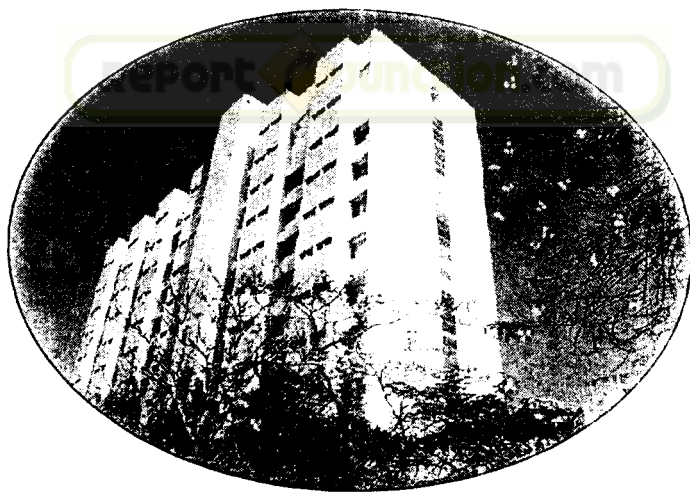




Surya Palace
HOTEL

20th ANNUAL REPORT
2004 - 2005



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 D. R. Shah Smt. C. P. Shah Shri J. G. Patel Shri A. C. Patel
Registered Office	: Opp. Parsi Agiari, Sayajigunj, Baroda 390 005.
Name of the Hotel	: Surya Palace Hotel Sayajigunj, Baroda -- 390 005
Financial Institution	: Tourism Finance Corporation of India Ltd., 5th Floor, IFCI Bhavan, Nehru Place, New Delhi 110 019.
Banker	: Canara Bank, Alkapuri, Baroda -390 007
Auditors	: M/s. V. Shah & Associates, Chartered Accountants, 4, Raj Bhavan Colony, B/H Baroda High School, Near Polo Ground, Baroda 390 001.
Registrar & Share Transfer Agent	: MCS Limited Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda - 390 007.

JINDAL HOTELS LIMITED, BARODA

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TWENTIETH ANNUAL REPORT – 2004 -2005

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twentieth Annual General Meeting of the members of M/s. Jindal Hotels Limited, will be held on Tuesday, the 27th day of September, 2005 at 12.00 noon, 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 31st March, 2005, together with the Report of Directors and Auditors thereon.
02. To elect Director in place of Shri J.G.Patel who retires by rotation, being eligible offers himself for reappointment.
03. To declare Dividend on Equity Shares for the year ended 31st March, 2005.
04. To appoint Auditors to hold office till the conclusion of the next Annual Meeting and to authorize Board of Directors to fix their remunerations.

☐ SPECIAL BUSINESS

05. To consider and, if thought fit, to pass, with or without modification, the following Resolution as Special Resolution.

"RESOLVED THAT subject to approval of members in General Meeting and pursuant to the provisions of sections 196,269,309,311,314 Schedule.XIII and other applicable provisions, if any, of the Companies Act 1956, sanction be and is hereby accorded for the reappointment of Shri P D Shah as Managing Director for a period of five years with effect from 01-08-2005 and payment of remuneration as set out in the agreement entered into between the company and Shri P D 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 P D Shah."

"FURTHER RESOLVED THAT The Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

06. To consider and, if thought fit, to pass, with or without modification, the following Resolution as Special Resolution.

"RESOLVED THAT subject to approval of members in General Meeting and pursuant to the provisions of sections 196,269,309,311,314 schedule XIII and other applicable provisions, if any, of the Companies Act 1956, sanction be and is hereby accorded for the reappointment of Shri N D Shah as Executive Director for a period of five years with effect from 01-08-2005 and payment of remuneration as set out in the agreement entered into between the company and Shri N D 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 N D Shah."

"FURTHER RESOLVED THAT The Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

07. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a "Special Resolution" :-

"RESOLVED THAT in terms of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and as may be enacted from time to time), Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 guidelines for Preferential Shares issued by SEBI and other applicable regulations, if any, and in accordance with the provisions of the Articles of Association of the Company and listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such condition and modification as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof for the time being, to which all or any of the power hereby conferred on the Board by this Resolution, have been delegated) and subject to such

JINDAL HOTELS LIMITED, BARODA

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

other consents and approvals if any, as may be required and / or such terms and conditions as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board (with power to delegate all or any of the powers hereby conferred to any committee thereof) to offer, issue and allot, for cash consideration, on preferential basis not more than 1476000 warrants of Rs. 32/- each convertible into equity shares to the persons other than promoters, promoter group, directors, their associates and relatives, in one or more tranches on such terms as may be deemed appropriate by the Board.

FURTHER RESOLVED THAT the warrant holders shall have one equity share of Rs. 10/- each at premium of Rs. 22/- per share, per warrant at a price of Rs. 32/- (Rs. Thirty Two Only) being the price determined in accordance with the SEBI Guidelines as in force, considering 26.07.05 as Relevant Date, at any time within 18 months from the date of allotment of the warrants on conversion.

FURTHER RESOLVED THAT an amount equivalent to at least 10% of the share issue price on conversion of warrant would become payable in respect of warrant on the date of their allotment and this amount would be adjusted against the price payable subsequently for acquiring share on conversion of warrants, subject to the such amount would be forfeited if the option to acquire shares is not exercised.

FURTHER RESOLVED THAT the equity shares so issued shall rank pari-passu with the existing equity shares of the company.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board / Committee be and is hereby authorized to do all such acts, deed and matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer / issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writing as may be necessary, proper, desirable or expedient as it may deem fit."

Registered Office :

Opp. Parsi Agiari,
Sayajigunj,
Baroda 390 005.

By Order of the Board of Directors of JINDAL HOTELS LIMITED

Place : Baroda
Date : 26.07.2005

P.D. Shah
Managing Director

☐ NOTES :

01. 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.
02. Share Transfer Book and the Register of Members of the Company will remain closed from 20.09.05 to 27.09.05 (both days inclusive) for effecting transfer of shares, payment of Dividend and other allied Matters.
03. Members are requested
 - (a) To notify immediately, changes in their address, if any, to the Company.
 - (b) To bring their copy of the Annual Report, as no copy will be distributed in the Annual General Meeting.
 - (c) To DEMATERIALIZED their Shares Certificates through your Depository participants (DP)
04. In order to maintain decorum amidst the proceedings, Members are requested to attend the Meeting without accompanying guests or children.
05. Consequent upon amendment to section 205 A of the Companies Act, 1956 and introduction of Section 205 C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period Seven years from the date of transfer to Unpaid dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made, in respect of any such claims by the Company. Members who have not yet availed dividend for the Financial year ended 31.3.1999 and 31.3.2000, are requested to make their claims to the Company accordingly, without further delay.

JINDAL HOTELS LIMITED, BARODA

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EXPLANATORY STATEMENT

Pursuant to section 173 of the Companies Act, 1956. accompanying Notice dated 26th July, 2005.

ITEM 5 & 6

The term of Shri P D Shah as Managing Director expires on 31.07.2005. Considering the responsibilities shouldered by Shri P D Shah, the Board of Directors of the Company have considered in their meeting held on 26.07.2005 to extend the term of office of Shri P D Shah, as Managing Director for a further period of five years with effect from 01.08.2005, subject to necessary approval of the shareholders at the General Meeting of the Company.

The term of Shri N D Shah as Executive Director expires on 31.07.2005. Considering his qualifications, experience and ability to work, Board of Directors have considered in their meeting held on 26.07.2005 to reappoint him as Executive Director from 1st August, 2005 for a period of five years, subject to necessary approval of the shareholders at the General Meeting of the Company.

Shri P D Shah as Managing Director and Shri N D Shah as Executive Director are entitled to the remuneration stated below as approved by the Remuneration Committee as well as 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.

REMUNERATION

- | | |
|---|--|
| (a) Salary | (i) Shri P D Shah Rs. 50,000 – Rs. 5000 – Rs. 70,000 per month. |
| | (ii) Shri N D Shah Rs. 40,000 – Rs. 4000 – Rs. 56,000 per month. |
| (b) Perquisites & Allowances | (i) Shri P D Shah – Overall limit of Rs. 15000 per month. |
| | (ii) Shri N D Shah – Overall limit of Rs. 15000 per month. |

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 utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and their family including dependants, club fees, medical insurance and such other perquisites and/or allowances, up to the amounts specified above, subject to overall ceiling of remuneration, stipulated in section 198 and 309 of the companies Act, 1956. read with Schedule XIII, thereto. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there under (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 overall ceiling of remuneration or perquisites aforesaid.

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

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In case of no profits or inadequate profits in any financial year, remuneration and perquisites shall be subject to overall limits as prescribed above.

Shri P D Shah, Managing Director and Shri N D Shah, Executive Director are appointed as Non Rotational Director in terms of section 255 of the Companies Act, 1956.

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 period 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, also with Shri 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 also with Shri N D Shah, Executive Director are available for inspection by the Members of the Company at the registered office of the Company on any working day excluding Sunday and holidays, up to the date of the ensuing Annual General Meeting between 10.00 A.M and 12.00 noon.

Your Directors recommend 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 interested or deemed to be concerned or interested in the resolution.

ITEM NO. 7

We give below the disclosures which are required to be given in the explanatory statement to the notice of the Annual General Meeting in terms of the SEBI Guidelines on Preferential Issues as in force.

1. The objects of the Issue

The Company is exploring opportunity to expand its Hospitality related business activities by setting up a Hotel in City Surat, Convention Centre at City Baroda and Competency Enhancement Program in Hotel Management. There fore, there will be a requirement of certain amount of funds in near future. To part finance these projects, your Company intend to issue Warrants, Convertible into Equity Shares.

Intention of the promoters, directors, their associates and relatives and key management personnel to subscribe to the offer :

The promoters are not intended to subscribe to the offer.

2. Proposed time within which the allotment shall be completed :

The Board proposes to allot the Securities within a period of 15 days from the date of resolution.

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3. Pricing of the Issue :

Rs. 32/- per share of Rs.10/- each to be converted on a one to one basis and conversion price per share shall also be same as that of warrants. This price is calculated on the basis of relevant date as 26th July, 2005 which is the date 30 days prior to the date on which the Annual General Meeting is to be held in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue. The method for arriving at price at which the equity shares shall be issued is in terms of the SEBI Guidelines as in force on the date of this notice.

4. The Identity of the proposed allottees and the percentage of post preferential Issued capital that may be held by them :

The Board proposes to allot not more than 1476000 warrants to the persons other than promoters, promoter group, directors, their relatives and associates. The shareholding of promoters, promoter group, directors, their relatives and associates on exercising full option to subscribe for 1476000 warrants by the proposed allottees would be 1936322 shares, representing 38.73 of the post issued capital of the Company after such exercise.

Proposed Allottees Details :

Name of the Proposed Allottees	No. of Warrants to be allotted	No. of Shares held.	No. of Shares to be allotted on conversion	Total of post conversion	% of post paid up capital
Hitesh H. Agrawal	246000	Nil	246000	246000	4.92%
Himunshu H. Agrawal	246000	Nil	246000	246000	4.92%
Chintan H. Agrawal	246000	Nil	246000	246000	4.92%
Kavita H. Agrawal	246000	Nil	246000	246000	4.92%
Rakhi H. Agrawal	246000	Nil	246000	246000	4.92%
Priyanka C Agrawal	246000	Nil	246000	246000	4.92%
Total	1476000	Nil	1476000	1476000	29.52%

Acquisition Details :

Number and % of warrants convertible into equity shares proposed to be allotted pursuant to special resolution passed under section 81(1A) of the Companies Act, 1956:

Upto 14,76,000/- warrants convertible into equity share of Rs. 10/- each on a one to one basis representing 29.52 % of the expanded capital base after conversion under this issue.

5. Share holding pattern before and after the offer

The information on shareholding pattern before and after the conversion is given below:

Class of Shareholders	Pre allotment		Post allotment	
	No. Shares	%	No. Shares	%
Promoters	1936322	54.96	1936322	38.73
Private Corporate Bodies	74118	2.10	74118	1.48
Indian Public	1511766	42.90	2987766	59.76
NRIs / OCBS	1254	0.04	1254	0.03
	3523460	100.00	4999460	100.00

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The above pattern is based on the full subscription of the warrants and subsequent allotment of shares after conversion.

6. Conversion period :

Within 18 months from the date of allotment of warrants.

7. Terms of payment :

Rs. 3.20 Per Warrant shall be paid as application money and the balance shall be paid on the date as may be decided by Board of Directors before the conversion of the warrants into equity shares.

8. Consequential changes, if any, in Board of directors :

The company does not foresee at this stage any consequential changes in the Board of Directors as a result of the private placement issue.

9. Consequential Changes in the voting rights :

Voting rights will change with change in the shareholding pattern.

10. Consequential Changes in the control over the company :

Company does not foresee any consequential changes in the control over the Company at this stage.

The Members are therefore, requested to accord their approval to Item No 7 of the notice.

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

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

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

**Place : Baroda
Date : 26.07.2005**

**P. D. Shah
Managing Director**

JINDAL HOTELS LIMITED, BARODA

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**Report of the Directors &
Management Discussion and Analysis**

Your Directors have pleasure in presenting the Twentieth Annual Report and the Audited Accounts for the year ended 31st March, 2005.

Financial Performance

	Year ended 31.03.2005 (Rs. in lacs)	Year ended 31.03.2004 (Rs. in lacs)
Turnover	849.03	729.49
Less : Expenditure	580.03	512.75
Profit before Depreciation, Interest and Taxation	269.00	216.74
Interest	60.92	54.40
Depreciation	107.87	99.20
Profit before Taxation	100.21	63.14
Provision for Taxation		
a) Income Tax	35.00	15.50
b) Deferred Tax (Income) / Expense	(12.19)	5.78
Net Profit after Taxation	77.41	41.86
Profit Brought Forward	14.14	10.49
Income Tax of earlier period	0.32	13.21
Disposable Surplus	91.23	39.14
Transfer to General Reserve	50.00	25.00
Proposed Equity Dividend	28.19	—
Tax on Dividend	3.95	—
Balance Profit C/F	9.09	14.14

Operations

The overall revenue of the company recorded growth of 16.38% as compared to 14% in the previous year, where as Gross Operating Profit increased by 31.68% as compared to 29.71% in the previous year.

The buoyancy and upward trend witnessed in the Hotel & Tourism Industry Continues unabated this year too. The industry observed significant upswing in both domestic as well as international travel business and recorded a remarkable growth in all segments, with a significant rise in average room rent as well as occupancy levels. The increase in in-bound traffic to the city as well the general surge of economy have led to better performance by your hotel.

Dividend

Your Director have pleasure in recommending Dividend @ 8% on Equity Share Capital for the Financial year ended March 31, 2005, which if approved at the ensuing Annual General Meeting, will be paid to those Share Holders whose name appear in the Register of Members as on 27th September 2005 and also to those whose names furnished by Central Depositories Services Ltd and National Depositories Services Ltd as beneficial owner.

Prospects

The Company has commenced a 'Competence Enhancement Program in Hospitality' for individuals with a zeal, aptitude and drive to carve out a carrer in the hotel industry. This initiative will help to develop hotel professionals tuned to industry needs. The candidates undergoing this course will add to the availability of in-house manpower at the hotel. It will

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also provide valuable human resources to empower our expansion plans. The Company is also exploring opportunities to set up a Hotel in the fast developing city of Surat. Plans are also on the anvil to set up a Convention Center at Baroda.

With an interplay of factors like favourable government policy, possibility of public-private endeavors as well as positive movement in the economic scenario, your company can look forward to better sales and profitability in the coming year.

Concerns

Competition within the industry may put pressure on profit margin as well as disallow the company to increase the room tariff. This in turn may restrict the ability to compensate for increased prices of fuel as well as combat the general inflationary trend. The Fringe Benefit Tax imposed by Central Government will also have an impact on business and profitability.

Directors

Shri D.R.Shah, Director, who retires by rotation, is eligible for reappointment. He, however, does not desire to offer himself to be reappointed as director as he wishes to retire from active commercial life.

Shri J.G. Patel, who retire by rotation, and being eligible, offer himself for reappointment.

Insurance

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

Statutory Disclosures

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 belongs to the hospitality industry.

During the year under review, your Company earned foreign exchange of Rs. 33.79 lacs (Previous year Rs. 23.78 lacs), whereas there was outflow of foreign exchange of Rs.29.00 lacs (Previous year Rs.14.70 lacs).

Auditors

M/s. V. Shah & Associates, Chartered Accountants, Baroda, hold office as Auditors of the Company till the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. Members are requested to reappoint M/s. V. Shah & Associates, Chartered Accountants, Baroda, as Auditors of the Company for the Current Year to hold office from the conclusion of ensuring Annual General Meeting until the conclusion of the next Annual General Meeting.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Internal Control Systems & their adequacy

The Company has proper and adequate system of Internal Control Procedures to ensure that all transactions are authorized, recorded and reported correctly. This ensures prompt financial reporting, optimum utilization of various resources and quick reporting of deviations. Compliance with laws and regulations is also ensured and confirmed and is also checked by the Internal Auditor of the Company.

Report of Internal Auditor are reviewed in the meetings of the Audit Committee of the Board. Audit Committee also reviews adequacy of internal controls, system and procedures, insurance coverage of assets from various risks and steps taken to manage foreign currency exposures.