



Viceroy Hotels Limited

*45<sup>th</sup>* Annual Report 2010

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties prove in-accurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a results of new information, future events or otherwise.

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## CHAIRMAN'S SPEECH

I am pleased to extend you a warm welcome to the 45th Annual General Meeting of your Company. The global recession, which also witnessed the collapse of Lehman Brothers, coupled by the terrorist attacks in Mumbai, the Telangana agitation in Andhrapradesh, did have an impact on the Foreign Tourist Arrival into the country which had its own spillover effect on the hospitality industry in which your company operates.



### Performance of the Company in 2010

Ladies and Gentlemen, I now present the performance of the Company in 2010. For the full year ended March 2010, we have grossed revenue of Rs 9754.29 Lacs which is down by 9.68 per cent as against Rs 10799.00 Lacs for the year before.

For the same period, the company's Net Profit was at Rs 116.97 Lacs as against Rs 669.26 Lacs for the year before.

### New Beginnings

- The smart business hotel - Courtyard Hyderabad - adjacent to complementing the needs of its adjacent Marriot Hyderabad, with its modern design and contemporary styling has started catering to the needs of business guests of Marriott.
- JW Marriott and Renaissance in Chennai and Bangalore too are progressing very well on the development front and would become operational this year.

### The economy going forward

The first green signs of revival have started to emerge and the world appears less pessimistic about the coming months. The basic strategy and framework are in place to resume the march of the Indian economy on its high growth track. The economy grew by 7.4% during 2009-10 and is expected to go up to 8.5% in the current fiscal. Also, The Planning Commission kicked off the exercise to formulate the 12th Five-Year Plan (2012-17) with an aim to accelerate the economic growth to 10%, up from 8.1% expected in the current plan.

With the Commonwealth Games in the offing, the hospitality industry is expected to benefit the maximum from the influx of spectators and participants from different countries for the Games. The Government of India is planning to cash in on the 10 million tourists that are expected to step on India's turf during the Commonwealth Games, which is considered to be second most important sports event in the world, next only to the Olympics. It is speculated that foreign tourists in India would increase from 5 percent to around 10 percent by December 2010. According to ASSOCHAM, India is likely to garner around USD 16,915 million in the year 2010, from tourism alone.



### Appreciation

To conclude, I express our sincere thanks to the Government of India for its continued support to hospitality industry.

I am also thankful to our customers, suppliers, bankers, financial institutions, and all our shareholders.

My special thanks and appreciation go to the employees of the Company at all levels for their hard work, dedication and continued commitment.

Thank you for sparing your valuable time!

Sincerely

**P. Prabhakar Reddy**



## CORPORATE INFORMATION

## BOARD OF DIRECTORS :

Mr. P.Prabhakar Reddy	--	Chairman & Managing Director
Mr. Jayabharat Reddy (IAS Retd)	--	Director
Mr. R.Subramanian	--	Director
Mr. Rakesh Jhunjhunwala	--	Director
Mr. P.Narendra	--	Director
Mr. P.Shivakumar Reddy	--	Director
Mr. A.Vijayavardhan Reddy	--	Director
Mr. A.Poornachandra Rao	--	Director
Mr. K.Narasimha Rao	--	Director
Mr. Rajiv Agarwal	--	Director
(Alternate Director to Mr.Rakesh Jhunjhunwala)		

## AUDITORS:

Financial Controller &amp; Company Secretary

M/s.P.MURALI & CO.,  
Chartered Accountants  
6-3-655/2/3, 1st Floor  
Somajiguda, Hyderabad – 500 082

J.Srinivas Murthy

## BANKERS/ INSTITUTIONS

State Bank of India	Axis Bank Limited
State Bank of Indore	Allahabad Bank
State Bank of Bikaner & Jaipur	Andhra Bank
State Bank of Mysore	Canara Bank
Indian Overseas Bank	Lakshmi Vilas Bank
UCO Bank	Central Bank of India
IDBI Bank	Bank of Maharashtra
IDFC Limited	HDFC Limited

## REGISTERED OFFICE:

1-3-1036/3/1  
Lower Tank Bund Road  
Gandhinagar  
Hyderabad – 500 080

## SHARE TRANSFER AGENTS:

M/s.Aarthi Consultants Private Limited  
1-2-285, Domalguda  
HYDERABAD – 500 029

## CORPORATE OFFICE:

5th Floor, Shangrila Plaza  
Plot NO.14, Next to Gymkhana Club  
Road No:2, Banjara Hills,  
Hyderabad - 500034



## N O T I C E

NOTICE is hereby given that the 45th Annual General Meeting of the Members of the Company will be held at Hyderabad Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad on Monday the 20th September, 2010 at 11.00 A.M. to transact the following business:

### I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2010 together with the Report's of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K.Jayabharat Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.Subramanian who retires by rotation and being eligible, offers himself for re-appointment".
4. To appoint M/s.P.MURALI & CO., Chartered Accountants, Hyderabad the retiring auditors as Statutory Auditors for the financial year 2010-11 to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board.

### II. SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modifications the following resolutions as Ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 198,269,309,310 and read with Schedule XIII and other applicable provisions if any of the Companies Act 1956 as amended, consent of the company be and is hereby accorded for to appoint Sri P.Prabhakar Reddy, as Chairman & Managing Director of the company with effect from 1st July 2010 for a period of 5 years on the terms and conditions as set out below:

Salary of Rs.2,50,000/- per month. This includes dearness allowance and all other allowances not otherwise specified herein.

In addition, the Managing Director will be entitled to the following:

#### Commission:

Such percentage of commission (in addition to salary and perquisites hereafter stated) calculated with reference to the net profit of the company in accordance with Section 349 and Section 350 of the Companies Act 1956 for each financial year as may be fixed by the Board of Directors which together with salary and monetary value of perquisites shall not exceed the ceiling laid down under section 309 of the Companies Act 1956.

#### Prequisites as under:

- a) Housing: Rent-free accommodation will be provided to the appointee for whom 10 per cent of the appointee's salary shall be recovered. In case no accommodation is provided by the company, house rent allowance at 60% of the salary shall be paid. In addition, the appointee shall be allowed free use of the company owned furniture and

other consumable durables if required.

- b) The expenditure incurred by the Appointee on gas, electricity, water and furnishings shall be reimbursed by the company.
- c) All medical expenses incurred by the appointee for self and family shall be reimbursed.
- d) Leave travel concession for the appointee and his family will be allowed once in a year as may be decided by the Board.
- e) Fees of clubs subject to maximum of two clubs this will not include the admission and life membership fees.
- f) Personal Accident insurance, the premium of which shall not exceed Rs.10,000/- per annum.
- g) Contribution to the Provident fund, Superannuation fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
- h) Provision of Car with driver for use of the Company's Business and telephone at the residence.

#### Minimum Remuneration :

The appointee shall be paid the aforesaid remuneration (except commission) as minimum remuneration in the event of lack or inadequacy of profit calculated in accordance with Section 349 and 350 of the Companies Act 1956:.

By Order of the Board  
For VICEROY HOTELS LIMITED

J.Srinivasa Murthy  
Financial Controller & Company Secretary

Place : Hyderabad

Date: 26-08-2010

#### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the company. Proxy, duly executed, in order to be valid, should reach the registered office of the company at least 48 hours before the meeting.
2. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
3. Members / Proxy holders are requested to produce admission slip duly completed and signed.
4. The Register of members and share transfer books of company shall remain closed from Monday the 13th September 2010 to Monday the 20th September, 2010 (both days inclusive).



DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE  
FORTHCOMING ANNUAL GENERAL MEETING

(In Pursuance of Clause 49 (VI)(A) of the Listing Agreement)

Name of the Director	Sri. K. Jayabharat Reddy	Sri.R. Subramaniam
Date of Birth	12/4/1937	29-08-1943
Date of Appointment Experience in Specific Functional area	31-12-2005 Chief Secretary of Govt.A.P.,  Secretary to Govt. of India. Ministry of Urban Development Special Secretary (insurance). Ministry of Finance, Government of India Additional Secretary Head Banking Division. Ministry of Finance, Government of India. Additional Secretary Head Banking Division of Urban Government of India Joint Secretary /Secretary, Industrial Approvals, Ministry of Industry, Government of India Secretary to Government, Forests, Environment, Animal Husbandry, Fisheries & Dairy Departments, Government of A.P., Chairman & Managing Director, Hyderabad Allwyn Limited, A.P., Vice-Chairman & Managing Director, A.P., Industrial Development Corporation (APIDC)	31-12-2005  37 years mainly in Project Finance and Investment Banking.
Qualifications	Visitin Fellow, Oxford University, U.K M.A., (Economics), Madras University M.A., (Economics), Statistics)Delhi School of Economics	B.Com., A.C.A., A.I.C.W.A.,
Directorships held in other Companies	BPL Ltd. BPL Disply Devices Ltd., BPL Power Projects (Chairman) NCL Indusstries Ltd. (Chairman) NCL Altech Seccolor Ltd. (Chairman) NCL Energy Ltd. (Chairman) Lanco Kondapall Power Limited JCT Energy Ltd., SQL Star International Ltd., Indus Medicare Ltd., Facor Alloys Ltd.	NIL
Committee Positions held in other Companies.	Member - Secretary of the High Powered Committee on Financial Sector Reforms (Narasimhan Committee) Ministry of Finance, Govt. of India. Charman of the internal Committee on Insurance Sector Reforms, Department of Insurance, Ministry of Finance, Govt. of India.	NIL

## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the Forty Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

### PERFORMANCE / FINANCIAL RESULTS OF THE COMPANY

PARTICULARS	2009-10	2008-09
Income from Operations	6424.30	6995.13
Profit before interest, depreciation and tax	2915.00	4013.69
Interest	1755.02	1460.83
Depreciation	1148.87	1078.77
Provision for Tax & FBT & Deferred Tax	148.02	94.25
Profit after Tax	(136.90)	347.59
Balance Carried to Balance Sheet	1648.19	1785.10

### PROJECTS UNDER IMPLEMENTATION:

#### Chennai Project:

The Board is pleased to inform you that the Chennai JW Marriott hotel project is in advanced stage of construction. The company is constructing 387 room 5- star deluxe hotel. The Hotel would be operational during the current financial year. The company has signed the Management Contract with M/s.Marriott International Inc, USA for the "JW Marriott" brand.

#### Bangalore Project:

The Board is pleased to inform you that the Bangalore Renaissance hotel project is in advanced stage of construction. The company is constructing 277 room 5- star deluxe hotel. The Hotel would be operational during the current financial year. The company has signed the Management Contract with M/s.Marriott International Inc, USA for the "Renaissance" brand.

#### Hyderabad Courtyard Project:

The Board is pleased to inform you that the business hotel under brand name "Courtyard by Marriot " in Hyderabad is complete and handed over to Marriott team for operations of the hotel. The hotel began operations during the financial year under review.

### SUBSIDIARY COMPANY PERFORMANCE:

#### Café D Lake Private Limited:

M/s Café D'Lake Private Limited which operates all the restaurants businesses of Minerva Coffee-shop, Blue Fox Bar & Restaurant, Eat Street and Water Front has achieved a





turnover of Rs.2800.05 lakhs for the year ended 31st March 2010 as against Rs.3007.16 lakhs for the previous year. The Net profit for the year ended 31st March 2010 is Rs.282.17 lakhs as against Rs.285.46 lakhs.

#### Crustum Products Private Limited:

M/s Crustum Products Private Limited is the Master Franchisee of Breadtalk Singapore. The company is operating out lets at In orbit mall, Malad, Mumbai, BG House, Hiranandani, Powai, Mumbai, Gurgaon, New Delhi, Spencer's Mall, Bangalore, Q Mart - Hyderabad.

During the year under review, the company achieved a turn over of Rs.529.87 lakhs as against Rs.796.06 lakhs for the previous year. The profitability margins are very thin due to higher rentals and power costs across the outlets and the company is negotiating with the landlords to reduce the rentals and also working out the revenue sharing mechanism so, that the fixed cost would be minimal for the company during lean months.

#### Minerva Hospitalities Private Limited:

M/s Minerva Hospitalities Private Limited has no operations during the year.

#### DIVIDEND:

The Board does not recommend any dividend during the year under review.

#### DIRECTORS:

Mr.K.Jayabharat Reddy and Mr. R.Subramanian retire by rotation and being eligible offered themselves for re-appointment.

#### AUDITORS:

M/s. P.MURALI & CO., Chartered Accountants, Auditors of the company retires at the ensuing Annual General Meeting. The Company received a letter from them expressing their willingness to be re-appointed as statutory auditors. The company has received a certificate from the Auditors to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. Hence the Board recommends their appointment as statutory auditors for the FY2010-11.

#### AUDIT REPORT:

Regarding the Auditors observations and comments in their report for the financial year 2009-10, they are self-explanatory and the company is making efforts /steps to comply the same.

#### PARTICULARS OF EMPLOYEES:

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b) of the Companies Act 1956, the Report and Accounts that are being circulated to shareholders do not include the Statement of Particulars of Employees under section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the above statement can write to the Company Secretary at the Registered Office of the company.

Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

**a) Conservation of Energy:**

Proper Control points are set up at all levels to identify the wastage in Power & Fuel consumption and to take/initiate corrective steps.

**b) Research and Development and Technology Absorption:**

- i) Our Research & Development cell has been making continuous efforts to ensure the best quality standards.
- ii) No technology either indigenous or Foreign is involved.

**c) Foreign Exchange Earnings and Outgo:**

During the year under review your Company has earned Foreign Exchange to the extent of Rs.19.46 crores (Previous year Rs. 25.21 crores) through Traveller Cheques, Currencies, Credit Cards etc. The corresponding Foreign Exchange outgo during the year was Rs. 4.87 crores (Previous year 4.40 crores) resulting in a net foreign exchange earned for the year is Rs. 14.59 crores and Rs. 20.81 crores for the previous year.

**DEPOSITS:**

During the year under review, the company has accepted deposits from the Directors/ promoters group in terms of the sanction terms of the secured loans.

**COMPLIANCE OF LISTING AGREEMENT:**

Presently the company's Equity shares are listed at Bombay Stock Exchange (BSE) and National Stock Exchange Limited (NSE) and the company paid the Annual Listing Fees for the year 2010-11. There are no listing fees dues pending.

**CORPORATE GOVERNANCE:**

The company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in clause 49 of the listing agreement of the stock exchange are complied with. A separate statement on corporate governance together with the auditor's certificate of its compliance forms part of this annual report.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis for the year ended 31st March 2010 is published separately in this Annual Report.

**EMPLOYEE RELATIONS:**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.