

ANNUAL REPORT 1998-1999



BHARAT HOTELS LIMITED



**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

Equity Shares Listed With:

- Delhi Stock Exchange Association Limited
West Plaza, I.G. Stadium, Indraprastha Estate, New Delhi-110002
- The Stock Exchange Mumbai
Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

GDRs Listed With:

- Luxemborg Stock Exchange
P.O. Box 807, 14, Boulevard, F.D Roosevelt, Luxembourg
- Annual Listing fee paid to All the Stock Exchanges upto date

BHARAT HOTELS LIMITED

National Sales Offices

NEW DELHI

Hotel Inter-Continental New Delhi
Barakhamba Avenue,
Connaught Place,
New Delhi-110 001
Tel.: 3320101/3714822
Fax : 3325335

MUMBAI

607, Tulsiani Chambers
Nariman Pont,
Mumbai-400 021
Tel.: 2873050/2831764
Fax: 2025413

CALCUTTA

C/o White House
5th Floor, 119 Park Street,
Calcutta-700 016
Tel.: 297289/290045
Fax: 291264

BANGALORE

C/o Brauners Business Centre
3rd Floor, Monarch Chambers
122, Infantry Road,
Bangalore-560 001
Tel.: 2860337/2861490
Fax: 2860339

CHENNAI

C/o DBS Corporate Club
31/A Cathedral Garden Road,
Chennai-600 034
Tel.: 8279186/8274442
Fax: 8257258

THE GRAND PALACE, SRINAGAR

Gupkar Road, Srinagar-190 001.
Jammu & Kashmir
Tel.: 0194-453794.
Tel/Fax: 0194-453703

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NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of Bharat Hotels Limited will be held at Sapru House, Barakhamba Road, New Delhi-110 001, on Monday, the 6th September, 1999 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, 1999 and the Profit and Loss Account for the Financial year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To consider declaration of dividend by the Company for the financial year ended 31st March, 1999.
3. To appoint a Director in place of Shri Chakor Lalchand Doshi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Dharam Veer Batra, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that approval of the members of the Company be and is hereby accorded pursuant to the provisions of Section 198, 269, 309 or any other applicable provisions of the Companies Act, 1956 to the re-appointment of Smt. Jyotsna Suri as the Joint Managing Director of the Company for a period of five years from 17th August, 1999 at a monthly salary of Rs. 60,000/- per month and commission on net profits and the perquisites subject to the ceilings laid down in Schedule XIII of the Companies Act, 1956 and as per the terms and conditions set out in the draft Agreement to be executed between the Company and Smt. Jyotsna Suri.

RESOLVED FURTHER that the approval of the members of the company be and is also hereby accorded to the payment of the minimum remuneration to her in the event of loss or inadequacy of profits in any year subject to ceilings laid down in Schedule XIII of the Companies Act, 1956."

By Order of the Board
for BHARAT HOTELS LIMITED

NEW DELHI
Dated : 28th April, 1999
Regd Office : Barakhamba Lane,
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY

BHARAT HOTELS LIMITED

NOTES :

1. The relevant Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 6 is annexed hereto.
2. Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 30th day of August 1999 to Monday, the 6th day of September 1999 to ascertain the entitlement of the members for payment of dividend.
3. 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.
4. The dividend, if declared, shall be paid to those members whose names appear in the Register of Members of the Company on 6th September, 1999.
5. The Company has deposited unclaimed dividend for the financial year 1994-95 to General Revenue Account of the Central Government under Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978 on 10th November, 1998.
6. THE MEMBERS/PROXIES SHOULD BRING THEIR ATTENDANCE SLIPS SENT HEREWITH, DULY FILLED IN FOR ATTENDING THE MEETING.
7. 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.
8. THE MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR REGISTERED ADDRESS/ RESIDENTIAL STATUS IMMEDIATELY TO THE REGISTERED OFFICE OF THE COMPANY.



EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 6

Smt. Jyotsna Suri was re-appointed as the Joint Managing Director of the Company with effect from 17th August, 1994 for a period of Five Years as approved by the members of the Company at a monthly salary of Rs. 40,000/-. The salary being drawn by Smt. Jyotsna Suri, Joint Managing Director of the Company was enhanced to Rs. 60,000/- per month by the Board of Directors of the Company with effect from 11th August 1997 and confirmed by the members at the Annual General Meeting of the Company held on 11th August 1997.

The Board of Directors at its meeting held on 28th April, 1999 has re-appointed Smt Jyotsna Suri as the Joint Managing Director of the Company for a further period of five years with effect from 17th August, 1999 subject the approval of the Members. The draft Agreement to be entered into by the Company with Smt. Jyotsna Suri, Joint Managing Director in respect of the re-appointment, inter alia, contains the following terms and conditions:

I) SALARY

Salary @ Rs. 60,000/- (Rupees Sixty thousand only) per month.

II) PERQUISITES

Perquisites will be restricted to an amount equal to the annual salary. For this purpose perquisites be classified into three categories, Parts A, B & C.

III) COMMISSION ON NET PROFITS

Commission on the net profits of the Company as may be decided by the Board of Directors subject to ceilings under section 198 and 309 and computed in the manner laid down in section 349 of the Companies Act, 1956.

PART - A

i) HOUSING

- a) The expenditure by the Company on hiring accommodation for the Joint Managing Director will be subject to 60% of salary, over and above 10% payable by the appointee;
- b) Where the Company does not provide accommodation for Joint Managing Director, House Rent Allowance may be paid by the Company subject to ceiling laid down in Clause (i)(a) above;
- c) Where accommodation in the Company owned house is provided, the Joint Managing Director shall pay to the Company by way of rent @ 10% of salary.

EXPLANATION

The expenditure incurred by the Company on Gas, Electricity, Water and Furniture shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Joint-Managing Director.

ii) MEDICAL REIMBURSEMENT

Expenses incurred for self and the family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

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iii) LEAVE TRAVEL CONCESSION

For self and family once in a year in accordance with the rules of the company.

iv) PERSONAL ACCIDENT INSURANCE

Premium not to exceed Rs.4,000/- per annum.

v) CLUB FEES

Fees of Clubs, subject to a maximum of Two Clubs. This will not include admission and life membership fees.

EXPLANATION

For the purpose of this Part 'Family' means the spouse, the dependent children and dependent parents.

PART - B

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable shall not exceed half a month's salary for each completed year of service.

PART - C

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

In view of the above, the Board of Directors of the company feel that the said re-appointment on the terms and conditions mentioned above will be in the best interests of the Company.

A copy of the draft Agreement to be executed between the company and Smt. Jyotsna Suri, Joint Managing Director is available for inspection during the business hours at the Registered office of the company on every working day.

The said re-appointment of the Joint Managing Director is subject to the approval of the members under section 198, 269 & 309 and any other applicable provisions of the Companies Act, 1956. Hence the Resolution.

None of the directors except Shri Lalit Suri, Chairman-cum-Managing Director, Smt. Jyotsna Suri, Joint Managing Director & Shri Ramesh Suri, Director of the Company being relatives are interested or concerned in this Resolution.

By order of the Board
For BHARAT HOTELS LIMITED

NEW DELHI
Dated: 28th April, 1999
Regd. Office: Barakhamba Lane
New Delhi - 110 001

VIJAY K. VERMA
VICE PRESIDENT & COMPANY SECRETARY



DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their Eighteenth Annual Report together with the Accounts of the company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

	FINANCIAL YEAR ENDED ON (Rs. in lacs)	
	31.3.1999	31.3.1998
GROSS PROFIT	2,368.04	4,403.42
Less: Interest	8.40	21.87
Depreciation	510.14	553.79
PROFIT FOR THE YEAR BEFORE TAXATION	1,849.50	3,827.76
LESS : PROVISION FOR TAXATION (including Rs.3.99 lacs paid for earlier years)	328.99	650.00
PROFIT AFTER TAXATION	1,520.51	3,177.76
PROFIT BROUGHT FORWARD FROM LAST YEAR	2,202.74	2,315.04
TOTAL	3,723.25	5,492.80
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	100.00	1,500.00
Transfer to Reserve u/s 80 HHD of the Income Tax Act	425.00	1,300.00
Provision for Dividend	221.33	442.66
Income Tax on Proposed Dividend	22.13	44.27
Surplus Profit Carried to Balance Sheet	2,926.66	2,202.74
TOTAL	3,723.25	5,492.80

OPERATIONS

The company has tie-up with Inter-Continental Hotels Corporation for its hotel at New Delhi. The company has recently entered into tie-ups for company's hotel at Srinagar and the proposed hotels in Mumbai and Goa with Inter-Continental Hotels Corporation.

During the year, the company renovated health club "In Shape" presenting a modern new look in both the ladies and gents sections and also introduced the popular Kerala ayurvedic massages. The company then re-commissioned pool side cafe as "Art Junction" an innovative concept of an art gallery with a cafe. This was followed by the introduction of "Champions" the Hotel's main Bar, after extensive renovation and re-designing.

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The Company has also completed the renovation and refurbishment of all rooms alongwith 24 executive suites and 25 plaza rooms, in the past year. In the summer of 1999 the balance suites, namely the three presidential suites and nine luxury suites will be completed, thereby, presenting a totally new accommodating product for the guests.

You would observe from the Annual Accounts that the Turnover of the Company has been Rs.81.65 crores as against Rs. 107.83 crores last year - whereas the Profit After Interest and Depreciation has been Rs.17.69 crores as against Rs. 38.28 crores last year. The company has provided for taxation a sum of Rs. 3.29 crores this year and the profit after tax has been Rs. 14.41 crores.

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 company's hotel The Grand Palace - Srinagar and proposed hotels at Mumbai and Goa.

DIVIDEND

The Directors of your company are pleased to recommend a dividend of 10% i.e. Rs.1.00 per share for the year ended 31st March, 1999. The dividend will be payable to the members whose names appear on the Register of members of the company on the date of 18th Annual General Meeting.

EXPANSION & FUTURE PROSPECTS

The company has carried out massive renovations, additions, alterations and replacements in Company's hotel The Grand Palace at Srinagar. The hotel is partially operational since April, 1998. During the current year the hotel shall be fully operational with all modern facilities.

The company commenced the construction works in full swing for its hotel projects at Mumbai and Goa after obtaining all necessary approvals and clearances from authorities during the year.

In February 1999, Bombay High Court at Goa in the matter of a public interest petition filed by Goa Foundation, passed an interim order staying the construction works of company's Goa Project. The Supreme Court has directed the High Court to decide the matter in four months i.e. by August, 1999. The construction work shall commence after the decision of the Bombay High Court which is expected to be favourable to the company as the company has obtained all necessary approvals for the project.

DIRECTORS

Shri Chakor Lalchand Doshi and Shri Dharam Veer Batra, 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 replaced into energy saving.
- 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 worked out and saving of water also planned.

(b) The implementation of Energy Conservation Programme:-

The company has installed the vapour absorption machine of 500 Ton to enhance and achieve the air-conditioning temperatures. The company has already rectified all the capacitor banks to save energy, unloading the installed equipments and city distribution system by maintaining power factors. 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 in tact and still going on.
- (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. As an example: Vapour Absorption machine of 500 Tons installed.

(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. 34.50 crores which is about 54.95% of the total revenue earned by the Company from Hotel operations during the year.