

ElH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2015-2016

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CONTENTS

The Board of Directors	3
The Oberoi Dharma	4
The Oberoi Group Mission	5
Highlights	6
Directors' Report	7
Management Discussion and Analysis	36
Report on Corporate Governance	52
Secretarial Audit Report	53
Independent Auditor's Report	57
Balance Sheet	66
Statement of Profit and Loss	67
Cash Flow Statement	68
Notes to the Accounts	70

THE BOARD OF DIRECTORS

Mr. P.R.S. Oberoi

Chairman

Mr. S.S. Mukherji

Vice Chairman

Mr. Vikram Oberoi

Managing Director

Mr. L. Ganesh

Mr. Akshay Raheja

Mr. Anil Nehru

Mr. Sudipto Sarkar

Mr. Rajesh Kapadia

Ms. Radhika Vijay Haribhakti

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Indrani Ray

SHARE TRANSFER AGENT

EIH Limited

7, Sham Nath Marg

Delhi 110 054

AUDITORS

Ray & Ray

Chartered Accountants

Webel Bhavan, Ground Floor, Block EP & GP

Sector V, Bidhan Nagar, Salt Lake

Kolkata-700 091

REGISTERED OFFICE

1/24, G.S.T. Road

Meenambakkam

Chennai 600 027

The Oberoi Dharma

We, as members of The Oberoi Group 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 relationships.
- 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 achievement as well as individual development.
- Conduct which at all times safeguards the safety, security, health and environment of guests, 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 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 the Asia-Pacific.

Our Shareholders

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

HIGHLIGHTS

		Rupees in million except item nos 13, 14, 15 & 16									
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
FOR THE YEAR											
1	GROSS REVENUE	1,610.39	1,783.30	1,604.89	1,489.96	1,763.42	1,904.54	2,129.53	2,163.79	2,315.35	2,494.06
2	PROFIT BEFORE TAX	217.59	251.04	142.77	81.92	182.86	196.56	298.10	382.30	399.61	539.53
3	PROFIT AFTER TAX	137.10	146.54	98.98	52.88	120.17	133.55	205.02	235.61	247.27	383.65
4	DIVIDEND (INCLUDING TAX)	19.11	60.56	34.37	34.26	56.91	68.29	35.65	106.94	110.01	146.68
5	RETAINED EARNINGS	242.18	215.33	179.69	132.45	190.71	192.50	301.82	262.71	326.84	394.72
6	FOREIGN EXCHANGE EARNINGS	936.63	1,050.01	910.03	744.37	875.16	1,133.13	1,225.19	1,088.33	1,233.40	1,236.49
AT YEAR END											
7	GROSS FIXED ASSETS	3,580.95	3,716.42	3,778.45	3,791.08	3,868.19	3,905.17	4,464.99	4,510.07	4,718.50	4,813.93
8	SHARE CAPITAL	295.87	195.87	195.87	195.87	195.87	195.87	304.68	304.68	304.68	304.68
9	RESERVES AND SURPLUS	696.74	782.71	847.32	865.93	929.21	994.47	1,679.77	1,807.98	1,857.00	2,093.97
10	NET WORTH	988.56	978.58	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45	2,112.66	2,161.68	2,398.65
11	BORROWINGS	2,515.68	2,517.96	2,491.42	2,489.26	2,407.00	2,280.00	1,003.10	725.87	621.21	345.43
12	CAPITAL EMPLOYED	2,664.31	2,876.54	3,114.61	3,131.06	3,532.08	3,470.34	2,987.55	2,838.53	2,782.89	2,744.08
PER SHARE											
13	NET WORTH PER EQUITY SHARE	50.47	49.96	53.26	54.21	57.44	60.77	65.13**	69.34**	70.95**	78.73**
14	EARNINGS PER EQUITY SHARE	6.96	7.31	5.05	2.70	6.14	6.19*	8.01**	7.73**	8.12**	12.59**
15	DIVIDEND PER EQUITY SHARE	0.80	2.50	1.50	1.50	2.50	3.00	1.00**	3.00**	3.00**	4.00**
RATIO											
16	DEBT:EQUITY RATIO	2.55:1	2.57:1	2.39:1	2.34:1	2.14:1	1.92:1	0.51:1	0.34:1	0.29:1	0.14:1

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

**Consequent upon the Rights Issue of 10,881,481 Equity Shares on 21st October, 2012, Net Worth per Equity Share, Earnings per Equity Share and Dividend per Equity Share are not comparable with that of previous year(s).

Notes :

- 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 Thirty-third Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the Financial Year ended 31st March, 2016.

Financial Highlights

The financial highlights are set out below:

	Rupees in Million	
	2015-2016	2014-2015
Total Revenue	2494.06	2315.35
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	751.61	677.75
Interest and Finance Charges	54.33	88.56
Depreciation	157.75	189.58
Profit before Tax	539.53	399.61
Tax including Deferred Tax	155.88	152.34
Profit after Tax	383.65	247.27
Balance brought forward	140.03	116.01
Carrying amount of Fixed Assets where remaining useful life as on 01.04.2014 is Nil	Nil	88.24
Dividend on Equity Shares	121.87	91.40
Dividend Distribution Tax	24.81	18.61
Transfer to General Reserve	50.00	25.00
Balance carried forward	327.00	140.03

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 ("the Act") and based upon 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 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;

- e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Performance

The annexed Management Discussion and Analysis forms part of this report and covers *inter alia* the performance of the Company during the Financial Year 2015-2016 as well as the future outlook.

Corporate Governance Report

In accordance with Regulation 34(3) read with Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Report on Corporate Governance along with the auditor’s certificate is attached to this report.

Dividend

The Board at its Meeting held on 11th March, 2016, declared an Interim Dividend of ₹ 3.00 per equity share of ₹ 10.00 each in respect of the Financial Year 2015-2016. The Dividend was paid on 23rd March, 2016 to those equity shareholders whose names appeared on the Register of Members as on 19th March, 2016 (“the Record Date”). As per the Income Tax Act, 1961, the tax on dividend was borne by the Company.

The Board recommends a further Dividend of ₹ 1.00 per equity share of ₹ 10 each, in respect of the Financial Year 2015-2016. The dividend, if approved at the forthcoming Annual General Meeting will be treated as the Final Dividend for the Financial Year 2015-2016 and will be paid on 6th August, 2016 to shareholders whose names appear in the Register of Members as at the close of business on 26th July, 2016.

Directors

Mr. P.R.S. Oberoi retires by rotation at the forthcoming Thirty-third Annual General Meeting. He is eligible for reappointment. In accordance with Regulation 36(3) of the Listing Regulations, the particulars of the Director are given in the annexure to the Notice convening the Annual General Meeting. The Directors recommend re-appointment of Mr. P.R.S. Oberoi as a Director on the Board.

Mr. Akshay Raheja was appointed as a Director on the Company’s Board with effect from 28th May, 2015 to fill the causal vacancy caused due to resignation of Mr. Rajan Raheja. Mr. Rajan Raheja would have retired by rotation at the forthcoming Annual General Meeting, if he had not vacated his office. The Directors recommend the appointment of Mr. Akshay Raheja as a regular Director at the Thirty-third Annual General Meeting.

As required under Section 149(7) of the Act, Mr. Anil Nehru, Mr. L. Ganesh, Mr. Sudipto Sarkar, Mr. Rajesh Kapadia and Ms. Radhika Haribhakti, the Independent Directors, have given their “declaration of independence” for the year 2016-2017.

Corporate Social Responsibility (“CSR”)

In accordance with Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had formulated a Corporate Social Responsibility Policy in 2014-2015. During the year, the Company has amended the Policy to include “caring for the elderly and addressing their health issues” in accordance with clause (iii) of Schedule VII to the Act. The revised CSR Policy can be accessed on the Company’s website www.eihassociatedhotels.in.

The Annual Report on Corporate Social Responsibility activities for the Financial Year 2015-2016 is given in *Annexure 1*, which forms a part of this Report. The Annexure also gives the composition of the CSR Committee.

In addition to the mandatory CSR spend in accordance with the Act, the Company’s Hotels have also taken the following CSR initiatives:

- a. **The Oberoi Rajvilās, Jaipur** extends assistance to “With care” programmes for the under privileged sections of the society. The hotel also supports SOS Children’s Village at Jaipur and Mother Teresa Foundation. Staff from the hotel visited schools in nearby villages to spread awareness of environmental conservation, hygiene and wellness.
- b. **The Oberoi Cecil, Shimla** extends its support to Sarvodaya Bal Ashram for orphaned children in Shimla. On 15th August, 2015, the hotel organized an annual blood donation camp for the local blood bank. The World Environment Day was commemorated by observing an Environment Week to create awareness on global warming, pollution and ecological balance.
- c. **Trident Hotels at Agra and Udaipur** extend assistance to local chapters of Mother Teresa’s Missionaries of Charity.
- d. **Trident Jaipur** supports Bhavani Child Development Centre, a school for dyslexic children. The school is involved in providing intensive early intervention for children showing signs of developmental delay and exposed to the risk of learning disability.

Audit Committee

The composition of the Audit Committee is as under:

- | | |
|----------------------|--|
| ▪ Mr. Anil Nehru | – Independent Director & Chairperson |
| ▪ Mr. L. Ganesh | – Independent Director & Member |
| ▪ Mr. Sudipto Sarkar | – Independent Director & Member |
| ▪ Mr. Akshay Raheja | – Non-executive Non-Independent Director & Member
<i>[inducted as member w.e.f. 7th August, 2015]</i> |
| ▪ Mr. Rajesh Kapadia | – Independent Director & Member
<i>[resigned from membership w.e.f. 7th January, 2016]</i> |

For other details relating to Audit Committee, please refer page nos. 39 & 40.

Company’s Policy on Directors’ Appointment and Remuneration and Senior Management Personnel Appointment and Remuneration

In accordance with Section 178 of the Act read with Regulation 19 of the Listing Regulations, the Company’s Nomination and Remuneration Committee had formulated policies on Directors’ Appointment & Remuneration and on Senior Management Personnel