

**ElH** Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2011-12

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## BOARD

Mr. P.R.S. Oberoi

*Chairman*

Mr. Vikram Oberoi

*Managing Director*

Mr. S.S. Mukherji

Mr. L. Ganesh

Mr. Rajan Raheja

Mr. Anil Nehru

Mr. Sudipto Sarkar

Mr. Rajesh Kapadia

## COMPANY SECRETARY

Ms. Indrani Ray

## SHARE TRANSFER AGENT

EIH Limited

4, Mangoe Lane

Kolkata 700 001

## AUDITORS

Ray & Ray

*Chartered Accountants*

6, Church Lane

Kolkata 700 001

## REGISTERED OFFICE

1/24, G.S.T. Road

Meenambakkam

Chennai 600 027

# *The Oberoi Dharma*

## FUNDAMENTAL CODE OF CONDUCT

We, as members of OBEROI Organisation are committed to display through our behaviour and actions the following CONDUCT which applies to all aspects of our Business :

CONDUCT which is of the highest ethical standards—intellectual, financial and moral and reflects the highest levels of courtesy and consideration to others.

CONDUCT which builds and maintains Team work, with mutual trust as the basis of all working relationship.

CONDUCT which puts the customer first, the Company second and the self last.

CONDUCT which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy along with warmth and concern.

CONDUCT which demonstrates two-way communication accepting constructive debate and dissent whilst acting fearlessly with conviction.

CONDUCT which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievements as well as individual development.

CONDUCT which at all times safeguards the safety, security, health and environment of customers, employees and the assets of the Company.

CONDUCT which eschews the short-term quick-fix for the long-term establishment of healthy precedent.

## *The Oberoi Group Mission*

### OUR GUESTS

We are committed to meeting and exceeding the expectations of our guests through our unrelenting dedication to perfection, in every aspect of service.

### OUR PEOPLE

We are committed to the growth, development and welfare of our people upon whom we rely to make this happen.

### OUR DISTINCTIVENESS

Together we shall continue the Oberoi tradition of pioneering in the hospitality industry, striving for unsurpassed excellence in high potential locations all the way from the Middle East to Asia Pacific.

### OUR SHAREHOLDERS

As a result, we will create extraordinary value for our stakeholders.

## HIGHLIGHTS

		Rupees in Million except item nos. 13, 14, 15 & 16									
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
FOR THE YEAR											
1	GROSS REVENUE	277.51	361.10	512.26	1,108.30	1,610.39	1,783.30	1,604.89	1489.96	1763.42	1904.54
2	PROFIT BEFORE TAX	(59.16)	(60.34)	(22.84)	82.92	217.59	251.04	142.77	81.92	182.86	196.56
3	PROFIT AFTER TAX	(39.13)	(58.05)	(12.28)	89.92	137.10	146.54	98.98	52.88	120.17	133.55
4	DIVIDEND (INCLUDING TAX)	-	-	-	-	19.11	60.56	34.37	34.26	56.91	68.29
5	RETAINED EARNINGS	4.36	-	30.74	177.67	242.18	215.33	179.69	132.45	190.71	192.50
6	FOREIGN EXCHANGE EARNINGS	198.77	191.06	245.08	599.16	936.63	1,050.01	910.03	744.37	875.16	1133.13
AT YEAR END											
7	GROSS FIXED ASSETS	1,374.77	1,373.56	1,403.88	2,764.41	3,580.95	3,716.42	3,778.45	3791.08	3868.19	3905.17
8	SHARE CAPITAL	105.00	105.00	105.00	195.87	295.87	195.87	195.87	195.87	195.87	195.87
9	RESERVES AND SURPLUS	126.01	127.51	127.51	580.02	696.73	782.71	847.32	865.93	929.21	994.47
10	NET WORTH	217.58	150.91	140.65	769.82	988.56	978.58	1,043.19	1061.80	1125.08	1190.34
11	BORROWINGS	929.80	986.93	1,030.28	1,876.68	2,515.68	2,517.96	2,491.42	2489.26	2407.00	2280.00
12	CAPITAL EMPLOYED	1,131.92	1,043.68	1,011.92	2,511.00	2,664.31	2,876.54	3,114.61	3131.06	3532.08	3470.34
PER SHARE											
13	NET WORTH PER EQUITY SHARE	20.72	14.37	13.39	39.30	50.47	49.96	53.26	54.21	57.44	60.77
14	EARNINGS PER EQUITY SHARE	(3.73)	(5.53)	(1.17)	4.59	6.96	7.31	5.05	2.70	6.14	6.82
15	DIVIDEND PER EQUITY SHARE	-	-	-	-	0.80	2.50	1.50	1.50	2.50	3.00
RATIO											
16	DEBT: EQUITY RATIO	4.27:1	6.54:1	7.33:1	2.44:1	2.55:1	2.57:1	2.39 : 1	2.34:1	2.14:1	1.92:1

## DIRECTORS' REPORT

The Board presents the Twenty-ninth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2012.

The financial highlights are as given below:

	Rupees in million	
	2011-12	2010-11
Total Revenue	<b>1,904.54</b>	1,763.42
Earnings before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	<b>576.63</b>	564.84
Interest and Finance Charges	<b>274.11</b>	254.53
Depreciation	<b>127.24</b>	127.45
Profit before tax	<b>175.28</b>	182.86
Exceptional Item	<b>21.28</b>	–
Current tax	–	2.40
Deferred tax	<b>63.01</b>	60.29
Profit after tax	<b>133.55</b>	120.17
Dividend on Equity Shares	<b>58.76</b>	48.97
Dividend tax	<b>9.53</b>	7.94
Transfer to General Reserve	<b>15.00</b>	22.98
Profit brought forward	<b>198.70</b>	158.42
Balance carried over	<b>248.96</b>	198.70

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, ("the Act") and, based on representations from the Management, the Board states that:

- in preparing the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;
- the Directors have selected such accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the year;
- the Directors have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

The annexed Management Discussion and Analysis forms a part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year 2011-2012 as well as the future outlook.

In accordance with the Listing Agreement with the Stock Exchanges, the following are attached:

- Consolidated Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 along with the Auditor's Report.
- The Report on Corporate Governance in accordance with Clause 49 of the Listing Agreement along with the Auditor's Certificate.

The Company proposes to raise an amount not exceeding ₹ 1100 Million by issue of Equity Shares on Rights basis. The proceeds of the Rights Issue shall be used for repayment and or pre-payment, in full or in part, of loans availed by the Company and to fund general corporate purposes.

The Company filed a Draft Letter of Offer dated 29th March, 2012 with the Securities and Exchange Board of India (the "SEBI") and Stock Exchanges concerned. Approval from Stock Exchanges have been received. The Draft Letter of Offer is currently under review by SEBI.

The Company also proposes an amalgamation of Island Hotel Maharaj Limited ("IHML"), its Wholly Owned Subsidiary, with the Company to enable their businesses to be carried on more economically and efficiently. The amalgamation would be in the best interests of the Shareholders and creditors of the respective companies.

The Company received a 'No-objection' from Stock Exchanges and is in the process of filing a Scheme of Amalgamation with the Hon'ble High Court of Madras.

The Board recommends a Dividend of ₹ 3 per Equity Share in respect of the Financial Year 2011-2012.

The Dividend, if approved at the forthcoming Annual General Meeting, will be paid on Friday, 10th August, 2012, to Shareholders whose names appear on the Register of Shareholders at the close of business on Wednesday, 25th July, 2012. As per the Income Tax Act, 1961, the Tax on Dividend will be borne by the Company.

Energy conservation continues to be a focus area for the Company. All Hotels have energy conservation committees and conduct periodic energy audits. The Company believes in responsible environmental practices and constantly pursues alternative sources of energy. The Company has embarked upon a pilot project on wind energy through investment in a wind energy supplier. The Company intends to expand the use of wind energy to other Hotels.

Energy conservation measures taken during year include installation of variable speed drives and treated fresh air units, additional controls for remote operation and control of HVAC equipments and use of energy efficient LED, fluorescent and IR lamps.

Measures planned include installation of energy efficient chillers and lighting systems and generation of wind and solar power.

During the Financial Year 2011-2012, the Foreign Exchange earnings of the Company amounted to ₹ 1133.13 million as against ₹ 875.16 million in the previous year. The expenditure in Foreign Exchange during the Financial Year was ₹ 63.65 million as compared to ₹ 47.44 million in the previous year.

Mr. S.S. Mukherji and Mr. Anil Nehru, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Central Government has granted general exemption to companies publishing audited Consolidated Financial Statements from attaching copies of the Report and Accounts of their Subsidiary Companies. Therefore, the Report and Accounts of Island Hotel Maharaj Limited, the Subsidiary Company, has not been attached to this Report. The Central Government has, however, prescribed specified information on the Subsidiary Companies to be disclosed as part of its Consolidated Financial Statements. This information has been incorporated on Page 57 of this Annual Report.



Subject to prior arrangement, the Audited Annual Accounts of the Subsidiary Company will be available for inspection by any Shareholder at the Company's Registered Office. Shareholders interested in obtaining a copy of the Audited Annual Accounts of the Subsidiary Company may write to the Company Secretary at the Registered Office of the Company.

The Auditors of the Company, Messrs. Ray & Ray, Chartered Accountants, retire and are eligible for re-appointment.

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms a part of this Report.

For and on behalf of the Board

Gurgaon  
28th May, 2012

VIKRAM OBEROI  
*Managing Director*

P.R.S. OBEROI  
*Chairman*

**INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012**

Employed throughout the year and were in receipt of remuneration for the year which, in the aggregate, was not less than Rs 6,000,000 or for part of the year and were in receipt of remuneration for any part of the year at a rate which, in the aggregate, was not less than Rs. 500,000 per month

<i>S.No.</i>	<i>Name and Age of the Employee</i>	<i>Designation/ Nature of Duties</i>	<i>Gross Remuneration (Rs.)</i>	<i>Qualifications</i>	<i>Experience</i>	<i>Date of Commencement of Employment</i>	<i>Particulars of previous Employment</i>
1	2	3	4	5	6	7	8
1.	Mr. Vincent Guironnet (44 years)	General Manager, The Oberoi Rajvilās, Jaipur	12,289,770	Diploma from Technical Catering International Baccalaureate	25 years	September, 2010	Four Seasons, Bali
2.	Mr. Sharad Puri (41 years)	General Manager, Trident, Chennai	6,542,221	Diploma in Hotel Management from Oberoi Centre for Learning and Development	15 years	November, 2007	Trident, Nariman Point, Mumbai

**NOTES:**

- Gross remuneration shown above comprises salaries, allowances and benefits as per the Company's Rules and contribution to Provident Fund but excludes payment on account of encashment of leave on retirement/resignation.
- The above employees were in wholetime employment of the Company throughout the Financial Year ended 31st March, 2012.
- The employees listed above are not related to any Director of the Company.
- The above employees have adequate experience to discharge their duties.
- No employee listed above holds by himself or along with his spouse and dependent children 2% or more of the Equity Shares of the Company.

For and on behalf of the Board

Place: Gurgaon  
Date: 28th May, 2012

VIKRAM OBEROI  
Managing Director

P.R.S. OBEROI  
Chairman