

**EIH** Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2013-14

## CONTENTS

Board	3
The Oberoi Dharma	4
The Oberoi Group Mission	5
Highlights	6
Directors' Report	7
Management Discussion and Analysis	10
Report on Corporate Governance	13
Independent Auditors' Report	27
Balance Sheet	32
Statement of Profit and Loss	33
Cash Flow Statement	34
Notes to the Accounts	36

## 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

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									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>FOR THE YEAR</b>										
1 GROSS REVENUE	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	2,163.79
2 PROFIT BEFORE TAX	(22.84)	82.92	217.59	251.04	142.77	81.92	182.86	196.56	298.10	382.30
3 PROFIT AFTER TAX	(12.28)	89.92	137.10	146.54	98.98	52.88	120.17	133.55	205.02	235.61
4 DIVIDEND (INCLUDING TAX)	-	-	19.11	60.56	34.37	34.26	56.91	68.29	35.65	106.94
5 RETAINED EARNINGS	30.74	177.67	242.18	215.33	179.69	132.45	190.71	192.50	301.82	262.71
6 FOREIGN EXCHANGE EARNINGS	245.08	599.16	936.63	1,050.01	910.03	744.37	875.16	1,133.13	1,225.19	1,088.33
<b>AT YEAR END</b>										
7 GROSS FIXED ASSETS	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	4,510.07
8 SHARE CAPITAL	105.00	195.87	295.87	195.87	195.87	195.87	195.87	195.87	304.68	304.68
9 RESERVES AND SURPLUS	127.51	580.02	696.74	782.71	847.32	865.93	929.21	994.47	1,679.77	1,807.98
10 NET WORTH	140.65	769.82	988.56	978.58	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45	2,112.66
11 BORROWINGS	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	725.87
12 CAPITAL EMPLOYED	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	2,838.53
<b>PER SHARE</b>										
13 NET WORTH PER EQUITY SHARE	13.39	39.30	50.47	49.96	53.26	54.21	57.44	60.77	65.13*	69.34
14 EARNINGS PER EQUITY SHARE	(1.17)	4.59	6.96	7.31	5.05	2.70	6.14	6.19 <sup>#</sup>	8.01*	7.73
15 DIVIDEND PER EQUITY SHARE	-	-	0.80	2.50	1.50	1.50	2.50	3.00	1.00*	3.00
<b>RATIO</b>										
16 DEBT: EQUITY RATIO	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	0.34:1

# 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 :**

a) Serial nos. 7, 9, 10, 12, 13 and 16 are inclusive of Revaluation Reserve balance as at year end.

b) Figures for previous year(s) have been regrouped / rearranged, wherever necessary.

## DIRECTORS' REPORT

The Board presents the Thirty-first Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the financial year ended 31st March, 2014.

The financial highlights are set out below:

	<b>Rupees in million</b>	
	<b>2013-2014</b>	<b>2012-2013</b>
Total Revenue	<b>2163.79</b>	2129.53
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	<b>627.63</b>	644.70
Finance Costs	<b>111.29</b>	215.28
Depreciation & Amortisation	<b>134.04</b>	132.45
Profit Before Exceptional Items & Taxation	<b>382.30</b>	296.97
Exceptional Items	-	1.13
Profit Before Taxation	<b>382.30</b>	298.10
Tax including Deferred Tax	<b>146.69</b>	93.08
Profit After Tax	<b>235.61</b>	205.02
Dividend on Equity Shares	<b>91.40</b>	30.47
Dividend Distribution Tax	<b>15.54</b>	5.18
Transfer to General Reserve	<b>35.00</b>	-
Transfer from General Reserve	-	50.00
Adjustment pursuant to Scheme of Amalgamation	-	445.99
Profit brought forward	<b>22.34</b>	248.96
Balance carried forward	<b>116.01</b>	22.34

In terms of General Circular No. 08/2014, dated 4th April, 2014 of the Ministry of Corporate Affairs, Government of India, the Board Report has been prepared in accordance with Section 217 of the Companies Act, 1956 ("the Act").

In accordance with the provisions of Section 217 (2AA) of the Act and based on representations from the Management, the Board states that:

- a) in preparing the annual accounts, applicable accounting standards have been followed and there are no material departures;
- b) 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;
- c) 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;
- d) 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 2013-2014 as well as the future outlook.

In accordance with Clause 49 of the Listing Agreement with the stock exchanges, the Report on Corporate Governance along with the auditor’s certificate are attached.

The Board recommends a dividend of ₹ 3/- per equity share of ₹ 10/- in respect of the financial year 2013-2014.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid on Saturday, 9th August, 2014, to shareholders whose names appear on the register of shareholders at the close of business on Thursday, 24th July, 2014. As per the Income Tax Act, 1961, tax on dividend will be borne by the Company.

Energy conservation continues to be a focus area for the Company. Measures taken during the year include replacement of water pumps with high efficiency pumps, installation of timers for laundry and kitchen ventilation fans. Energy consumption for lighting has been reduced by replacing Halogen lights with LEDs and compact fluorescent lamps along with installation of dimmers. Energy efficient low capacity boilers have been installed for use during low load requirements. In addition to these, various operational measures were taken to reduce energy consumption, such as, heat recovery from steam condensate, optimising steam utilization in kitchens and laundries and controls on air conditioning and lighting wastage.

Measures planned include installation of solar power based generation system, installation of timers and occupancy sensors to control air conditioning and lighting on the rear end of house areas. Replacement of halogen lamps with high efficiency sodium vapour lamps for external lighting have been planned. Operational measures include ensuring effective working of energy conservation committees and close monitoring on equipment and lighting to save power.

During the financial year 2013-2014, the foreign exchange earnings of the Company amounted to ₹ 1,088.33 million as against ₹ 1,225.19 million in the previous year. The expenditure in foreign exchange during the financial year was ₹ 84.31 million as compared to ₹ 76.97 million in the previous year.

Mr. P. R. S. Oberoi, Chairman retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. L. Ganesh, Mr. Anil Nehru, Mr. Sudipto Sarkar and Mr. Rajesh Kapadia, who are already on the Board of the Company as Independent Directors are being appointed in the same position for a term comprising of 5 (five) consecutive years at the forthcoming Annual General Meeting, pursuant to sub-sections (4) and (10) of Section 149 and other applicable provisions, if any, of the Companies Act, 2013. In accordance with sub-section (13) of Section 149, these Independent Directors shall not be liable to retire by rotation. The Company has received Notices from Shareholder(s) proposing the appointment of Mr. L. Ganesh, Mr. Anil Nehru, Mr. Sudipto Sarkar and Mr. Rajesh Kapadia as Independent Directors on the Board for a period of 5 consecutive years at the forthcoming Annual General Meeting of the Company. The particulars of Directors are given in the Annexure to the Notice convening the Meeting



The auditors of the Company, Messrs. Ray & Ray, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have confirmed that if re-appointed, their appointment shall be within the prescribed limits. The Directors recommend their re-appointment as auditors of the Company for the financial year 2014-2015.

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

New Delhi  
29th May, 2014

P.R.S. OBEROI  
*Chairman*

VIKRAM OBEROI  
*Managing Director*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure, Developments and Outlook

Global economic growth in 2013 has remained subdued at about 3%. This is largely due to weak domestic demand and slow growth in several key emerging market economies coupled with a protracted recession in the Euro zone. Furthermore, the year 2013-2014 has not been a year of economic recovery in India. GDP growth in India is estimated at 4.9% for the financial year 2013-14. This lower GDP growth is driven by high inflation, low industrial production and investment.

In the last few years, the Indian Hotel Industry has been facing weak demand and an excess supply of rooms caused by optimism about the Indian growth story prior to 2008. This has led to new hotel openings by Indian and International hospitality brands. However, due to the economic slowdown, supply outpaced demand, suppressing Average Room Rates (ARR) and reducing occupancy.

As we look to the future, the Travel and Tourism industry has globally emerged as one of the fastest growing sectors, contributing significantly to economic growth and development. The World Travel and Tourism Council (WTTC) in its Annual Economic Impact Report 2014 estimates that the contribution of travel and tourism to the Indian GDP will be 7.3% in 2014. This is expected to grow by 7% p.a. reaching INR 14,000 billion by 2024.

India has potential to become a preferred tourist destination globally. The long term outlook for the Indian hospitality industry continues to be buoyant with growth outperforming the general economy. Inbound tourism continues to have modest growth of International tourists arrival and International tourists receipts. However, the domestic market will see strong growth with more Indians travelling, resulting in an expected revenue growth of 8.2% in the financial year 2014-2015.

The tourism sector in India faces several issues that needs to be addressed for the sector to realize its true potential. Visa on arrival from key markets in Europe and America, safety and security of tourists, specially women, infrastructure development, identification of new tourist destinations and regulatory and policy changes need attention from all stakeholders.

Recently, the Government of India announced a proposal to extend a visa on arrival scheme (VOA) for visitors from 180 countries. A proposal for an electronic travel authorization system will allow foreign travelers to apply for a visa electronically and receive an online confirmation in five working days has also been cleared. Presently, the VOA scheme is available to tourists from eleven countries, mainly from South East Asia and two European countries. Since its introduction, there is a continuous and significant growth of tourist arrivals reconfirming the need to quickly extend this facility to the identified 180 countries. According to a study undertaken by WTTC and UNWTO, these improvements in the Visa regime could result in upto 6 million more international visitors traveling to India resulting in corresponding growth in revenue and creating 1.8 million jobs over three years.

### Opportunities, Threats, Risks & Concerns

According to WTTC, the Travel and Tourism Industry globally is expected to grow by 4.3% in 2014. This continues to be higher than the growth rates of other industries. With the rapid growth in domestic tourism and India becoming a preferred travel destination for international tourists and the proposed new visa policy, the outlook for the travel and tourism industry will be positive in 2014. Despite this, with the increase in the supply of hotel rooms and falling Average Room Rates (ARR), margins will continue to be under pressure. Escalating real estate prices, increasing cost of energy, inadequate infrastructure development and lack of trained manpower are some of the challenges that will need to be addressed urgently.

With a newly elected government at the centre and focus of the Prime Minister on infrastructure development, creating new theme based tourist destinations, the travel and tourism industry is expected to receive a major boost. The industry is therefore expected to witness investor interest. The Oberoi Group, with its globally acclaimed hotels, world class services and strong brand identity is ideally poised to take advantage of these opportunities.

**Internal Control Systems and Risk Management**

The Company has robust internal control systems and procedures. The Internal Audit Department (IAD) of the Company continues to conduct periodical audits of all business units to ensure that systems and procedures are followed across all areas under the overall supervision and guidance of an Independent Audit Committee. The Company’s Risk Management Team identifies potential risks associated with the Company’s business and periodically keeps the Board informed of such risks and the measures taken by the Company to mitigate such risks.

**Financial and Operating Performance**

In spite of weak demand and excess supply of rooms, the Company has not only seen growth in revenue but also increase in profitability during the financial year 2013-14.

During the financial year 2013-2014, the Company’s Total Revenue was ₹ 2163.79 million as compared to ₹ 2,129.53 million in the previous year.

The Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA) was ₹ 627.63 million as compared to ₹ 644.70 million in the previous year.

The Profit Before Tax and Exceptional item was ₹ 382.30 million as compared to ₹ 296.97 million in the previous year.

The Profit After Tax was ₹ 235.61 million as compared to ₹ 205.02 million in the previous year.

The Company’s business activity is limited to hotels.

**Awards**

Oberoi Hotels & Resorts was voted the World’s Highest Rated Luxury Hotel Brand by ReviewPro’s 2014 Top Luxury Hotel & Brand Report. The report also ranks Oberoi Hotels & Resorts the best for guest satisfaction in service, value, hotel’s location and cleanliness.

Oberoi Hotels & Resorts was voted the World’s Best Hotel Brand by *Travel + Leisure*, World’s Best Awards, 2013 and was also voted “World’s Leading Luxury Hotel Brand” for the second consecutive year by World Travel Awards 2013.

The Oberoi Group was ranked 13th among India’s Top 100 Companies to Work for and 2nd in the Hospitality Industry for the year 2013. The recognition has come as part of the “India’s Best Companies to Work for” 2013 study conducted by Great Place to Work Institute (GPTW).

Mr. P.R.S. Oberoi received the Lifetime Achievement Award for Management by the All India Management Association (AIMA) held in New Delhi in February 2013.

The Oberoi Rajvilās, Jaipur earned the following awards:

<b>Hotel</b>	<b>Award</b>	<b>Awarded by</b>
The Oberoi Rajvilās Jaipur, Rajasthan	Top 15 Resorts in Asia (Ranked 4th )	<i>Travel+Leisure</i> , World’s Best Awards Readers’ Survey 2013
	Top Resorts in Asia for Service (Ranked 4th)	<i>Travel+Leisure</i> , World’s Best Awards, Readers’ Survey 2013
	Top 15 Hotels in India (Ranked 5th)	<i>Condé Nast Traveler</i> , USA, Readers’ Choice Awards 2013

**Corporate Social Responsibility**

During the year, Company has taken many initiatives in the Corporate Social Responsibility front. Company and employees made a voluntary contribution of ₹ 1 million to the Prime Minister’s National Relief Fund towards relief of Uttarakhand flood victims.

The Company is engaged in a number of community development and social service efforts. During the year under review, the Company has supported education for underprivileged children as the cornerstone of its future Corporate Social Responsibility.

The Company continues to remain committed to environmental conservation and community development. The Company's hotels pursue initiatives that favourably impact communities located in the hotels' vicinity.

The Oberoi Rajvilas, Jaipur extends assistance to "With Care" programmes for the under privileged sections of society. The hotel also supports SOS Children's Village at Jaipur and Mother Teresa Foundation. Staff from the hotel visits schools in nearby villages to spread awareness of environmental conservation, hygiene and wellness.

The Oberoi Cecil, Shimla extends its support to Sarvodaya Bal Ashram for orphaned children in Shimla. On 15th August 2013, the hotel organised an annual blood donation camp for the local blood bank. The World Environment Day was commemorated by observing Environment Week to create awareness about global warming, pollution and ecological balance.

Trident Hotels in Agra and Udaipur extend assistance to local chapters of Mother Teresa's Missionaries of Charity.

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.

Trident Bhubaneswar conducted 'Hunar Se Rozgar Tak' training scheme ("HSRT") which is a Government of India initiative to promote skill development in hospitality trade courses. Students were given training on different operational departments of the hotel. The programme aimed at empowering youths belonging to economically challenged sections of society.

#### **Developments in Human Resources and Industrial Relations**

The Company firmly believes that its greatest strength lies in the quality of its people and that its "people philosophy" gives it a competitive edge. The Oberoi Group has been ranked 13th amongst India's Top 100 companies to work for by the Great Places to Work Institute as part of the "India's Best Companies to work for" 2013 study covering 535 organisations. This recognition supports our belief that people are our greatest asset.

Keeping the "people focus" in mind, the Company continuously strives to achieve this objective by taking various developmental initiatives in the Human Resources front, some of which are as follows:

- Learning and Development plays a significant role and is a partnership between corporate and hotel teams that together focus on building employee competence and confidence. Learning and development programs have been created and continue to be revised so as to positively affect all aspects of employees' career with The Oberoi Group. The Company is continuously working on developing content that would enable its employees not only to attain competent performance standards but also reach the next level of desired career path.
- The Oberoi Group Reward and Recognition Programme was launched in 2013. The programme recognises through a structured framework splendid effort by employees across various parameters.
- Employee engagement has always been a strong focus at The Oberoi Group. During the year, the Aon Hewitt Employee Engagement Survey was concluded. The overall engagement levels of employees across the group have significantly improved thus reflecting a strong commitment and faith of employees to the organization.
- The Oberoi Centre of Learning and Development (OCLD) started making its knowledge resources and training faculty available to the hotels.

Industrial Relations remained stable throughout the year.

As on 31st March, 2014, the number of people employed by the Company was 1452.

For and on behalf of the Board

New Delhi  
29th May, 2014

P.R.S. OBEROI  
*Chairman*

VIKRAM OBEROI  
*Managing Director*

## REPORT ON CORPORATE GOVERNANCE

### 1. The Company's Philosophy on Code of Governance

The Company's philosophy on Governance is documented in "The Oberoi Dharma", which is the fundamental Code of Conduct of the Company and in its "Mission Statement".

The texts of "The Oberoi Dharma" and "Mission Statement" appear on pages 4 and 5 of this Annual Report.

### 2. Board of Directors

As on 31st March, 2014, the Company had eight Directors on the Board. Mr. Vikram Oberoi is the Managing Director of the Company. Of the seven Non-executive Directors, four are Independent Directors.

The Board met five times during the Financial Year ie. – on 29th May, 2013, 8th August, 2013, 31st October, 2013, 31st January, 2014 and 25th March, 2014.

Details of attendance of Directors at Board Meetings during the Financial Year and at the Company's Thirtieth Annual General Meeting together with the number of other Directorships and Committee Memberships held by them are as follows:

Name	Designation	Category	Attendance			
			Board Meetings	Last AGM	No. of other Directorships@	No. of Board Committees (other than EIH Associated Hotels Limited)
Mr. P.R.S.Oberoi	Chairman	Non-executive Non-Independent	3	No	6	1
Mr. Vikram Oberoi	Managing Director	Executive	5	Yes	4	2
Mr. S.S.Mukherji	Director	Non-executive Non-Independent	4	Yes	2	1
Mr. Rajan Raheja	Director	Non-executive Non-Independent	1	No	6	3*
Mr. Anil Nehru	Director	Non-executive Independent	4	No	4	4*
Mr. L.Ganesh	Director	Non-executive Independent	5	Yes	10	8*
Mr. Sudipto Sarkar	Director	Non-executive Independent	5	Yes	4	4
Mr.Rajesh Kapadia	Director	Non-executive Independent	3#	No	7	7**

@ Excludes Directorships in private companies

\* Chairperson of one Committee

\*\* Chairperson of five Committees

# Attended one meeting by electronic mode

Mr. P.R.S. Oberoi retires by rotation at the forthcoming Thirty-first Annual General Meeting. He is eligible for re-appointment.

Mr. L. Ganesh, Mr. Anil Nehru, Mr. Sudipto Sarkar and Mr. Rajesh Kapadia, being Independent Directors, are not liable to retire by rotation. They are eligible for appointment as "Independent Directors" for a term comprising of five consecutive years at the forthcoming Annual General Meeting in accordance with Section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.

Their particulars are enclosed as an Appendix to the Notice convening the Thirty-first Annual General Meeting.

All Directors and Members of the senior management have, as on 31st March, 2014 affirmed their compliance with:-

- *The Oberoi Dharma*, the Fundamental Code of Conduct for all Members of The Oberoi Group;
- The Company's Code of Conduct for Prevention of Insider Trading in its shares.

### **3. Audit Committee**

#### **Composition, Meetings and Attendance thereat**

The Audit Committee consists of five Board members, viz. Mr. L. Ganesh, Mr. Rajan Raheja, Mr. Rajesh Kapadia, Mr. Anil Nehru and Mr. Sudipto Sarkar.

All members of the Committee are Non-executive Directors. Four of the members are Independent Directors. The quorum for an audit committee meeting is two members personally present. Mr. L. Ganesh is the Chairman of the Committee. An eminent industrialist, Mr. Ganesh has vast business experience. He is also a Chartered Accountant. All the other Members of the Committee are financially literate within the meaning of Explanation 1 to Clause 49 II (A)(ii) of the Listing Agreement.

The Committee met on four occasions during the financial year, ie. – on 29th May, 2013, 8th August, 2013 and 31st October, 2013 and 31st January, 2014. Mr. Anil Nehru attended three meetings. Both Mr. L. Ganesh and Mr. Sudipto Sarkar attended four meetings. Mr. Rajesh Kapadia attended two meetings and Mr. Rajan Raheja attended one meeting.

The Auditors, the Chief Internal Auditor, EIH Limited, Mr. S.S. Mukherji, Director and Mr. Vikram Oberoi, Managing Director, are invitees to the Committee meetings. The Company Secretary acts as Secretary to the Committee.

#### **Terms of Reference**

The terms of reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 formerly Section 292A of the Companies Act, 1956.

### **4. Stakeholders Relationship Committee (formerly Investors' Grievances Committee)**

The Investors' Grievances Committee has been re-designated as "Stakeholders Relationship Committee".

#### **Composition, Meetings and Attendance thereat**

The Stakeholders Relationship Committee comprises of four Directors viz. Mr. P.R.S. Oberoi, Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar. Ms. Indrani Ray, Company Secretary, who is also the Compliance Officer of the Company, acts as Secretary to the committee.

The quorum for a meeting is two Directors personally present. Mr. P.R.S. Oberoi, Chairman of the Board or a Non-executive Director, chairs these meetings.

The committee met on four occasions during the financial year ie. – on 29th May, 2013, 8th August, 2013, 31st October, 2013 and 31st January, 2014. Mr. P.R.S. Oberoi chaired three meetings. Mr. S.S. Mukherji chaired one meeting. Mr. Vikram Oberoi and Mr. Sudipto Sarkar attended all four meetings.

### **Terms of Reference**

The committee monitors the Company's response to investor complaints. It has also been authorised to approve the issue of duplicate share certificates in lieu of those lost or destroyed.

In accordance with the provisions of Clause 49IV(G)(iv) of the Listing Agreement, the power to approve transfers, transmissions, etc. of shares in the physical form has been delegated to the Share Transfer Agent (STA).

As on 31st March, 2014, there was no pending request for dematerialisation or for physical transfer of shares.

1 complaint was received from Shareholder during the year with respect to Rights Issue. There were no pending complaints as on 31st March, 2014.

## **5. Nomination and Remuneration Committee**

### **Composition, Meetings & Attendance**

The Company has constituted the Nomination and Remuneration Committee of the Board in accordance with Section 178 of the Companies Act, 2013.

The Committee comprises of three Non-executive Directors viz. Mr. S.S. Mukherji, Mr. Sudipto Sarkar and Mr. Anil Nehru of which two Directors viz. Mr. Anil Nehru and Mr. Sudipto Sarkar are independent.

Mr. Sudipto Sarkar is the Chairperson of the Committee. The Company Secretary acts as Secretary to the Committee.

The quorum for a meeting is two Directors personally present. The Company Secretary acts as Secretary to the Committee.

### **Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee and its role is as prescribed in sub-sections (3) and (4) of Section 178 of the Companies Act, 2013.

There was no requirement for a meeting of the Committee during the financial year 2013-2014.

## **6. Corporate Social Responsibility Committee**

### **Composition, Meetings and Attendance**

The Corporate Social Responsibility Committee ("CSR Committee") of the Board, constituted in accordance with Section 135 of the Companies Act, 2013 comprises of three Directors viz. Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar (Independent Director).

The quorum for a meeting of the CSR Committee is two members. Mr. S.S. Mukherji is the Chairman of the CSR Committee.

The Committee will meet as and when required. There was no occasion for a meeting during the financial year 2013-2014.

**7. General Body Meetings**
**(i) Location and time of last three Annual General Meetings (AGMs) and Special Resolutions passed at these Meetings:**

Financial Year Ended	Location	Date	Time	Number of Special Resolutions passed
31st March, 2011	Trident, Chennai	Friday, 12th July, 2011	3.30 P.M.	Nil
31st March, 2012	Trident, Chennai	Thursday, 9th August, 2012	3.30 P.M.	Nil
31st March, 2013	Trident, Chennai	Thursday, 8th August, 2013	3.30 P.M.	Nil

**(ii) Whether any Special Resolution passed last year through postal ballot:**

No Special Resolution was passed by postal ballot during the financial year.

**(iii) Whether any Special Resolution is proposed to be conducted through postal ballot:**

There is no proposal, at present, to pass any special resolution by postal ballot.

**8. Remuneration of Directors**

Apart from sitting fee, no remuneration is paid to the Directors. Directors who attend Board or Committee meetings are paid a sitting fee of ₹ 10,000 per meeting. During the financial year, the total amount paid to the Directors for attending the Board and Committee meetings amounted to ₹ 570,000.

**9. General Disclosures**

- (i) A summary of transactions with related parties, in the ordinary course of business, is placed before the Audit Committee;
- (ii) there were no material individual transactions with related parties that were not in the ordinary course of business during the Financial Year ended 31st March, 2014;
- (iii) there were no materially significant transactions during the Financial Year with related parties such as the Promoters, Directors, key managerial personnel, relatives or subsidiary that could have potential conflict of interest with the Company;
- (iv) the mandatory disclosure of transactions with related parties, in compliance with the Accounting Standard (AS-18), is a part of this Annual Report and disclosed on page 56;
- (v) the number of shares held by the Non-executive Directors in the Company are as follows:

	No. of Shares
Mr. P.R.S. Oberoi	50820
Mr. S. S. Mukherji	10000
Mr. Rajan Raheja	46666

None of the other Non-executive Directors hold any shares in the Company;



- (vi) in preparing the Annual Accounts in respect of the Financial Year ended 31st March, 2014, no accounting treatment was different from that prescribed in the Accounting Standards;
- (vii) there was no instance of non-compliance on any matter relating to the capital markets during the past three years;
- (viii) the Company has a Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time; and
- (ix) No fresh issue of shares took place during the Financial Year ended on 31st March, 2014.

#### 10. Means of Communication

Annual Reports in respect of each financial year are mailed to all shareholders in June/ July of each calendar year. Each report contains the annual accounts of the Company in respect of the financial year alongwith the Directors' Report and Auditor's Report. Also included in each Annual Report is the notice convening the Annual General Meeting, the financial year's Corporate Governance Report and the Cash Flow Statement with the corresponding reports of auditors thereon.

The Financial Results of the Company were officially released or will be released in accordance with the following schedule:

Sl. No.	Nature of Communication	Media used for Publication	Dates of Publication	Forwarded/ to be forwarded to Stock Exchanges on
1	Quarterly Unaudited Financial Statements (First Quarter 2013-2014)	Newspapers	09.08.2013	08.08.2012
2	Half-yearly Unaudited Financial Statements (Second Quarter 2013-2014)	Newspapers	01.11.2013	31.10.2013
3	Quarterly Unaudited Financial Statements (Third Quarter 2013-2014)	Newspapers	01.02.2014	31.01.2014
4	Publication of Annual Audited Results 2013-2014 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges	Newspapers	30.05.2014	29.05.2014

The Financial Results are published in The Indian Express, The Financial Express, Business Standard and *Makkal Kural*.

All corporate information filed by the Company with the Stock Exchanges is uploaded on [www.corpfiling.co.in](http://www.corpfiling.co.in) and can be viewed on this portal. Such information is also available on the Company's website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in)

The Management Discussion and Analysis in respect of the Financial Year is a part of the Directors' Report.

The Company has developed and implemented a risk management framework to identify business risks and take measures to mitigate such risks. This is now an integral part of the overall management process. The Board of Directors is periodically informed regarding these risk management initiatives.

**11. General Shareholder Information**

a. **The Thirty-first Annual General Meeting will be held at 3.30 P.M. on Friday, 8th August, 2014, at Trident, Chennai.**

b. **The Tentative Financial Calendar is as follows:**

Audited Annual Accounts 2013-2014	Thursday, 29th May, 2014
Mailing of Annual Report for 2013-2014	On/before Friday, 11th July, 2014
Unaudited First Quarter Financial Results 2014-2015	Friday, 8th August, 2014
Thirty-first Annual General Meeting	Friday, 8th August, 2014
Payment of Dividend 2013-2014	Saturday, 9th August, 2014
Unaudited Second Quarter Financial Results 2014-2015	Friday, 31st October, 2014

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Friday, 25th July, 2014 to Friday, 8th August 2014, both days inclusive.

d. **Payment of Dividend**

Warrants relating to dividend in respect of the Financial Year 2013-2014, if declared by the Company at the Thirty-first Annual General Meeting, will be despatched on Saturday, 9th August, 2014, to those Shareholders whose names will appear in the Register of Shareholders of the Company as at the close of business on Thursday, 24th July, 2014.

e. **Listing of Equity Shares on the Stock Exchanges**

As on 31st March, 2014, the shares of the Company were listed on Bombay Stock Exchange Limited, Mumbai, Madras Stock Exchange Limited, Chennai and National Stock Exchange of India Limited, Mumbai. The respective Stock Codes of the above Stock Exchanges are as follows:

BSE	523127
Madras	EIHASSOHOT
National	EIHAHOTELS

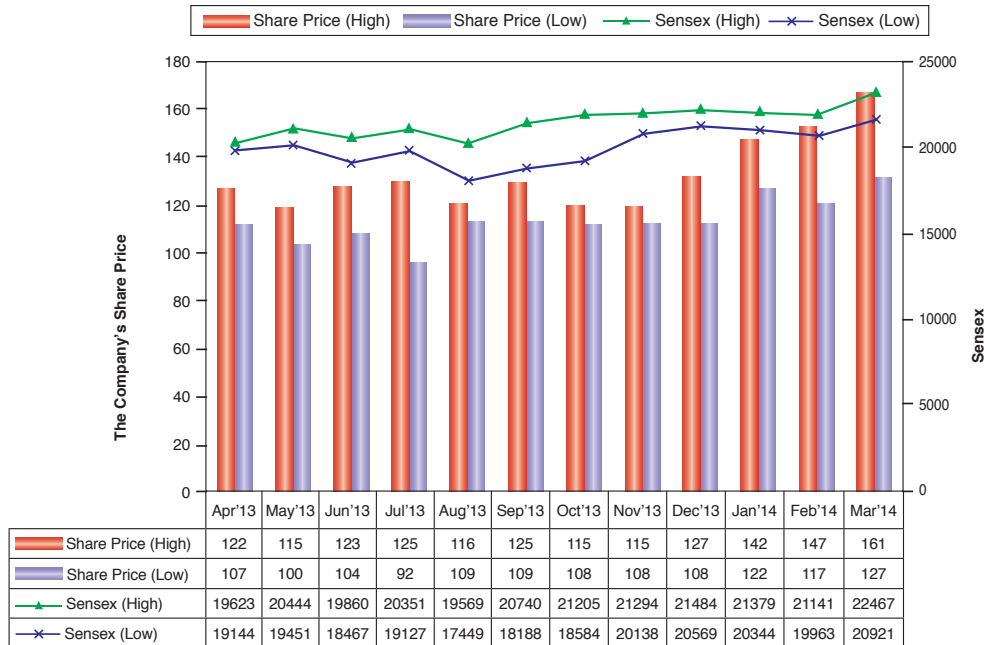
The ISIN Number of the Company's shares in the dematerialised mode is INE276C01014.

There are no arrears of Listing Fees and custodial fees.

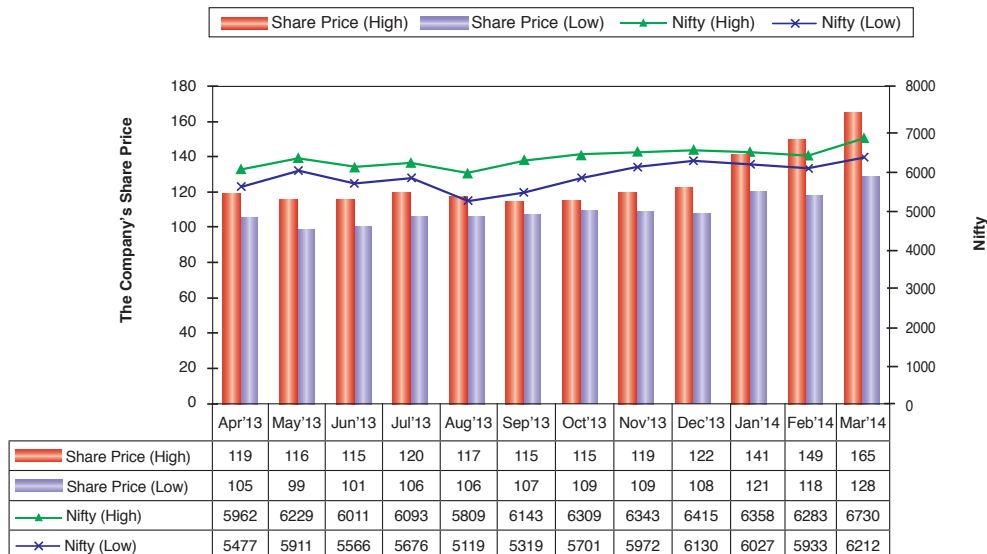
**f. Market Price of The Company’s Share vis-à-vis Sensex and Nifty (in Rupees)**

The Company’s monthly share price pattern during the Financial Year vis-à-vis the Sensex and the Nifty have been as under:

**A. The Company’s Share Price vis-à-vis Sensex**



**B. The Company’s Share Price vis-à-vis Nifty**



- g. Clause 5A of the Listing Agreement requires the Company to open an “Unclaimed Suspense Account” in the dematerialised form with a Depository Participant for crediting physical shares issued to Shareholders consequent upon a public or any other issue of shares by the Company but which have remained unclaimed by them. The provisions contemplate that the Company should send at least three reminders to the concerned Shareholders prior to transfer of their shareholding to the ‘Unclaimed Suspense Account’. The Company has no unclaimed shares as on 31st March, 2014.
- h. In accordance with Section 20 of the Companies Act, 2013 read with Rule 35 of the Companies (Incorporation) Rules, 2014 the annual report and accounts, Annual General Meeting Notices, postal ballot notice, circulars etc. are sent by electronic transmission to those shareholders whose e-mail addresses are made available to the Company by its shareholders and the depository. Documents e-mailed to shareholders are available on the Company’s website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in) to enable shareholders read and download a copy. Physical copies of the documents are sent to those shareholders who make a specific request in writing for the same.

## 12. Share Transfers

The Investors Services Division of EIH Limited is ISO 9001-2008 certified and is registered with SEBI as a Category II - Share Transfer Agent (STA). The SEBI Registration No. allotted to the STA is Category II-INR000003779. Requests for dematerialisation and rematerialisation of shares should be sent to the STA at the following address:

EIH Limited  
4, Mangoe Lane  
Kolkata - 700 001

Telephone : 91-33-4000 2200  
Facsimile : 91-33-2248 6785  
e-Mail ID : [isdho@oberoigroup.com](mailto:isdho@oberoigroup.com)  
[invcom@tridenthotels.com](mailto:invcom@tridenthotels.com)

The Company’s shares are traded on the stock exchanges in dematerialised form. Shareholders are requested to ensure that their depository participants (“DPs”) promptly send physical documents, ie. Dematerialisation Request Form (“DRF”), share certificates, etc., to the STA by giving the Dematerialisation Request Number (“DRN”). Documents of transfer in physical form, ie., the transfer deeds, share certificates, etc., should similarly be sent to the STA.

As on 31st March, 2014, 30.17 million shares of the Company, representing 99.04% of the total shares issued, were held in the dematerialised form and 0.29 million shares representing 0.96% of the total issued shares were held in physical form. A total of 4907 (78%) shareholders have up to 31st March, 2014, dematerialised their shareholdings, while the balance 1371 (22%) shareholders continue to hold shares in the physical form.

**13. Distribution of Shareholding as on 31st March, 2014**

Shareholding Range	No. of Shareholders	% of Shareholders	No. of shares (in million)	% of Shareholding
1-1000	6043	95.75	0.85	2.80
1001-5000	196	3.11	0.43	1.40
5001-10000	28	0.44	0.20	0.67
10001-50000	25	0.40	0.61	2.01
50001-100000	9	0.14	0.60	1.97
100001 and above	10	0.16	27.78	91.15
<b>Total</b>	<b>6311</b>	<b>100.00</b>	<b>30.47</b>	<b>100.00</b>

**13. Pattern of Shareholding as on 31st March, 2014**

Category	No. of shares held (in million)	Percentage of Shareholding
<b>A. Promoter Holding</b>	<b>22.85</b>	<b>75.00</b>
<b>B. Non-Promoter Holding</b>		
Institutional Investors		
a. Banks, Financial Institutions, and Insurance Companies	0.00	0.01
b. FIIs	4.34	14.25
<b>Sub Total</b>	<b>4.34</b>	<b>14.26</b>
Non-Institutional Investors		
a. Private Bodies Corporate	0.66	2.14
b. Indian Individuals	2.49	8.18
c. NRIs/OCBs	0.13	0.42
<b>Sub Total</b>	<b>3.28</b>	<b>10.74</b>
Total Non-Promoter Holding	<b>7.62</b>	<b>25.00</b>
<b>Grand Total</b>	<b>30.47</b>	<b>100.00</b>

**14. Unclaimed Dividends**

All unclaimed Dividends up to and including the financial year ended 31st March, 1999, have been transferred either to the general revenue account of the Central Government or to the Investor Education and Protection Fund ("IEPF") as mandated under law.

Pursuant to Section 205C (2) of the Companies Act, 1956 read with Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 ("IEPF Rule"), Company had filed Form 5 INV with Ministry of Corporate Affairs giving detailed information on unclaimed dividends for the years 2007, 2008, 2009, 2010, 2011, 2012 and 2013. The said information has also been uploaded on the Company's website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in)

Shareholders who have not encashed their dividend warrants relating to the subsequent financial years are reminded by the Share Transfer Agent from time to time to claim their dividends before transfer to the IEPF. Under the extant provisions of the Companies Act, 2013, no claims shall lie against the IEPF or the Company in respect of individual dividend amount which remained unclaimed for a period of 7 years from the date of disbursement. Therefore, Shareholders who have not encashed their Dividend Warrants relating to the Financial Year ended 31st March, 2007 and subsequent years are requested to contact the Share Transfer Agent.

**15. Location of Hotels**

- i) The Oberoi Cecil, Shimla
- ii) The Oberoi Rajvilās, Jaipur
- iii) Trident, Agra
- iv) Trident, Bhubaneshwar
- v) Trident, Chennai
- vi) Trident, Jaipur
- vii) Trident, Udaipur
- viii) Trident, Cochin

**16. Address for Correspondence**

EIH Associated Hotels Limited  
1/24, G.S.T. Road  
Meenambakkam  
Chennai 600 027  
Telephone No. 91-44-2234-4747  
Fax No. 91-44-2234 4985  
91-44-2234 6699  
E-mail: [Indrani.Ray@oberoigroup.com](mailto:Indrani.Ray@oberoigroup.com)

**17. Compliance with Clause 47(f) of the Listing Agreement**

In compliance with the provisions of Clause 47(f) of the Listing Agreement, a separate e-mail ID [invcom@tridenthotels.com](mailto:invcom@tridenthotels.com) operates as a dedicated ID solely for the purpose of registering investor complaints.

**18. Information pursuant to Clause 49IV(G)(i) of the Listing Agreement**

Information pursuant to Clause 49IV(G)(i) of the Listing Agreement pertaining to particulars of Directors to be re-appointed at the forthcoming Annual General Meeting is enclosed as an Annexure to the Notice convening the Annual General Meeting.

**19. Compliance Certificate of the Auditors**

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed.

For and on behalf of the Board

New Delhi  
29th May, 2014

P.R.S. OBEROI  
*Chairman*

VIKRAM OBEROI  
*Managing Director*

**Declaration by the Managing Director under Clause 49(I)(D)(ii) of the Listing Agreement regarding adherence to the Code of conduct**

In accordance with sub-clause I (D) (ii) of clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all directors and senior management personnel of the Company have affirmed compliance with The Oberoi Dharma, the code of conduct, as applicable to them, for the financial year ended 31st March, 2014.

New Delhi  
29th May, 2014

VIKRAM OBEROI  
*Managing Director*

## AUDITOR'S CERTIFICATE

To  
The Members of  
EIH Associated Hotels Limited

We have examined the compliance of conditions of Corporate Governance by EIH Associated Hotels Limited for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to the examination of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For RAY & RAY  
*Chartered Accountants*  
Firm's Registration Number 301072E

New Delhi  
29th May, 2014

R.N. ROY  
*Partner*  
Membership Number 8608



## SECRETARIAL AUDIT REPORT

The Board of Directors  
EIH Associated Hotels Limited  
1/24, G.S.T. Road  
Mennambakkam  
Chennai - 600 027

I have examined the registers, records and documents of EIH Associated Hotels Limited ("the Company") for the financial year ended March 31, 2014 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
  - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made under that Act;
  - The Equity Listing Agreements with Madras Stock Exchange, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
  - (b) closure of the Register of Members;
  - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
  - (d) service of documents by the Company on its Members and the Registrar of Companies;
  - (e) notice of Board meetings and Committee meetings of Directors;
  - (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - (g) the 30th Annual General Meeting held on 8th August, 2013;
  - (h) minutes of proceedings of General Meetings and of Board and its Committee meetings;
  - (i) approvals of the Members, the Board of Directors, the Committees of Directors and Government authorities, wherever required;
  - (j) constitution of the Board of Directors/Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and/Whole-time Directors;
  - (k) payment of remuneration to the Directors including the Managing Director and/Whole time Directors;
  - (l) appointment and remuneration of Auditors;

- (m) transfers and transmissions of the Company's shares and duplicate certificates of shares;
  - (n) declaration and payment of dividends;
  - (o) quarterly Capital Reconciliation Statement submitted to SEBI;
  - (p) borrowings and registration of original charge/mortgage, modification and satisfaction of charges;
  - (q) investments of the Company's funds including inter corporate loans and investments and loans to others;
  - (r) giving guarantees in connection with loans taken by subsidiary Company;
  - (s) contracts, common seal, registered office and publication of name of the Company; and
  - (t) generally, all other applicable provisions of the Act and the Rules made under that Act.
2. I further report that:
- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interests in other entities;
  - (b) the Directors have complied with the disclosure requirements in respect of their eligibility for appointment and compliance with the code of Business Conduct & Ethics;
  - (c) the Company has obtained all necessary approvals under the various provisions of the Act;
  - (d) on the basis of Management information and explanation given to me there was no prosecution initiated against the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-law framed thereunder by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the Madras Stock Exchange Limited, Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
  - (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.

A.K. CHATTOPADHYAY  
*Company Secretary*  
C.P. No. 880 (Whole Time)  
FCS-2303

2nd May, 2014

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
EIH Associated Hotels Limited

## **Report on the Financial Statements**

We have audited the accompanying financial statements of EIH Associated Hotels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure of statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of "the Act", 1956 we report that:
  - a. we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the report on the accounts of Trident Cochin, a unit of the Company for the year ended March 31, 2014 have been audited by branch auditor whose reports have been forwarded to us and we have considered the same appropriately in preparing our report.
  - d. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - e. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
  - f. on the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

For RAY & RAY  
*Chartered Accountants*  
Firm's Registration Number 301072E

New Delhi  
29th May, 2014

R.N. ROY  
*Partner*  
Membership Number 8608

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date**

- i (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) Some fixed assets of the Company have been physically verified by the management during the year as a part of a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification which were not material have been properly dealt with in the books of accounts.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii (a) As explained to us, inventories have been physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Consequently, clauses (iii)(a) to (iii)(g) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- v (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register made under section 301 of the Act and exceeding the value of ₹ 5 lakhs in respect of each party during the year cannot be compared in absence of market quotations for similar items.
- vi In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- vii In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Act for the Company.

- ix (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, value added tax/sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, customs duty and cess which have not been deposited on account of any dispute other than the disputed income tax, sales tax, value added tax, service tax, luxury tax and excise duty as indicated below:

Name of the statute	Nature of the dues	Amount (Rupees in Millions)	Period to which the amount relates	Forum where pending
Tamil Nadu Tax on Luxuries Act, 1981	Luxury Tax	14.55	2007-2008 to 2011-2012	Assistant Commissioner, Chennai
The Himachal Pradesh Tax on Luxuries (in hotels & lodging houses) Act, 1979	Luxury Tax	2.50	2008-2009 to 2011-2012	Assessing Authority, Shimla
Central Excise Act, 1944	Excise Duty	0.08	2006-2007 to 2007-2008	CESTAT Delhi
Value Added Tax on various states	Value Added Tax	0.12	2007-2008	Allahabad High Court
	Value Added Tax	1.32	1996-1997, 1999-2000, 2006-2007, 2007-2008, 2008-2009, 2010-2011	VAT Commissioner, Agra
	Value Added Tax	0.56	1997-1998, 1996-1997, 1999-2000	Orissa High Court and VAT Tribunal, Orissa
	Entry Tax	0.56	2008-2009 to 2010-2011	Deputy Commissioner (Appeals), Udaipur
	Value Added Tax	0.26	1999-2000	Deputy Commissioner (Appeals), Ernakulum
	Value Added Tax	6.44	2006-2007 to 2011-2012	Assistant Commissioner and Dy. Commissioner Chennai
Central Excise Act, 1944	Service Tax	0.18	2007-2008 to 2012-2013	Show cause Notice from Agra Service Tax Authorities
	Service Tax	1.23	2005-2008	Commissioner, Service Tax, Chennai
	Service Tax	8.48	2010-2011	Commissioner, Service Tax, Chennai
	Service Tax	28.03	2011-2012	CESTAT, Delhi
	Service Tax	14.19	April 2008 to September 2011	Commissioner, Jaipur

	Service Tax	17.64	May 2011 to March 2012	CESTAT, Delhi
	Service Tax	2.32	April 2012 to June 2012	Additional Commissioner, Jaipur
	Service Tax	0.29	July 2012 to March 2013	Assistant Commissioner, Jaipur
Income Tax Act, 1961	Income Tax	30.45	2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012	Commissioner of Income Tax (Appeals)

- x The Company does not have accumulated losses and has not incurred any cash loss during the year covered by our Report and in the immediately preceding financial year.
- xi In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii In our opinion and according to the information and explanations given to us the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xiv In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.
- xvii According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies/firms covered in the Register maintained under section 301 of the Act.
- xix According to the information and explanations given to us, the Company has not issued debentures during the year under audit.
- xx According to the information and explanations given to us no material fraud on or by the Company has been noticed or reported during the course of our audit.

For RAY & RAY  
Chartered Accountants  
Firm's Registration Number 301072E

New Delhi  
29th May, 2014

R.N. ROY  
Partner  
Membership Number 8608

# Balance Sheet

## as at 31st March, 2014

			As at 31st March	
	Note	Rupees Million	2014 Rupees Million	2013 Rupees Million
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	304.68		304.68
b) Reserves and Surplus	3	<u>1,807.98</u>		<u>1,679.77</u>
			<b>2,112.66</b>	<u>1,984.45</u>
<b>(2) NON-CURRENT LIABILITIES</b>				
a) Long Term Borrowings	4	306.69		909.87
b) Deferred Tax Liabilities (Net)	5	320.77		174.08
c) Other Long Term Liabilities	6	1.29		2.13
d) Long Term Provisions	7	<u>8.58</u>		<u>7.33</u>
			<b>637.33</b>	<u>1,093.41</u>
<b>(3) CURRENT LIABILITIES</b>				
a) Short Term Borrowings	8	325.87		3.10
b) Trade Payables	9	217.89		191.17
c) Other Current Liabilities	10	171.26		177.77
d) Short Term Provisions	11	<u>110.88</u>		<u>40.31</u>
			<b>825.90</b>	<u>412.35</u>
<b>TOTAL</b>			<u><b>3,575.89</b></u>	<u><b>3,490.21</b></u>
<b>II. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
a) Fixed Assets	12			
i) Tangible Assets		2,710.64		2,775.27
ii) Intangible Assets		0.08		0.13
iii) Capital Work-In-Progress		<u>10.30</u>		<u>16.97</u>
		<b>2,721.02</b>		<u>2,792.37</u>
b) Non-Current Investments	13	9.04		9.04
c) Long Term Loans and Advances	14	85.62		41.62
d) Other Non-Current Assets	15	<u>0.45</u>		<u>0.41</u>
			<b>2,816.13</b>	<u>2,843.44</u>
<b>(2) CURRENT ASSETS</b>				
a) Inventories	16	88.61		80.53
b) Trade Receivables	17	183.98		180.21
c) Cash and Bank Balances	18	71.52		62.96
d) Short Term Loans and Advances	19	406.26		319.60
e) Other Current Assets	20	<u>9.39</u>		<u>3.47</u>
			<b>759.76</b>	<u>646.77</u>
<b>TOTAL</b>			<u><b>3,575.89</b></u>	<u><b>3,490.21</b></u>

Significant Accounting Policies 1

The notes are an integral part of these  
Financial Statements

This is the Balance Sheet referred  
to in our report of even date.

For RAY & RAY  
*Chartered Accountants*

R.N. ROY  
*Partner*  
Membership Number 8608  
New Delhi, 29th May, 2014

INDRANI RAY  
*Company Secretary*

P.R.S. OBEROI *Chairman*  
VIKRAM OBEROI *Managing Director*  
L. GANESH *Director*



# Statement of Profit and Loss

## for the year ended 31st March, 2014

	Note	Rupees Million	Year ended 31st March	
			2014 Rupees Million	2013 Rupees Million
I. Revenue from Operations	21		2,147.46	2,090.81
II. Other Operating Income	22		12.84	33.27
III. Other Income	23		3.49	5.45
<b>IV. Total Revenue (I + II+III)</b>			<b>2,163.79</b>	<b>2,129.53</b>
V. Expenses :				
Cost of Materials Consumed	24		189.34	180.44
Employee Benefits Expense	25		358.73	367.43
Finance Costs	26		111.29	215.28
Depreciation and Amortization Expense	27		134.04	132.45
Other Expenses	28		988.09	936.96
<b>Total Expenses</b>			<b>1,781.49</b>	<b>1,832.56</b>
VI. Profit Before Exceptional Items & Taxation (IV-V)			382.30	296.97
VII. Exceptional Items - Profit	29	-		11.12
VIII. Less: Exceptional Items- Amalgamation Expenses	30	-		9.99
			-	1.13
IX. Profit Before Taxation (VI+VII-VIII)			382.30	298.10
X. Tax Expense				
Current Tax		80.30		57.80
Less: MAT Credit Entitlement		80.30		57.80
Net Current Tax		-		-
Deferred Tax		146.69		93.08
			146.69	93.08
XI. Profit for the Period (IX-X)			235.61	205.02
XII. Earnings Per Equity Share ( ₹ ) :	38			
(1) Basic			7.73	8.01
(2) Diluted			7.73	8.01

The notes are an integral part of these  
Financial Statements

This is the Statement of Profit and Loss referred  
to in our report of even date.

For RAY & RAY  
Chartered Accountants

R.N. ROY  
Partner  
Membership Number 8608  
New Delhi, 29th May, 2014

INDRANI RAY  
Company Secretary

P.R.S. OBEROI  
VIKRAM OBEROI  
L. GANESH  
Chairman  
Managing Director  
Director

# Cash Flow Statement

	Year ended 31st March	
	2014 Rupees Million	2013 Rupees Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxation	382.30	298.10
Adjustments for :		
Depreciation and Amortisation Expenses	134.04	132.45
Finance Costs	111.29	215.28
Wealth Tax	0.05	0.02
Loss on sale of Fixed Assets (net)	3.29	5.09
Interest Income	(3.35)	(4.48)
Dividend Income	(0.12)	(0.80)
Provisions & liabilities no longer required, written back	(1.55)	(20.17)
Exceptional Items	-	(1.13)
Operating Profit before Working Capital Changes	625.95	624.36
Adjustments for :		
Inventories	(8.08)	(7.62)
Trade and Other Receivables	(42.39)	(37.51)
Trade Payables	21.43	4.65
Cash Generated from Operations	596.91	583.88
(Payment)/Refund of Direct Taxes	(85.44)	(68.18)
Interest received on Income Tax refund	-	1.31
<b>Cash Generated from Operating Activities</b>	511.47	517.01
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Capital Advances	(88.14)	(80.14)
Sale of Fixed Assets (including movement in Leased Vehicles)	2.77	21.65
Amalgamation Expenses	(0.35)	(7.39)
Interest Received	3.36	3.25
Dividend Received	0.12	0.80
<b>Cash used in Investing Activities</b>	(82.24)	(61.83)

## Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2014 Rupees Million	2013 Rupees Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Rights Issue of Equity Shares	–	1,088.15
Share Issue Expenses	(1.35)	(19.42)
Interest Paid	(111.68)	(215.47)
Proceeds from Borrowings		
Short Term Loan	325.87	500.00
Repayment of		
Term loan	(600.00)	(250.00)
Unsecured loan	-	(500.00)
Working Capital Demand Loan	(3.10)	(39.93)
Short Term Loan	-	(1,000.00)
(Increase) / Decrease in Other Bank balances	0.47	(0.83)
Dividend paid	(30.37)	(58.50)
<b>Cash used in Financing Activities</b>	<b>(420.16)</b>	<b>(496.00)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>9.07</b>	<b>(40.82)</b>
Cash and Cash Equivalents at the beginning of the year	61.57	97.04
Add: Adjustment pursuant to Scheme of Amalgamation	-	5.35
Cash and Cash Equivalents at the end of the year	70.64	61.57

**Notes:**

1. The Cash Flow Statement has been prepared in indirect method.
2. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the year and are treated as part of Investing Activities.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY  
Chartered Accountants

R.N. ROY  
Partner  
Membership Number 8608  
New Delhi, 29th May, 2014

INDRANI RAY  
Company Secretary

P.R.S. OBEROI                      Chairman  
VIKRAM OBEROI                  Managing Director  
L. GANESH                          Director

# Notes to the Accounts

## 1 SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of The Companies Act, 1956 and the relevant provisions thereof.

### USE OF ESTIMATES

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

### REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable. Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract.

Revenue from interest is accrued and determined by contractual rate of interest.

Dividend income is stated at gross and is recognised when rights to receive payment is established.

### PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

### GOVERNMENT GRANT

'Investment Subsidy' received from the Government is credited to Capital Reserve.

### FIXED ASSETS

**Tangible Fixed Assets** - Fixed Assets are stated at cost of acquisition or construction and in case of revaluation of assets at revalued amounts net of impairment loss, if any, less depreciation/amortisation. Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved. Interest during construction period on borrowings to finance fixed assets is capitalized.

Assets acquired on lease are capitalized at the Present Value of minimum lease payments and are stated at the capitalized value net of accumulated depreciation/amortisation.

Capital Work-in-Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

**Intangible Assets** - Intangible assets are stated at cost less accumulated amortizations and net of impairments, if any. Intangible assets are recognised if it is probable that the expected future economic benefits attributable to the assets will flow to the Company and it can be measured reliably.

### DEPRECIATION/AMORTISATION

Depreciation on Fixed Assets other than land and leased vehicles is provided on "Straight Line Method" at the rates, which are in conformity with the requirements of the Companies Act, 1956. Certain fixed assets including long term leasehold land, leased vehicles and leasehold buildings are amortised over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Vehicles acquired on lease are depreciated over their respective lease period or five years, whichever is earlier. The additional depreciation / amortisation relating to the increased value of assets due to revaluation is adjusted against Revaluation Reserve.

### IMPAIRMENT OF ASSETS

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

### LEASES

In respect of assets acquired on or after 1st April, 2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the interest charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest component is charged to the Statement of Profit and Loss.

Operating Lease payments are recognized as expenditure in the Statement of Profit and Loss on straight line basis, over the lease period.

### INVESTMENTS

Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value. Current investments are valued at cost or market price/fair value, whichever is lower. Earnings on investments are accounted for on accrual basis or when rights to receive payment are established.

## Notes to the Accounts – *Contd.*

### INVENTORIES

Inventories are valued at cost which is based on First-In First-Out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

### TRANSACTIONS IN FOREIGN CURRENCY

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary items outstanding on the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the difference is recognised as income or expenses.
- c) Marked to Market (MTM) gains/losses on derivative transactions under Currency/Interest swaps/Hedging are recognised in the books of account in line with the Accounting Standard (AS-11) on "The Effect of Changes in Foreign Exchange Rates" read with the pronouncement of The National Advisory Committee on Accounting Standards dated 26th March, 2009.  
Realised/settled gains/losses arising out of Currency/Interest swaps during the year are recognised as income/expenditure in the Statement of Profit and Loss.

### EMPLOYEE BENEFITS

Short Term Employee Benefit is recognised as an expense in the Statement of Profit and Loss of the year in which related service is rendered. Post employment and other Long Term Employee Benefits are provided in the Accounts in the following manner:

- (i) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per the Company's Scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following projected Unit Credit Method and is treated as liability.
- (ii) Leave Encashment : As per independent actuarial valuation as at the Balance Sheet date following projected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.
- (iii) Provident Fund: Liability on account of Provident Fund for most of the employees is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.

For a few employees, Provident Fund administered by a Recognised Trust, is a Defined Benefit Plan (DBP) wherein the employee and the Company make monthly contributions. Pending the issuance of Guidance Note from the Actuarial Society of India, actuarial valuation is not carried out and the Company provides for required liability at year end, in respect of the shortfall, if any, upon confirmation from the Trustees of such Fund.

### BORROWING COST

Borrowing cost that is attributable to the acquisition/construction of fixed assets is capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

### TAXES ON INCOME

Income-tax is accounted for after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961, and in accordance with Accounting Standard (AS-22) – 'Accounting for Taxes on Income'.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which gives rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognised as an asset in the Balance Sheet.

Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration.

Deferred tax assets on unabsorbed depreciation and carry forward losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

### PROPOSED DIVIDEND

Dividend, when recommended by the Board of Directors, is provided for in the Accounts pending Shareholders' approval.

### PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

## Notes to the Accounts – Contd.

	As at 31st March	
	2014 Rupees Million	2013 Rupees Million
<b>2</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
75,000,000 (2013 - 75,000,000) Equity Shares of ₹ 10 each	750.00	750.00
1,000,000 (2013 - 1,000,000) Redeemable Preference Shares of ₹ 100 each	100.00	100.00
	<b>850.00</b>	<b>850.00</b>

### ISSUED, SUBSCRIBED, CALLED & FULLY PAID-UP

30,468,147 (2013 - 30,468,147) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below)	304.68	304.68
	<b>304.68</b>	<b>304.68</b>

#### a) Reconciliation of Share Capital :

	As at 31st March 2014		As at 31st March 2013	
	Number of Shares	Rupees Million	Number of Shares	Rupees Million
Equity Shares :				
Balance at the beginning of the year	30,468,147	304.68	19,586,666	195.87
Add: Shares issued on Rights Issue	–	–	10,881,481	108.81
Closing Balance	<b>30,468,147</b>	<b>304.68</b>	<b>30,468,147</b>	<b>304.68</b>

#### b) Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of ₹ 10 per share. These shares rank pari passu in all respects including voting rights and entitlement to dividend.

#### c) Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company :

	As at 31st March 2014		As at 31st March 2013	
	Number of Shares	% holding	Number of Shares	% holding
Equity Shares :				
EIH Limited	11,215,118	36.81	11,215,118	36.81
Satish B Raheja	6,784,711	22.27	6,784,711	22.27
National Westminster Bank PLC (Formerly Royal Bank of Scotland PLC) as Trustee of the Jupiter India Fund	3,041,111	9.98	3,041,111	9.98
Manali Investments & Finance Pvt. Ltd.	2,276,617	7.47	2,276,617	7.47
Coronet Investments Pvt. Ltd.	2,088,899	6.86	2,088,899	6.86

#### d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash:

Of the above 30,468,147 (2013-30,468,147) Equity shares, 9,086,666 (2013-9,086,666) Equity shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

# Notes to the Accounts – Contd.

**3**
**RESERVES AND SURPLUS**

As at 1st April, 2012	Transactions pursuant to Scheme of Amalgamation <sup>^</sup>	Additions during the year	Deductions/ Adjustments during the year	As at 31st March, 2013		As at 1st April, 2013	Additions during the year	Deductions/ Adjustments during the year	As at 31st March, 2014
Rupees Million	Rupees Million	Rupees Million	Rupees Million	Rupees Million		Rupees Million	Rupees Million	Rupees Million	Rupees Million
4.51	3.97 #	-	-	8.48	a) Capital Reserve	8.48	-	-	8.48
-	7.40	-	(0.46)	6.94	b) Revaluation Reserve	6.94	-	(0.46)	6.48
100.00	-	-	-	100.00	c) Capital Redemption Reserve	100.00	-	-	100.00
126.00	#	-	-	126.00	d) Securities Premium Account	1,077.01	-	-	1,077.01
-	-	979.34	(28.33)	951.01	Add: Premium on Rights Issue of shares and share issue expenses in connection thereto	-	-	-	-
126.00	-	979.34	(28.33)	1,077.01	Sub-Total - (d)	1,077.01	-	-	1,077.01
515.00	-	-	-	515.00	e) General Reserve	465.00	-	-	465.00
-	-	-	(50.00)	(50.00)	Add: Transfer from/to Statement of Profit and Loss	-	35.00	-	35.00
515.00	-	-	(50.00)	465.00	Sub-Total - (e)	465.00	35.00	-	500.00
248.96	(445.99)*	-	-	(197.03)	f) Surplus in Statement of Profit and Loss	22.34	-	-	22.34
-	-	205.02	-	205.02	Add: Profit for the year	-	235.61	-	235.61
-	-	50.00	-	50.00	Add: Transfer from General Reserve	-	-	-	-
-	-	-	-	-	Less: Appropriations	-	-	(35.00)	(35.00)
-	-	-	(30.47)	(30.47)	General Reserve	-	-	(91.40)	(91.40)
-	-	-	(5.18)	(5.18)	Proposed Dividend on Equity Shares	-	-	(15.54)	(15.54)
248.96	(445.99)	255.02	(35.65)	22.34	Dividend Distribution Tax on proposed dividend on Equity Shares	-	-	(15.54)	(15.54)
994.47	(434.62)	1,234.36	(114.44)	1,679.77	Sub-Total - (f)	22.34	235.61	(141.94)	116.01
					Total Reserves and Surplus	1,679.77	270.61	(142.40)	1,807.98

Note: ^ represents transactions consequent upon the Scheme of Amalgamation of erstwhile Island Hotel Maharaj Limited (Transferor Company) with the Company w.e.f 1st April, 2011.

	Rupees Million	Rupees Million
<b># Securities Premium Account</b>		
Adjustment pursuant to Scheme of Amalgamation		573.62
Less: Adjustment of Investments in Transferor Company as per Scheme of Amalgamation		(569.65)
Less: Transferred to Capital Reserve		(3.97)
		-
<b>* Surplus in Statement of Profit and Loss</b>		
Adjustment pursuant to Scheme of Amalgamation on account of:		
i) Debit balance of Profit & Loss Account of Transferor Company as on appointed date (1st April, 2011)		(505.25)
ii) Loss before Tax for the year ended 31st March 2012 of the Transferor Company		
Turnover	91.35	
Less: Expenses	107.55	(16.20)
iii) Elimination of Inter company transactions with the Transferor Company for the year ended 31.03.2012		0.20
iv) Deferred Tax Assets arising out of Amalgamation		75.26
		(445.99)

## Notes to the Accounts – Contd.

		As at 31st March	
		2014	2013
		Rupees	Rupees
		Million	Million
<b>4</b>			
<b>LONG TERM BORROWINGS</b>			
<b>(Secured (Note 4a) :</b>			
A. Term Loans from Banks :			
(i)	ICICI Bank Limited	300.00	400.00
(ii)	The Hongkong and Shanghai Banking Corporation Ltd.	–	500.00
		<b>300.00</b>	<b>900.00</b>
B. Long Term Maturities of Finance Lease Obligations (Note 41a)			
		<b>6.69</b>	9.87
		<b>306.69</b>	<b>909.87</b>

**4(a)**
**Particulars of Securities and Terms of Repayment of Term Loans from Banks :**

Name of the Lender		Nature of Security	Terms of Repayment / Rate of Interest
A.	Term Loan from Banks		
(i)	ICICI Bank Limited	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down.  Rate of Interest: Bank's Base Rate + Spread of 200 bps.
(ii)	The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	₹ 150.00 Million each at the end of 30 months and 33 months and remaining ₹ 200.00 Million to be repaid at the end of 36 months from the date of draw downs.  The Loan was prepaid during the year  Rate of Interest : 10.35% p.a.
B.	Finance Lease Obligations	Finance Lease Obligations are secured by hypothecation of vehicles underlying the leases.	Monthly equated lease rentals over the respective period of lease.



## Notes to the Accounts – Contd.

	Rupees Million	As at 31st March	
		2014 Rupees Million	2013 Rupees Million
<b>5</b>			
<b>DEFERRED TAX LIABILITIES (NET)</b>			
A. Deferred Tax Liabilities			
(i) Depreciation		513.62	479.44
B. Deferred Tax Assets			
(i) Unabsorbed Depreciation	179.82		293.80
(ii) Accrued expenses deductible on payment	8.48		6.80
(iii) Provision for Leave Encashment	1.46		1.24
(iv) Provision for Debts and Advances	1.05		0.93
(v) Amalgamation expenses	2.04		2.59
		<u>192.85</u>	<u>305.36</u>
Deferred Tax Liabilities (Net)		<u>320.77</u>	<u>174.08</u>

In the previous year, Deferred Tax Assets of the erstwhile Island Hotel Maharaj Limited of ₹ 66.77 Million was adjusted with the Deferred Tax Liabilities of the Company consequent upon its amalgamation with the Company w.e.f 1st April, 2011. Consequently Deferred Tax Assets arising out of unabsorbed brought forward Business Losses of the erstwhile Island Hotel Maharaj Limited (Transferor Company) was recognised in conjunction with Para 19 of AS-22 (Accounting for Taxes on Income) in the previous year.

### **6** OTHER LONG TERM LIABILITIES

A. Trade Payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		0.57	1.66
B. Other Payables			
(i) Security Deposits		0.70	0.42
(ii) Others		0.02	0.05
		<u>1.29</u>	<u>2.13</u>

### **7** LONG TERM PROVISIONS

Provision for Employee Benefits (Note 25a):			
Leave Encashment		8.58	7.33
		<u>8.58</u>	<u>7.33</u>

## Notes to the Accounts – Contd.

		As at 31st March	
		2014	2013
		Rupees	Rupees
		Million	Million
<b>8</b>	<b>SHORT TERM BORROWINGS</b>		
A.	Secured (Note 8a):		
(i)	Working Capital Loans repayable on demand from Banks:		
	United Bank of India	–	3.10
(ii)	Other Short Term Borrowings from Banks:		
	The Federal Bank Ltd.	325.87	–
		<u>325.87</u>	<u>3.10</u>

**8(a)**
**Particulars of Securities and Terms of Repayment of Short Term Loans from Banks :**

Name of the Lender	Nature of Security	Terms of Repayment / Rate of Interest
A.	Working Capital Loans repayable on demand from Banks:	
	United Bank of India (Pertaining to erstwhile Island Hotel Maharaj Limited)	Cash credit facility with United Bank of India is secured by way of hypothecation of all inventories, Book-debts, etc. both present and future, pertaining to Trident, Cochin.
		Repayable on demand. Facility since discontinued.
B.	Other Short Term Borrowings from Banks:	
	The Federal Bank Ltd.	The loan is secured by way of mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Udaipur.
		Repayable on demand. Rate of Interest : At Bank's Base Rate.

## Notes to the Accounts – Contd.

9	Rupees Million	As at 31st March	
		2014 Rupees Million	2013 Rupees Million
<b>TRADE PAYABLES</b>			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises #		0.24	0.14
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		217.65	191.03
		<u>217.89</u>	<u>191.17</u>
# Details of dues to Micro Enterprises and Small Enterprises as defined in Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company.			
		<u>2014</u>	<u>2013</u>
Principal amount due and remaining unpaid		<u>0.24</u>	<u>0.14</u>
There has neither been any delay in payment nor any interest is due and remaining unpaid on the above principal or any other such dues during the year.			
<b>10</b>			
<b>OTHER CURRENT LIABILITIES</b>			
A. Current maturities of long-term debt (Note 4a)			
ICICI Bank Limited		100.00	100.00
B. Current Maturities of Finance Lease Obligations (Note 41a)		4.96	5.31
C. Interest accrued but not due on borrowings		0.13	0.52
D. Other Payables			
(i) Security Deposits from Shops	2.02		2.04
(ii) Other Deposits	0.33		0.30
(iii) Unclaimed Dividend	1.21		1.11
(iv) Liability for Capital Expenditure	0.77		2.00
(v) Statutory Liabilities	38.21		39.85
(vi) Advance from Customers	23.63		26.64
		<u>66.17</u>	<u>71.94</u>
		<u>171.26</u>	<u>177.77</u>
<b>11</b>			
<b>SHORT TERM PROVISIONS</b>			
A. Provision for Employee Benefits (Note 25a):			
(i) Leave Encashment		1.39	2.16
B. Other Provisions :			
(i) Provision for Income Tax	249.80		169.50
Less: MAT Credit Entitlement (Note 33)	(247.40)		(167.10)
(ii) Provision for Wealth Tax	0.15		0.10
(iii) Provision for Proposed Dividend on Equity Shares	91.40		30.47
(iv) Provision for Dividend Distribution Tax	15.54		5.18
		<u>109.49</u>	<u>38.15</u>
		<u>110.88</u>	<u>40.31</u>

# Notes to the Accounts – Contd.

## 12 FIXED ASSETS Rupees Million

Nature of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original Cost as at 1st April, 2013	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2014	As at 1st April, 2013	For the Year	Sales/ Adjustments	As at 31st March, 2014	As at 31st March, 2013
<b>(i) Tangible Assets</b>									
Freehold Land	29.08	-	-	29.08	-	-	-	29.08	29.08
Leasehold land	134.54	-	-	134.54	57.94	3.55	-	61.49	73.05
Buildings	2,157.38	13.50	1.08	2,169.80	446.98	35.70	0.26	482.42	1,687.38
Leasehold Buildings	5.62	-	-	5.62	4.92	0.70	-	5.62	0.70
Roads	4.85	-	-	4.85	1.13	0.08	-	1.21	3.64
Sanitary Installation	196.85	2.87	0.03	199.69	39.46	3.27	0.01	42.72	156.97
Plant & Machinery	1,470.01	39.63	6.73	1,502.91	775.90	67.54	4.56	838.88	664.03
Office Equipment	4.90	0.09	0.12	4.87	2.11	0.21	0.05	2.27	2.79
Jetty	0.76	-	-	0.76	0.53	0.04	-	0.57	0.19
Boats	2.70	-	-	2.70	0.95	0.09	-	1.04	1.66
Computer	94.80	11.34	8.52	97.62	74.14	5.82	8.07	71.89	25.73
Furniture & Fittings	276.39	3.37	1.38	278.38	233.05	7.92	1.26	239.71	38.67
Vehicles given on operating lease	15.86	-	-	15.86	8.95	1.51	-	10.46	5.40
Vehicles-Others	29.13	-	-	29.13	15.52	1.93	-	17.45	11.68
<b>Tangible Assets- Own (A)</b>	<b>4,422.87</b>	<b>70.80</b>	<b>17.86</b>	<b>4,475.81</b>	<b>1,661.58</b>	<b>128.36</b>	<b>14.21</b>	<b>1,775.73</b>	<b>2,700.08</b>
Leased Vehicles	24.07	5.09	6.28	22.88	10.09	6.09	3.86	12.32	10.56
<b>Tangible Assets - on Finance Lease (B)</b>	<b>24.07</b>	<b>5.09</b>	<b>6.28</b>	<b>22.88</b>	<b>10.09</b>	<b>6.09</b>	<b>3.86</b>	<b>12.32</b>	<b>10.56</b>
<b>Total (A+B)</b>	<b>4,446.94</b>	<b>75.89</b>	<b>24.14</b>	<b>4,498.69</b>	<b>1,671.67</b>	<b>134.45</b>	<b>18.07</b>	<b>1,788.05</b>	<b>2,710.64</b>
<b>(ii) Intangible Assets</b>									
Computer Software	1.08	-	-	1.08	0.95	0.05	-	1.00	0.08
<b>Grand Total</b>	<b>4,448.02</b>	<b>75.89</b>	<b>24.14</b>	<b>4,499.77</b>	<b>1,672.62</b>	<b>134.50</b>	<b>18.07</b>	<b>1,789.05</b>	<b>2,710.72</b>
<b>(iii) Capital work-in-Progress</b>	<b>16.97</b>	<b>54.57</b>	<b>61.24</b>	<b>10.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.30</b>
Previous Year	4,464.99	130.46	85.38	4,510.07	1,672.62	134.50	18.07	1,789.05	2,721.02
	4,425.32	118.82	79.15	4,464.99	1,565.73	132.91	26.02	1,672.62	2,792.37

Note : Leasehold Land and Buildings includes Land and Buildings acquired pursuant to Scheme of Amalgamation with erstwhile Island Hotel Maharaj Limited w.e.f 1st April,2011 were revalued in 1994-95. Tangible Assets include Assets held for Disposal amounting to ₹ 1.15 Million ( net of accumulated depreciation).

## Notes to the Accounts – Contd.

		As at 31st March	
	Rupees Million	2014 Rupees Million	2013 Rupees Million
<b>13</b>			
<b>NON-CURRENT INVESTMENTS (Unquoted)</b>			
<b>Trade Investments (valued at cost)</b>			
A. Investment in Equity Instruments:			
(i) Investment in Subsidiary:			
Nil (2013 - Nil) Equity Shares of ₹ 100 each of Island Hotel Maharaj Limited, fully paid	-		889.36
<i>Less:</i> Cancelled against Equity Share Capital of Transferor company pursuant to Scheme of Amalgamation	-		319.71
<i>Less:</i> Cancelled against Securities Premium Account pursuant to Scheme of Amalgamation	-		569.65
	<u>-</u>	-	<u>-</u>
(ii) Investment in Other Bodies Corporate:			
217,175 (2013 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid	8.69		8.69
(iii) 33,600 (2013 - 33,600) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid	<u>0.34</u>		<u>0.34</u>
		9.03	9.03
B. Investment in Government or Trust Securities:			
6 year National Savings Certificate (lodged with Government Authorities as Security Deposit)		0.01	0.01
		<u>0.01</u>	<u>0.01</u>
		<u>9.04</u>	<u>9.04</u>
<b>14</b>			
<b>LONG TERM LOANS AND ADVANCES</b>			
Unsecured, considered good (unless otherwise stated)			
(i) Capital Advances		19.73	2.04
(ii) Security Deposits		37.07	33.12
(iii) Prepaid Expenses		0.90	0.83
(iv) Other loans and advances			
Considered good	27.92		5.63
Considered doubtful	<u>0.21</u>		<u>0.21</u>
	28.13		5.84
<i>Less:</i> Provision for doubtful advances	<u>0.21</u>		<u>0.21</u>
		<u>27.92</u>	<u>5.63</u>
		<u>85.62</u>	<u>41.62</u>

## Notes to the Accounts – Contd.

	Rupees Million	As at 31st March	
		2014 Rupees Million	2013 Rupees Million
<b>15</b>			
<b>OTHER NON-CURRENT ASSETS</b>			
(i) Trade Receivables - Considered doubtful	2.88		2.63
<i>Less: Provision for doubtful debts</i>	<u>2.88</u>		<u>2.63</u>
		-	-
(ii) Long term deposits with banks with maturity period more than 12 months			
Margin Money	0.35		0.32
Fixed Deposit with Banks (Note below)	<u>0.10</u>		<u>0.09</u>
		<u>0.45</u>	<u>0.41</u>
		<u>0.45</u>	<u>0.41</u>

Fixed Deposit of ₹ 0.10 Million (2013 - ₹ 0.09 Million) with Banks are pledged with Sales Tax Department

<b>16</b>			
<b>INVENTORIES</b>			
(i) Provisions, Wines & Smokes		21.13	22.40
(ii) Traded goods		1.40	1.54
(iii) Stores & Operational Supplies		<u>66.08</u>	<u>56.59</u>
		<u>88.61</u>	<u>80.53</u>

Inventories are valued at cost which is based on First-in First-out method or net realisable value, whichever is lower.

Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

<b>17</b>			
<b>TRADE RECEIVABLES (Unsecured)</b>			
A. Considered good			
(i) Outstanding for a period exceeding six months from the date they are due for payment	4.04		3.78
(ii) Others	<u>179.94</u>		<u>176.43</u>
		<b>183.98</b>	<b>180.21</b>
B. Considered doubtful			
(i) Outstanding for a period exceeding six months from the date they are due for payment	-		-
(ii) Others	<u>0.02</u>		<u>0.03</u>
	<u>0.02</u>		<u>0.03</u>
<i>Less: Provision for Doubtful Debts</i>	<u>0.02</u>		<u>0.03</u>
		-	-
		<u>183.98</u>	<u>180.21</u>

## Notes to the Accounts – *Contd.*

		As at 31st March	
	Rupees Million	2014 Rupees Million	2013 Rupees Million
<b>18</b>			
<b>CASH AND BANK BALANCES</b>			
A. Cash and Cash Equivalents			
(i) Cash on hand		4.74	5.85
(ii) Cheques on hand		3.13	2.01
(iii) Bank Balances			
Current Accounts	23.45		21.59
Unpaid Dividend Account	1.20		1.11
Fixed Deposits	38.12		31.01
		<u>62.77</u>	<u>53.71</u>
		70.64	61.57
B. Other Bank Balances			
Margin Money		0.88	1.39
		<u>71.52</u>	<u>62.96</u>
<b>19</b>			
<b>SHORT TERM LOANS AND ADVANCES</b>			
Unsecured, considered good (unless otherwise stated)			
A. Advances recoverable in cash or in kind or for value to be received		40.42	31.55
B. Other Loans and Advances			
(i) Security Deposits		1.50	6.64
(ii) Prepaid Expenses		28.01	25.34
(iii) Advance payment of Income-tax	88.93		88.97
(iv) MAT Credit Entitlement	247.40		167.10
		<u>336.33</u>	<u>256.07</u>
		406.26	319.60
<b>20</b>			
<b>OTHER CURRENT ASSETS</b>			
Unsecured, considered good (unless otherwise stated)			
(i) Interest Accrued		–	0.01
(ii) Insurance Claim		0.28	0.48
(iii) Other Receivables/recoverable		9.11	2.98
		<u>9.39</u>	<u>3.47</u>

## Notes to the Accounts – Contd.

	Year ended 31st March	
	2014	2013
	Rupees Million	Rupees Million
<b>21</b>		
<b>REVENUE FROM OPERATIONS</b>		
Income from Guest Accommodation, Restaurants, Bars and Banquets, etc.		
Rooms	1,358.22	1,343.77
Food and Beverage	655.42	626.61
Other Services	133.82	120.43
	<b>2,147.46</b>	<b>2,090.81</b>
<b>22</b>		
<b>OTHER OPERATING INCOME</b>		
Provisions & Liabilities no longer required, written back	1.55	20.17
Provision for Leave Encashment no longer required, written back (Note 25a)	–	0.86
Others	11.29	12.24
	<b>12.84</b>	<b>33.27</b>
<b>23</b>		
<b>OTHER INCOME</b>		
Gain on Exchange (Net)	0.02	0.17
Interest (Gross)	3.35	3.17
Interest on Income Tax Refund	–	1.31
Dividend from Current Investments - Mutual Fund (Non-Trade)	0.12	0.80
	<b>3.49</b>	<b>5.45</b>
<b>24</b>		
<b>COST OF MATERIALS CONSUMED</b>		
a) Provisions, Smokes & Wines		
Opening Stock	22.40	14.98
<i>Add:</i> Adjustment pursuant to Scheme of Amalgamation	–	1.13
<i>Add:</i> Purchases	168.83	169.20
	<b>191.23</b>	<b>185.31</b>
<i>Less:</i> Closing Stock	21.13	22.40
Consumption (a)	<b>170.10</b>	<b>162.91</b>
b) Traded goods		
Opening Stock	1.54	1.34
<i>Add:</i> Purchases	19.10	17.73
	<b>20.64</b>	<b>19.07</b>
<i>Less:</i> Closing Stock	1.40	1.54
Consumption (b)	<b>19.24</b>	<b>17.53</b>
Total (a + b)	<b>189.34</b>	<b>180.44</b>



## Notes to the Accounts – Contd.

	Year ended 31st March	
	2014 Rupees Million	2013 Rupees Million
<b>25</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	304.54	318.85
Company's Contribution to Provident Fund and Other Funds	16.12	16.74
Contribution to Gratuity Fund (including provision of ₹ 1.48 Million; 2013 - ₹ 0.45 Million) (Note 25a)	2.91	2.17
Provision for Leave Encashment (Note 25a)	6.09	–
Staff Welfare Expenses	29.07	29.67
	<b>358.73</b>	<b>367.43</b>

**25 (a)** Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2014 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Scheme:

	(Rupees in Million)			
	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>I Components of Employer Expenses</b>				
1 Current Service Cost	1.88	3.06	1.72	0.65
2 Interest Cost	1.14	0.44	1.09	0.71
3 Expected return on Plan Assets	(1.39)	–	(1.37)	–
4 Curtailment Cost/(Credit)	–	–	–	–
5 Settlement Cost/(Credit)	–	–	–	–
6 Past Service Cost	–	–	–	–
7 Actuarial Losses/(Gains)	1.28	2.59	0.73	(2.22)
8 <b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>2.91</b>	<b>6.09</b>	<b>2.17</b>	<b>(0.86)</b>
The Gratuity Expenses have been recognised in "Contribution to Gratuity Fund" and Leave Encashment in "Provision for Leave Encashment" under Note 25.				
<b>II Net Asset / (Liability) recognised in Balance Sheet</b>				
1 Present Value of Defined Benefit Obligations	17.95	9.15	15.00	8.03
2 Fair Value on Plan Assets	16.47	–	14.55	–
3 Status [Surplus/(Deficit)]	(1.48)	(9.15)	(0.45)	(8.03)
4 Unrecognised Past Service Cost	–	–	–	–
5 <b>Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(1.48)</b>	<b>(9.15)</b>	<b>(0.45)</b>	<b>(8.03)</b>
<b>III Change in Defined Benefit Obligations (DBO) during the year ended</b>				
1 Present Value of DBO at the Beginning of Year	15.00	8.03	12.64	8.04
2 Addition pursuant to Scheme of Amalgamation	–	–	0.96	0.85
3 Current Service Cost	1.88	3.06	1.72	0.65
4 Interest Cost	1.14	0.44	1.09	0.71
5 Curtailment Cost/(Credit)	–	–	–	–
6 Settlement Cost/(Credit)	–	–	–	–
7 Plan Amendments	–	–	–	–
8 Acquisitions	–	–	–	–
9 Actuarial (Gains)/Losses	1.34	2.59	0.73	(2.22)
10 Benefits Paid	(1.41)	(4.97)	(2.14)	–
11 <b>Present Value of DBO at the End of Year</b>	<b>17.95</b>	<b>9.15</b>	<b>15.00</b>	<b>8.03</b>

## Notes to the Accounts – Contd.

### 25 (a) EMPLOYEE BENEFITS EXPENSE (Contd.)

(Rupees in Million)

	Year ended 31st March, 2014		Year ended 31st March, 2013							
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)						
<b>IV Change in Fair Value of Assets during the year ended</b>										
1 Plan Assets at the Beginning of Year	14.55	–	11.59	–						
2 Addition pursuant to Scheme of Amalgamation	–	–	0.88	–						
3 Acquisition Adjustment	–	–	–	–						
4 Actuarial Return on Plan Assets	1.39	–	1.37	–						
5 Actuarial Gains/(Losses)	0.06	–	–	–						
6 Actual Company Contribution	1.88	–	2.85	–						
7 Benefits Paid	(1.41)	–	(2.14)	–						
8 <b>Plan Assets at the End of Year</b>	<b>16.47</b>	<b>–</b>	<b>14.55</b>	<b>–</b>						
<b>V Investments Details</b>										
Invested with LIC in Group Gratuity Scheme	100%		100%							
<b>VI Actuarial Assumptions</b>										
1 Discount Rate (%)	8.5%	8.5%	8%	8%						
2 Expected rate of return	8.5%	–	9.4%	–						
3 Salary Escalation (%)	3%	3%	3%	3%						
4 Mortality	Indian assured lives mortality (2006-2008) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate							
	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010					
<b>VII Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1. Present Value of Defined Benefit Obligation	17.95	9.15	15.00	8.03	12.64	8.04	10.79	7.75	8.19	5.15
2. Fair Value of Plan Assets	16.47	–	14.55	–	11.59	–	9.44	–	7.73	–
3. Status [Surplus/(Deficit)]	(1.48)	(9.15)	(0.45)	(8.03)	(1.05)	(8.04)	(1.35)	(7.75)	(0.46)	(5.15)
4. Experience Adjustments on Plan liabilities	(2.17)	(3.02)	–	(2.22)	–	(0.84)	–	2.11	–	0.01
5. Experience Gain/(Loss) adjustments on Plan Assets	0.06	–	–	–	–	–	–	–	–	–
6. Actuarial Gain/(Loss) due to change on assumptions	0.83	0.43	–	–	–	–	–	–	–	–

Figures for Experience Adjustments in respect of gratuity are not available for earlier years.

## Notes to the Accounts – Contd.

		Year ended 31st March	
	Rupees Million	2014 Rupees Million	2013 Rupees Million
<b>26</b>			
<b>FINANCE COSTS</b>			
Interest Expense			
Interest on borrowing	107.10		212.07
On Finance Lease	<u>3.10</u>		<u>2.75</u>
		<b>110.20</b>	<b>214.82</b>
Other Borrowing Costs		<u>1.09</u>	<u>0.46</u>
		<b>111.29</b>	<b>215.28</b>

**27**
**DEPRECIATION**

- a) Depreciation has been provided for in the Accounts on “Straight Line Method” at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for as stated below:
- i. Buildings at Regent Estate, Shimla - over the lease period(s).
  - ii. Leased Vehicles - over their respective lease period or five years, whichever is earlier.
  - iii. Long Term Leasehold Lands are amortised over their respective lease period(s).
- b) Depreciation for the year includes amortisation on revalued leasehold land acquired pursuant to Scheme of Amalgamation amounting to ₹ 1.27 Million (2013 - ₹ 1.27 Million) out of which ₹ 0.46 Million (2013 - ₹ 0.46 Million) has been adjusted against Revaluation Reserve.

## Notes to the Accounts – Contd.

		Year ended 31st March	
	Rupees	2014	2013
28	Million	Rupees	Rupees
OTHER EXPENSES	Million	Million	Million
<b>A. UPKEEP AND SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		6.71	6.54
Expenses on Apartment & Board		42.47	42.11
Power & Fuel		238.67	217.21
Renewals & Replacement		24.70	25.23
Repairs :			
Buildings	44.37		45.70
Plant & Machinery	68.74		66.65
Others	17.87		19.52
		<u>130.98</u>	<u>131.87</u>
		443.53	422.96
<b>B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>			
Expenses for contractual services		51.59	46.30
Lease Rent (Note 41b)		8.26	8.44
Royalty		21.62	21.07
Technical Services Fees		91.16	89.99
Advertisement, Publicity & Other Promotional Expenses		103.43	95.11
Commission to Travel Agents & others		85.77	77.21
Rates & Taxes		43.65	46.29
Insurance		4.69	4.90
Passage & Travelling		37.76	38.59
Postage, Telephone & Telex		14.85	14.57
Printing & Stationery		8.57	8.82
Musical, Banquet & Kitchen Expenses		17.29	16.51
Directors' Fees		0.57	0.70
Loss on Sale/Discard of Assets including capital stores		3.29	5.09
Loss on Exchange		0.01	-
Auditors' Remuneration			
As Auditor	2.43		1.97
Taxation Matters	0.07		0.06
Other Services	0.16		0.13
		<u>2.66</u>	<u>2.16</u>
Other Expenses		49.39	38.25
		<u>544.56</u>	<u>514.00</u>
Total (A + B)		<u>988.09</u>	<u>936.96</u>
<b>29</b>			
<b>EXCEPTIONAL ITEMS - PROFIT</b>			
Profit on sale of residential apartments at Jaipur		-	11.12
		<u>-</u>	<u>11.12</u>
<b>30</b>			
<b>EXCEPTIONAL ITEMS</b>			
Amalgamation expenses		-	9.99
		<u>-</u>	<u>9.99</u>

## Notes to the Accounts – *Contd.*

### 31. Contingent Liabilities and Commitments (to the extent not provided for)

a) Claims against the Company not acknowledged as debts pending appellate / judicial decisions :

	As at 31st March	
	2014	2013
	Rupees	Rupees
	Million	Million
1 Land & Building, Property Tax and Water Tax	7.48	14.59
2 Value Added Tax	9.26	3.44
3 Excise Duty	0.08	0.08
4 Service Tax	72.36	9.88
5 Luxury Tax	17.05	8.32
6 Income Tax	30.45	–
7 Other Claims	1.00	2.71

b) Capital Commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 5.46 Million (2013 - ₹ 8.01 Million).

### 32. Proposed Dividend

	As at 31st March	
	2014	2013
	Rupees	Rupees
	Million	Million
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	91.40	30.47
Dividend per Equity Share (₹)	3.00	1.00
	<b>per share</b>	<b>per share</b>

### 33. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT), resulting in no additional tax expenses for the year (2013 - ₹ Nil).

## Notes to the Accounts – Contd.

**34. CIF Value of Imports:**

a. Value of Imports calculated on C.I.F. basis in respect of:

	Year ended 31st March	
	2014	2013
	Rupees Million	Rupees Million
i. Provisions, Wines & Smokes	17.61	16.16
ii. Components & Spares	9.05	5.10
iii. Capital Goods	33.20	29.76

b. Total value of Consumption of Indigenous and Imported materials:

	Year ended 31st March			
	2014		2013	
	Rupees Million	Percentage	Rupees Million	Percentage
i. Imported	27.96	14.76%	30.86	17.10%
ii. Indigenous	161.38	85.24%	149.58	82.90%
Total	189.34	100%	180.44	100%

**35. Expenditure in Foreign Currencies:**

	Year ended 31st March	
	2014	2013
	Rupees Million	Rupees Million
Subscription, Travelling & others	24.45	25.95

**36. Earnings in Foreign Currencies on Sales:**

	Year ended 31st March	
	2014	2013
	Rupees Million	Rupees Million
As per return submitted to DGFT	1,088.33	1,225.19

**37. Unhedged Foreign Currency:**

	As at 31st March	
	2014	2013
	Rupees Million	Rupees Million
Unhedged foreign currency exposure outstanding		
Receivables	–	0.10
Payables	(6.36)	(5.02)
Net Payable	(6.36)	(4.92)

## Notes to the Accounts – Contd.

### 38. Earnings per Equity Share:

	Year ended 31st March	
	2014 Rupees Million	2013 Rupees Million
Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each	235.61	205.02
Net Profit as per Statement of Profit and Loss and available for Equity Shareholders	235.61	205.02
Weighted average number of Equity Shares outstanding	30,468,147	25,597,001
Basic and Diluted Earnings per Equity Share in Rupees of face value – ₹ 10.	7.73	8.01

### 39. Segment Reporting:

As the Company's activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on "Segment Reporting".

### 40. Related Party Disclosures:

The details of transactions entered into with Related Parties during the year are as follows:

#### (A)

#### I. Key Management Personnel

- Mr. Vikram Oberoi – Managing Director
- Mr. P.R.S. Oberoi (relative of Key Management Personnel)

#### II. Enterprise in which Key Management Personnel have significant influence

- EIH Limited
- Oberoi Hotels Private Limited
- Oberoi Plaza Private Limited
- Oberoi Properties Private Limited
- Bombay Plaza Private Limited
- Oberoi Holdings Private Limited
- Oberoi Buildings & Investments Private Limited
- Oberoi Leasing and Finance Company Private Limited
- Oberoi Investments Private Limited
- Aravali Polymers LLP
- Mumtaz Hotels Limited
- B I Publications Private Limited
- Vikramaditya Exports Private Limited
- EIH International Limited
- EIH Holdings Limited

#### Country of Incorporation

India  
India  
India  
India  
India  
India  
India  
India  
India  
India  
India  
India  
India  
India  
British Virgin Islands  
British Virgin Islands

## Notes to the Accounts – Contd.

### (B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2014

Rupees Million

Nature of Transactions													Key Management Personnel & their relatives				
	EIH Ltd.		Oberoi Hotels Pvt. Ltd.		Bombay Plaza Pvt. Ltd.		Oberoi Plaza Pvt. Ltd.		Oberoi Holdings Pvt. Ltd.		Mumtaz Hotels Ltd.		Mr. Vikram Oberoi		Mr. P R S Oberoi		
	31st March		31st March		31st March		31st March		31st March		31st March		31st March		31st March		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
<b>Purchases</b>																	
Goods and Services	117.20	77.99	-	-	-	-	-	-	-	-	-	1.64	1.18	-	-	-	-
Fixed Assets	0.68	0.54	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-
<b>Total</b>	<b>117.88</b>	<b>78.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.65</b>	<b>1.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>																	
Management Contract	151.01	132.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licence Agreement	0.24	0.24	-	-	-	-	-	-	-	-	-	1.38	1.38	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.10	0.05	0.06
Royalty	-	-	24.29	23.68	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>151.25</b>	<b>132.38</b>	<b>24.29</b>	<b>23.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.38</b>	<b>1.38</b>	<b>0.09</b>	<b>0.10</b>	<b>0.05</b>	<b>0.06</b>
<b>Payments</b>																	
Dividend on Equity Shares	11.22	21.21	0.11	0.34	-*	-*	-*	-*	0.27	0.82	-	-	-	-	-	0.05	0.10
<b>Total</b>	<b>11.22</b>	<b>21.21</b>	<b>0.11</b>	<b>0.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.27</b>	<b>0.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.05</b>	<b>0.10</b>
<b>Receipts</b>																	
Amount received towards Rights issue of Equity Shares (Including Securities Premium)	-	414.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>414.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sales</b>																	
Goods and Services	11.49	8.31	-	-	-	-	-	-	-	-	-	0.12	0.43	-	-	-	-
Licence Agreement	0.92	0.89	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Assets	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12.55</b>	<b>9.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12</b>	<b>0.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Outstanding Balances</b>																	
<b>Payables</b>																	
For Goods & Services	16.95	11.50	-	-	-	-	-	-	-	-	-	0.18	0.03	-	-	-	-
For Management Contract	55.20	53.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
For Royalty	-	-	7.09	6.79	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>72.15</b>	<b>65.23</b>	<b>7.09</b>	<b>6.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Receivables</b>																	
For Goods & Services	1.67	2.85	-	-	-	-	-	-	-	-	-	0.05	0.12	-	-	-	-
<b>Total</b>	<b>1.67</b>	<b>2.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.05</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Bombay Plaza Pvt. Ltd.		Oberoi Plaza Pvt. Ltd.	
31st March		31st March	
2014	2013	2014	2013
Rupees	Rupees	Rupees	Rupees
<b>1,618</b>	<b>4,854</b>	<b>2,260</b>	<b>6,780</b>

\*Dividend on Equity Shares



## Notes to the Accounts – Contd.

### 41. Leases

- a. Fixed Assets acquired under finance lease amounting to ₹ 22.88 Million (2013 - ₹ 24.07 Million) being the assets acquired between 1st April, 2001 and 31st March, 2014. This includes an amount of ₹ 5.09 Million (2013 - ₹ 7.64 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on “Accounting for Leases”. Depreciation for the year includes an amount of ₹ 6.09 Million (2013 - ₹ 5.41 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2014 in respect of these assets is as under:

	Year ended 31st March	
	2014	2013
	Rupees	Rupees
	Million	Million
<b>Assets taken on lease</b>		
Total Minimum Lease Payments at the year end	15.20	20.35
Present value of Minimum Lease Payments	11.65	15.18
<b>Not later than one year</b>		
Minimum Lease Payments	6.72	7.70
Present value	4.96	5.31
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	8.48	12.65
Present value	6.69	9.87
<b>Later than five years</b>		
Minimum Lease Payments	Nil	Nil
Present value	Nil	Nil
(a) Contingent rents recognised as an expense in the Statement of Profit and Loss for the year.	Nil	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	Nil

- b. Disclosures in respect of Company’s operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on “Leases”:

General description of the Company’s operating lease arrangements:

- i) The Company has entered into operating lease arrangements for:
- residential premises for its employees and
  - shops, office space and residential premises given on operating lease to third parties.

Some of the significant terms and conditions of the arrangements are:

- Lease agreements are not non-cancellable in nature and may generally be terminated by either party by serving a notice;
- The lease agreements are generally renewable by mutual consent on mutually agreeable terms.

- ii) Rent in respect of the above is charged/credited to the Statement of Profit and Loss.

42. The previous year’s figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year Financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.



## The Oberoi Group

### OBEROI HOTELS & RESORTS

INDIA		EGYPT	
Agra	The Oberoi Amarvilās	Sahl Hasheesh	The Oberoi
Bangalore	The Oberoi	Aswan-Luxor	The Oberoi Zahra <i>Luxury Nile Cruiser</i>
Gurgaon, National Capital Region	The Oberoi		The Oberoi Philae <i>Nile Cruiser</i>
Jaipur	The Oberoi Rajvilās		
Kolkata	The Oberoi Grand	INDONESIA	
Shimla in the Himalayas	Wildflower Hall	Bali	The Oberoi
Mumbai	The Oberoi	Lombok	The Oberoi
New Delhi	The Oberoi	MAURITIUS	
Ranthambhore	The Oberoi Vanyavilās	Mauritius	The Oberoi
Shimla	The Oberoi Cecil	SAUDI ARABIA	
Udaipur	The Oberoi Udaivilās	Madina	Madina Oberoi
Cochin	Motor Vessel Vrinda (A luxury backwater cruiser)	UAE	
		Dubai	The Oberoi

### TRIDENT HOTELS

Agra	Trident
Bhubaneswar	Trident
Chennai	Trident
Cochin	Trident
Gurgaon	Trident
Hyderabad	Trident
Jaipur	Trident
Mumbai	Trident, Nariman Point Trident, Bandra Kurla
Udaipur	Trident

### OTHER BUSINESS UNITS

Delhi	Maidens Hotel
Manesar, Gurgaon	Printing Press
Mumbai, Delhi, Chennai and Kolkata	Oberoi Flight Services
Mumbai, Kolkata, Cochin and Bangalore	Oberoi Airport Services
	Luxury Car Hire and Car Leasing
	Business Aircraft Charters