



A member of  *The Oberoi Group*

Annual Report 2010-2011

## CONTENTS

The Board of Directors	6
The Oberoi Dharma	8
The Oberoi Group Mission	9
Highlights	39
Chairman's Review	40
Directors' Report	42
Management Discussion and Analysis	45
Report on Corporate Governance	51
Statement pursuant to Section 212	67
Auditor's Report	69
Balance Sheet	74
Profit and Loss Account	75
Cash Flow Statement	76
Schedules to Accounts	78
Consolidated Financial Statements	109

## BOARD

Mr. P. R. S. Oberoi  
*Chairman & Chief Executive*

Mr. S. S. Mukherji  
*Vice Chairman*

Mr. Vikram Oberoi  
*Chief Operating Officer & Joint Managing Director*

Mr. Arjun Oberoi  
*Chief Planning Officer & Joint Managing Director*

Mr. S. K. Dasgupta

Mr. Anil Nehru

Mr. Rajan Raheja

Mr. L. Ganesh

## COMPANY SECRETARY

Mr. Gautam Ganguli

## AUDITORS

Ray & Ray, Chartered Accountants  
6, Church Lane, Kolkata 700 001

## REGISTERED OFFICE

4, Mangoe Lane  
Kolkata 700 001

# 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

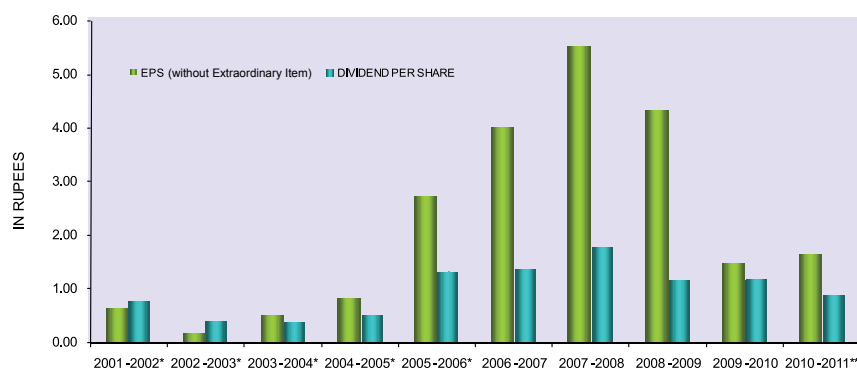
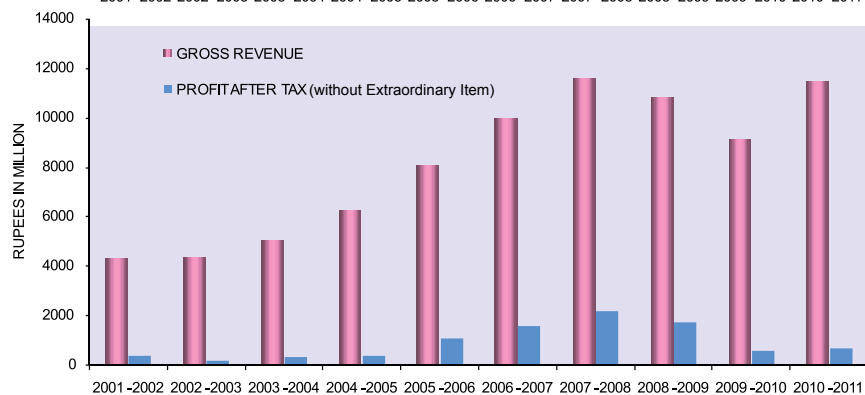
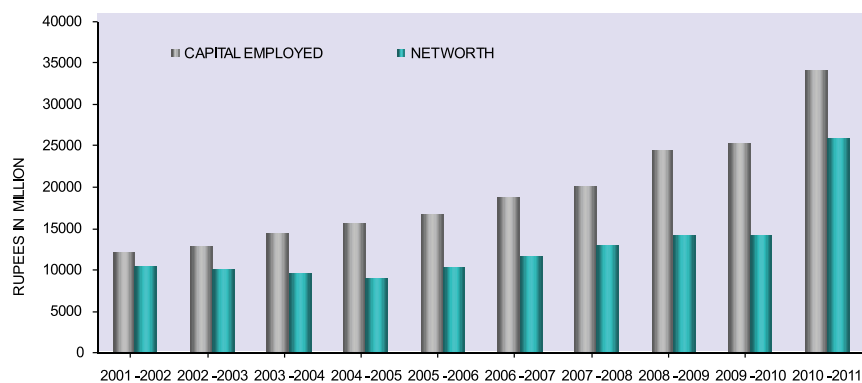
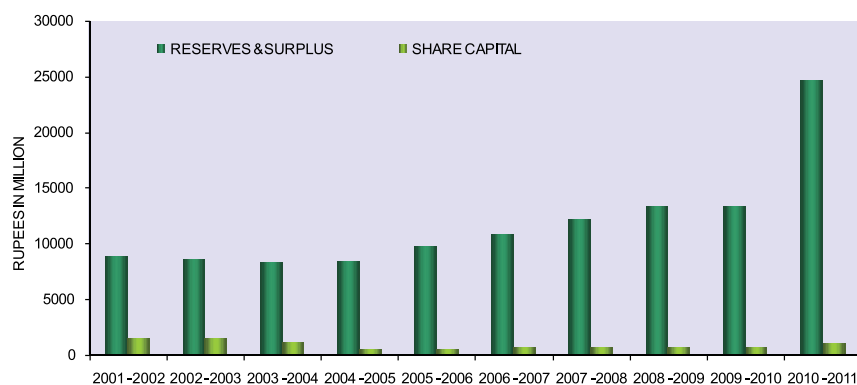
We are committed to the growth, development and welfare of our people upon whom we rely to make this happen.

## 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.



\* based on the number of Equity Shares subsequent to sub-division of face value and issue of Bonus Shares on 20th September, 2006

\*\*based on the number of Equity Shares subsequent to Rights Issue of Equity Shares on 26th March, 2011

## HIGHLIGHTS

Figures in Million except  
serial nos. 14, 15, 16 & 17

(Conversion Rate : INR 100 = US\$ 2.240)

	2001-2002		2002-2003		2003-2004		2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-2010		2010-2011	
	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$	₹	\$
<b>FOR THE YEAR</b>																				
1. GROSS REVENUE	4273	96	4353	98	5045	113	6252	140	8032	180	9952	223	11551	259	10785	242	9073	203	11429	256
2. PROFIT BEFORE TAX	487	11	275	6	415	9	587	13	2607	58	2964	66	3498	78	2733	61	890	20	870	19
3. PROFIT AFTER TAX	356	8	155	3	282	6	331	7	1886	42	2004	45	2172	49	1704	38	572	13	645	14
4. PROFIT AFTER TAX WITHOUT EXTRAORDINARY ITEM	356	8	155	3	282	6	360	8	1078	24	1575	35	2172	49	1704	38	572	13	645	14
5. DIVIDEND	405	9	248	6	236	5	244	5	524	12	550	12	707	16	472	11	472	11	514	12
6. RETAINED EARNINGS	229	5	233	5	405	9	457	10	1697	38	1787	40	1798	40	1696	38	705	16	934	21
7. FOREIGN EXCHANGE EARNINGS	2543	57	2471	55	2618	59	3431	77	4494	101	5259	118	5973	134	5009	112	3149	71	4795	107
<b>AT YEAR END</b>																				
8. GROSS FIXED ASSETS	14663	328	15769	353	16339	366	16655	373	17273	387	18815	421	21520	482	24158	541	26606	596	27473	615
9. SHARE CAPITAL	1524	34	1524	34	1224	27	524	12	524	12	786	18	786	18	786	18	786	18	1143	26
10. RESERVES AND SURPLUS	8839	198	8621	193	8368	187	8455	189	9776	219	10866	243	12249	274	13390	300	13385	300	24735	554
11. NET WORTH	10363	232	10145	227	9592	215	8979	201	10300	231	11652	261	13035	292	14176	318	14171	317	25878	580
12. BORROWINGS	4648	104	6018	135	7435	167	8091	181	7093	159	7916	177	8129	182	10230	229	12595	282	8240	185
13. CAPITAL EMPLOYED	12106	271	12816	287	14434	323	15599	349	16638	373	18710	419	20153	451	24406	547	25384	569	34118	764
<b>PER SHARE (₹)</b>																				
14. NET WORTH PER EQUITY SHARE	23.83*	0.53	23.27*	0.52	22.63*	0.51	22.85*	0.51	26.21*	0.59	29.65	0.66	33.17	0.74	36.08	0.81	36.06	0.81	45.28**	1.01
15. EARNINGS PER EQUITY SHARE WITH EXTRAORDINARY ITEM	0.65*	0.01	0.16*	0.00	0.49*	0.01	0.74*	0.02	4.80*	0.11	5.10	0.11	5.53	0.12	4.34	0.10	1.46	0.03	1.63**	0.04
16. EARNINGS PER EQUITY SHARE WITHOUT EXTRAORDINARY ITEM	0.65*	0.01	0.16*	0.00	0.49*	0.01	0.82*	0.02	2.74*	0.06	4.01	0.09	5.53	0.12	4.34	0.10	1.46	0.03	1.63**	0.04
17. DIVIDEND PER EQUITY SHARE	0.80*	0.02	0.40*	0.01	0.40*	0.01	0.53*	0.01	1.33*	0.03	1.40	0.03	1.80	0.04	1.20	0.03	1.20	0.03	0.90**	0.02
<b>RATIO</b>																				
18. DEBT : EQUITY RATIO	0.60 : 1		0.77 : 1		0.91 : 1		0.90 : 1		0.69 : 1		0.68 : 1		0.62 : 1		0.72 : 1		0.89 : 1		0.32 : 1	

\* based on the number of Equity Shares subsequent to sub-division of face value of the Equity Shares and issue of Bonus Shares on 20th september, 2006 increasing the number of Equity Shares by 7.5 times.

\*\*based on the number of Equity Shares subsequent to Rights Issue of Equity Shares on 26th March, 2011 increasing the number of Equity Shares from 392,953,972 to 571,569,414.

### Notes :

- Serial nos. 8, 10, 11, 13, 14 and 18 are inclusive of Revaluation Reserve balance as at year end.
- Figures have been regrouped/rearranged, wherever necessary.

## CHAIRMAN'S REVIEW

Ladies and gentlemen,

There was wide expectation that global economies would see a recovery in 2011. Unfortunately, this is not likely to happen. Global economies and the economic environment remain uncertain and volatile. The world has also been confronted with socio-political developments which could have serious consequences for all of us.

In recent months several countries in North Africa and the Middle East have seen social and political unrest. Tunisia and Egypt have seen profound changes in their political systems. People in several other countries in the region are seeking major changes in their political systems; they are demanding an end to decades old dictatorships.

Japan is struggling with the aftermath of the earthquake and the subsequent *Tsunami*. It is too early to predict how this natural calamity will affect global markets.

Considering the events stated above, we are beset with uncertainty and volatility. In these circumstances we need to take steps to strengthen the Company's capacity to withstand such shocks. We must exercise caution in evaluating business opportunities.

India also faces several challenges. The Government has not been able to curb inflation. Increase in interest rates are hampering industrial production and the recent scandals do not auger well for foreign direct investment.

It is unfortunate that the potential of India's travel and tourism industry has not been fully recognised. At a time when the country's balance of payments position is a matter of concern, it is all the more important that the Government gives due importance to the travel and tourism industry which earned US\$ 14.19 billion in the year 2010. Regrettably, the employment potential of the industry has not been fully tapped. The travel and tourism industry presently employs 25 million people directly and an equal number indirectly which could grow exponentially if India gets its fair share of foreign travellers. China gets 50 million foreign visitors whereas we get a mere 5 million!

Many international hospitality brands are establishing their presence in India. This trend will undoubtedly increase competition for us. As I have always maintained, healthy competition is welcome and will encourage us to raise our standards further and dedicate us to service excellence.

The Oberoi Group continues to be recognised internationally by travellers as being amongst the best hospitality groups worldwide. The numerous awards and accolades conferred upon many of our hotels are due to the dedication of our staff who continue to provide our guests with exceptional service. This is a source of pride and satisfaction for us.



Though there has been some improvements in infrastructure, much more needs to be done. Infrastructure is the key to our economic development. We need more power, potable water, roads and more airports planned and built on international standards.

It is widely recognised that we are not doing enough in our urban centres. As per a recent McKinsey Report on urbanisation, there will be many more sizeable urban centres in India over the next two decades. As a result, infrastructure in our present and future urban centres will become more taxed. Our policy makers need to address this problem on a war footing.

I thank my colleagues on the Board for their continued support and guidance. I am grateful to our Shareholders for the Company's successful Rights Issue.

In conclusion, I thank all our employees and other stakeholders for their support.

Thank you.



P.R.S. Oberoi  
Chairman  
15th June, 2011

## DIRECTORS' REPORT

The Board presents the Sixty-first Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2011.

The financial highlights are set out below:

	Rupees in million	
	2010-2011	2009-2010
Total Revenue	<b>11,429.49</b>	9,072.73
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	<b>3,340.48</b>	2,579.05
Interest and Finance Charges	<b>1,551.94</b>	1,008.85
Depreciation	<b>874.35</b>	680.31
Exceptional Income/(Expenditure)	<b>(44.18)</b>	Nil
Profit before tax	<b>870.01</b>	889.89
Current tax	<b>53.98</b>	178.10
Deferred tax	<b>170.63</b>	139.52
Profit after tax	<b>645.40</b>	572.27
Dividend	<b>514.41</b>	471.54
Dividend tax	<b>71.39</b>	76.16
Transfer to General Reserve	<b>128.08</b>	100.00
Balance carried over	<b>3,014.73</b>	3,083.21

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("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.

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 2010-2011 as well as the future outlook.