

**ElH** Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2016-2017

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## 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. Surin Shailesh 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 14, 15, 16 & 17

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>FOR THE YEAR</b>										
1	GROSS REVENUE	1,783.30	1,604.89	1,489.96	1,763.42	1,904.54	2,129.53	2,315.35	2,482.94	2,716.77
2	PROFIT BEFORE TAX	251.04	142.77	81.92	182.86	196.56	298.10	399.61	547.07	649.34
3	PROFIT AFTER TAX	146.54	98.98	52.88	120.17	133.55	205.02	247.27	389.39	427.80
4	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	-	-	-	386.09	419.74
5	DIVIDEND (INCLUDING TAX)	60.56	34.37	34.26	56.91	68.29	35.65	110.01	146.68	165.02
6	RETAINED EARNINGS	215.33	179.69	132.45	190.71	192.50	301.82	326.84	394.74	396.65
7	FOREIGN EXCHANGE EARNINGS	1,050.01	910.03	744.37	875.16	1,133.13	1,225.19	1,233.40	1,236.49	873.79
<b>AT YEAR END</b>										
8	GROSS FIXED ASSETS	3,716.42	3,778.45	3,791.08	3,868.19	3,905.17	4,464.99	4,718.50	2,719.35	2,794.95
9	SHARE CAPITAL	195.87	195.87	195.87	195.87	195.87	304.68	304.68	304.68	304.68
10	RESERVES AND SURPLUS	782.71	847.32	865.93	929.21	994.47	1,679.77	1,857.00	2,122.62	2,505.69
11	NET WORTH	978.58	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45	2,161.68	2,427.30	2,810.37
12	BORROWINGS	2,517.96	2,491.42	2,489.26	2,407.00	2,280.00	1,003.10	621.21	345.43	-
13	CAPITAL EMPLOYED	2,876.54	3,114.61	3,131.06	3,532.08	3,470.34	2,987.55	2,782.89	2,772.73	2,810.37
<b>PER SHARE</b>										
14	NET WORTH PER EQUITY SHARE	49.96	53.26	54.21	57.44	60.77	65.13**	69.34**	70.95**	79.67**
15	EARNINGS PER EQUITY SHARE	7.31	5.05	2.70	6.14	6.19 *	8.01**	7.73**	8.12	12.78**
16	DIVIDEND PER EQUITY SHARE	2.50	1.50	1.50	2.50	3.00	1.00**	3.00**	4.00**	4.50**
<b>RATIO</b>										
17	DEBT: EQUITY RATIO	2.57:1	2.39 : 1	2.34:1	2.14:1	1.92:1	0.51:1	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. 8, 10, 11, 13, 14 and 17 are inclusive of Revaluation Reserve balance as at year end.
- Figures for previous year(s) have been regrouped / rearranged, wherever necessary.
- Figures pertaining to the years 2015-16 and 2016-17 are in accordance with Ind AS while figures pertaining to the years upto 2014-15 are in accordance with previous GAAP

# DIRECTORS' REPORT

The Board presents the Thirty-fourth Annual Report together with the Audited Financial Statement and the Auditor's Report in respect of the Financial Year ended 31st March, 2017.

## Financial Highlights

The financial highlights are set out below:

	Rupees in Million	
	2016-2017	2015-2016
Total Revenue	2716.77	2482.94
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	810.53	756.81
Interest and Finance Charges	19.26	54.41
Depreciation and Amortisation Expenses	141.93	155.33
Profit before Tax	649.34	547.07
Tax including Deferred Tax	221.54	157.68
Profit after Tax	427.80	389.39
Other Comprehensive Income/ (Loss), net of tax	(8.06)	(3.30)
Total Comprehensive Income	419.74	386.09
Balance brought forward	361.68	245.61
Dividend on Equity Shares	30.47	182.80
Dividend Distribution Tax	6.20	37.22
Transfer to General Reserve	50.00	50.00
Balance carried forward	694.75	361.68

## 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 2016-2017 as well as the future outlook.

**Corporate Governance Report**

In accordance with Regulation 34(3) read with Schedule V 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 also annexed herewith.

**Dividend**

The Board recommends a Dividend of ₹ 4.50 per equity share of ₹ 10 each, in respect of the Financial Year 2016-2017. The dividend, if approved at the forthcoming Annual General Meeting will be treated as the Dividend for the Financial Year 2016-2017 and will be paid on 5th August, 2017 to the Shareholders whose names appear in the register of members as at the close of business on 27th July, 2017.

**Directors**

Mr. S.S. Mukherji retires by rotation at the forthcoming Thirty-fourth 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. S.S. Mukherji as a Director on the Board.

Mr. Surin Shailesh Kapadia was appointed as an Independent Director on the Company's Board with effect from 5th August, 2016, subject to approval by the Shareholders at the forthcoming General Meeting. Mr. Kapadia will be appointed as regular director at the Thirty-fourth Annual General Meeting.

As required under Section 149(7) of the Act, Mr. Anil Nehru, Mr. L. Ganesh, Mr. Sudipto Sarkar, Mr. Surin Shailesh Kapadia and Ms. Radhika Vijay Haribhakti, the Independent Directors, have given their "declaration of independence" for the Financial Year 2017-2018. The Board was also of the opinion that the Independent Directors meet the criteria of independence under sub-section (6) of Section 149 of the Act.

**Corporate Social Responsibility ("CSR")**

In accordance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had formulated a Corporate Social Responsibility Policy in 2014-2015. The CSR Policy can be accessed on the Company's website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in).



The Annual Report on Corporate Social Responsibility activities for the Financial Year 2016-2017 is given in *Annexure I*, 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, 2016, 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. The Hotel launched a Mobile Health Unit Project on 9th August, 2016 in collaboration with HelpAge India. The project aims to cover all the rural and urban areas of Shimla district where medical support is limited.
- 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. Sudipto Sarkar	– Independent Director & Chairperson
Mr. Anil Nehru	– Independent Director
Mr. L. Ganesh	– Independent Director
Ms. Radhika Vijay Haribhakti	– Independent Director <i>[inducted as Member w.e.f. 24th January, 2017]</i>
Mr. Akshay Raheja	– Non-executive Non-Independent Director
Mr. S.S. Mukherji	– Non-executive Non-Independent Director <i>[inducted as Member w.e.f. 30th June, 2016]</i>

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

#### **Company's Policy on Directors' Appointment and Remuneration and Senior Management 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 Appointment & Remuneration. The policies are enclosed as *Annexures 2 and 3* and form part of this Report. The policies can also be accessed on the Company's website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in).

**Energy Conservation Measures**

Energy conservation measures continue to be a focus area for the Company. Measures taken during the year include:

- replacement of reciprocating chillers with energy efficient screw chillers
- replacement of steam boilers and pumps with energy efficient machinery
- replacement of fluorescent lamps with energy efficient LED lamps

Besides, various operational measures were taken to reduce energy consumption such as:

- operation control on timing of lighting & other equipments especially in off-season and timely preventive maintenance of equipments to enhance their efficiency
- replacement of energy efficient laundry machines
- energy audit and thermography to avoid extra consumption of energy

Actions planned for next year include:

- installation of heat recovery system for exhaust & fresh air and replacement of treated fresh air units
- installation of energy efficient laundry machines
- continued replacement of fluorescent lamps with LED lamps
- enhancement of sewage treatment plants
- use of recycled water for flushing

Operational measures at hotels driven by focused energy conservation committees continue to closely monitor and control energy conservation.

**Foreign Exchange earnings & outgo**

During the Financial Year 2016-2017, the foreign exchange earnings of the Company amounted to ₹ 873.79 Million as against ₹ 1236.49 Million in the previous year. The expenditure in foreign exchange during the Financial Year was ₹ 28.88 Million compared to ₹ 26.49 Million in the previous year.

**Auditors**

The Auditors, M/s Ray & Ray (FRN 301072E), Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the Thirty-fourth Annual General Meeting. They are not eligible for re-appointment as the period of 3 years available to them under the third proviso to Section 139 (2) of the Act read with Rule 6 (1) of the Companies (Audit and Auditors) Rules, 2014 ("Rules") will be exhausted at the conclusion of the Annual General Meeting to be held this August, 2017.

The Board places on record its deep appreciation of the valuable contributions made by M/s Ray & Ray as Statutory Auditors of the Company for over three decades.

In accordance with the provisions of Section 139 (2) of the Act which provides for rotation of Auditors, the Audit Committee and the Board at their respective meetings held on 12th December, 2016, have unanimously recommended to the Shareholders, the appointment of M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants, (FRN 117366 W / W 100018)