EIH Associated Hotels Limited

A member of The Oberoi Group

Annual Report 1998-99

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BOARD

Mr. P. R. S. Oberoi, *Chairman and Managing Director*
Mr. P. Majumdar
Mr. L. Ganesh
Mr. R. Raheja
Mr. S. S. Mukherji
Mr. Vikram Oberoi, *Whole-time Director*

COMPANY SECRETARY
Mr. R. Mitra

AUDITORS
Ray & Ray
Chartered Accountants
6, Church Lane
Calcutta 700 001

BANKERS
Bank of Baroda
Canara Bank
United Bank of India

REGISTERED OFFICE
1/24, G.S.T. Road
Meenambakkam
Chennai 600 027

HEAD OFFICE
4, Mangoe Lane
Calcutta 700 001

CORPORATE OFFICE
Maidens Hotel
7, Sham Nath Marg
Delhi 110 054

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HIGHLIGHTS

Rupees in Millions
except item nos. 13, 14, 15 & 16

	1994-95	1995-96	1996-97	1997-98	**1998-99**
FOR THE YEAR					
1. GROSS REVENUE	147.912	212.557	250.547	240.578	**320.280**
2. PROFIT BEFORE TAX	30.541	64.702	101.615	67.893	**12.502**
3. PROFIT AFTER TAX	30.541	64.702	87.115	60.758	**11.189**
4. DIVIDEND	10.500	18.093	26.250	26.250	**21.000**
5. RETAINED EARNINGS	27.471	55.223	67.215	48.816	**21.129**
6. FOREIGN EXCHANGE EARNINGS	95.719	147.007	192.697	172.914	**248.003**
AT YEAR END					
7. GROSS FIXED ASSETS	208.113	320.563	582.891	994.743	**1131.829**
8. SHARE CAPITAL	52.500	105.000	105.000	105.000	**105.000**
9. RESERVES AND SURPLUS	36.915	209.524	267.765	299.648	**287.527**
10. NET WORTH	88.858	312.726	371.416	403.749	**392.077**
11. BORROWINGS	87.312	73.445	190.431	549.055	**690.099**
12. CAPITAL EMPLOYED	176.171	386.171	561.847	952.804	**1082.175**
PER SHARE (Rs.)					
13. NET WORTH PER EQUITY SHARE	16.93	29.78	35.37	38.45	**37.34**
14. EARNINGS PER EQUITY SHARE	5.82	8.94*	8.30	5.79	**1.07**
15. DIVIDEND PER EQUITY SHARE	2.00	2.50**	2.50	2.50	**2.00**
RATIO					
16. DEBT : EQUITY RATIO	0.98 : 1	0.23 : 1	0.51 : 1	1.36 : 1	**1.76 : 1**

* Annualised

** Prorata payment on Equity Shares allotted during 1995-96 from the date of respective allotments.

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DIRECTORS' REPORT

The Directors are pleased to present the Sixteenth Annual Report together with the Audited Statement of Accounts and Auditors' Report for the year ended 31st March, 1999.

Given below are the financial highlights :

	Rupees in Million	
	1998-99 (Current Year)	1997-98 (Previous Year)
Revenue	**320.280**	240.578
Profit before tax	**12.502**	67.893
Tax	**1.313**	7.135
Profit after tax	**11.189**	60.758
Dividend	**21.000**	26.250
Transfer to General and Other Reserves	**20.000**	76.000
Balance carried over	**21.521**	47.643

The year under review witnessed yet another year of political and economic uncertainty which resulted in a decline in business travel. Nuclear tests in the summer of 1998 affected international tourist arrivals, especially in Rajasthan. Disruption of international and domestic flights during the winter months due to inadequate air traffic control facilities at Indira Gandhi International Airport, New Delhi also affected tourist traffic to India. The above factors have had an adverse effect on Rajvilās, Jaipur, the Company's new deluxe resort hotel. As Rajvilās operated for a full year during the year under review, the revenue of the Company increased by Rs. 79.702 millon.

In view of substantial reduction in profit this year, the Directors consider it prudent to marginally reduce the dividend and recommend Rs. 2.00 (20%) per equity share as against Rs. 2.50 (25%) per equity share in the previous year. The dividend, if approved by the shareholders, shall be paid to those whose names appear in the Company's Register on 24th June, 1999. The tax on dividend aggregating Rs. 2.310 million will be paid by the Company.

In the 'Letter of Offer' dated 12th August, 1995 issued in connection with the Rights Issue, the gross and net profits of the Company were projected at Rs.80.800 million and Rs.75 million respectively against which the Company has achieved Rs.12.502 million and Rs.11.189 million. The earnings per share were projected at Rs.7.14 against which the actual earnings have been Rs.1.07.

The foreign exchange earnings of the Company were Rs.248 million as against Rs.173 million in the previous year. The foreign exchange outflow was Rs.23 million.

Your Company launched its Public Deposit Schemes in October, 1998. The Schemes have been well received by the public.

The renovation of the guest rooms at The Trident, Chennai has commenced. All 166 rooms will be renovated in phases over a period of eighteen months.

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Constant attention is being given to adopt measures to reduce energy consumption. High energy consuming equipment is being replaced in phases by more efficient equipment.

Most of the Company's computer hardware and software systems are year 2000 (Y2K) compliant. EIH Limited, which operates the Company's hotels, has had most of its software, hardware, processes, networking and other related systems tested and certified to be Y2K compliant. Barring unforeseen circumstances, the Board does not anticipate any problems. The costs so far incurred, or likely to be incurred, will be met out of the internal resources of the Company and will not have any material impact on the Company's financial position. The Company also has adequate contingency plans in the form of backup data so that records can be reconstructed, if necessary.

Mr. G. K. Khanna resigned as a Director from the Board with effect from 31st October, 1998. The Board records its deep appreciation for the services rendered by Mr. Khanna during his tenure as a Director of the Company.

Mr. L. Ganesh and Mr. S. S. Mukherji, Directors, retire by rotation and, being eligible, offer themselves for re-appointment.

The Auditors of the Company, Messrs. Ray and Ray, retire and being eligible, offer themselves for re-appointment.

The Board records its appreciation for the high level commitment and support it has received from all employees.

The information required in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b) of the Companies Act, 1956 the Report and Accounts which are being sent to all shareholders exclude the Statement of Particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the above Statement should write to the Secretary of the Company at its Registered Office.

For and on behalf of the Board

New Delhi
27th May, 1999

P. R. S. OBEROI
Chairman

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