



JINDAL HOTELS LIMITED



22<sup>nd</sup>  
ANNUAL REPORT  
2006-2007

## 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 J. G. Patel  
Shri A. C. Patel  
Smt. C. P. Shah

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

**Name of the Hotel** : Surya Palace Hotel  
Sayajigunj, Vadodara 390 005.

**Financial Institution** : Tourism Finance Corporation of India Ltd.,  
5th Floor, IFCI Bhavan,  
Nehru Place,  
New Delhi 110 019.

**Banker** : Punjab National Bank, Raopura,  
Vadodara-390 001.

**Auditors** : M/s. V. Shah & Associates,  
Chartered Accountants,  
12, Dhayber Colony,  
B/H Baroda High School,  
Near Polo Ground, Vadodara - 390 001.

**Registrar & Share Transfer Agent** : MCS Limited.  
Neelam Apartment,  
88, Sampatrao Colony,  
Alkapuri, Vadodara - 390 007.

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### TWENTY SECOND ANNUAL REPORT - 2006 -2007

#### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Second Annual General Meeting of the members of M/s. Jindal Hotels Limited, will be held on Saturday, the 29<sup>th</sup> day of September, 2007 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 31<sup>st</sup> March, 2007, together with the Report of Directors and Auditors thereon.
02. To elect Director in place of Shri A. C. Patel who retires by rotation, being eligible offers himself for reappointment.
03. To declare Dividend on Equity Share for the year ended 31<sup>st</sup> March, 2007.
04. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remunerations.

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

By Order of the Board of Directors of  
JINDAL HOTELS LIMITED

Place : Vadodara  
Date : 21.07.2007

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 22.09.2007 to 29.09.2007 (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.

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- (c) To DEMATERIALIZE 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 31.3.2005 and 31.03.2006, are requested to make their claims to the Company accordingly, without further delay.

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

Your Directors have pleasure in presenting the Twenty Second Report and the Audited Accounts for the year ended 31st March, 2007.

**Financial Performance**

	Year ended 31.03.2007 (Rs. in lacs)	Year ended 31.03.2006 (Rs. in lacs)
Turnover	1227.32	974.00
Less : Expenditure	879.04	693.02
Profit before Depreciation, Interest and Taxation	348.28	280.98
Interest	84.97	47.61
Depreciation	111.07	116.34
Profit before Taxation	152.24	117.03
Provision for Taxation		
a) Income Tax	46.00	41.50
b) Fringe benefit Tax	4.67	3.33
c) Deferred Tax (Income) / Expense	(4.05)	(1.81)
Net Profit after Taxation	105.62	74.01
Provision no longer required	0.53	Nil
Profit Brought Forward	15.95	9.09
Disposable Surplus	122.10	83.10
Transfer to General Reserve	35.00	35.00
Proposed Equity Dividend	28.19	28.19
Tax on Dividend	4.79	3.95
Balance Profit C/F	54.12	15.96

**Operations**

As you may observe, the Company has indeed done well in the year under review by every parameter of performance. We have taken advantage of the growth witnessed in the national economy and the upsurge in demand for the service industry. Meanwhile, we have continued to upgrade our operations and prepare ourselves well to meet the market requirements. Your Directors are confident that the Company is on the right track and will continue to excel amidst the multiple opportunities in the hospitality sector.

The year under review has shown a consistent trend towards increase in demand in the hospitality sector. The upswing continues unabated and is likely to hold for some time to come. This is due to the positive economic scenario witnessed in the past few years in India. Credit is also due to the Government of Gujarat, who has taken proactive steps to enhance business and tourism. What is heartening is the fact that your Company has registered all around growth that's substantially better than the industry average. The turnover has increased by 26 % (P.Y. 15 %). Profit before interest, depreciation and taxation of the year under

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review is 28 % of Sales and Other Income. This is mainly due to concerted effort of the Management in providing value additions in its services to the guests as well as effective monitoring of inputs' costs at each level of operations. Your Directors would like to appraise that as per the Hotel Industry Survey for the F. Y. 2005-06 conducted by the Federation of Hotels & Restaurants of India (FHRAI), an acknowledged National Hospitality Federation, your Company has achieved 78 % Room Occupancy Ratio against the All-India average of 64 %. The Occupancy Ratio is also one of the highest amongst 3 to 5 star category hotels in the city of Vadodara. Your Company has achieved a higher Average Room Realisation as compared to the All India Average of Rs. 1504 for similar category hotels. This shows in ample measure the growing stature and excellent performance of our hotel vis-à-vis national brands and benchmarks.

### Expansion & Upgradation

There exists a significant increase in demand generated by substantially more visits of the business travellers to Vadodara. Additionally, the guest of today is willing to pay higher for better services. In this situation, your Company is planning to add rooms in existing hotel premises. It also intends to upgrade, redesign and refurbish rooms, so as to create facilities and ambience that transform it from a three star to four star category hotel. This upgradation will make a qualitative difference in the hotel's services and infrastructure without substantially adding to its overheads and expenses. Thus, it will result in much more profitable and rewarding business. The Company has also acquired land adjacent to both the sides of the existing plot area for future growth and expansion. Plans are on the anvil to tie up with a multinational chain of repute that's compatible with the Company growth plans.

### Dividend

Your Directors have decided to refrain from paying higher dividend in order to consolidate and retain the finances to fund future growth. The prospects are very bright and every investment made now will result in substantial gains in the years to come. They recommend a dividend @ 8% on Equity Share Capital for the financial year ended March 31<sup>st</sup> 2007, 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 29<sup>th</sup> September, 2007 and also to those whose names are furnished by Central Depositories Services Ltd and National Depositories Services Ltd as beneficial owner.

### Prospects & Concerns

The current year has started on a very promising note. There is an increase in the Room Occupancy as well as Average Room Realisation (ARR) as compared to the previous year. The F & B business is also showing better prospects. This would give us better turnover and profitability in the current year.

The current upgradation and refurbishment program of the existing premises as well as expansion ( additional rooms, banquet halls and restaurant) in adjacent land that's already been procured, is expected to uplift financial performance in the years to come. The growth in revenue of the Company will be propelled by the huge investments running in thousands of crores of rupees being made by M/s IOCL, M/s ONGC – Petronet LNG, SEZ as well as



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MNCs in and around Vadodara City. The resultant increase in the incoming traffic to the city will contribute to a higher demand of hotel services.

However, there may be concerns about changes in market scenario and outlook by the possible entry of new star hotels, changing profiles of guests, variation in buyer behavior, slowness of growth of industry, issues relating to increase in prices of petroleum products, restructuring of tax regime, alteration in government policies and political instability.

### Directors

Shri A.C. Patel, who retires by rotation, and being eligible, offers himself for reappointment. There is no change in the composition of the Board of Directors.

### 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. 55.81 lacs (Previous year Rs. 58.34 lacs), whereas outflow of foreign exchange of Rs. 44.68 lacs (Previous year Rs.29.12 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 ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

### Gratuity Provision

Upto 31.03.2006, the Company was accounting Gratuity and leave encashment expenses when actually paid to the employees of the company.

During the year under review, in view of AS 15, issued by the Institute of Chartered Accountants of India, the Company have provided Gratuity liability in the books of accounts as per the Actuarial Valuation Report. The Company has transferred Gratuity liability of Rs.2437966 up to 31/03/06 from General Reserves and charged balance amount of Rs. 278819 in the Profit & Loss Accounts of the year under review.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Corporate

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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.

The reports of the 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 are taken to manage foreign currency exposures. The Audit Committee also interacts with Internal Auditors and Statutory Auditors of the Company to ensure compliance of various observations made during the conduct of audits and adequacy of various controls.

Annual Capital Budget and updates, if any, are placed before the Board for its approval from time to time.

### **Management of Human Resources.**

The Company acknowledges its relationship with employees as a crucial factor for its success and future growth. Its human relation programs focuses on making employees participative and involved at every level, so that they can act responsibly and contribute constructively. HRD activities are geared to maximize employees' potential and performance and special incentives are provided to increase productivity and reward efficiency.

The Company is committed to providing the necessary development and training opportunities to equip our people with the skills they will need in future. Our approach integrates development and training with business objectives, job performance and individual needs.

The Company arranges for specific work training, safety/emergency/handling training and "on the job" training.

By the end of March 2007, the Company employed 121 permanent employees.

### **Listing of Security**

The shares of the Company are listed with The Stock Exchange, Mumbai. The listing fees for Financial Year 2007-08 has already been paid.

### **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 and that no material departures have been made from the same;
- (ii) Appropriate accounting policies have been selected and applied consistently and



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judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- (iii) 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 fraud and other irregularities;
- (iv) The Annual Accounts have been prepared on a going concern basis.

### **Fixed Deposits**

The Company has not accepted fresh deposit during the year under review.

### **Acknowledgement**

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

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

**By Order of the Board of Directors  
For JINDAL HOTELS LTD**

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**Place : Vadodara  
Date : 21.07.2007**

**P. D. Shah  
Managing Director**

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**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's report on Corporate Governance for the financial year ended 31.03.07

**The Company's Philosophy on Corporate Governance:**

The management philosophy on Corporate Governance envisages the attainment of highest level of transparency, accountability and equity, in all stages of its operations and in all its interactions with shareholders, employees, suppliers, customers, government and bankers. The Company believes that all its operations and action must serve the interest of all the shareholders, while enhancing shareholder value.

The Company has complied with almost all the mandatory requirements on Corporate Governance as laid down by the Stock Exchange as detailed hereunder:

**1. BOARD OF DIRECTORS****(a) Composition :**

Name of the Director	Category of Directorship	No of Meetings attended	% of Total Meetings Attended	Attendance At Last AGM
Shri D. C. Gami	NED & IND	5	63%	Yes
Shri P. D. Shah	MD	8	100%	Yes
Smt C. P. Shah	NED	8	100%	Yes
Shri N. D. Shah	ED	7	88%	Yes
Shri J. G. Patel	NED & IND	8	100%	Yes
Shri A. C. Patel	NED & IND	6	75%	Yes

(NED – Non Executive Director, IND – Independent, MD – Managing Director, ED – Executive Director)

Shri D. C. Gami is a Chairman of the Board of Directors.

**(b) Number of Board Meetings held and the dates thereof**

8. Board Meetings were held during the Financial Year. The dates are as under :

1. 25 <sup>th</sup> April 2006	5. 10 <sup>th</sup> August 2006
2. 4 <sup>th</sup> July 2006	6. 26 <sup>th</sup> September 2006
3. 25 <sup>th</sup> July 2006	7. 19 <sup>th</sup> October 2006
4. 30 <sup>th</sup> July 2006	8. 23 <sup>rd</sup> January 2007

**(c) Number of other Companies or Committees the Director is a Director/Member/Chairman of :**