



# LakeLand Hotels Ltd.

REGD. OFFICE " RELIABLE HOUSE , A-6, KOH-E-FIZA, INDORE ROAD, BHOPAL- 462 001

TE.(0755) 2540441, 2540715 FAX. 0755 - 2540442

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## **ELEVENTH ANNUAL REPORT**

### **2003 - 2004**



## LakeLand Hotels Ltd.

### BOARD OF DIRECTORS

Mr. Sikandar Hafiz Khan	Chairman & Managing Director
Mr. Mohammed Hafiz Khan	Director
Mr. S. Shankar Narayanan	Director
Mr. Mehmood-Ur-Rehman	Director
Mr JNL Shrivastava	Director

### COMPANY SECRETARY

MR. S.S. RAGHUVANSHI

### BANKERS

Dena Bank, Hamidia Road Branch, Bhopal

Bank of Baroda, Habibganj Branch, Bhopal

### AUDITORS

M/s MAK & Associates

Chartered Accountants, Indore

### REGD. OFFICE :

" Reliable House "

A - 6 , Koh - E - Fiza , Indore Road,

Bhopal - 462 001 (M.P.)

## LAKELAND HOTELS LIMITED

REGD. OFFICE : "RELIABLE HOUSE  
A-6, KOH-E-FIZA, INDORE ROAD, BHOPAL



### REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

For the Financial Year Ended 31st March, 2004

Your Directors have pleasure in presenting to you their Eleventh Annual Report together with the Audited Statements of Accounts of the Company for the 12 months period ended 31st March, 2004.

#### FINANCIAL PERFORMANCE:

During the 12 months period under report, your company earned an all-inclusive revenue of Rs. 436.59 lacs against Rs. 374.32 lacs earned in 12 months period during the preceding financial year recording a growth of about Rs. 62.27 lacs in term of money and 16.64% in term of percentage over the said preceding period. Your hotel has achieved a growth of 23% in terms of occupancy as compared to the previous year. This growth is mainly on account of superior product & service offering and favourable market conditions.

The operations of the company resulted into a profit of Rs. 45.83 lacs before interest, loss on sale of asset and non-cash expenses (Previous Year - Rs. 37.46 Lacs. However, despite the visible upwards trend in the turnover of the company, increased incidences of interest, depreciation provisions, deferred tax adjustments, competition led increase in upkeep & services, stores and staff cost, the operations of the company culminated into a net loss of Rs. 107.21 lacs compared to Rs. 113.68 lacs during the preceding accounting period.

Despite this, looking at positive trend in the turnover of the company and that the company has been able to woo the clientele, your directors are very much optimistic and hold the view that the operations of your company would certainly show still better result in ensuing financial years and break-even in due course of time.

**SHARE CAPITAL:**

During the period under report, the authorized share capital of the company stood at Rs. 1200.00 lacs divided into 1,20,00,000 Equity Shares of Rs. 10/- each with the issued and subscribed capital of Rs. 1101.29 lacs divided into 1,10,12,900 Equity Shares of Rs. 10/- each. The paid up capital of the company at the close of the Financial year 2003-2004 stood at Rs. 1028.93 lacs leaving calls in arrears to the tune of Rs. 72.36 lacs.

However, subsequent to the close of the Finance Year, your Board of Directors found it expedient to exercise its right to forfeit the shares on which calls remained unpaid despite prescribed final notice being given to the defaulting shareholders and forfeited 969000 equity shares on which an aggregate call money worth Rs. 72.24 lacs remained outstanding and consequent thereto the gross paid up capital as at the date of this report stands at Rs. 1029.05 lacs including the amount of Rs. 24.66 Lacs paid up on shares forfeited. With this forfeiture, the calls in arrears have been completely eliminated.

**CAPITAL EXPENDITURE:**

The Company as on and up to 31st March, 2004 has so far incurred a gross capital expenditure of Rs. 2291.82 lacs on the hotel project and the same has been capitalized.

**PROJECT IMPLEMENTATION STATUS:**

As the members are aware, out of the 70 rooms' facility planned by the company, it had completed and opened for commercial use only 39 rooms till the end of the previous accounting period. Your Directors are pleased to inform you that while the Banquet Hall was completed during the last quarter of the preceding year, the construction work of Coffee shop and Chinese restaurant have been completed and made operational during the period under report. However, the impact of addition of these facilities in term of revenue generation would be more visible during the ensuing financial year. Besides, the Company is also trying its best to harness financial resources to complete the interior decoration and furnishing of the remaining rooms. It is expected that these rooms shall be commercially available during the ensuing financial year.



## **ECONOMIC SCENARIO, INDUSTRY STRUCTURES & DEVELOPMENT:**

According to a recent report of the World Travel & Tourism Council, India is set to become the world's second fastest growing travel economy in the coming decade, after Turkey. Similar outlook is also contained in acclaimed publications like the 'Conde Nast Traveller' and the 'Lonely Planet', which has declared India as one of the world's most favoured tourist destinations.

Foreign Exchange Earnings for the country crossed Rs. 17,000 crores in the Year 2003, representing a growth of 23.3% over the last year. Earnings from incoming tourists are targeted at Rs. 22,000 crores for 2004 - a growth of nearly 30%. Even at these levels, travel & tourism would constitute barely 2% of India's GDP, well below the world average of 10.7%.

Even at conservative GDP growth assumptions, the current room supply of approximately 90,000 rooms would need to increase to at least 130,000 rooms by 2008 to service growth even at minimum levels. Prospects of high rates of economic growth therefore present attractive growth opportunities in the accommodation sector.

In order to keep the competitive advantage in Food & Beverage, your hotel started an authentic Chinese Restaurant under the title 'Dynasty' in Feb. 2004. Your hotel continues to be First Choice in Kebabs & other authentic Bhopali Food.

Your Company's superior service and product offering continue to render your hotel the preferred destination of several world famous personalities including Sarod Maestro Ustad Amjed Ali Khan, Mr. Jagjit Singh & Mr. Shiv Kheda to name a few. A number of Top Businesspersons, Politicians, Cine Stars, and Govt. Officials continue to patronize your hotel.

## **PROSPECTS, OPPURTUNITIES AND THREATS:**

Buoyancy in foreign arrivals flowing from smart economic growth enabled the hotels & tourism industry in India post a robust growth in 2003-04. Foreign tourist



arrivals grew in 2003 by 15.3% and this recovery during 2003 continued during the first three months of 2004, with foreign tourist inflows growing by 20%. Your Company is making an all-out effort to attract a larger portion of this inflow to the hotel undertaking of the Company i.e., Noor Us Sabah Palace.

With the external factors showing a very positive trend, the coming year is expected to be a boon for the Tourism Sector and Your hotel too is expecting a steady rise in its occupancies as the season picks. With the growth of Bhopal in the offing, the city will generate a demand for more rooms and conventions. However, until there is an increase in the room and conference inventory it will be quite difficult to cater to the demands and expectations expected of the hotel.

Your Company is actively pursuing the Key Source markets viz., Mumbai, Delhi, Ahmedabad and Indore to tap business opportunity specially attracting the big Corporate Clients to make them choose Your Hotel as a venue for their prospective conferences & conventions.

Competition led reduction in prices and increase in Infrastructure facilities of Competitors is a cause of concern to the hotel undertaking. The remaining planned facilities of the hotel project needs to be completed without much delay in order to become a market leader in the State and gear itself towards break-even level.

#### **INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:**

The Company has Internal Control System commensurate to the size of the Company and nature of its business. The System permeates the administrative and functional areas of Your Company. The system is supported by requisite number of hands.

#### **HUMAN RESOURCES DEVELOPMENT:**

Your Company continues to invest in upgradation of the quality of human resource, which makes the decisive difference in this service industry. Your Company made efforts to improve skills of the existing manpower by sponsoring them for external training programmes with ITC at select World Renowned ITC Hotels.



Your Company started contributing to Group Gratuity Fund managed by the LIC of India (LIC) this year. This will reduce the burden of the company at the time of final settlements of employees, as Settlement of Gratuity Claims shall be taken care of by the LIC. Moreover, the Group Gratuity Scheme is also linked with Insurance cover of the employee for the amount of Gratuity for the period yet to be served.

Industrial Relations throughout the year remained cordial. Your company's total manpower strength as on 31-03-04 was 114 (Previous Year - 99).

### **AUDITORS:**

M/s. M A K & Associates, (Previously known as M/s. Mago Khatri & Associates) Chartered Accountants, Indore, the Auditors of the Company, shall hold office as such till the conclusion of the ensuing Annual General Meeting of the Company. A proposal to re-appoint them as such subject to fulfillment of condition prescribed under section 224(IB) of the Companies Act, 1956 is being brought up at the ensuing Annual General Meeting.

### **STATUTORY STATEMENTS:**

#### **(1) Public Deposit**

During the period under report too, your company has not accepted any deposit from public in term of section 58-A of the Companies Act, 1956 and rules framed and notifications issued there under.

#### **(2) Information as per Sec 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2002 are given as under :-**

##### **(A) Conservation of Energy :**

The basic engineering design of the Hotel is based on optimum energy consumption and provision is made to conserve energy to the maximum possible extent, which would reduce the liability on energy bills.



**(B) Technology Absorption :**

During the year no amount has been incurred on technology absorption  
(Previous Year Rs. NIL)

**(C) Foreign Exchange Earnings & Outgo :**

During the period under report, your company has earned Foreign Exchange equivalent to Indian Rupees 36.24 lacs against 10.75 lacs during the preceding accounting period. During the period under report too, your company did not spent any amount in foreign exchange.

**(3) Statement pursuant to Sec. 217 (2AA) of the Cos. Act 1956**

Your Directors are pleased to state that the Financial results for the period under report have been compiled observing the Going Concern Concept, Accrual & historical record basis conforming to the accounting standards specified under Section 211 (3C) of the Companies Act to ensure that the statements disclose true and fair view of the state of affairs of the operations of the company and that, in the said compilation, due care has been taken to see that adequate accounting record in accordance with the statutory requirements for safeguarding the assets of the company does exist and that possibilities of fraud and other irregularities, if any, in the company are timely detected, provided for and their recurrence is prevented and that the statements reflect true and fair view of the state of affairs of the Company as at the 31st March, 2004 and the profit and loss for the accounting period ended on the said date.

**(4) Constitution of Audit Committee :**

Your Directors are pleased to inform you that Pursuant to Section 292 (A) of the Companies Act, 1956, during the period under report too the Audit Committee continued to remain constituted of three of the non-executive Directors namely Mr. S. Shankar Narayanan, Mr. Mohd. Hafiz Khan and Mr. Sikandar Hafiz Khan and Mr. S. Shankar Narayanan was voted to its Chair, and that the in view of the requirement of audit committee contemplated under clause 49 of the Listing Agreement, the committee was entrusted with greater





assignments as brought out under the Corporate Governance Section in the following paragraphs and that the Board of Directors of your Company generally agreed with and adhered to the suggestions made by the committee in the areas assigned to it and that to reply your questions, if any, the Chairman of the Committee shall be with you at the ensuing meeting.

### **CHANGES IN THE DIRECTORSHIPS:**

Mr. Mohd. Hafiz Khan, one of the directors, shall retire by rotation on the conclusion of the ensuing Annual General Meeting (AGM). However, being eligible, he offers himself for reappointment and, as such, a proposal to reappoint him as such is being brought up before the members at the ensuing Annual General Meeting.

Besides, During the period under report, Dr. Mahmood-Ur-Rahman and Mr. JNL Shrivastava who were appointed as Additional Directors by the Board of Directors of the Company, shall cease to hold the respective offices at the close of the ensuing General Meeting in terms of applicable provisions of the Companies Act 1956 read with Article No. 80 of the Memorandum & Article of Association of the Company.

### **DIVIDEND:**

Since no surplus has been generated by the Company during the period under report, no dividend on the Equity share capital has been recommended.

### ***PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.***

During the period under report, there has been no person on the roll of the company the particulars in respect of whom are required to be disclosed in this report in terms of the provisions of Section 217 (2A) of Act, as amended up to date.



## **DEMATERIALISATION OF SHARES & APPOINTMENT OF REGISTRAR AND SHARE TRANSFER AGENTS**

The Company has made application to CDSL and NSDL for admission of equity shares for dematerialization and in keeping with the related requirements M/s Sharex (India) Pvt. Ltd., located at 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai, have been engaged as Registrar and Share transfer Agency for undertaking share transfer registration job in physical as well as demat form for and on behalf of the Company. The application of the company with the CDSL and NSDL are under process and likely to be cleared at any time during the ensuing months.

## **INFORMATION IN TERMS OF LISTING AGREEMENTS WITH STOCK EXCHANGE**

### ***Company's philosophy on code of governance:***

Your company holds the view that the code of the corporate governance serves as a structure based on which the responsibilities amongst the different participants within the management of the company is distributed culminating into the requisite protection of the interest of all the interested groups, specially the shareholders of the company. It helps the company achieving its corporate objectives and the performance is adequately measured, monitored and controlled.

### ***Board of Directors & Meetings:***

During the period under report, the Board of Directors of the Company did consist of 03 non-executive Directors, including the Chairman and Managing Director and 02 independent Directors and that there has been no nominee or institutional director on the Board of the Company. None of the directors had any other public company under his directorship. The Board met for 8 times during the financial year where most of the time majority attendance was there. Steps are afoot to see that the Board is reconstituted in conformity of listing requirements.