



CERTIFIED TRUE COPY
For **EIH** Associated Hotels Limited



Romit Mitra
Company Secretary

EIH Associated Hotels Limited
A member of  *The Oberoi Group*

Annual Report 1999-2000

CONTENTS

ORGANISATION	3
HIGHLIGHTS	4
DIRECTORS' REPORT	5
AUDITORS' REPORT	7
BALANCE SHEET	10
PROFIT AND LOSS ACCOUNT	11
SCHEDULES TO ACCOUNTS	12
CASH FLOW STATEMENT	20

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

COMPANY SECRETARY
Mr. R. Mitra

REGISTRARS AND
SHARE TRANSFER AGENTS
EIH Limited
4, Mangoe Lane
Calcutta 700 001

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

HIGHLIGHTS

	Rupees in Millions except item nos. 13, 14, 15 & 16				
	1995-96	1996-97	1997-98	1998-99	1999-2000
FOR THE YEAR					
1. GROSS REVENUE	212.557	250.547	240.578	320.280	315.006
2. PROFIT/(LOSS) BEFORE TAX	64.702	101.615	67.893	12.502	(56.145)
3. PROFIT/(LOSS) AFTER TAX	64.702	87.115	60.758	11.189	(56.145)
4. DIVIDEND	18.093	26.250	26.250	21.000	—
5. RETAINED EARNINGS	55.223	67.215	48.816	21.129	—
6. FOREIGN EXCHANGE EARNINGS	147.007	192.697	172.914	248.003	258.482
AT YEAR END					
7. GROSS FIXED ASSETS	320.563	582.891	994.743	1131.829	1269.264
8. SHARE CAPITAL	105.000	105.000	105.000	105.000	105.000
9. RESERVES AND SURPLUS	209.524	267.765	299.648	287.527	231.382
10. NET WORTH	312.726	371.416	403.749	392.077	336.382
11. BORROWINGS	73.445	190.431	549.055	690.099	856.307
12. CAPITAL EMPLOYED	386.171	561.847	952.804	1082.175	1192.689
PER SHARE (Rs.)					
13. NET WORTH PER EQUITY SHARE	29.78	35.37	38.45	37.34	32.04
14. EARNINGS PER EQUITY SHARE	8.94*	8.30	5.79	1.07	—
15. DIVIDEND PER EQUITY SHARE	2.50**	2.50	2.50	2.00	—
RATIO					
16. DEBT : EQUITY RATIO	0.23 : 1	0.51 : 1	1.36 : 1	1.76 : 1	2.55 : 1
* Annualised					
** Prorata payment on Equity Shares allotted during 1995-96 from the date of respective allotments.					

DIRECTORS' REPORT

The Directors present the Seventeenth Annual Report together with the Audited Statement of Accounts and Auditors' Report for the year ended 31st March, 2000.

Given below are the financial highlights :

	Rupees in Millions	
	1999-2000	1998-1999
Revenue	315.006	320.280
Profit/(Loss) before tax	(56.145)	12.502
Tax	—	1.313
Profit/(Loss) after tax	(56.145)	11.189
Dividend	—	21.000
Transfer to General and Other Reserves	—	20.000
Balance carried over	(34.624)	21.521

Economic uncertainty, the Kargil conflict and the general elections late last year hampered business.

The growth of the hospitality industry is dependent on the growth of economic activity. Unfortunately there has been negative growth in general economic activity. Business travel has consequently declined. Tourism has been stagnant. These factors have adversely affected your Company's performance.

The potential of tourism as an economic activity has not been appreciated by the Central and State Governments. The principal factors which obstruct the growth of tourism include insufficient seat capacity on international air routes, lack of related infrastructure and unreasonable tax imposed on travellers. The Government should adopt a liberal airline policy, improve infrastructure and rationalise the tax structure. The above issues have been highlighted by the tourism industry to the Central and State Governments and hopefully positive steps will be taken.

On an average 65 guest rooms at The Trident, Chennai were closed for renovation throughout the year. The closure resulted in lower revenues from rooms, food and beverages.

The Board is pleased to report that the renovation and refurbishment of rooms in one wing of The Trident, Chennai have been completed and well received by the guests. The renovation of all rooms is expected to be completed by the end of October 2000. It is planned to renovate the public areas of the hotel thereafter.

In view of the loss incurred in this financial year, no dividend is recommended.

The Y2K transition did not cause any disruption.

The foreign exchange earnings of the Company were Rs. 258 million as against Rs. 248 million in the previous year. The foreign exchange outflow was Rs. 10 million.

During the year the Company repaid term loan amounting to Rs. 20.865 million.

The Public Deposit Schemes were well received by the investors.

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

In April, 1997 Mr. Vikram Oberoi was appointed a whole-time Director of the Company and as General Manager, Rajvilās, Jaipur. As Mr. Vikram Oberoi assumed other responsibilities within the Oberoi Group, Mr. Vikram Oberoi relinquished the position as a whole-time Director of the Company and as General Manager, Rajvilās, effective 31st March, 2000. Mr. Vikram Oberoi will, however, remain as a Director on the Board of the Company. The Board records its deep appreciation for the services rendered by Mr. Vikram Oberoi during his tenure as a whole-time Director of the Company.

The tenure of Mr. P.R.S. Oberoi as Managing Director of the Company expires on 22nd June, 2000. As Mr. P.R.S. Oberoi will not be able to devote sufficient time with regard to the affairs of the Company, he wishes to relinquish his position as on 22nd June, 2000. Mr. Oberoi will, however, continue to be the Chairman of the Company. The Board records its deep appreciation for the services rendered by Mr. Oberoi during his tenure as Managing Director of the Company.

In view of relinquishment of the offices held by Mr. P.R.S. Oberoi and Mr. Vikram Oberoi, the Board at its meeting held on 30th May, 2000 considered that it would be beneficial and in the long term interest of the Company to appoint Mr. S.S. Mukherji, a Director of the Company, as the Managing Director of the Company for a period of five years effective 23rd June, 2000. Mr. Mukherji will not draw any remuneration. The appointment requires the approval by the shareholders and for that purpose a Resolution has been included in the Notice of the ensuing Annual General Meeting.

Mr. R. Raheja and Mr. P. Majumdar, Directors of the Company, are due to retire by rotation and are eligible for re-appointment.

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

The Directors wish to place on record their appreciation of the contribution made by all the employees of the Company.

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
30th May, 2000

P. R. S. OBEROI
Chairman