390 001.

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### SIXTEENTH ANNUAL REPORT – 2000-2001

#### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixteenth Annual General Meeting of the members of M/s. Jindal Hotels Limited, will be held on Tuesday, the 25<sup>th</sup> day of September, 2001 at 4-00 p.m. at the Company's Registered Office at Opp. Parsi Agiari, Sayajigunj, Baroda 390 005, to transact the following business :

#### ORDINARY BUSINESS

01. To receive and adopt the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2001, together with the Directors' Report.
02. To elect Director in place of Shri R.N. Joshi who retires by rotation, from the Board of Directors.
03. To elect Director in place of Shri D.R. Shah, who retires by rotation, from the Board of Directors.
04. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remunerations.

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

**By Order of the Board of Directors**  
of JINDAL HOTELS LIMITED

**Place : Baroda**  
**Date : 26.07.2001**

**P.D. Shah**  
**Managing Director**

#### NOTES :

01. The Register of Members of the Company will remain closed from 20.09.2001 to 25.09.2001 (both days inclusive) for effecting transfer of shares.
02. The member entitled to attend and vote at the meeting, can appoint a proxy to attend and on a poll, to vote, instead of himself, and such proxy need not be a member. The proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
03. Members are requested to notify immediately, changes in their address, if any, to the Company.
04. Members are requested to bring their copy of the Annual Report, as no copy will be distributed in the Annual General Meeting.
05. Members are requested to DEMATERIALISE their Shares Certificates through your Depository participants (DP).
06. In order to maintain decorum amidst the proceedings, Members are requested to attend the Meeting without accompanying guests or children.

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**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Sixteenth Annual Reports and the Audited Accounts for the year ended 31st March, 2001.

**Financial Performance**

Particulars	Year ended 31.03.2001 (Rs. in lacs)	Year ended 31.03.2000 (Rs. in lacs)
Turnover	655.00	703.75
Less : Expenditure	555.86	553.18
Profit before Depreciation, Interest and Taxation	99.14	150.57
Interest	13.88	10.07
Depreciation	46.57	43.82
Profit before Taxation	38.69	96.68
Provision for Tax (M.A.T.)	2.90	Nil
Net Profit after Taxation	35.79	96.68
Brought forward Profit	26.67	5.78
Disposable Surplus	62.46	102.46
Proposed Dividend	Nil	21.14
Tax on Dividend	Nil	4.65
Transferred to General Reserves	50.00	50.00
Balance Profit C/F	12.46	26.67

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**Operations**

Your Company has passed through most trying conditions during the year under review. Decrease in the bed occupancy and lower average room rates due to heavy unfair competition resulted in the lower sales. In addition to this, the cost of various inputs increased thereby eroding profitability.

**Expansion**

The Government of Gujarat announced a scheme basically to promote and upgrade the status of the hospitality industry in the whole state of Gujarat. The main feature of the scheme is either (i) increase 50 percent of room capacity or (ii) making 50 percent of capital investment as existed on 1<sup>st</sup> August 1995, and simultaneously offered certain incentives like exemption of Luxury Tax, Sales Tax, Expenditure Tax and Electricity Duty. With a view to availing the above incentives, your company submitted a Project Report to the Government of Gujarat which was approved, entailing an expenditure of approximately Rs.7.00 crores.

Your Company, thereafter, approached Tourism Finance Corporation of India Limited, New Delhi for the term loan to finance the project. The Tourism Finance Corporation of India Ltd appraised the entire project and sanctioned the term loan of Rs.4.5 crores with certain terms and conditions. The balance amount of Rs.2.5 crores is to be made available by the Company through internal accruals. The Directors are confident that the entire project will be completed by March 2002, enabling to avail all the incentives announced by the Government of Gujarat.

As explained in the last year's Annual Report and also at the AGM, the Company did enter into the Information Technology business by developing software both for the hotel room reservations and procurement of hospitality industry related products.

Considerable efforts were made to market these softwares both in the local and export markets. Unfortunately, due to severe crisis in the dot.com business, launching of the product on the commercial scale became difficult. These softwares are also being further developed and improvised.

**Dividend**

The Board has not recommended any dividend for the year as internal accruals are to be applied towards financing the project as per stipulation of Financial Institutions.

**Prospects for the current year**

At present, your Company is facing twin problems of reduced occupancy and low average room rate. The Company expects to encounter both the problems by constantly upgrading the décor of the rooms, providing more Deluxe and Suite Rooms, offering still better quality of services giving value for the customers' money, reduce various costs further wherever possible. Your Directors hope that all the above measures will improve the profitability in the current year.

**Directors**

Shri R.N. Joshi and Shri D.R. Shah retire by rotation, and being eligible, offer themselves for reappointment.

**Donation**

During the year under review, your Company has paid donation of Rs.5,101/- to various charitable organizations.

**Insurance**

All the properties including buildings, plant and machinery and stocks have been adequately insured against all possible types of risks and hazards.

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**Requirement u/s 217(2A) and 217(1)(E)**

The Company has no employee during the year covered under Section 217(2A) of the Companies Act, 1956.

The provision under Section 217(i) (E) of the Companies Act, 1956 are not applicable to the Company since the Company is hospitality industry. However, by installing certain equipment, the Company was able to reduce the energy cost considerably.

During the year under review, your Company earned foreign exchange of Rs. 5.67 lacs (previous year Rs. 6.18 lacs), whereas there was outflow of foreign exchange of Rs.22.41 (previous year Rs.16.98 lacs).

**Auditors**

Members are requested to appoint M/s. V. Shah & Associates, Chartered Accountant, Baroda, as Auditors of the Company for the Current Year to hold office from the conclusion of ensuing Annual General Meeting untill the conclusions of the next Annual General Meeting.

**Directors responsibility statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (ii) They have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March 2001 and of the profits of the Company for the year ended 31<sup>st</sup> March 2001.
- (iii) They have taken proper and sufficient care 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.
- (iv) They have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March 2001 on a going concern basis.

**Fixed Deposits**

The Company has not accepted any public deposit during the year.

**Acknowledgement**

The Directors acknowledge the continued cooperation and support received from Financial Institutions, Banks, Central and State Governments, Insurance Company and Vadodara Municipal Corporation.

The Directors also place on record their appreciation of the contribution made by employees at all levels and also valued customers.

**By Order of the Board of Directors**

**For JINDAL HOTELS LTD.**

**Place : Baroda**

**D.C. Gami**

**Date : 26.07.2001**

**Chairman**

## JINDAL HOTELS LIMITED, BARODA

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### AUDITORS REPORT

To,  
The Members of  
Jindal Hotels Limited

I. We have audited the attached Balance Sheet of M/s. Jindal Hotels Ltd., as on 31<sup>st</sup> March 2001 and also the annexed Profit & Loss Account of the Company for the year ended on that date and we report as under:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of accounts as required by law have been maintained by the company so far as appears from our examinations of those books.
- c. The Company's Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
- d. In our opinion the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e. Attention is invited to Schedule 18.

Note No. 7(d) read with Note No. 19 in accordance with past practice followed by the company gratuity, leave encashment benefits on retirement are accounted for on the basis of claims received and paid. This is contrary to the requirement of the Standard on Accounting for Retirement Benefits in the Financial Statements of Employers (AS 15) issued by the Institute of Chartered Accountants of India, which has come into force from 1<sup>st</sup> April 1995 and which requires that provision be made for the accrued future liability determined on an actuarial basis. The accrued future liability has not been determined.

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view:-
  - (i) In case of Balance Sheet, of the state of affairs of the company as on 31<sup>st</sup> March 2001, and
  - (ii) In case of Profit & Loss Account, of the Profit of the company for the year ended on that date.
- g. On the basis of the written representation from the Directors taken on record by the Board of Directors, none of the Director is disqualified as on 31<sup>st</sup> March 2001, from being appointed as a Director under Section 274(I)(g) of the Companies Act, 1956.

II. As required by the Manufacturing & Other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of The Companies Act, 1956 and on the basis of such examination of the books and records of the Company as we considered appropriate and the information & explanations given to us during the course of the audit, we report as under :

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1. The Company has maintained Fixed Assets Register showing full particulars including quantitative details and situation of Fixed Assets. Fixed Assets of the Company have been physically verified by the Management during the year and no material discrepancy was noticed on such physical verification.
2. None of the Fixed Assets have been revalued during the year.
3. Stock of Food & Beverages, Stores, Operating Supplies, etc., have been physically verified by the Management during the year. In our opinion frequency of verification is reasonable.
4. The procedure of physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on such physical verification of stocks as compared to book records were not significant and the same have been properly dealt with in the books of account.
6. On the basis of our examination, the valuation of above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year and there is no change in the method of valuation.
7. The company has not taken any loan secured or unsecured from companies, firm or other parties listed in the register maintained under section 301 and 370(1B) of the Companies Act, 1956.
8. No loans – secured or unsecured have been granted to companies, firm or other parties listed in the register maintained under section 301 and / or companies under the same management as defined under section 370(1B) of the Companies Act 1956.
9. In respect of loans and advances in the nature of loans given to employees of the company, the repayment of principal amount and interest, wherever stipulated, are generally regular.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business for the purchases of stores, operating supplies, components, plant & machineries, equipments and other assets.
11. (a) According to the information & explanations given to us, the transactions of purchases of goods and materials made in pursuance of contracts or arrangements entered in register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials.  
  
(b) According to the information & explanations given to us, no transaction of sale and service aggregating Rs.50,000/- or more have been entered during the year with any party listed in the register maintained under section 301 of the Companies Act, 1956.
12. As explained to us, company has system of determination and disposal of unserviceable damaged stores, operating supplies and scrap items, and in our opinion, reasonable records have been maintained by the company for sale and disposal of these items.

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13. The Company has not accepted the deposits from the public.
14. As explained to us, no reliable by-products are generated by the company's operations.
15. Company has an internal audit system which in our opinion commensurate with the size and nature of the business of the company.
16. Central Govt. has not prescribed maintenance of cost records under section 209(1) (d) of The Companies Act, 1956 for the company's products and activities.
17. The Company is generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. There is not undisputed amount payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty outstanding as on 31.03.2001 for a period more than six months from the date they become payable.
19. No personal expenses of directors as well as of employees have been charged to revenue account.
20. As explained to us, the company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of section (3) of Sick Industrial Companies (Special Provisions) Act, 1985.
21. In our opinion, the company has reasonable system of recording receipts, issue and consumption of materials and stores and the same commensurate with the size of the company and the nature of its business.
22. The nature of business of the company does not require system of allocation of man hours.
23. There is a reasonable system of authorization at proper levels with the necessary control on issue of stores and allocation of the same to operation department and in our opinion, there are proper internal control procedures which commensurate with the size of the company and nature of its business.

For **V. SHAH & ASSOCIATES,**  
Chartered Accountants

PLACE : BARODA  
DATE : 26.07.2001

(V.R. Shah)  
PROPRIETOR

