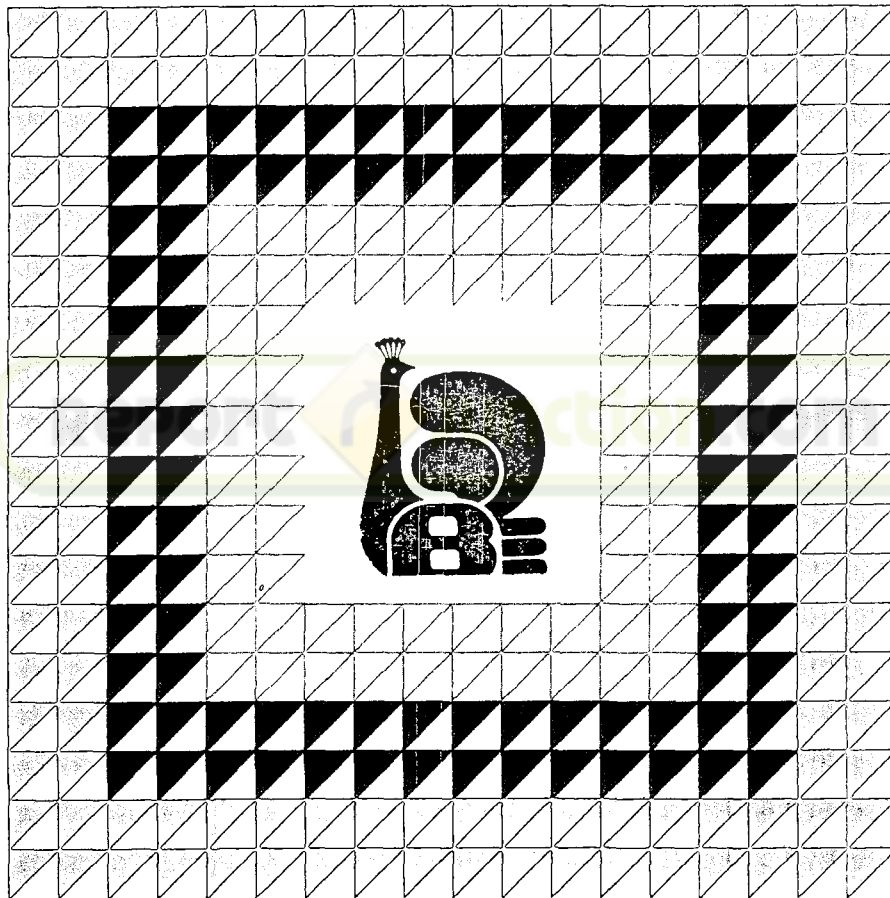


ANNUAL REPORT 1997-98

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YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



BHARAT HOTELS LIMITED

Hotel Inter-Continental New Delhi
offers the finest rooftop entertainment



BLUE ELEPHANT, part of the internationally renowned Chain,
serving Royal Thai cuisine



28 THE GRILL, with its contemporary European cuisine



**CHAIRMAN-CUM-MANAGING
DIRECTOR**

Mr. Lalit Suri

JOINT MANAGING DIRECTOR

Mrs. Jyotsna Suri

DIRECTORS

Mr. Ramesh Suri

Tikka Hanuwant Singh

Mr. Dharam Veer Batra

Mr. Abhay Navalmal Firodia

Mr. Chakor Lalchand Doshi

Mr. Lalit Bhasin

Mr. Vinod Khanna

**VICE PRESIDENT &
COMPANY SECRETARY**

Mr. Vijay K. Verma

VICE PRESIDENT-FINANCE

Mr. Arvind Sachdev

REGISTERED OFFICE

Barakhamba Lane

New Delhi - 110001

STATUTORY AUDITORS

V. Sankar Aiyar & Co.

Chartered Accountants

Guru Nanak House

B-9, Ranjit Nagar,

Commercial Complex

New Delhi-110008

BANKERS

Bank of Baroda

ANZ Grindlays Bank

Banque Nationale De Paris

Corporation Bank

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BHARAT HOTELS LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of Bharat Hotels Limited will be held at Sapru House, Barakhamba Road, New Delhi, on Friday, the 7th August, 1998 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the Financial year ended on that date and the Reports of the Directors and the Auditors thereon and a statement in respect of subsidiary company under section 212 of the Companies Act, 1956.
2. To consider declaration of dividend by the Company for the financial year ended 31st March, 1998.
3. To appoint a Director in place of Shri Vinod Khanna, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Lalit Bhasin, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

Report



Junction

By Order of the Board
for BHARAT HOTELS LIMITED

NEW DELHI

Dated : 15th June, 1998

Regd Office : Barakhamba Lane,

New Delhi - 110 001

VIJAY K. VERMA

VICE PRESIDENT & COMPANY SECRETARY



NOTES :

1. Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 3rd August, 1998 to Friday, the 7th August, 1998 to ascertain the entitlement of the members for payment of Dividend.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy must be deposited at the Registered Office of the Company at Barakhamba Lane, New Delhi-110001 not later than 48 hours before the commencement of the Meeting.
3. The dividend, if declared, shall be paid to those members whose names appear in the Register of Members of the Company on 7th August, 1998.
4. The company has deposited unclaimed dividend for the Financial Year 1993-94 to General Revenue Account of the Central Government under Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978 on 20th November 1997. The unclaimed dividend for the financial year 1994-95 shall be deposited to General Account of Central Government, if not claimed, as per the said Rules within 14 days of 27th October, 1998.
5. THE MEMBERS/PROXIES SHOULD BRING THEIR ATTENDANCE SLIPS SENT HERewith, DULY FILLED IN FOR ATTENDING THE MEETING.
6. WITH A VIEW TO PREVENT THE POSSIBILITY OF FRAUDULENT ENCASHMENT OF DIVIDEND WARRANTS, THE MEMBERS ARE REQUESTED TO INFORM THE DETAILS OF THEIR RESPECTIVE BANK ACCOUNT NO., NAME AND ADDRESS OF THE BANK OF THE SOLE/FIRST SHAREHOLDER SO THAT THE SAME COULD BE INCORPORATED IN THE DIVIDEND WARRANTS TO BE ISSUED TO THE MEMBERS.
7. THE MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR REGISTERED ADDRESS/ RESIDENTIAL STATUS IMMEDIATELY TO THE REGISTERED OFFICE OF THE COMPANY.

BHARAT HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 1998.

FINANCIAL RESULTS

	FINANCIAL YEAR ENDED ON	
	(Rs. in lacs)	
	31-3-1998	31-3-1997
GROSS PROFIT	4403.42	4829.78
Less: Interest	21.87	208.53
Depreciation	553.79	569.51
PROFIT FOR THE YEAR BEFORE TAXATION	3827.76	4051.74
LESS : PROVISION FOR TAXATION	650.00	500.00
PROFIT AFTER TAXATION	3177.76	3551.74.
PROFIT BROUGHT FORWARD FROM LAST YEAR	2315.04	2275.23
TOTAL	5492.80	5826.97
APPROPRIATION OF NET PROFIT		
Preliminary & Public Issue Expenses written off	3.13	3.13
Transfer to Reserve for Bad and Doubtful Debts.	—	25.00
Transfer to General Reserve	1500.00	1500.00
Transfer to Reserve u/s 80 HHD of the Income Tax Act	1300.00	1050.00
Provision for Dividend	442.66	345.88
Income Tax on Proposed Dividend	44.27	34.59
For Issue of Bonus Shares	—	553.33
Surplus Profit Carried to Balance Sheet	2202.74	2315.04
TOTAL	5492.80	5826.97

OPERATIONS

Under renovation and refurbishment programme all the rooms, Lounge Bar, Lobby, Executive Floor and Club Room Lounge, Crew Lounge and swimming pool have been completed. Under the suites renovation programme, 23 executive suites have been taken up for refurbishment. The Beauty Parlour and Grill Room Restaurant have been totally renovated. The roof top royal Thai Cuisine restaurant the Blue Elephant was opened during the year in collaboration with the Blue Elephant Plc, the world renowned restaurant chain. Health Club is under complete renovation.

All of you would have observed from the Annual Accounts that the Turnover of the Company has been Rs.107.83 as against Rs. 103.55 crores last year - whereas the Profit After Interest and Depreciation has been Rs.38.28 crores as against Rs. 40.51 crores last year. The company has provided for taxation a sum of Rs. 6.50 crores this year and the profit after tax has been Rs. 31.78 crores.



TERMINATION OF MANAGEMENT AGREEMENT WITH HILTON INTERNATIONAL CO.

The Company has terminated Co-operation Agreement and Management Agreements in respect of Company's hotel at New Delhi and proposed hotels at Mumbai and Goa vide Master Termination Agreement dated 18th February, 1998 effective from 31st March, 1998.

TIE UP WITH INTER-CONTINENTAL HOTELS CORPORATION

The Company has entered into an Operating and Management Agreement with Inter-Continental Hotels Corporation, an internationally known hotel chain in respect of its hotel at New Delhi which has been renamed as Hotel Inter-Continental, New Delhi.

DIVIDEND

The Directors of your company are pleased to recommend a dividend of 20% i.e. Rs. 2.00 per share for the year ended 31st March, 1998, subject to deduction of tax. The dividend will be payable to the members whose names appear on the Register of members of the company on 7th August, 1998.

INVESTMENT

The Company has acquired the entire shareholding of Jyoti Limited, owner of Gulab Bhavan Palace and the adjoining structures at Gupkar Road, Srinagar which was earlier run and operated as a hotel. The Company is in the process of carrying out renovations in the hotel which has been partially operational and is known as "The Grand Palace - Srinagar". Jyoti Limited has become a subsidiary of the company.

FUTURE PROSPECTS

The construction work at Goa for a 5 Star Deluxe Beach Resort has already commenced. It is expected that the company's hotel at Goa should be operational by October, 1999. The Company is in the process of obtaining necessary approvals and clearances from the authorities in respect of the proposed 5 Star Deluxe Hotel at Mumbai. The construction work is expected to be commenced shortly.

DIRECTORS

Shri Vinod Khanna and Shri Lalit Bhasin, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

PARTICULARS REQUIRED TO BE DISCLOSED AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

(1) CONSERVATION OF ENERGY

- a) Various energy conservation measures adopted by the company are as follows:
 - Over 1000 energy saving electrical fittings have been installed in illuminated areas which are active round the clock.
 - Timers and photo cell switches have been installed for controlling the exterior lights.
 - With a view to enhance light effects and reduce electricity consumption, the Company has finalised a lighting plan under which Garden lights and Porch lights have been changed. The lights in the Lobby are also being replaced shortly.

BHARAT HOTELS LIMITED

- All Air Handling Units have been fitted with thermostatic controls; supply and exhaust blowers are controlled from a centralised Control Panel for effective operation. Automatic timers have been fitted for various supply and exhaust blowers to avoid wasteful running and have a programmed cycle of operations; all party rooms, conference halls and Restaurants have been fitted with dimmerstat controls; maximum possible area has been covered with fluorescent lightings; proper utilisation of waste steam from laundry and kitchen areas.

(b) The implementation of Energy Conservation Programme:-

The company has been continuously studying fuel and utility bills; measuring the results of tracking energy consumptions and the objectives of record keeping; having commitment to and accountability for energy conservation at all levels of the Hotel's operations; established an energy conservation committee; making a walk-through inspection of the hotel to identify wasteful conditions; implementing changes in operating procedures by instructions to the staff regarding wasteful energy practices, setting realistic energy saving objectives.

- (c) Energy conservation efforts are being greatly enhanced by a strong planned Preventive Maintenance Programme. Each month the Maintenance Department compiles an Energy Consumption Report for the hotel that is a valuable energy conservation tool. Discussions with regard to the same are held on a continuous basis to achieve more better results.
- (d) Internal energy audits are carried out to balance total energy inputs with use to identify all of the energy streams into a facility and to quantify energy use according to discrete functions.
- (e) During renovation of the property the process of changing (renewal) from incandescent bulbs to low wattage compact fluorescent lamps is being done substantially to conserve energy thereby cutting energy costs, at the same time keeping the aesthetic value of the property intact.
- (f) As a result of the aforesaid measures taken and firm commitment of the management, considerable saving in Electrical unit, LDO & HSD has been achieved. The company continues to make all efforts to keep consumption at optimum level.

(2) **TECHNOLOGY ABSORPTION**

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, to the extent applicable, the steps taken by the company in Technology Absorption are detailed in the prescribed Form B which is annexed hereto as Annexure 'A' and forms part of this report.

(3) **FOREIGN EXCHANGE EARNING & OUTGO**

- (a) The company has earned foreign exchange equivalent to Rs. 52.60 crores which is about 61% of the total revenue earned by the Company from Hotel operations during the year.
- (b) The foreign exchange outgo during the year is equivalent to Rs. 4.64 crores which is around 8.82% of the total foreign exchange earning during the year.

AUDITORS' OBSERVATIONS

The observations of the Auditors have been explained wherever necessary in the Notes on Accounts.



FIXED DEPOSITS

The company has neither invited nor accepted deposits from the public during the year. There is no unpaid or unclaimed deposits lying with the company.

AUDITORS

M/s. V.Sankar Aiyar & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and, being, eligible, offer themselves for re-appointment. The company has received a certificate from them pursuant to section 224(1B) of the Companies Act, 1956 confirming their eligibility for re-appointment.

PARTICULARS OF EMPLOYEES

As required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the Particulars of Employees are annexed as Annexure 'B' and forms part of this report.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the whole-hearted support and the co-operation extended by all associated with the commercial operations of Company's Hotel at New Delhi. They also express their appreciation to the employees at all levels for their dedication and sincerity at work. The employee-management relations through out the year were extremely cordial.

The Directors also express their gratitude to the members of the Company, valued customers and clients, Banks and members of public for their continuous support given and confidence reposed in the management of the company.

For and on behalf of the Board

New Delhi
Dated: 15th June, 1998

LALIT SURI
CHAIRMAN CUM MANAGING DIRECTOR

BHARAT HOTELS LIMITED

ANNEXURE A

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to absorption

RESEARCH & DEVELOPMENT

In view of the nature of business of the company, the required information in the prescribed format are considered to be not applicable to the company.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. The company has adopted the Worldwide standards with regard to uniform accounting system. Hotel's entire operation both front of the house and back of the house are fully computerised. To ensure the security of the guests and property as such, the hotel has installed within the premises a Closed Circuit Security Surveillance System.

The company has adopted the latest technology especially with regard to Engineering Design Standards to ensure against the hazards of fire and the like.

The company has made successful efforts to adopt latest Human Resource Development Techniques which are being used extensively to motivate and train staff and to ensure that the standards are constantly met and continuously further improved.

The Company, has already installed AT & T Telephone Exchange which is specially designed for Hotels and is considered to be the latest in the world. This has resulted into more efficient and improved service to the Hotel Guests.

The hotel is continuously innovating by implementing new ideas with a view to enhance the facilities that can be enjoyed by its guests.

2. As a result of the effective utilisation of technological resources, the company has been able to achieve high level of customers satisfaction, operational efficiency and development of variety of standards and skills in a short span of time after having become operational.
3. The company has acquired a variety of International standards and skills specially with regard to the facilities offered to the guests, fire safety systems, life safety standards and more importantly the service standards. In addition to the above, the company is constantly developing:
 - Training modules which develop and fine-tune employees skills with regard to leadership, communication, supervision and general management.
 - Hands on Culinary Skills Training for specialised cuisines, focusing on hygiene, foods preparation and food service.
 - Assistance with setting up minimum standards of operations, in terms of quality of service and facilities provided in a hotel.
 - Assistance with developing marketing strategies and relating the same with planning employee performance.