

**ElH** Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2012-2013

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Annual Report 2012-13

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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 & COMPLIANCE OFFICER

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 unremitting 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									
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>FOR THE YEAR</b>											
1	GROSS REVENUE	361.10	512.26	1,108.30	1,610.39	1,783.30	1,604.89	1,489.96	1,763.42	1,904.54	2,129.53
2	PROFIT BEFORE TAX	(60.34)	(22.84)	82.92	217.59	251.04	142.77	81.92	182.86	196.56	298.10
3	PROFIT AFTER TAX	(58.05)	(12.28)	89.92	137.10	146.54	98.98	52.88	120.17	133.55	205.02
4	DIVIDEND (INCLUDING TAX)	-	-	-	19.11	60.56	34.37	34.26	56.91	68.29	35.65
5	RETAINED EARNINGS	-	30.74	177.67	242.18	215.33	179.69	132.45	190.71	192.50	301.82
6	FOREIGN EXCHANGE EARNINGS	191.06	245.08	599.16	936.63	1,050.01	910.03	744.37	875.16	1,133.13	1,225.19
<b>AT YEAR END</b>											
7	GROSS FIXED ASSETS	1,373.56	1,403.88	2,764.41	3,580.95	3,716.42	3,778.45	3,791.08	3,868.19	3,905.17	4,464.99
8	SHARE CAPITAL	105.00	105.00	195.87	295.87	195.87	195.87	195.87	195.87	195.87	304.68
9	RESERVES AND SURPLUS	127.51	127.51	580.02	696.74	782.71	847.32	865.93	929.21	994.47	1,679.77
10	NET WORTH	150.91	140.65	769.82	988.56	978.58	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45
11	BORROWINGS	986.93	1,030.28	1,876.68	2,515.68	2,517.96	2,491.42	2,489.26	2,407.00	2,280.00	1,003.10
12	CAPITAL EMPLOYED	1,043.68	1,011.92	2,511.00	2,664.31	2,876.54	3,114.61	3,131.06	3,532.08	3,470.34	2,987.55
<b>PER SHARE</b>											
13	NET WORTH PER EQUITY SHARE	14.37	13.39	39.30	50.47	49.96	53.26	54.21	57.44	60.77	65.13*
14	EARNINGS PER EQUITY SHARE	(5.53)	(1.17)	4.59	6.96	7.31	5.05	2.70	6.14	6.19 #	8.01*
15	DIVIDEND PER EQUITY SHARE	-	-	-	0.80	2.50	1.50	1.50	2.50	3.00	1.00*
<b>RATIO</b>											
16	DEBT: EQUITY RATIO	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	0.51:1

# EPS reinstated pursuant to Rights Issue of Equity Shares on 21st October, 2012.

\* The Company, during the year, made a Rights Issue of 10,881,481 Equity Shares of ₹ 10 each at a premium of ₹ 90 per share. Accordingly, Earnings per Equity Share, Dividend per Equity Share and Net Worth per Equity Share for the year are not comparable with that of previous year(s).

### Notes :

- Pursuant to the amalgamation of Island Hotel Maharaj Limited, a erstwhile whollyowned subsidiary of the Company, with the Company w.e.f 1st April, 2011, figures of the current year are not comparable with the corresponding previous year(s).
- Serial nos. 7, 9, 10, 12, 13 and 16 are inclusive of Revaluation Reserve balance as at year end.
- Figures for previous year(s) have been regrouped / rearranged, wherever necessary.

## DIRECTORS' REPORT

The Board presents the Thirtieth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2013.

The financial highlights are set out below:

	Rupees in million	
	2012-2013	2011-2012
Total Revenue	<b>2129.53</b>	1904.54
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	<b>644.70</b>	576.63
Finance Costs	<b>215.28</b>	274.11
Depreciation & Amortisation	<b>132.45</b>	127.24
Profit Before Exceptional Items & Taxation	<b>296.97</b>	175.28
Exceptional Items	<b>1.13</b>	21.28
Profit Before Taxation	<b>298.10</b>	196.56
Deferred Tax	<b>93.08</b>	63.01
Profit After Tax	<b>205.02</b>	133.55
Dividend on Equity Shares	<b>30.47</b>	58.76
Dividend Distribution Tax	<b>5.18</b>	9.53
Transfer to General Reserve	-	15.00
Transfer from General Reserve	<b>50.00</b>	-
Adjustment pursuant to Scheme of Amalgamation	<b>445.99</b>	-
Profit brought forward	<b>248.96</b>	198.70
Balance carried forward	<b>22.34</b>	248.96

On account of amalgamation of Island Hotel Maharaj Limited, the Company's wholly-owned subsidiary, with the Company with effect from 1st April, 2011, the results pertaining to the year ended 31st March, 2013 are not comparable with that of the corresponding previous period.

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 (“MDA”) forms a part of this Report and covers, amongst other matters, the performance of the Company during the financial year 2012-2013 as well as the future outlook.

In accordance with the listing agreement with the stock exchanges, the Report on Corporate Governance in accordance with clause 49 of the listing agreement along with the auditor’s certificate are attached.

The Company made a Rights Issue of 10,881,481 equity shares of face value ₹ 10 at a premium of ₹ 90 per share (issue price of ₹ 100 per equity share). For every existing 9 equity shares, 5 shares were issued as Rights.

The Rights Issue opened for subscription on 26th September, 2012. Equity shares were allotted to eligible shareholders, in consultation with BSE Limited on 21st October, 2012. The equity shares became eligible for trading on the stock exchange effective 26th October, 2012.

Out of the ₹ 1,088.15 million raised through the Rights Issue, ₹ 108.81 million was credited to share capital and ₹ 979.34 million to the securities premium account. Rights Issue expenses of ₹ 28.33 million have been adjusted against securities premium account. Thus, the Company’s equity share capital increased from ₹ 195.87 million to ₹ 304.68 million. The securities premium account increased from ₹ 126.00 million to ₹ 1,077.01 million.

The Board thanks all shareholders for their overwhelming support to the Rights Issue.

During the year, Island Hotel Maharaj Limited (“IHML”) was amalgamated with the Company pursuant to a Scheme of Amalgamation (“Scheme”) under Sections 391 to 394 of the Companies Act, 1956. The Scheme was approved by the Hon’ble High Court at Madras on 6th February, 2013. The amalgamation was effective from 1st April, 2011 (“Appointed Date”). The entire undertaking of IHML including Trident, Cochin stands transferred to and vested in the company as a going concern on the Appointed Date. Due to the amalgamation, the authorised capital of the Company increased to ₹ 850.00 million comprising of 75,000,000 equity shares of ₹ 10 each and 1,000,000 redeemable preference shares of ₹ 100 each.

Pursuant to the Scheme, the unabsorbed brought forward loss of IHML amounting to ₹ 505.25 million as on the Appointed Date was adjusted against the ‘Surplus in the Statement of Profit and Loss’ of the Company.

In view of the above and in spite of the current year’s profit after tax of ₹ 205.02 million, the Board of Directors were restricted to recommend a dividend of ₹ 1 per equity share (10%) on the enhanced equity capital of the Company for the financial year 2012-13. This dividend is equivalent to 15.56% on the equity capital prior to the Rights Issue.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid on Friday, 9th August, 2013, to shareholders whose names appear on the register of shareholders at the close of business on Wednesday, 24th July, 2013. The dividend will be paid to shareholders on the enhanced share capital post the Rights Issue. As per the Income Tax Act, 1961, the tax on the dividend will be borne by the Company.

Energy conservation and responsible environmental practice continues to be an area of focus for the Company. During the year, the Company has started utilising

wind power at its hotel in Chennai. Energy conservation measures taken during the year include replacement of old chillers with energy efficient chillers, installation of energy efficient air blowers and cooling towers, replacement of halogen lights with low power LEDs and compact fluorescent lights and sourcing of wind based and renewable biomass based power.

Measures planned include installation of dedicated boilers for kitchen equipment so as to reduce operating hours of the main boiler, installation of energy efficient hot water circulation pumps, replacement of halogen lights with low power LEDs and compact fluorescent lights and operational control on equipment and lighting to save power.

During the financial year 2012-2013, the foreign exchange earnings of the Company amounted to ₹ 1,225.19 million as against ₹ 1,133.13 million in the previous year. The expenditure in foreign exchange during the financial year was ₹ 76.97 million as compared to ₹ 76.79 million in the previous year.

Mr. Rajan Raheja and Mr. L. Ganesh, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Balan Renji & Associates, Chartered Accountants, were the statutory auditors of IHML since its incorporation. The Board recommends to the shareholders that Balan Renji & Associates be appointed as branch auditor for Trident, Cochin at the forthcoming Annual General Meeting.

The auditors of the Company, Messrs. Ray & Ray, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

There are no employees in the Company requiring reporting under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis. These forward looking statements are relevant as on the date of this report. We have no obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise, and therefore undue reliance should not be placed on these statements.

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation.

For and on behalf of the Board

Kolkata  
29th May, 2013

VIKRAM OBEROI  
*Managing Director*

S.S. MUKHERJI  
*Director*