

E I G H T E E N T H

*Annual
Report
1998 - 99*

A S I A N H O T E L S L I M I T E D



ASIAN HOTELS LIMITED

BOARD OF DIRECTORS

Chairman

T. R. Tuli

Managing Directors

Sushil Gupta

Shiv Jatia

Executive Director

Arun K. Saraf

Directors

Radhe Shyam Saraf

Raj Kumar Jatia

Sudhir Gupta

Ramesh Jatia

R. G. N. Swamy

S. K. Chhibber IAS (Retd.)

R. K. Bhargava IAS (Retd.)

PRESIDENT - (FINANCE & OPERATIONS)

Jyoti Subarwal

SR. VICE PRESIDENT - (DEVELOPMENT)

Sandeep Gupta

COMPANY SECRETARY

Ashwin A. Shirali

CONTENTS

Notice	2 - 4
Directors' Report	5 - 9
Auditors' Report	10 - 11
Balance Sheet	12
Profit & Loss Account	13
Schedules & Notes	14 - 25
Balance Sheet Abstract	
and Company's General Business Profile	26
Cash Flow Statement	27 - 28
Statement pursuant to Section 212	
of the Companies Act, 1956	28
Proxy form & Attendance slip	Annexed
SUBSIDIARY COMPANY	
5th Annual Report of Regency	
Convention Centre and Hotels Ltd.	Annexed

AUDITORS

Mohinder Puri & Company

C-37, Connaught Place, New Delhi-110 001

BANKERS

Hongkong & Shanghai Banking Corporation Ltd.

State Bank of India

Bank of Baroda

Union Bank of India

American Express Bank Ltd.

SHARES DEPARTMENT

Hyatt Regency - Delhi

Bhikaiji Cama Place,

M. G. Marg,

New Delhi - 110 066

REGISTERED OFFICE

Bhikaiji Cama Place,

M. G. Marg,

New Delhi - 110 066

ASIAN HOTELS LIMITED

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of ASIAN HOTELS LIMITED will be held at Regency Ball Room, Hotel Hyatt Regency, Bhikaiji Cama Place, M. G. Marg, New Delhi - 110 066 on Thursday the 22nd day of July, 1999 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date, and the Reports of the Auditors and Directors.
2. To confirm the payment of interim dividend of Rs. 6.00 per equity share and to declare a final dividend for the financial year 1998-99.
3. To appoint a Director in place of Shri T.R. Tuli who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.K. Chhibber who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri R.K. Bhargava who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby amended and/or altered by inserting the following heading and Article 58B after Article 58A :

58B. DEMATERIALISATION OF SECURITIES

Definitions

01. For the purpose of this Article:

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"Depository" means the Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means Depositories Act, 1996 or any statutory modification or re-enactment thereof.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company.

"Securities" means such securities as may be specified by the Securities and Exchange Board of India from time to time.

Dematerialisation of securities

02. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

ASIAN HOTELS LIMITED

Options for Investors

03. Every person subscribing to securities offered by the Company shall have the option to receive security certificate(s) or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate(s) of securities. If a person opts to hold his securities with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

04. All securities held by a Depository shall be dematerialised and shall be in fungible form. Nothing contained in sections 153, 153A, 153B, 187B and 187C of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial owners

05. (a) Notwithstanding anything to the contrary contained in the Companies Act, 1956 or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of the security on behalf of the beneficial owners.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting right or any other rights in respect of securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Service of documents

06. Notwithstanding anything in the Companies Act, 1956 or in these Articles to the contrary, where securities are held in a Depository, the notice of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

07. Nothing contained in Section 108 of the Companies Act, 1956 or in these Articles shall apply to transfer of securities effected by a transferor and a transferee, both of whom are entered as beneficial owners in the records of the Depository.

Allotment of securities

08. Notwithstanding anything contained in the Companies Act, 1956 or in these Articles, after any issue where the securities are dealt with in a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive numbers of securities

09. Nothing contained in the Companies Act, 1956 or in these Articles regarding necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository.

Register and Index of Beneficial Owners

10. The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and security holders for the purpose of these Articles.

Regd. Office:
Bhikaiji Cama Place,
M. G. Marg,
New Delhi. 110 066
Dated : 17th May, 1999

By Order of the Board
for ASIAN HOTELS LIMITED

ASHWIN A. SHIRALI
Company Secretary

ASIAN HOTELS LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY IN HIS STEAD TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE SIGNED, STAMPED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ANNEXED HERETO.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 01st July, 1999 to 22nd July, 1999 (both days inclusive).
3. The final dividend, if declared, will be paid to those Members whose names appear in the Register of Members of the Company on 22nd July, 1999 or to their mandatees, if any.
4. Members \proxies should bring their attendance slip sent herewith, duly filled in for attending the Meeting.
5. Members are requested to notify any change in their registered address \residential status immediately to the Registered Office of the Company.
6.
 - a) The amount of unclaimed dividends for and upto 1994-95 (VIIIth-Final)/1995-96 (IXth-Interim), paid on 4th October, 1995 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, N.C.T. of Delhi and Haryana, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi-110 003.
 - b) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Bill, 1998, the amount of dividend remaining unclaimed for a period of seven years from date of transfer to unpaid dividend account in respective years in respect of 1995-96(2nd interim) and 1995-96 (IXth-Final)/ 1996-97 (Xth-Interim) and subsequent dividend payment(s), shall be transferred to the "Investor Education and Protection Fund".
7. For any queries on the Depository system members may contact any Depository Participant or the Shares Department at the Registered Office of the Company.
8. Explanatory Statement under Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is given below:

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

With the introduction of the Depositories Act, 1996, and the Depository system, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company. Your Company has also joined the National Securities Depository Limited and it is therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 7, to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

The above Resolution is set out as a Special Resolution for approval by the members in terms of Section 31 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during business hours on any working day, from Monday to Friday, upto and including the day of the meeting.

None of the Directors is concerned or interested in the Special Resolution at Item No. 7.

Regd. Office:
Bhikaiji Cama Place,
M. G. Marg,
New Delhi. 110 066
Dated : 17th May, 1999

By Order of the Board
for ASIAN HOTELS LIMITED

ASHWIN A. SHIRALI
Company Secretary

ASIAN HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their 18th Annual Report and Audited Accounts for the financial year ended on 31st March, 1999.

OPERATIONAL PERFORMANCE

Members will appreciate that notwithstanding a fall in revenue and profit figures for the year under review as compared to the previous year, the Company has withstood, in comparison to competition, the debilitating effects of adverse factors, both local and global, that have prevailed and inhibited the growth of the tourism industry for the second year in succession. Global factors include persistent recession in some of the developed countries and also the currency devaluation in the South-East Asian countries making them more attractive destinations. Local factors include the continuing industrial recession, the fluid political and social climate and the grossly inadequate tourist infrastructure. All these have resulted in a drop in tourist arrivals into the country for the second successive year, leading not only to an all round fall in occupancy levels but also to a fall in average room tariffs, both of which have been more pronounced for the five star deluxe category of hotels.

FINANCIAL HIGHLIGHTS

The Company achieved a sales turnover of Rs. 135.80 crores, a decrease of 9.6% over the preceding year. Profit before tax for the year is Rs. 58.30 crores, a decrease of 23.4% over Rs. 76.15 crores for the previous year. Profit after taxes at Rs. 46.69 crores registered a fall of 33.6% over the previous year. A net surplus of Rs. 32.71 crores is being carried forward.

A summarised position of the profits, taxation, dividend and transfer to reserves for the year under review as compared to the earlier year is given below:

	1998-99 (Crores\Rs.)	1997-98 (Crores\Rs.)
TURNOVER	135.80	150.22
Profit before Depreciation	63.15	80.42
Depreciation	4.85	4.27
PROFIT BEFORE TAX	58.30	76.15
Provision for Taxation	(6.97)	(7.17)
Prior year Adjustments	(3.09)	0.13
Provision for taxation written back	(1.55)	1.18
NET PROFIT	46.69	70.29
Profit brought forward	32.13	27.92
PROFIT AVAILABLE FOR APPROPRIATION	78.82	98.21
Transfer to Tourism Development Reserve	21.00	26.50
Transfer to General Reserve	5.00	17.00
Interim Dividend (already paid)	15.05	15.05
Proposed Dividend	4.56	6.84
Corporate Dividend Tax	0.50	0.69
RETAINED PROFIT CARRIED FORWARD	32.71	32.13

ASIAN HOTELS LIMITED

DIVIDEND

Your Directors are pleased to recommend to the Annual General Meeting a final dividend of Rs. 2.00 per equity share for the year ended 31st March, 1999. The total dividend thus declared for 1998-99 (including an interim dividend of Rs. 6.00 per equity share paid during the year) is Rs. 8.00 per equity share, aggregating a distribution of Rs. 20.11 crores. The final dividend of Rs. 2.00 per equity share, if approved, shall be payable to members whose names appear on the Register of Members on 22nd July, 1999.

As per past practice, your Directors are also pleased to announce their decision to pay an interim dividend of Rs. 5.50 per equity share for the ongoing financial year 1999-2000. The interim dividend will also be payable to members whose names appear on the Register of Members on 22nd July, 1999.

FOREIGN EXCHANGE RECEIPTS

The Company continued to be patronised by the discerning foreign traveller due to the consistent high standard of service rendered to all valued guests. This has translated into foreign exchange receipts of Rs. 127.17 crores during the year under review.

SHAREHOLDER VALUE CREATION

Your Company's core business strategies and day to day management decisions are determined and driven by what is necessary to create and maximise value for shareholders over the long term.

The Directors thus take great pride in informing members of the results of a survey carried out by the Confederation of Indian Industry (CII) on creation of shareholder value during the period 1994-95 to 1997-98 by 130 top non-finance companies listed under Group A of the Mumbai Stock Exchange and 363 non-finance companies out of the 500 that account for the S & P CNX 500 index. As per this survey, your Company has been ranked No. 10 on an all India basis in respect of the gain in return on net worth (RONW) and the economic value added (EVA).

AWARDS

Your Directors take pleasure in informing members that for the second successive year, your hotel was the proud recipient of the 'National tourism award for excellence in the hotel industry for five star deluxe category', from the Department of Tourism, Government of India.

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited Annual Accounts alongwith the Auditors' Report and Directors' Report thereon for the year ended on 31st March, 1999 of the Company's subsidiary 'Regency Convention Centre & Hotels Ltd.' is annexed to the Annual Report.

STATUS OF YEAR 2000 (Y2K) COMPLIANCE

In accordance with the requirements of the Delhi and Mumbai Stock Exchanges where the shares of the Company are listed, status of Y2K compliance by the Company is given below:

Risk to the Company due to Y2K issues: The Company has carried out a study of various operations and functions which could be affected due to the Y2K problem. The study revealed that there will be no business/embedded system problem, as corrective measures are already in progress and will be completed by end June, 1999.

Cost to address the Company's Y2K issues: The expenses for ensuring Y2K compliance will be nominal.

The Company's contingency plans: Besides implementing the modifications required on the application/hardware, the system will be tested with vendors help. In addition, every step has been taken to enable a switch over to manual systems should such a need arise.

DEPOSITORY SYSTEM

In keeping with the shareholder and investor oriented approach of your Company, the equity shares of the Company, effective 5th April, 1999, are available for dematerialisation under the Depository System operated by the National Securities Depository Limited. This has necessitated certain amendments to the Articles of Association of the Company, for which approval of members is required.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and pursuant to Article 116 of the Articles of Association of the Company, three of your Directors, Shri T.R. Tuli, Shri S.K. Chhibber and Shri R.K. Bhargava, retire by rotation at the ensuing Eighteenth Annual General Meeting and, being eligible, offer themselves for re-appointment.

ASIAN HOTELS LIMITED

AUDITORS' REPORT

The remarks made by the Auditors in their Report have been suitably dealt with in the Schedules and Notes and therefore do not call for any further clarification.

AUDITORS

M/s. Mohinder Puri & Co. Chartered Accountants, the present Auditors of the Company, retire at the forthcoming Eighteenth Annual General Meeting and, being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224 (1) of the Companies Act, 1956.

INTERNAL AUDIT

M/s Ratan S. Mama & Co. and M/s S.S. Kothari & Co., joint Internal Auditors, have been conducting periodic audits of all operations of the Company and their findings have been reviewed regularly by the 'Audit Sub Committee' of the Board of Directors. Your Directors note with satisfaction that no material deviations from the prescribed policy and procedures have been observed.

EXPANSION

Construction of the new hotels at Mumbai and Calcutta is progressing smoothly and is expected to be complete in all respects by the end of the year 2000.

The proposed hotels will be equipped with amenities and state of the art technology for providing the range and standards of service befitting the international traveller of the new millennium. With the commissioning of these hotels, your Company will enter the league of 'chain hotels' having considerable synergy value.

FUTURE PROSPECTS

The fortunes of the tourism industry are critically dependent on the state of the country's economy. The recent Union Budget, which has been well received, attempts to restore confidence levels in the business and industrial sectors and thereby reverse the long standing economic recession. We hope these measures will also have a buoyant effect on the fortunes of the tourism industry. In the long run however, tourism will flourish only if substantial additions and improvements to the country's infrastructure are made in terms of raising domestic air capacity, increasing passenger handling capacity of international airports and upgrading roads and railway networks to international standards. This requires enunciation of a new integrated tourism policy which considers tourism promotion as a core economic activity rather than as a leisure activity.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo are to the extent possible in the opinion of your Directors, given in Annexure 'A' annexed hereto forming part of this Report.

Information as per sub-section(2-A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure 'B' annexed hereto forming part of this Report.

PERSONNEL

The Directors wish to place on record their appreciation of the efficient and dedicated efforts put in by all employees during the year, which made possible the results achieved in an otherwise adverse business environment.

ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the cooperation and assistance received from Hyatt International Asia Pacific Limited, Reserve Bank of India, Financial Institutions, Bankers to the Company, and the Department of Tourism. The Board also thanks the shareholders for their continued valuable support.

New Delhi. 110 066
Dated : 17th May, 1999

For and on behalf of the Board

T. R. TULI
Chairman

ASIAN HOTELS LIMITED

ANNEXURE 'A' FORMING PART OF DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:-

Conservation of energy is a high priority area for the Company and constant efforts are being made to reduce energy costs at all levels:-

a) Energy Conservation measures taken:

- i) 7 energy efficient cooling towers of 400 TR capacity each were installed.
- ii) 4 energy efficient non-IBR steam boilers of 600 Kgs./Hr. capacity each were installed.
- iii) 2 old Voltas centrifugal chillers of 600 TR capacity each were replaced with 2 vapour absorption machines of equivalent capacity.
- iv) Building automation system including HVAC controls, plumbing, electricals etc. was installed resulting in 15% energy saving.
- v) Exhaust blowers and Air handling units were running strictly as per schedule.
- vi) Preventive maintenance schedule of plant and equipment was strictly followed to maximize efficiency and minimise power consumption.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

- i) Installation of intelligent fire detection system.
- ii) Installation of energy efficient lamps for tennis courts.
- iii) Replacement of all old air handling units with double skin units.

c) Impact of the measures at a) & b) on reduction of energy consumption and consequent impact on cost of providing services:-

- Impact of measures given under a) & b) will result in a saving of around 12,27,800 units per annum.

B. TECHNOLOGY ABSORPTION:

In the opinion of the Board of Directors, the required particulars, pertaining to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable as a hotel forms part of the service industry and the Company does not have any significant manufacturing operations.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- i) The Company has a strong commitment to international business and is continuously exploring avenues for increasing its foreign exchange earnings.
- ii) Foreign Exchange receipts amounted to Rs. 127.17 crores in the financial year ended on 31st March, 1999 against which the outgo in foreign exchange was equivalent to Rs. 21.16 crores only.
- iii) Details of foreign exchange earnings and outgo are given at Note 21 B, C & D in Schedule 17 annexed to the Balance Sheet.

ASIAN HOTELS LIMITED

ANNEXURE 'B' FORMING PART OF DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956

Sr. No.	Name	Age (Yrs.)	Designation\ Nature of duties	Remuneration in Rs.	Qualifications	Experience in Years	Date of commencement of employment	Last employment held/ designation/period
EMPLOYED THROUGHOUT THE YEAR								
1.	Bagaria G.L.	58	G.M. (Corporate Finance)	13,16,656	M.Com., F.I.C.W.A., F.C.S.	43	01.02.82	Geo. Miller & Co. Pvt. Ltd., New Delhi. Asst. Secretary. (3 yr.)
2.	Gupta Sandeep	30	Sr. Vice President (Development)	8,29,200	B.Com. (Hons.), M.B.A.	6	05.12.95	Export Trading Corpn. Ltd., Hong Kong Executive Director (2 yrs.)
3.	Gupta Sushil	55	Managing Director	1,61,47,835	F.Sc., CHA	36	10.04.81	Industrialist
4.	Jatia Shiv	45	Managing Director	1,61,49,215	B.Com.	27	10.04.81	Industrialist
5.	Saraf Arun K.	40	Executive Director	1,61,38,140	Graduate in Business Administration	17	05.02.91	Industrialist
6.	Shirali Ashwin A.	38	Company Secretary	6,34,603	L.L.B., A.C.S., M.B.A.	16	17.10.88	Shriram Pistons & Rings Ltd., Delhi. Jt. Mgr.-Admn. (1 yr.)
7.	Singh Harinder (Ms.)	41	Director of Marketing	7,01,339	M.A.	18	01.07.83	-----
8.	Subarwal Jyoti	47	President - (Finance & Operations)	19,69,603	F.C.A.	22	01.08.83	Mohinder Puri & Co. Chartered Accountants, New Delhi. Audit Manager. (5 yrs.)

NOTES:

- Remuneration includes gross value of cash and taxable value of non-cash perquisites provided including provident fund contribution and commission to Managing Directors/Executive Director and bonus paid to employees (all on disbursement basis).
- All the appointments except that of Shri Sushil Gupta, Shri Shiv Jatia, Shri Arun K. Saraf, and Shri Sandeep Gupta are non-contractual.
- None of the employees is a relative of any Director of the Company except in the following cases:
Shri Sushil Gupta is a relative of Shri Sudhir Gupta, Director. Shri Shiv Jatia is a relative of Shri Raj Kumar Jatia and Shri Ramesh Jatia, Directors. Shri Arun K. Saraf is a relative of Shri Radhe Shyam Saraf, Director. Shri Sandeep Gupta is a relative of Shri Sushil Gupta, Managing Director.