

# **EIH** Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2010-2011

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Annual Report 2010-11

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## 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

Ms. Indrani Ray

## REGISTRAR AND 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*

## FUNDAMENTAL CODE OF CONDUCT

We, as members of OBEROI Organisation are committed to display through our behaviour and actions the following CONDUCT which applies to all aspects of our Business :

CONDUCT which is of the highest ethical standards—intellectual, financial and moral and reflects the highest levels of courtesy and consideration to others.

CONDUCT which builds and maintains Team work, with mutual trust as the basis of all working relationship.

CONDUCT which puts the customer first, the Company second and the self last.

CONDUCT which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy along with warmth and concern.

CONDUCT which demonstrates two-way communication accepting constructive debate and dissent whilst acting fearlessly with conviction.

CONDUCT which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievements as well as individual development.

CONDUCT which at all times safeguards the safety, security, health and environment of customers, employees and the assets of the Company.

CONDUCT which eschews the short-term quick-fix for the long-term establishment of healthy precedent.

# *The Oberoi Group Mission*

## OUR GUESTS

We are committed to meeting and exceeding the expectations of our guests through our unremitting dedication to perfection, in every aspect of service.

## OUR PEOPLE

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

## OUR DISTINCTIVENESS

Together we shall continue the Oberoi tradition of pioneering in the hospitality industry, striving for unsurpassed excellence in high potential locations all the way from the Middle East to Asia Pacific.

## OUR SHAREHOLDERS

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

## HIGHLIGHTS

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Rupees in Million except item nos. 13, 14, 15 & 16										
<b>FOR THE YEAR</b>										
1. GROSS REVENUE	330.09	277.51	361.10	512.26	1,108.30	1,610.39	1,783.30	1,604.89	1,489.96	1,763.42
2. PROFIT BEFORE TAX	(44.15)	(59.16)	(60.34)	(22.84)	82.92	217.59	251.04	142.77	81.92	182.91
3. PROFIT AFTER TAX	(34.16)	(39.13)	(58.05)	(12.28)	89.92	137.10	146.54	98.98	52.88	120.17
4. DIVIDEND (INCLUDING TAX)	-	-	-	-	-	19.11	60.56	34.37	34.26	56.91
5. RETAINED EARNINGS	9.08	4.36	-	30.74	177.67	242.18	215.33	179.69	132.45	190.71
6. FOREIGN EXCHANGE EARNINGS	244.60	198.77	191.06	245.08	599.16	936.63	1,050.01	910.03	744.37	875.16
<b>AT YEAR END</b>										
7. GROSS FIXED ASSETS	1,360.94	1,374.77	1,373.56	1,403.88	2,764.41	3,580.95	3,716.42	3,778.45	3,791.08	3,868.19
8. SHARE CAPITAL	105.00	105.00	105.00	105.00	195.87	295.86	195.86	195.86	195.86	195.86
9. RESERVES AND SURPLUS	151.70	126.01	127.51	127.51	580.02	696.74	782.72	847.33	865.94	929.21
10. NET WORTH	256.70	217.58	150.91	140.65	769.82	988.56	978.58	1,043.19	1,061.80	1,125.07
11. BORROWINGS	933.42	929.80	986.93	1,030.28	1,876.68	2,515.68	2,517.96	2,491.42	2,489.26	2,407.00
12. CAPITAL EMPLOYED	1,107.81	1,131.92	1,043.68	1,011.92	2,511.00	2,664.31	2,876.54	3,114.61	3,131.07	3,532.07
<b>PER SHARE</b>										
13. NET WORTH PER EQUITY SHARE	24.45	20.72	14.37	13.39	39.30	50.47	49.96	53.26	54.21	57.44
14. EARNINGS PER EQUITY SHARE	(3.25)	(3.73)	(5.53)	(1.17)	4.59	6.96	7.31	5.05	2.70	6.14
15. DIVIDEND PER EQUITY SHARE	-	-	-	-	-	0.80	2.50	1.50	1.50	2.50
<b>RATIO</b>										
16. DEBT : EQUITY RATIO	3.64 : 1	4.27 : 1	6.54 : 1	7.33 : 1	2.44 : 1	2.55 : 1	2.57 : 1	2.39 : 1	2.34 : 1	2.14 : 1

## DIRECTORS' REPORT

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

The financial highlights are set out below :

	Rupees in million	
	2010-11	2009-10
Total Revenue	<b>1,763.42</b>	1,489.96
Earnings before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	<b>561.05</b>	472.21
Interest and Finance Charges	<b>250.69</b>	276.46
Depreciation	<b>127.45</b>	113.83
Profit before tax	<b>182.91</b>	81.92
Current tax	<b>2.45</b>	0.02
Deferred tax	<b>60.29</b>	29.02
Profit after tax	<b>120.17</b>	52.88
Dividend on Equity Shares	<b>48.97</b>	29.38
Dividend tax	<b>7.94</b>	4.88
Transfer to General Reserve	<b>22.98</b>	5.00
Balance carried over	<b>198.70</b>	158.42

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("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 forms a part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year 2010-2011 as well as the future outlook.

In accordance with the Listing Agreement with the Stock Exchanges, the following are attached :

1. Consolidated Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, along with the Auditor's Report.
2. The Report on Corporate Governance in accordance with Clause 49 of the Listing Agreement along with the Auditor's Certificate.



The Board recommends a Dividend of ₹ 2.50 per Equity Share of ₹ 10 in respect of the Financial Year 2010-2011.

The Dividend, if approved at the forthcoming Annual General Meeting, will be paid on Tuesday, 16th August, 2011 to Shareholders whose names appear on the Register of Shareholders at the close of business on Tuesday, 26th July, 2011. As per the Income Tax Act, 1961, the Tax on the Dividend will be borne by the Company.

Energy conservation and responsible environmental practices continue to be an area of focus for the Company. New technology, equipment and processes are evaluated and energy sources such as solar and wind energy are under active evaluation and implementation. All hotels have energy conservation committees and periodic energy audits.

Energy conservation measures taken during the year include installation of variable speed drives, high efficiency boilers, occupancy sensors, energy efficient LED, fluorescent and IR lamps.

Measures planned include installation of heat pipes, additional occupancy sensors, higher efficiency air conditioning and more energy efficient lighting systems.

During the Financial Year 2010-2011, the Foreign Exchange earnings of the Company amounted to ₹ 875.16 million as against ₹ 744.37 million in the previous year. The expenditure in Foreign Exchange during the Financial Year was ₹ 25.08 million as compared to ₹ 20.83 million in the previous year.

Mr. Rajesh Kapadia and Mr. Sudipto Sarkar are due to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Approval has been received from the Central Government under Section 212(8) of the Act exempting the Company from attaching a copy of the Report and Accounts of Island Hotel Maharaj Limited (IHML), its Wholly Owned Subsidiary. In granting the exemption, the Central Government has directed that specified information on IHML be separately disclosed as a part of the Consolidated Financial Statements. This information has been incorporated on Page 52 of this Annual Report.

Subject to prior arrangement, the Audited Annual Accounts of IHML will be available for inspection by any Shareholder at the Company's Registered Office. Shareholders interested in obtaining a copy of the Audited Annual Accounts of IHML may write to the Company Secretary at the Registered Office.

The Auditors of the Company, Messrs. Ray & Ray, Chartered Accountants, retire and are eligible for re-appointment.

During the Financial Year 2010-2011, none of the employees of the Company have received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation.

For and on behalf of the Board

Gurgaon  
29th May, 2011

VIKRAM OBEROI  
*Managing Director*

P.R.S. OBEROI  
*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

It was widely expected that the global economy would recover during the current year thus reversing the trend that has prevailed over the last two years. Unfortunately, this is not likely to happen. The US economy has continued to be slow with a recovery that remains elusive. Parts of Europe are still facing a debt crisis. Japan, with a severe earthquake, accompanying *tsunami* and nuclear accident may add to the world's economic problems. If the political upheavals in the Middle East and North African countries intensify, oil prices are likely to be even more volatile.

India's travel and hospitality industries continue to be dependent on visitors from the United States and from Europe. As recovery has been slow, inbound travel to India has been affected. However, there have been some signs of an upturn in the last quarter.

In contrast, the Indian economic environment continues to be buoyant. The Government's recent Economic Survey expects an 8.6% growth in GDP during the current year. Despite concerns over oil price volatility and rising inflation, the Indian economy is expected to continue to grow.

The World Economic Forum's Travel and Tourism Competitiveness Report for 2011 predicts that by 2015 the growth rate of each of China and India's travel and tourism industries will exceed or equal that of the United Kingdom, France and Japan. Such forecasts underscore the attraction of the Indian hospitality market from a global perspective. There has been a continued push by major international hospitality brands to either establish or expand their presence in India. Conservative estimates suggest a near doubling of quality branded hotel supply over the next five years. Though still nascent, numerous brands have made ambitious announcements regarding plans to establish a network of budget hotels. These developments are healthy.

However, there are some significant challenges as hotels constitute only one element of tourism infrastructural development. Modern airports, good air connectivity and a network of roads are all necessary to facilitate easy travel. Whilst considerable progress has been made in the last few years, much remains to be done to handle the anticipated increase in travel volumes, especially arising out of India's continued economic growth. We need to see that the pace of infrastructure development increases, thus facilitating access to a far greater range of destinations that are necessary for business and leisure travellers. A country that is as vast and diverse as India has the potential to be one of the world's major travel destinations. Governments across an increasing number of countries now recognise the role that the travel and tourism sector can play in creating jobs and become a catalyst for development. We hope that the prospect of realising the travel and tourism industry's latent potential seriously exercises the minds and imagination of planners within the Government.

Despite global uncertainty, we expect the overall outlook for the current Financial Year to be stable with a continued revival of demand for hotel rooms that has begun in the recent months.

Margins are likely to be impacted by continuing inflation, oil price volatility and rising payroll costs. The Company plans to offset pressure on margins through higher occupancies and modest increases in average room rates.

### Internal Control Systems and Risk Management

The Company has robust internal control systems. It continues to seek ways to further strengthen these systems. A well structured internal audit regularly reviews their efficacy and improves on them. 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 is periodically informed regarding these risk management initiatives.

### Financial and Operating Performance

During the Financial Year 2010-2011, the Company's Total Revenue was ₹ 1763.42 million as compared to ₹ 1489.96 million in the previous year. This represents an increase of approximately 18%.

The Earnings before Interest, Depreciation, Taxation and other Amortisations (EBIDTA) were ₹ 561.05 million as compared to ₹ 472.21 million in the previous year which is an increase of over 19%.

The Profit before Tax was ₹ 182.91 million as compared to ₹ 81.92 million in the previous year.

The Profit after Tax was ₹ 120.17 million as compared to ₹ 52.88 million in the previous year.

The Company's business activity is limited to hotels.

### Awards

Mr. P.R.S Oberoi, Chairman was conferred the '2010 Corporate Hotelier of the World' award by *HOTELS* magazine in November 2010.

Hotels operated by the Company continue to receive unprecedented recognition. *Travel + Leisure's* World's Best Awards 2010 readers' poll ranked The Oberoi Rajvilās, Jaipur the 3rd and 13th in Asia and the world respectively.

Other major recognitions received by Oberoi Hotels and Resorts during the financial year have been:

<b>Hotel</b>	<b>Award</b>	<b>Awarded By</b>
The Oberoi Rajvilās, Jaipur	Best Leisure Hotels in Asia and the Indian Subcontinent (Ranked 9th)	<i>Condé Nast Traveller</i> , UK, Readers' Travel Awards 2010
	Top 100 Hotels in Asia (Ranked 8th)	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2010
	Top 100 Hotels in the World (Ranked 27th)	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2010
Wildflower Hall Shimla in the Himalayas	India's Leading Spa Resort	World Travel Awards 2010
	Best Leisure Hotels in Asia and the Indian Subcontinent (Ranked 2nd)	<i>Condé Nast Traveller</i> , UK, Readers' Travel Awards 2010
	Favourite Overseas Hotel Spa: Asia & the Indian Subcontinent (Ranked 2nd)	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010
	Favourite Spas in the World (Ranked 6th)	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010

### **Corporate Social Responsibilities**

The Company continues to be fully committed to environmental conservation and social responsibilities. As a result, the Company's hotels pursue initiatives that favourably impact communities located in their vicinity.

The Company contributes to relief funds for emergencies and natural disasters.

The Company continues to reduce its carbon footprint with initiatives that include the use of efficient systems that conserve energy and natural resources, reduce waste, ensure recycling and control pollution.

The Oberoi Rajvilās, Jaipur extends assistance to local chapters of Mother Teresa's Missionaries of Charity and the SOS Children's Village. Staff from the hotel visits schools in nearby villages to spread the awareness of environmental conservation, hygiene and wellness.

The Oberoi Cecil, Shimla extends its support to the Sarvodaya Bal Ashram for orphaned children in Shimla.

Trident hotels in Agra and Udaipur extend assistance to local chapters of Mother Teresa's Missionaries of Charity. Trident, Agra also participates in Wildlife SOS's Sloth Bear Rescue programme by inviting voluntary donations from guests for the Agra Bear Rescue Facility.

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

The Company firmly believes that its greatest strength lies in the quality of its manpower. The Company believes its "people philosophy" gives it a competitive edge. The goal is to ensure that guests are served by bright, enthusiastic and committed employees who anticipate guests' needs and deliver exceptional service with genuine warmth.

As on 31st March, 2011, the number of people employed by the Company was 780.

For and on behalf of the Board

Gurgaon  
29th May, 2011

VIKRAM OBEROI  
*Managing Director*

P.R.S. OBEROI  
*Chairman*

## 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, 2011, the Company had eight Directors on the Board. Mr. Vikram Oberoi, Managing Director, is a Wholetime Director. Of the seven Non-executive Directors, four are Independent Directors.

The Board met five times during the Financial Year - on 27th May, 2010, 30th July, 2010, 29th October, 2010, 25th January, 2011 and 31st March, 2011.

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

Name	Designation	Category	Attendance		No. of other Directorships <sup>®</sup>	No. of Board Committees (other than EIH Associated Hotels Limited)
			Board Meetings	Last AGM		
Mr. P.R.S. Oberoi	Chairman	Non-executive Non-Independent	3	No	10	1
Mr. Vikram Oberoi	Managing Director	Executive	5	Yes	3	3
Mr. S.S. Mukherji	Director	Non-executive Non-Independent	5	Yes	5	2
Mr. Rajan Raheja	Director	Non-executive Non-Independent	1	No	7	4*
Mr. L. Ganesh	Director	Non-executive Independent	3	Yes	10	9*
Mr. Anil Nehru	Director	Non-executive Independent	4	Yes	3	2*
Mr. Sudipto Sarkar	Director	Non-executive Independent	4	Yes	8	3
Mr. Rajesh Kapadia	Director	Non-executive Independent	2	No	7	7**

<sup>®</sup> Excludes Directorships contemplated under Section 278 of the Companies Act, 1956

\* Chairman of one Committee

\*\* Chairman of five Committees

Mr. Sudipto Sarkar and Mr. Rajesh Kapadia retire by rotation at the forthcoming Twenty-eighth Annual General Meeting. They are eligible for re-appointment.

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

All Directors and Members of Senior Management have, as on 31st March, 2011, 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 the Audit Committee Members 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 Audit Committee met on five occasions during the Financial Year - on 27th May, 2010, 30th July, 2010, 29th October, 2010, 25th January, 2011 and 31st March, 2011. Mr. Anil Nehru and Mr. Sudipto Sarkar attended four Meetings. Mr. L. Ganesh, Mr. Rajesh Kapadia and Mr. Rajan Raheja attended three, two and one Meeting(s) respectively.

The Auditors, the Chief Internal Auditor, EIH Limited and the Managing Director are invitees to the Audit Committee Meetings. The Company Secretary acts as the 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 292A of the Companies Act, 1956.

### **4. Investors' Grievances Committee**

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

The Investors' Grievances Committee consists of the following Directors *viz.* Mr. P.R.S. Oberoi, Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar. The Company Secretary is the Compliance Officer.

The quorum for a Meeting is two Directors personally present.

The Committee met on four occasions during the Financial Year - on 27th May, 2010, 30th July, 2010, 29th October, 2010 and 25th January, 2011. Mr. P.R.S. Oberoi, a Non-executive Director and Chairman of the Board, chaired three Meetings. Mr. S.S. Mukherji and Mr. Vikram Oberoi attended all the five Meetings. Mr. Sudipto Sarkar attended one Meeting.

#### **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 Registrar and Share Transfer Agent (RTA).

As on 31st March, 2011, pending requests for dematerialisation of shares were 2. These were cleared by the second week of April, 2011. There were 3 physical transfer requests and 1 rematerialisation request pending as on 31st March, 2011. All valid requests were cleared by 6th April, 2011.

No complaints were received from any Shareholder during the year. No complaints were pending as on 31st March, 2011.

### 5. Subsidiary Company

Island Hotel Maharaj Limited (IHML), the Company's Wholly Owned Subsidiary qualifies as a "material non listed Indian subsidiary" as per the definition of a "material non listed Indian subsidiary" in Clause 49III of the Listing Agreement.

In order to meet the requirements of Clause 49III, Mr. Sudipto Sarkar, an Independent Director of the Company has been appointed Director in IHML. The Audit Committee reviews the financial statements of the Subsidiary. The Minutes of the meetings of the Board of Directors of the Subsidiary are periodically placed before and reviewed by the Board of Directors of the Company.

### 6. General Body Meetings

The last three Annual General Meetings were held at Trident, Chennai as follows:

Financial year ended	Date of Meeting	Time
31st March, 2008	Monday, 18th August, 2008	3.00 P.M.
31st March, 2009	Monday, 24th August, 2009	3.00 P.M.
31st March, 2010	Friday, 30th July, 2010	3.00 P.M.

No Special Resolution was passed by Postal Ballot during the Financial Year.

There is no proposal, at present, to pass any Special Resolution by Postal Ballot.

### 7. Remuneration of Directors

Apart from the Meeting Fees, no remuneration is paid to the Directors. Directors who attend Board or Committee Meetings are paid ₹ 10,000 per Meeting. During the Financial Year, the total amount paid to the Directors for attending the Board and Committee Meetings amounted to ₹ 530,000.

### 8. 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, 2011;
- (iii) all material transactions during the Financial Year ended 31st March, 2011, either with related parties or others, were at arms length;
- (iv) 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;
- (v) the mandatory disclosure of transactions with related parties, in compliance with the Accounting Standard (AS-18), is part of this Annual Report and disclosed on Page 49;

- (vi) the number of Shares held by Non-executive Directors of the Company are as follows:

	No. of Shares
Mr. P.R.S. Oberoi	32,670
Mr. S.S. Mukherji	3,370
Mr. Rajan Raheja	30,000

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

- (vii) in preparing the Annual Accounts in respect of the Financial Year ended 31st March, 2011, no accounting treatment was different from that prescribed in the Accounting Standards;
- (viii) there was no instance of non-compliance on any matter relating to the capital markets during the past three years;
- (ix) 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; and
- (x) the Company did not make any public issue, rights issue or preferential issue of any security during the Financial Year ended on 31st March, 2011.

#### 9. 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 with the Directors' and Auditor's Reports. 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 together with the corresponding Reports of the Auditors, the Consolidated Accounts and the Auditor's Report thereon.

The Financial Results of the Company were officially released or would 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 2010-2011)	Newspapers	31.07.2010	30.07.2010
2.	Half-yearly Unaudited Financial Statements (Second Quarter 2010-2011)	Newspapers	30.10.2010	29.10.2010
3.	Quarterly Unaudited Financial Statements (Third Quarter 2010-2011)	Newspapers	26.01.2011	25.01.2011
4.	Publication of Annual Audited Results 2010-2011 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges	Newspapers	31.05.2011	29.05.2011

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.corpfilings.co.in](http://www.corpfilings.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.

## **10. General Shareholder Information**

a. **The Twenty-eighth Annual General Meeting will be held at 3.30 P.M. on Friday, 12th August, 2011, at Trident, Chennai.**

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

Audited Annual Accounts 2010-2011	Sunday, 29th May, 2011
Mailing of Annual Report for 2010-2011	Friday, 15th July, 2011
Unaudited First Quarter Financial Results 2011-2012	Friday, 12th August, 2011
Twenty-eighth Annual General Meeting	Friday, 12th August, 2011
Payment of Dividend for 2010-2011	Tuesday, 16th August, 2011
Unaudited Second Quarter Financial Results 2011-2012	Tuesday, 1st November 2011

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Wednesday, 27th July, 2011 to Friday, 12th August, 2011, both days inclusive.

d. **Payment of Dividend**

Warrants relating to dividend in respect of the Financial Year 2010-2011, if declared by the Company at the Twenty-eighth Annual General Meeting, will be despatched on Tuesday, 16th August, 2011, to those Shareholders whose names will appear in the Register of Shareholders of the Company at the close of business on Tuesday, 26th July, 2011.

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

As on 31st March, 2011, 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 :

Bombay	523127
Madras	EIHASSOHOT
National	EIHAHOTELS

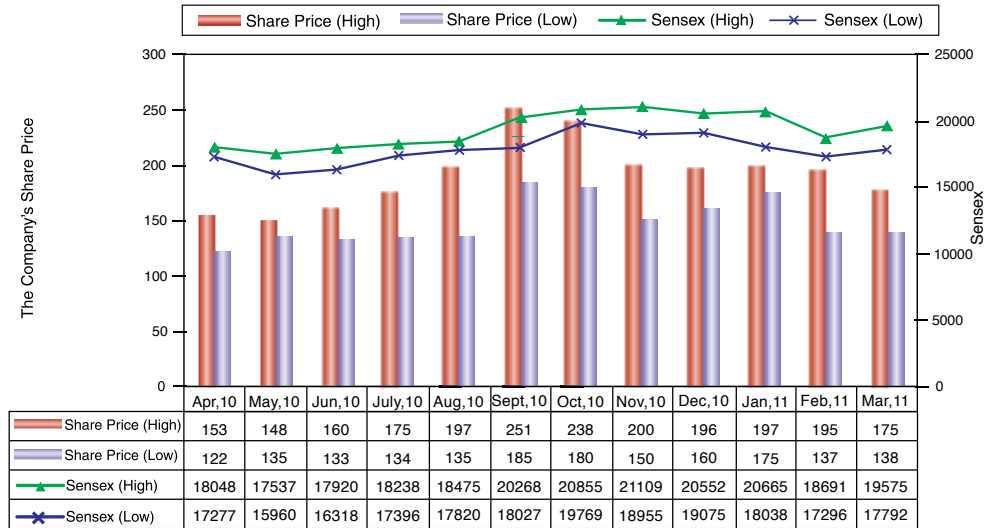
The ISIN Number of the Company's shares in the dematerialised mode is INE276C01014.

There are no arrears of Listing Fees.

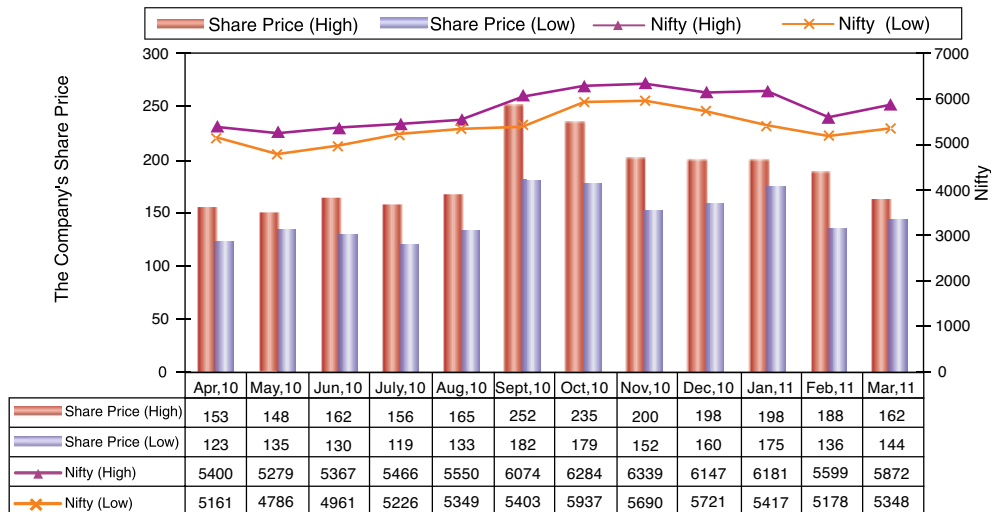
**f. Market Price of the Company's Share vis-à-vis Sensex and Nifty (in Rupees)**

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, 2011.
- h. As a further step for moving towards a paperless compliance regime under the Companies Act, 1956, the Company will, effective 1st June, 2011, begin the process of e-mailing documents such as the Annual Report and Accounts, Notices of General Meetings, Circulars and Postal Ballot Notices, to such Shareholders whose e-mail addresses are available to it. The Company has written to all Shareholders for their e-mail addresses. It will capture Shareholders’ e-mail addresses available with the Depositories as permitted under the Press Release dated 23rd May, 2011 issued by the Ministry of Corporate Affairs. Documents e-mailed to Shareholders will also be readily accessible on the Company’s website [www.eihassociatedhotels.in](http://www.eihassociatedhotels.in).

## 11. Share Transfers

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

The address of the RTA is as follows :

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, i.e., Dematerialisation Request Form (“DRF”), Share Certificates, etc., to the RTA by giving the Dematerialisation Request Number (“DRN”). Documents of transfer in the physical form, i.e., the Transfer Deeds, Share Certificates, etc., should similarly be sent to the RTA.

19.27 million shares of the Company, representing 98.39% of the total shares issued, were held in the dematerialised form as on 31st March, 2011 and 0.32 million shares representing 1.61% of the total issued shares were held in physical form. A total of 4,288 (75.18%) Shareholders have, upto 31st March, 2011, dematerialised their shareholdings, while the balance 1,415 (24.82%) Shareholders continue to hold shares in the physical form.

**12. Distribution of Shareholding as on 31st March, 2011**

Shareholding Range	No. of Shareholders	% of Shareholders	No. of shares (in million)	% of Shareholding
Upto 1000	5509	96.60	0.77	3.92
1001-5000	145	2.54	0.33	1.70
5001-10000	19	0.33	0.14	0.72
10001-50000	14	0.25	0.32	1.62
50001-100000	3	0.05	0.23	1.17
100001 and above	13	0.23	17.80	90.87
<b>Total</b>	<b>5,703</b>	<b>100.00</b>	<b>19.59</b>	<b>100.00</b>

**13. Pattern of Shareholding as on 31st March, 2011**

Category	No. of shares held (in million)	Percentage of Shareholding
<b>A. Promoter Holding</b>	<b>14.69</b>	<b>75.00</b>
<b>B. Non-Promoter Holding</b>		
Institutional Investors		
a. Banks, Financial Institutions and Insurance Companies	0.00	0.02
b. FIIs	2.65	13.50
<b>Sub Total</b>	<b>2.65</b>	<b>13.52</b>
Non-Institutional Investors		
a. Private Bodies Corporate	0.94	4.80
b. Indian Individuals	1.26	6.43
c. NRIs/OCBs	0.05	0.25
<b>Sub Total</b>	<b>2.25</b>	<b>11.48</b>
<b>Total Non-Promoter Holding</b>	<b>4.90</b>	<b>25.00</b>
<b>Grand Total</b>	<b>19.59</b>	<b>100.00</b>

**14. Unclaimed Dividends**

All Unclaimed Dividends upto 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.

Shareholders who have not cashed their Dividend Warrants relating to the subsequent Financial Years are reminded by the RTA from time to time to claim their dividends before transfer to the IEPF. Under law, no claim for uncashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. Therefore, Shareholders who have not cashed their Dividend Warrants relating to the Financial Years ended 31st March, 2007 and subsequent years are requested to contact the RTA.

**15. Location of Hotels**

- i) The Oberoi Cecil, Shimla
- ii) The Oberoi Rajvilās, Jaipur
- iii) Trident, Agra
- iv) Trident, Bhubaneswar
- v) Trident, Chennai
- vi) Trident, Jaipur
- vii) Trident, Udaipur
- viii) Trident, Cochin (owned through wholly owned subsidiary)

**16. Address for Correspondence**

EIH Associated Hotels Limited  
1/24, G.S.T. Road  
Meenambakkam  
Chennai - 600 027  
Telephone : 91-44-2234 4747  
Fax : 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 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 Appendix 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

Gurgaon  
29th May, 2011

VIKRAM OBEROI  
*Managing Director*

P.R.S. OBEROI  
*Chairman*

## 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, 2011, 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 adopted by the Company and implementation thereof for ensuring the compliance of the conditions of the Corporate Governance. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance' (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India. 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*

R.N. ROY  
*Partner*

Gurgaon  
29th May, 2011

Membership Number 8608  
Firm's Registration Number 301072E

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956**

<b>Name of the Subsidiary</b>	<b>Island Hotel Maharaj Limited</b>
Financial year ending of the Subsidiary	31st March, 2011
Shares held in the Subsidiary Company or by the Subsidiary Company in the Sub-subsidiary Company at the end of the financial year of the Subsidiary or Sub-subsidiary Company as the case may be - Number (Extent of Holding)	3,197,088 Equity Shares of ₹ 100 each fully paid
The net aggregate of Profits/(Losses) of the Subsidiary Company/Sub-subsidiary Company so far as they concern the Members of the Company	
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2011	Nil
b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2011	(₹ 26.93 million)
The net aggregate of Profits/(Losses) of the Subsidiary/Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company	
a) Dealt with in the Accounts of the Company upto the year ended 31st March, 2011	Nil
b) Not dealt with in the Accounts of the Company upto the year ended 31st March, 2011	(₹ 478.33 million)

Gurgaon  
29th May, 2011

INDRANI RAY  
*Company Secretary*

P. R. S. OBEROI	<i>Chairman</i>
VIKRAM OBEROI	<i>Managing Director</i>
S. S. MUKHERJI ANIL NEHRU L. GANESH SUDIPTO SARKAR	} <i>Directors</i>

## AUDITOR'S REPORT

To  
The Members of  
EIH Associated Hotels Limited

1. We have audited the attached Balance Sheet of EIH Associated Hotels Limited as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the Branch Accounts audited by us. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the **Annexure** a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the **Annexure** referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (ii) 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;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account 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;
  - (v) on the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on



31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act;

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 23 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, 2011;
  - (b) in the case of the Profit and Loss Account, 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.

For RAY & RAY  
*Chartered Accountants*

R.N. ROY  
*Partner*

Gurgaon  
29th May, 2011

Membership Number 8608  
Firm's Registration Number 301072E

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 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) All the assets have not been physically verified by the Management during the year but there is 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 are being reconciled.
- (c) During the year no substantial part of fixed assets have been disposed off by the Company.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, 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.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- (b) In view of our comments in Clause iii(a) above, Clauses iii(b), iii(c) and iii(d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- (c) The Company has not taken any loan, secured or unsecured, during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Act. However, during the year the Company has repaid the loan taken from a Company (Maximum balance - ₹ 320 Million)
- (d) In view of our comment in paragraph iii(c) above, clauses iii(f) and 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 is 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. Further, there is no continuing failure to correct major weaknesses in internal control system.
- 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) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act during the year cannot be compared in absence of market quotations for similar items.
- vi. The Company has not accepted any deposit from the public during the year under Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion, the Company has an internal audit system commensurate with the size 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 regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales 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 dues of income tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute other than the disputed sales tax as indicated below:

Sl.No.	Name of the statute	Nature of the dues	Forum where dispute is pending	Amount (Rupees in Millions)
1	Sales Tax:			
	a) Orissa Sales Tax Act	Sales Tax	i) Sales Tax Tribunal, Orissa	0.39
			ii) Orissa High Court	0.31
	b) Uttar Pradesh Commercial Tax Act	Sales Tax	Uttar Pradesh Commercial Tax Appellate Authority	8.90
	Total			9.60

- x. The Company has no accumulated losses and has not incurred any cash loss during the year covered by our Report and the immediately preceding financial year.
- xi. Based on our audit procedures 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, 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, 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. The Company has no guarantee outstanding as regards loan taken by the Subsidiary Company. Accordingly the provisions of Clause (xv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- 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. The Company has not raised any money by issue of shares during the year. Therefore, the provisions of Clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xix. The Company has not issued debentures during the year under audit. Accordingly, the provisions of Clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of Clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xxi. During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

For RAY & RAY  
*Chartered Accountants*

R.N. ROY  
*Partner*

Gurgaon  
29th May, 2011

Membership Number 8608  
Firm's Registration Number 301072E

# Balance Sheet

## as at 31st March, 2011

SOURCES OF FUNDS	Schedule	Rupees Million	As at 31st March	
			2011 Rupees Million	2010 Rupees Million
<b>SHAREHOLDERS' FUNDS</b>				
SHARE CAPITAL	1	195.86		195.86
RESERVES AND SURPLUS	2	929.21		865.94
			<b>1,125.07</b>	<b>1,061.80</b>
<b>LOAN FUNDS</b>				
SECURED LOANS	3	1,907.00		1,569.26
UNSECURED LOANS	4	500.00		920.00
			<b>2,407.00</b>	<b>2,489.26</b>
DEFERRED TAX LIABILITIES (Net)	5		<b>160.01</b>	99.72
<b>TOTAL</b>			<b>3,692.08</b>	<b>3,650.78</b>
<b>APPLICATIONS OF FUNDS</b>				
<b>FIXED ASSETS</b>	6			
GROSS BLOCK		3,860.54		3,774.00
Less : DEPRECIATION		1,261.80		1,147.17
NET BLOCK		2,598.74		2,626.83
CAPITAL WORK-IN-PROGRESS		7.65		17.08
			<b>2,606.39</b>	<b>2,643.91</b>
INVESTMENTS	7		<b>898.06</b>	814.06
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
INTEREST ACCRUED		0.08		0.05
INVENTORIES	8	67.68		64.91
SUNDRY DEBTORS	9	141.44		104.11
CASH AND BANK BALANCES	10	90.27		77.42
LOANS AND ADVANCES	11	228.51		206.91
		527.98		453.40
Less : CURRENT LIABILITIES & PROVISIONS				
LIABILITIES	12	272.98		220.92
PROVISIONS	13	67.37		39.67
		340.35		260.59
<b>NET CURRENT ASSETS</b>			<b>187.63</b>	<b>192.81</b>
<b>TOTAL</b>			<b>3,692.08</b>	<b>3,650.78</b>
SIGNIFICANT ACCOUNTING POLICIES	22			
NOTES TO THE ACCOUNTS	23			

Schedules 1 to 13, 22 & 23 referred to above form an integral part of the Balance Sheet.

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  
Firm's Registration Number 301072E  
Gurgaon, 29th May, 2011

INDRANI RAY  
Company Secretary

P. R. S. OBEROI

VIKRAM OBEROI

S. S. MUKHERJI  
ANIL NEHRU  
L. GANESH  
SUDIPTO SARKAR

Chairman

Managing Director

Directors

# Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>INCOME</b>			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	14	1,734.46	1,479.37
OTHER INCOME	15	28.96	10.59
		<u>1,763.42</u>	<u>1,489.96</u>
<b>EXPENDITURE</b>			
CONSUMPTION OF PROVISIONS, WINES & SMOKES	16	131.93	112.72
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES	17	331.09	271.93
UPKEEP & SERVICE COST	18	351.46	305.24
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	19	387.89	327.86
INTEREST AND FINANCE CHARGES	20	250.69	276.46
DEPRECIATION		127.45	113.83
		<u>1,580.51</u>	<u>1,408.04</u>
PROFIT BEFORE TAXATION		182.91	81.92
PROVISION FOR TAXATION	21	62.74	29.04
PROFIT AFTER TAXATION		<u>120.17</u>	<u>52.88</u>
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR		158.42	144.80
		<u>278.59</u>	<u>197.68</u>
<b>APPROPRIATIONS</b>			
GENERAL RESERVE		22.98	5.00
PROPOSED DIVIDEND ON			
EQUITY SHARES		48.97	29.38
TAX ON DIVIDEND		7.94	4.88
BALANCE CARRIED TO BALANCE SHEET		<u>198.70</u>	<u>158.42</u>
		<u>278.59</u>	<u>197.68</u>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value ₹ 10 (Note 10)		6.14	2.70
NUMBER OF EQUITY SHARES		19,586,666	19,586,666

Schedules 14 to 21 referred to above form an integral part of the Profit and Loss Account.

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

For RAY & RAY  
Chartered Accountants

R.N. ROY  
Partner

Membership Number 8608  
Firm's Registration Number 301072E  
Gurgaon, 29th May, 2011

INDRANI RAY  
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Directors

# Cash Flow Statement

	Year ended 31st March	
	2011	2010
	Rupees Million	Rupees Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	182.90	81.92
Adjustments for :		
Depreciation	127.45	113.83
Interest paid	250.69	276.46
Loss on sale of Fixed Assets (net)	8.67	10.10
Interest received	(7.04)	(1.63)
Dividend received	(0.07)	(0.26)
Operating Profit before Working Capital Changes	562.60	480.42
Adjustments for :		
Inventories	(2.77)	9.39
Trade & Other Receivables	(32.79)	(25.48)
Trade Payables	61.08	15.96
Cash Generated from Operations	588.12	480.29
Interest paid	(257.24)	(283.80)
(Payment)/Refund of direct taxes	(30.86)	(20.25)
Interest received on Income Tax Refund	5.06	-
Net cash from Operating Activities	305.08	176.24
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(101.09)	(58.12)
Sale of Fixed Assets	2.49	3.07
Purchase of investments	(83.99)	(84.43)
Interest received	1.80	1.71
Dividend received	0.07	0.26
Cash used in Investing Activities	(180.72)	(137.51)

## Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2011	2010
	Rupees Million	Rupees Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
Term Loans	1,000.00	–
Unsecured Loans	–	500.00
Working Capital Demand Loans	430.00	310.00
Repayment of		
Term Loans	(782.26)	(312.16)
Unsecured Loans	(420.00)	(500.00)
Working Capital Demand Loans	(310.00)	–
Dividend paid	(29.25)	(29.23)
Cash used in Financing Activities	<u>(111.51)</u>	<u>(31.39)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	<u>12.85</u>	<u>7.34</u>
Cash and Cash Equivalents at the beginning of the year	<u>77.42</u>	<u>70.08</u>
Cash and Cash Equivalents at the end of the year	<u>90.27</u>	<u>77.42</u>

**Notes :**

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances.
3. 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

Firm's Registration Number 301072E

Gurgaon, 29th May, 2011

INDRANI RAY  
*Company Secretary*

P. R. S. OBEROI

*Chairman*

VIKRAM OBEROI

*Managing Director*

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

} *Directors*



## Schedules to Accounts

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
40,000,000 (2010-40,000,000) Equity Shares of ₹ 10 each	400.00	400.00
1,000,000 (2010-1,000,000) Redeemable Non-cumulative Preference Shares of ₹ 100 each	100.00	100.00
	<u>500.00</u>	<u>500.00</u>
<b>ISSUED, SUBSCRIBED, CALLED &amp; PAID-UP</b>		
19,586,666 (2010-19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) below)	195.86	195.86
	<u>195.86</u>	<u>195.86</u>

- (a) Of the above 19,586,666 (2010-19,586,666) Equity Shares, 9,086,666 (2010-9,086,666) Equity Shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to the Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

## Schedules to Accounts – Contd.

	Rupees Million	As at 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
i) Profit on re-issue of forfeited shares As per last Account	0.01		0.01
ii) Investment subsidy received As per last Account	4.50		4.50
		4.51	4.51
<b>CAPITAL REDEMPTION RESERVE</b>			
As per last Account		100.00	100.00
<b>SECURITIES PREMIUM ACCOUNT</b>			
As per last Account		126.00	126.00
<b>GENERAL RESERVE</b>			
As per last Account	477.01		472.01
Add : Transfer from Profit and Loss Account	22.99		5.00
		500.00	477.01
<b>PROFIT AND LOSS ACCOUNT</b>			
As per annexed Profit and Loss Account		198.70	158.42
		<b>929.21</b>	<b>865.94</b>

## Schedules to Accounts – Contd.

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>3</b>		
<b>SECURED LOANS</b>		
<b>A. TERM LOANS FROM BANKS</b>		
(i) UNITED BANK OF INDIA (repayable within one year ₹ 92 million, 2010 - ₹ 184 million)	92.00	276.00
(ii) UNITED BANK OF INDIA (repayable within one year ₹ 10 million, 2010 - ₹ 58.56 million)	10.00	68.56
(iii) UNITED BANK OF INDIA (repayable within one year ₹ Nil, 2010 - ₹ 14.70 million)	–	14.70
(iv) UNITED BANK OF INDIA (repayable within one year ₹ 250.00 million, 2010 - ₹ Nil)	375.00	500.00
(v) UNITED BANK LIMITED (repayable within one year ₹ Nil, 2010 - ₹ Nil)	500.00	–
(vi) ICICI BANK LIMITED (repayable within one year ₹ Nil, 2010 - ₹ Nil)	500.00	–
(vii) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC) (repayable within one year ₹ Nil, 2010 - ₹ 400 Million)	–	400.00
<b>B. WORKING CAPITAL LOANS FROM BANKS</b>		
(viii) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)	–	200.00
(ix) THE ROYAL BANK OF SCOTLAND N.V. (Formerly ABN AMRO BANK N.V.)	430.00	110.00
	<b>1,907.00</b>	<b>1,569.26</b>

### PARTICULARS OF SECURITIES

- (i) The loan is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra, Trident, Jaipur and Trident, Udaipur.
- (ii) and (v) The loans, together with interest, etc., are secured by a mortgage by way of first charge by deposit of title deeds in respect of immovable properties, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.
- (iii) and (v) The loans, together with interest, etc., are secured by joint mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to The Oberoi Rajvilās, Jaipur.
- (vi) 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 *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. The Company is in the process of creating the security for the loan.
- (iv) and (ix) The loan together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and secured by way of an Equitable Mortgage of the said properties.
- (viii) The Working Capital Loan from HSBC is secured on *pari passu* basis by way of hypothecation of all stocks of inventories and book debts, etc., of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and to be additionally, secured by way of second charge on the fixed assets of the said two properties.

## Schedules to Accounts – *Contd.*

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>4</b>			
<b>UNSECURED LOAN</b>			
Short Term Loan from Housing Development Finance Corporation Limited		–	500.00
Bodies Corporate		–	420.00
United Bank of India (Repayable within one year)		<b>500.00</b>	–
		<b>500.00</b>	<b>920.00</b>
<b>5</b>			
<b>DEFERRED TAX - NET</b>			
DEFERRED TAX LIABILITIES			
Depreciation		<b>407.78</b>	402.89
DEFERRED TAX ASSETS			
Unabsorbed Depreciation	<b>241.90</b>		298.02
Accrued expenses deductible on payment	<b>3.63</b>		3.40
Amalgamation expenses	–		0.35
Provision for Leave Encashment	<b>1.22</b>		0.36
Provision for Debts and Advances	<b>1.02</b>		1.04
		<b>247.77</b>	<b>303.17</b>
DEFERRED TAX LIABILITIES (Net)		<b>160.01</b>	<b>99.72</b>

## Schedules to Accounts – Contd.

### 6 FIXED ASSETS

Nature of Assets	GROSS BLOCK				DEPRECIATION				Rupees Million	
	Original Cost as at 1st April, 2010	Additions during the year	Sales / Adjustments	Original Cost as at 31st March, 2011	As at 1st April, 2010	For the Year	Sales / Adjustments	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Freehold Land	11.37	17.55	-	28.92	-	-	-	28.92	-	11.37
Leasehold Land	92.57	-	-	92.57	8.93	13.01	-	70.63	21.94	83.64
Buildings	1,891.81	5.48	-	1,897.29	304.68	31.26	-	1,561.35	335.94	1,587.13
Leasehold Buildings (Note 6b)	5.62	-	-	5.62	2.81	0.70	-	2.11	3.51	2.81
Roads	4.85	-	-	4.85	0.90	0.08	-	3.87	0.98	3.95
Sanitary Installations	176.83	0.49	-	177.32	26.29	2.92	-	148.11	29.21	150.54
Plant & Machinery	1,223.78	57.97	16.15	1,265.60	540.29	57.82	7.42	674.91	590.69	683.49
Jetty	0.76	-	-	0.76	0.44	0.04	-	0.28	0.48	0.32
Boats	2.55	0.89	0.74	2.70	0.96	0.09	0.31	1.96	0.74	1.59
Computers	72.52	2.65	0.19	74.98	52.14	6.21	0.11	16.74	58.24	20.38
Furniture & Fittings	237.62	6.87	2.32	242.17	186.89	7.78	2.19	49.69	192.48	50.73
Vehicles	42.62	5.23	2.22	45.63	18.95	3.65	1.46	24.49	21.14	23.68
Leased Vehicles	10.97	13.39	2.36	22.00	3.85	3.85	1.33	15.63	6.37	7.11
Leased Assets	0.13	-	-	0.13	0.04	0.04	-	0.05	0.08	0.09
	3,774.00	110.52	23.98	3,860.54	1,147.17	127.45	12.82	2,598.74	1,261.80	2,626.83
Capital-Work-in-Progress	17.08	43.01	52.45	7.65	-	-	-	-	-	17.08
	3,791.08	153.53	76.43	3,868.19	1,147.17	127.45	12.82	2,598.74	1,261.80	2,643.91
Previous year	3,778.45	95.52	82.89	3,791.08	1,065.66	113.83	32.32	2,643.91	1,147.17	2,643.91

## Schedules to Accounts – Contd.

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>7</b>			
<b>INVESTMENTS (Unquoted)</b>			
At Cost			
Long Term			
SUBSIDIARY COMPANY			
3,197,088 (2010-2,987,113) Equity Shares of ₹ 100 each of Island Hotel Maharaj Limited, fully paid, including 209,975 Equity Shares of ₹ 100 each acquired during the year (2010-211,056 Equity Shares of ₹ 100 each fully paid)		889.36	805.37
OTHERS - Investments in shares			
217,175 (2010-217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid		8.69	8.68
GOVERNMENT SECURITIES			
6 year National Savings Certificate		0.01	0.01
		<u>898.06</u>	<u>814.06</u>

The details of Purchase and Sale of Investments during the year are given below:

	No. of Units purchased/sold	Purchase price (in Million)	Sale price (in Million)
UTI Treasury Advantage Fund	29,993.578	30.00	30.00

During the year ₹ 0.07 Million was received as dividend from  
Investments in UTI Treasury Advantage Fund.

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>8</b>			
<b>INVENTORIES (Note 7)</b>			
Provisions, Wines & Smokes		15.62	13.30
Stores & Operational Supplies		52.06	51.61
		<u>67.68</u>	<u>64.91</u>
<b>9</b>			
<b>SUNDRY DEBTORS (Unsecured)</b>			
Debts outstanding over six months			
Considered good	1.29		0.32
Considered doubtful	2.87		2.86
		<u>4.16</u>	<u>3.18</u>
Other Debts (Considered good)		140.15	103.79
		<u>144.31</u>	<u>106.97</u>
Less : Provision for Doubtful Debts		2.87	2.86
		<u>141.44</u>	<u>104.11</u>

## Schedules to Accounts – *Contd.*

	Rupees Million	As at 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>10</b>			
<b>CASH AND BANK BALANCES</b>			
Cash in hand		0.85	0.56
Cheques in hand		9.11	4.60
With Scheduled Banks :			
Current Accounts		50.23	44.10
Unpaid Dividend Account		0.61	0.49
Fixed Deposits		29.47	27.67
		<u>90.27</u>	<u>77.42</u>
<b>11</b>			
<b>LOANS AND ADVANCES (Unsecured)</b>			
(Considered good, unless otherwise stated)			
Advance towards Equity participation in Subsidiary Company – Island Hotel Maharaj Limited		–	–
Advances recoverable in cash or in kind or for value to be received			
Considered good	18.90		25.32
Considered doubtful	0.19		0.19
		19.09	25.51
Security Deposits		30.17	29.81
Prepaid Expenses		19.86	18.34
Advance payment of Income-tax	49.90		58.37
MAT credit entitlement (Note 9)	109.30		74.70
		159.20	133.07
Fringe Benefit Tax (net of provision)		0.38	0.37
		<u>228.70</u>	<u>207.10</u>
<i>Less: Provision for Doubtful advances</i>		0.19	0.19
		<u>228.51</u>	<u>206.91</u>

## Schedules to Accounts – *Contd.*

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>12</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises (Note 3)	0.40	–
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises including amount due to Island Hotel Maharaj Limited, Subsidiary Company (₹ 0.03 Million; 2010 - ₹ 0.01 Million)	215.15	184.65
Security Deposits from shops	1.31	1.28
Unclaimed Dividend	0.61	0.48
Interest accrued but not due	0.16	2.86
Liability for Leased Vehicles (Note 6a)	16.59	7.76
Other Liabilities	38.76	23.89
	<u>272.98</u>	<u>220.92</u>
<b>13</b>		
<b>PROVISIONS</b>		
Income Tax	111.70	74.70
Wealth Tax	0.31	0.26
Proposed Dividend on - Equity Shares	48.97	29.38
Tax on Dividend	7.94	4.88
Leave Encashment	7.75	5.15
	<u>176.67</u>	<u>114.37</u>
<i>Less: MAT credit entitlement (Note 8)</i>	<u>109.30</u>	<u>74.70</u>
	<u>67.37</u>	<u>39.67</u>



## Schedules to Accounts – Contd.

	Rupees Million	Year ended 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>14</b>			
<b>INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS &amp; BANQUETS, ETC.</b>			
Rooms		1,177.43	1,008.77
Food and Beverage		466.68	386.02
Other Services		90.35	84.58
		<u>1,734.46</u>	<u>1,479.37</u>
<b>15</b>			
<b>OTHER INCOME</b>			
Interest (Gross) (Tax deducted at source ₹ 0.15 Million; 2010 - ₹ 0.29 Million)		1.98	1.63
Interest on Income Tax Refund		5.06	–
Gain on Exchange (Net)		0.01	–
Dividend from Current Investments - Mutual Fund (Non-trade)		0.07	0.26
Provisions & liabilities no longer required, written back		5.81	0.01
Others including Lease Rent of ₹ 0.18 Million (Note 6b)		16.03	8.69
		<u>28.96</u>	<u>10.59</u>
<b>16</b>			
<b>CONSUMPTION OF PROVISIONS, WINES &amp; SMOKES</b>			
Opening Stock		13.30	17.39
Add : Purchases		134.25	108.63
		<u>147.55</u>	<u>126.02</u>
Less : Closing Stock		15.62	13.30
		<u>131.93</u>	<u>112.72</u>
<b>17</b>			
<b>EMPLOYEES' REMUNERATION AND WELFARE EXPENSES</b>			
Salaries, Wages & Bonus		294.91	245.99
Company's Contribution to Provident Fund		9.40	7.27
Workmen & Staff Welfare Expenses		21.79	16.25
Contribution to Gratuity Fund (including provision of ₹ 1.35 Million; 2010-₹ 0.46 Million)		2.39	1.77
Provision for Leave Encashment		2.60	0.65
		<u>331.09</u>	<u>271.93</u>
<b>18</b>			
<b>UPKEEP AND SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		4.67	3.81
Expenses on Apartment & Board		31.24	25.49
Power & Fuel		154.25	135.37
Renewals & Replacement		20.74	15.65
Repairs :			
Buildings	60.23		52.75
Plant & Machinery	65.35		55.13
Others	14.98		17.04
		<u>140.56</u>	<u>305.24</u>
		<u>351.46</u>	<u>305.24</u>

## Schedules to Accounts – Contd.

	Rupees Million	Year ended 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>19</b>			
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>			
Lease Rent (Note 6b)		7.11	7.37
Royalty		17.50	14.89
Technical Services Fees		78.96	67.99
Advertisement, Publicity & Other Promotional Expenses		79.33	66.07
Commission to Travel Agents & others		60.13	49.16
Rates & Taxes		39.82	32.44
Insurance		5.55	6.56
Passage & Travelling		27.84	23.68
Postage, Telephone & Telex		13.88	12.85
Printing & Stationery		7.43	6.69
Musical, Banquet & Kitchen Expenses		13.18	12.49
Directors' Fees		0.53	0.71
Loss on Sale / Discard of Assets including capital stores		8.67	10.10
Loss on Exchange		–	0.01
Auditor's Remuneration (Note 9)		1.86	1.85
Provision/write off of Doubtful Debts & Advances		0.21	0.11
Other Expenses		25.89	14.89
		<u>387.89</u>	<u>327.86</u>
<b>20</b>			
<b>INTEREST AND FINANCE CHARGES</b>			
On Fixed Loans	236.45		246.63
<i>Add / (Less) : Adjustment for currency/interest swap including MTM losses (Note 11)</i>	<u>11.27</u>		<u>27.87</u>
		247.72	274.50
On Other Loans		2.97	1.96
		<u>250.69</u>	<u>276.46</u>
<b>21</b>			
<b>PROVISION FOR TAXATION</b>			
Income Tax		37.00	15.00
Deferred Tax		60.29	29.02
Wealth Tax		0.05	0.02
		<u>97.34</u>	<u>44.04</u>
<i>Less : MAT credit entitlement (Note 8)</i>		34.60	15.00
		<u>62.74</u>	<u>29.04</u>

## Schedules to Accounts – Contd.

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### SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

#### 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 interest is accrued and recognised on time basis and determined by contractual rate of interest.

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

Revenue from Shop License Fee included under "Other Income" is recognised on accrual basis as per terms of contract.

#### 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

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.

Assets acquired on lease/hire purchase basis are stated at their cash values less depreciation/amortisation.

Capital Work-in-Progress comprises outstanding advances paid/payable to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

#### 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, building installed on leasehold land are amortised over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Long term leasehold land is amortised over the balance period of lease, commencing from the date the land is put to use for commercial purposes. Vehicles acquired on lease are depreciated over their respective lease period or five years, whichever is earlier.

#### 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.

#### FINANCE 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 Profit and Loss Account under Interest and Finance charges.

#### 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.

## Schedules to 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 Profit and Loss Account.

### 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 Profit and Loss Account.

### EMPLOYEE BENEFITS

Short Term Employee Benefit is recognised as an expense in the Profit and Loss Account 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 on Termination of Service: 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 in accordance with Accounting Standard (AS-22) – 'Accounting for Taxes on Income' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

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' notified pursuant to the Companies (Accounting Standards) Rules, 2006, 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 on going basis and only those having a largely probable outflow of resources are provided for.

## Schedules to Accounts – Contd.

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### NOTES TO THE ACCOUNTS

1. The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 38.07 Million (2010 - ₹ 4.03 Million).
2. Contingent liabilities not provided for in respect of :
  - (a) claims against the Company not acknowledged as debts pending settlement of disputes amounting to ₹ 130.47 Million (2010 - ₹ 107.93 Million).
  - (b) guarantee given by the Company for ₹ Nil (2010 - ₹ 350.00 Million) to a bank on behalf of its wholly owned Subsidiary Company, Island Hotel Maharaj Limited.
  - (c) counter guarantee given by the Company to the extent of ₹ Nil (2010 - ₹ 25.00 Million) to Deutsche Bank.
  - (d) property tax demand of ₹ 5.34 Million (2010 - ₹ 5.34 Million) in respect of The Oberoi Rajvilās, Jaipur, against which the Company has filed a Civil Writ Petition in the High Court of Rajasthan which is pending adjudication. However, the Company has paid ₹ 3.64 Million (2010 - ₹ 3.64 Million) under protest.
  - (e) sales tax demand amounting to ₹ 9.58 Million (2010 - ₹ 1.06 Million) against which the Company has preferred an appeal. The Company made a payment of ₹ 2.19 Million (2010 - ₹ 0.45 Million) under protest.
  - (f) Urban Development Tax demand amounting to ₹ 4.91 Million (2010 - ₹ 3.51 Million) against which the Company has preferred an appeal. The Company has made a payment of ₹ 7.20 Million (2010 - ₹ 1.50 Million) under protest.
3. Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company.

	As at 31st March	
	2011	2010
	Rupees Million	Rupees Million
(a) Principal amount due and remaining unpaid	0.40	Nil
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.		

4. Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2011 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

	(Rupees in Million)			
	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>I Components of Employer Expenses</b>				
1 Current Service Cost	1.05	0.21	1.31	0.26
2 Interest Cost	0.66	0.28	0.56	0.38
3 Expected return on Plan Assets	0.83	-	0.73	-
4 Curtailment Cost/(Credit)	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-
6 Past Service Cost	-	-	-	-
7 Actuarial Losses/(Gains)	1.51	2.11	0.63	0.01
<b>8 Total expenses recognised in the Statement of Profit and Loss Account</b>	<b>2.39</b>	<b>2.60</b>	<b>1.77</b>	<b>1.64</b>

The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 17.

## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

(Rupees in Million)

	Year ended 31st March, 2011		Year ended 31st March, 2010					
	Gratuity	Leave	Gratuity	Leave				
	(Funded)	Encashment (Unfunded)	(Funded)	Encashment (Unfunded)				
<b>II Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2011</b>								
1 Present Value of Defined Benefit Obligations	10.79	7.75	8.19	5.15				
2 Fair Value on Plan Assets	9.44	-	7.73	-				
3 Status [Surplus/(Deficit)]	(1.35)	(7.75)	(0.46)	(5.15)				
4 Unrecognised Past Service Cost	-	-	-	-				
5 <b>Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(1.35)</b>	<b>(7.75)</b>	<b>(0.46)</b>	<b>(5.15)</b>				
<b>III Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2011</b>								
1 Present Value of DBO at the Beginning of Year	8.19	5.15	7.54	4.51				
2 Current Service Cost	1.05	0.21	1.31	0.26				
3 Interest Cost	0.66	0.28	0.56	0.38				
4 Curtailment Cost/(Credit)	-	-	-	-				
5 Settlement Cost/(Credit)	-	-	-	-				
6 Plan Amendments	-	-	-	-				
7 Acquisitions	-	-	-	-				
8 Actuarial (Gains)/Losses	1.52	2.11	0.63	0.01				
9 Benefits Paid	0.63	-	1.84	-				
10 <b>Present Value of DBO at the End of Year</b>	<b>10.79</b>	<b>7.75</b>	<b>8.19</b>	<b>5.15</b>				
<b>IV Change in Fair Value of Assets during the year ended 31st March, 2011</b>								
1 Plan Assets at the Beginning of Year	7.73	-	6.99	-				
2 Acquisition Adjustment	-	-	-	-				
3 Actuarial Return on Plan Assets	0.83	-	0.73	-				
4 Actuarial Gains/(Losses)	-	-	-	-				
5 Actual Company Contribution	1.51	-	1.28	-				
6 Benefits Paid	0.63	-	1.27	-				
7 <b>Plan Assets at the End of Year</b>	<b>9.44</b>	<b>-</b>	<b>7.73</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%	8%	8%	8%				
2 Expected rate of return	9.4%	-	9.4%	-				
3 Salary Escalation (%)	3%	3%	3%	3%				
4 Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate					
	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008				
<b>VII Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>								
1. Present Value of Defined Benefit Obligation	10.79	8.04	8.19	5.13	7.03	4.64	8.12	3.51
2. Fair Value of Plan Assets	9.44	-	7.73	-	6.99	-	7.72	-
3. Status [Surplus/(Defecit)]	(1.35)	(8.04)	(0.46)	(5.13)	(0.04)	(4.64)	(0.40)	(3.51)
4. Experience Adjustments on Plan liabilities	-	2.11	-	(0.17)	-	0.40	-	(0.91)

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

## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

5. 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 specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956:
- Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.
  - Leased Vehicles over their respective lease period or five years, whichever is earlier.
  - Depreciation includes ₹ 13.01 Million (2010 - ₹ 0.64 Million) being provision for amortisation of long term leasehold land.
- 6a. Fixed Assets acquired under finance lease amounting to ₹ 22.13 Million (2010 - ₹ 11.10 Million) being the assets acquired between 1st April, 2001 and 31st March, 2011. This includes an amount of ₹ 13.39 Million (2010 - ₹ 5.95 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” notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of ₹ 3.90 Million (2010 - ₹ 2.59 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2011 in respect of these assets is as under :

	Year ended 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>Assets taken on lease</b>		
Total Minimum Lease Payments at the year end	21.27	10.22
Present value of Minimum Lease Payments	16.59	7.76
<b>Not later than one year</b>		
Minimum Lease Payments	5.04	2.14
Present value	3.54	1.44
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	16.23	8.08
Present value	13.05	6.32
<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

## Schedules to Accounts – *Contd.*

### NOTES TO THE ACCOUNTS (*Contd.*)

- 6b. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.
- i) General description of the Company's operating lease arrangements:
- The Company has entered into operating lease arrangements primarily for hiring office premises, site offices and residential premises for its employees and for giving premises on rent to tenants. 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 agreement are generally renewable by mutual consent on mutually agreeable terms.
- ii) Rent in respect of the above is charged/credited to the Profit and Loss Account.
7. 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 are charged to the Profit and Loss Account.
8. The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). This has resulted in an additional tax expense of ₹ 2.40 Million and the balance carried forward is to be set off against any future tax liability. MAT Credit Entitlement has been shown under Loans and Advances in the Balance Sheet as at 31st March, 2011.

		Year ended 31st March	
		2011	2010
		Rupees	Rupees
		Million	Million
9.	Auditor's remuneration (excluding service tax):		
	As Auditor	1.63	1.55
	For Tax Audit	0.11	0.10
	For other services	0.12	0.20
		1.86	1.85
10.	Earnings per Equity Share:		
	Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each		
	Net Profit as per Profit and Loss Account and available for Equity Shareholders	120.16	52.88
	Weighted average number of Equity Shares outstanding	19,586,666	19,586,666
	Basic and Diluted Earnings per Equity Share of face value ₹ 10 (in Rupees)	6.14	2.70



## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

11. The Company uses currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments outstanding as on 31.03.2011 are as follows:

Particulars	Swap	Current Year			Previous Year			Name of Bank	Swap closure date
		Currency	Foreign Exchange (Million)	INR (Million)	Currency	Foreign Exchange (Million)	INR (Million)		
Currency Swap	USD-INR	USD	Nil	Nil	USD	10.15	400.00	Hongkong & Shanghai Banking Corporation Limited	December-10
Currency Swap	INR-JPY	JPY	Nil	Nil	JPY	229.63	91.07	Deutsche Bank A.G.	October-10

All realised gains/losses on settlement of currency/interest swaps and hedging, during the year, have been recognised and accounted for in the Profit and Loss Account.

	Year ended 31st March 2011	2010
	Rupees Million	Rupees Million

Unhedged foreign currency exposure outstanding	1.72	0.67
--	------	------

12. 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" notified pursuant to the Companies (Accounting Standards) Rules, 2006.
13. The Company is not required to give quantitative and value wise information in respect of purchase, consumption, turnover, stock etc. as the same is exempted vide Circular No. SO 301(E) dated 08.02.2011 issued by Ministry of Corporate Affairs, Government of India.

	Year ended 31st March 2011	2010
	Rupees Million	Rupees Million

- |  |                       |                       |
|--|-----------------------|-----------------------|
| 14. Expenditure in Foreign Currencies :<br>Subscription, Travelling & others   | 25.08                 | 20.83                 |
| 15. Value of Imports calculated on C.I.F. basis in respect of :<br>(i) Provisions, Wines & Smokes<br>(ii) Components & Spares<br>(iii) Capital Goods | 0.56<br>8.03<br>13.77 | 0.03<br>5.80<br>12.76 |
| 16. Earnings in Foreign Currencies on Sales :<br>(As per return submitted to DGFT)   | 875.16                | 744.37                |

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

(A)

(I) **Subsidiary Company**

Island Hotel Maharaj Limited

(II) **Key Management Personnel**

Mr. Vikram Oberoi – Managing Director

(III) **Enterprise in which Key Management Personnel have significant influence**

EIH Limited

## Schedules to Accounts – *Contd.*

**(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2011**

Nature of Transactions	Island Hotel Maharaj Limited Rupees Million	EIH Limited Rupees Million
<b>Purchases</b>		
Goods and Services	0.07	51.95
Fixed Assets	–	2.24
<b>Total</b>	<b>0.07</b>	<b>54.19</b>
<b>Expenses</b>		
Management Contract	–	113.96
<b>Total</b>	<b>–</b>	<b>113.96</b>
<b>Other Payments</b>		
Interest on Loan	–	29.90
Equity Dividend	–	10.61
Repayment of Unsecured Loan	–	320.00
<b>Total</b>	<b>–</b>	<b>360.51</b>
<b>Sales</b>		
Goods and Services	0.52	6.17
Fixed Assets	0.01	2.21
<b>Total</b>	<b>0.53</b>	<b>8.38</b>
<b>Payments</b>		
Advance towards Equity	–	–
Investments	83.99	–
<b>Total</b>	<b>83.99</b>	<b>–</b>
<b>Outstanding Balances</b>		
<b>Payables</b>		
For Goods & Services	0.03	9.17
For Management Contract	–	51.47
<b>Total</b>	<b>0.03</b>	<b>60.64</b>
<b>Receivables</b>		
For Goods & Services	0.31	2.01
<b>Total</b>	<b>0.31</b>	<b>2.01</b>
<b>Investments</b>		
	889.36	–
<b>Total</b>	<b>889.36</b>	<b>–</b>

## Schedules to Accounts – *Contd.*

23

### NOTES TO THE ACCOUNTS (*Contd.*)

#### 18. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

Balance Sheet abstract and Company's General Business Profile :

##### I. Registration Details

Registration Number	9903
State Code	18
Balance Sheet Date	31st March, 2011

##### II. Capital raised during the Year

(Rupees in Million)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

##### III. Position of mobilisation and deployment of funds

(Rupees in Million)

Total Liabilities	4,032.43
Total Assets	4,032.43
Sources of Funds	
Paid-up Capital	195.86
Reserves & Surplus	929.21
Secured Loans	1,907.00
Unsecured Loans	500.00
Deferred Tax Liabilities	160.01
Applications of Funds	
Net Fixed Assets including Capital Work-in-Progress	2,606.40
Investments	898.06
Net Current Assets	187.63
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

##### IV. Performance of the Company

(Rupees in Million)

Turnover (including other Income)	1,763.42
Total Expenditure including extraordinary items	1,580.51
Profit (+)/Loss (-) before Tax	182.91
Profit (+)/Loss (-) after Tax (including Deferred Tax)	120.17
Basic & Diluted Earnings per Equity Share (in Rupees)	6.14
Dividend on Equity Share (Rate)	25%

##### V. Generic Names of Principal products/services of the Company as per monetary terms :

Item Code No. (ITC Code)	591001006
Product Description	HOTELS

19. 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.

**EIH Associated Hotels Limited**  
CONSOLIDATED FINANCIAL STATEMENTS

**DISCLOSURE PURSUANT TO  
APPROVAL NO. 47/109/2011-CL-III OF 8TH FEBRUARY, 2011  
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

**For the Year ended on 31st March, 2011**

**Rupees in Million**

<b>Particulars</b>	<b>Island Hotel Maharaj Limited</b>
Capital	319.71
Reserves	581.49
Total Assets	929.38
Total Liabilities	929.38
Details of investment except in case of investment in subsidiary	-
Turnover	77.40
Profit/(Loss) before Taxation	(29.73)
Provision for Taxation	2.80
Profit/(Loss) after Taxation	(26.93)
Proposed Dividend	-

## AUDITOR'S REPORT on Consolidated Financial Statements

To  
The Board of Directors,  
EIH Associated Hotels Limited

We have examined the attached Consolidated Balance Sheet of EIH Associated Hotels Limited ("the Company") and its Subsidiary as at 31st March, 2011, the Consolidated Profit and Loss Account for the year then ended annexed thereto and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Auditing Standards Generally Accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of ₹ 929.38 Million as at 31st March, 2011 and total revenues of ₹ 77.39 Million for the year then ended. These Financial Statements have been audited by other auditor whose audit reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this Subsidiary, is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) - "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its Subsidiary, included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its Subsidiary, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Schedules 1 to 23 give a true and fair view and are in conformity with the accounting principles generally accepted in India:

- a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiary as at 31st March, 2011;
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its Subsidiary for the year then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its Subsidiary for the year then ended.

For RAY & RAY  
*Chartered Accountants*

R. N. Roy  
*Partner*

Membership Number 8608  
Firm's Registration Number 301072E

Gurgaon  
29th May, 2011

# Balance Sheet

## as at 31st March, 2011

	Schedule	Rupees Million	As at 31st March	
			2011 Rupees Million	2010 Rupees Million
<b>SOURCES OF FUNDS</b>				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	1	195.87		195.87
RESERVES AND SURPLUS	2	782.95		747.08
			978.82	942.95
<b>LOAN FUNDS</b>				
SECURED LOANS	3	1,913.99		1,645.05
UNSECURED LOANS	4	500.00		920.00
			2,413.99	2,565.05
DEFERRED TAX LIABILITIES (NET)	5		93.24	35.75
<b>TOTAL</b>			<b>3,486.05</b>	<b>3,543.75</b>
<b>APPLICATIONS OF FUNDS</b>				
GOODWILL (ON CONSOLIDATION)			347.16	347.16
FIXED ASSETS	6			
GROSS BLOCK		4,378.60		4,292.99
Less : DEPRECIATION		1,461.70		1,335.83
NET BLOCK		2,916.90		2,957.16
CAPITAL WORK-IN-PROGRESS		7.80		17.12
			2,924.70	2,974.28
INVESTMENTS	7		8.69	8.69
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
INTEREST ACCRUED		0.11		0.06
INVENTORIES	8	74.01		70.47
SUNDRY DEBTORS	9	152.31		116.49
CASH AND BANK BALANCES	10	91.43		78.68
LOANS AND ADVANCES	11	248.84		226.13
		566.70		491.83
Less : CURRENT LIABILITIES AND PROVISIONS				
LIABILITIES	12	292.79		238.04
PROVISIONS	13	68.41		40.17
		361.20		278.21
<b>NET CURRENT ASSETS</b>			<b>205.50</b>	<b>213.62</b>
<b>TOTAL</b>			<b>3,486.05</b>	<b>3,543.75</b>
SIGNIFICANT ACCOUNTING POLICIES	22			
NOTES TO THE ACCOUNTS	23			

Schedules 1 to 13, 22 & 23 referred to above form an integral part of the Balance Sheet.

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  
Firm's Registration Number 301072E  
Gurgaon, 29th May, 2011

INDRANI RAY  
Company Secretary

P. R. S. OBEROI

VIKRAM OBEROI

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Chairman

Managing Director

Directors

## Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>INCOME</b>			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	14	1,810.61	1,556.48
OTHER INCOME	15	29.36	11.16
		<u>1,839.97</u>	<u>1,567.64</u>
<b>EXPENDITURE</b>			
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES	16	139.73	118.98
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	17	356.40	294.02
UPKEEP & SERVICE COST	18	377.59	329.05
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	19	409.85	349.48
INTEREST AND FINANCE CHARGES	20	261.43	298.58
DEPRECIATION		141.80	128.25
		<u>1,686.80</u>	<u>1,518.36</u>
PROFIT BEFORE TAXATION		153.17	49.28
PROVISION FOR TAXATION	21	59.94	24.43
PROFIT AFTER TAXATION		93.23	24.85
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR		31.23	45.64
		<u>124.46</u>	<u>70.49</u>
<b>APPROPRIATIONS</b>			
GENERAL RESERVE		22.98	5.00
PROPOSED DIVIDEND ON			
EQUITY SHARES		48.97	29.38
TAX ON DIVIDEND		7.94	4.88
BALANCE CARRIED TO BALANCE SHEET		44.57	31.23
		<u>124.46</u>	<u>70.49</u>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		
BASIC AND DILUTED EARNINGS PER SHARE (In Rupees) Face Value ₹ 10 (Note 12)		4.76	1.27
NUMBER OF EQUITY SHARES		19,586,666	19,586,666

Schedules 14 to 23 referred to above form an integral part of the Profit and Loss Account.

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

For RAY & RAY

*Chartered Accountants*

R.N. ROY

*Partner*

Membership Number 8608

Firm's Registration Number 301072E

Gurgaon, 29th May, 2011

INDRANI RAY  
*Company Secretary*

P. R. S. OBEROI

*Chairman*

VIKRAM OBEROI

*Managing Director*

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

*Directors*



# Cash Flow Statement

	Year ended 31st March	
	2011	2010
	Rupees	Rupees
	Million	Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	153.18	49.28
Adjustments for :		
Depreciation	141.80	128.25
Interest expense	261.43	298.58
Loss on sale of Fixed Assets (Net)	8.48	10.10
Interest income	(7.05)	(1.82)
Dividend received	(0.07)	(0.26)
Operating Profit before Working Capital Changes	557.77	484.13
Adjustments for :		
Inventory	(3.54)	10.98
Trade & Other Receivables	(31.40)	(31.79)
Trade Payables	64.30	15.18
Cash Generated from Operations	587.13	478.50
Interest paid	(267.98)	(305.91)
(Payment)/Refund of direct taxes	(32.01)	(25.18)
Interest received on income tax refund	5.06	–
Net cash from Operating Activities	292.20	147.41
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(104.06)	(62.03)
Sale of Fixed Assets	2.90	3.27
Interest Received	1.95	1.80
Dividend Received	0.07	0.26
Cash used in Investing Activities	(99.14)	(56.70)

## Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2011	2010
	Rupees Million	Rupees Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
Term Loans	1,000.00	–
Unsecured Loans	500.00	500.00
Cash Credit from Banks	–	7.66
Working Capital Demand Loans	430.00	310.00
Repayment of		
Term Loans	(842.26)	(372.16)
Unsecured Loans	(920.00)	(500.00)
Cash Credit from Banks	(8.80)	–
Working Capital Demand Loans	(310.00)	–
Dividend paid	(29.25)	(29.23)
Cash used in Financing Activities	<u>(180.31)</u>	<u>(83.73)</u>
Net (Decrease)/Increase in Cash & Cash Equivalents	12.75	6.98
Cash and Cash Equivalents at the beginning of the year	78.68	71.70
Cash and Cash Equivalents at the end of the year	<u>91.43</u>	<u>78.68</u>

**Notes :**

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances.
3. 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

Firm's Registration Number 301072E

Gurgaon, 29th May, 2011

INDRANI RAY  
*Company Secretary*

P. R. S. OBEROI

*Chairman*

VIKRAM OBEROI

*Managing Director*

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

} *Directors*

## Schedules to Accounts

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
40,000,000 (2010 - 40,000,000) Equity Shares of ₹ 10 each	<b>400.00</b>	400.00
1,000,000 (2010 - 1,000,000) Redeemable Non-cumulative Preference Shares of ₹ 100 each	<b>100.00</b>	100.00
	<b>500.00</b>	500.00
ISSUED, SUBSCRIBED, CALLED & PAID UP		
19,586,666 (2010 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up	<b>195.87</b>	195.87
	<b>195.87</b>	195.87

Note:

Of the above 19,586,666 (2010 - 19,586,666) Equity Shares, 9,086,666 Equity Shares 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.

## Schedules to Accounts – Contd.

	Rupees Million	As at 31st March	
		2011 Rupees Million	2010 Rupees Million
<b>2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
i) Profit on re-issue of forfeited shares			
As per last Account	0.01		0.01
ii) Investment subsidy received			
As per last Account	4.50		4.50
		4.51	4.51
<b>CAPITAL REDEMPTION RESERVE</b>			
As per last Account		100.00	100.00
<b>REVALUATION RESERVE</b>		8.33	8.79
Less : Adjustments (refer Note 4b)		0.46	0.46
		7.87	8.33
<b>SHARE PREMIUM</b>			
As per last Account		126.00	126.00
<b>GENERAL RESERVE</b>			
As per last Account	477.01		472.01
Add : Transfer from Profit and Loss Account	22.99		5.00
		500.00	477.01
<b>PROFIT AND LOSS ACCOUNT</b>		44.57	31.23
(As per annexed Profit and Loss Account)			
		782.95	747.08

## Schedules to Accounts – Contd.

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>3</b>		
<b>SECURED LOANS</b>		
<b>A. TERM LOANS FROM BANKS</b>		
(i) UNITED BANK OF INDIA (repayable within one year ₹ 92 million, 2010 - ₹ 184 million)	92.00	276.00
(ii) UNITED BANK OF INDIA (repayable within one year ₹ 10 million, 2010 - ₹ 58.56 million)	10.00	68.56
(iii) UNITED BANK OF INDIA (repayable within one year ₹ Nil, 2010 - ₹ 14.70 million)	–	14.70
(iv) UNITED BANK OF INDIA (repayable within one year ₹ 250 million, 2010 - ₹ Nil)	375.00	500.00
(v) UNITED BANK OF INDIA (repayable within one year ₹ Nil, 2010 - ₹ Nil)	500.00	–
(vi) ICICI BANK LIMITED (repayable within one year ₹ Nil, 2010 - ₹ Nil)	500.00	–
(vii) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC) (repayable within one year ₹ Nil; 2010 - ₹ 400 Million)	–	400.00
(viii) AXIS BANK LIMITED (repayable within one year ₹ Nil, 2010 - ₹ 60 million)	–	60.00
<b>B. WORKING CAPITAL LOAN FROM BANKS</b>		
(ix) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)	–	200.00
(x) ROYAL BANK OF SCOTLAND N.V. (Formerly ABN AMRO BANK N.V.)	430.00	110.00
<b>C. CASH CREDIT FROM BANKS</b>		
(xi) UNITED BANK OF INDIA	6.99	15.79
	<b>1,913.99</b>	<b>1,645.05</b>

### PARTICULARS OF SECURITIES

- (i) The loan, together with interest, etc., is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra, Trident, Jaipur and Trident, Udaipur.
- (ii) and (v) The loans, together with interest, etc., are secured by equitable mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.
- (iii) and (v) The loans, together with interest, etc., are secured by joint mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to The Oberoi Rajvilās, Jaipur.
- (vi) 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 *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. The Company is in the process of creating the security for the loan.
- (iv) and (viii) The loan together with interest etc. is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and to be secured by way of an Equitable Mortgage of the said properties.

## Schedules to Accounts – *Contd.*

- (viii) The term loan together with interest from Axis Bank Limited in case of Island Hotel Maharaj Limited is secured by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth, or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, pertaining to Trident, Cochin.
- (ix) The Working Capital Loan from HSBC is secured by way of hypothecation of all stocks of inventories and book debts, etc. of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and, additionally, secured by way of second charge on the fixed assets of the said two properties.
- (x) The cash credit facility of Island Hotel Maharaj Limited is secured by way of hypothecation of all inventories, book debts etc. both present and future, pertaining to Trident, Cochin.

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>4</b>			
<b>UNSECURED LOAN</b>			
Short Term Loan from Housing Development Finance Corporation Limited		–	500.00
Bodies Corporate		–	420.00
United Bank of India (Repayable within one year)		<b>500.00</b>	–
		<u>500.00</u>	<u>920.00</u>
<b>5</b>			
<b>DEFERRED TAX - NET (Note 8)</b>			
<b>DEFERRED TAX LIABILITIES</b>			
Depreciation		<b>466.83</b>	462.34
<b>DEFERRED TAX ASSETS</b>			
Depreciation for the period	<b>5.02</b>		5.67
Unabsorbed Depreciation	<b>362.39</b>		415.63
Depreciation for the period	–		–
Accrued expenses deductible on payment	<b>3.63</b>		3.41
Amalgamation expenses	–		0.35
Provision for Leave Encashment	<b>1.53</b>		0.49
Provision for Debts and Advances	<b>1.02</b>		1.04
		<u>373.59</u>	<u>426.59</u>
<b>DEFERRED TAX LIABILITIES (Net)</b>		<u><b>93.24</b></u>	<u>35.75</u>

## Schedules to Accounts – Contd.

	GROSS BLOCK				DEPRECIATION				NET BLOCK	Rupees Million
	Original Cost as at 1st April, 2010	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2011	For the year	Sales/ Adjustments	As at 31st March, 2010	As at 31st March, 2011		
Freehold Land	11.37	17.55	-	28.92	-	-	-	28.92	11.37	
Leasehold Land	134.54	-	-	134.54	14.28	-	42.29	92.25	106.53	
Buildings	2,134.88	5.48	-	2,140.36	35.22	-	382.55	1,757.81	1,787.55	
Leasehold Buildings (Note 10b)	5.62	-	-	5.62	0.70	-	3.51	2.11	2.81	
Roads	4.85	-	-	4.85	0.08	-	0.98	3.87	3.95	
Sanitary Installations	196.24	0.49	-	196.73	3.23	-	32.96	163.77	166.51	
Plant & Machinery	1,390.39	58.87	16.27	1,432.99	65.97	7.48	680.71	752.28	768.17	
Jetty	0.76	-	-	0.76	0.04	-	0.48	0.28	0.32	
Boats	2.55	0.89	0.74	2.70	0.09	0.31	0.75	1.95	1.58	
Computers	83.62	3.06	0.27	86.41	6.74	0.19	67.79	18.62	22.38	
Furniture & Fittings	271.50	7.48	3.65	275.33	8.19	3.46	221.84	53.49	54.39	
Vehicles	45.57	5.23	4.48	46.32	3.73	3.61	21.29	25.03	24.40	
Leased Vehicles	10.97	14.33	2.36	22.94	3.94	1.33	6.47	16.47	7.11	
Leased Assets	0.13	-	-	0.13	0.04	-	0.08	0.05	0.09	
	4,292.99	113.38	27.77	4,378.60	142.25	16.38	1,461.70	2,916.90	2,957.16	
Capital-Work-in-Progress	17.12	44.14	53.46	7.80	-	-	-	7.80	-	
	4,310.11	157.52	81.23	4,386.40	142.25	16.38	1,461.70	2,924.70	-	
Previous Year	4,294.67	102.72	87.29	4,310.11	128.72	33.23	1,335.83	2,974.28		

Note : In respect of Subsidiary Company, leasehold land was revalued in 1994-1995.

## Schedules to Accounts – Contd.

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>7</b>			
<b>INVESTMENTS</b>			
Long Term Investments (At Cost)			
Others - in shares			
Unquoted			
Mercury Travels Limited, fully paid		8.68	8.68
GOVERNMENT SECURITIES (At Cost) - Unquoted			
6 year National Savings Certificate		0.01	0.01
		<u>8.69</u>	<u>8.69</u>

The details of purchase and sale of Investments during the year are given below:

	No. of Units purchased/ sold	Purchase price (Million)	Sale price (Million)
UTI Treasury Advantage Fund	29,993.578	30.00	30.00

During the year ₹ 0.07 Million was received as dividend from Investments in UTI Treasury Advantage Fund.

		As at 31st March	
	Rupees Million	2011 Rupees Million	2010 Rupees Million
<b>8</b>			
<b>INVENTORIES</b>			
AT COST			
Provisions, Stores, Wines & Smokes		16.53	13.96
Stock of Stores & Operational Supplies		57.48	56.51
		<u>74.01</u>	<u>70.47</u>

<b>9</b>			
<b>SUNDRY DEBTORS (Unsecured)</b>			
Debts outstanding over six months			
Considered good	1.34		0.53
Considered doubtful	2.88		2.86
			<u>3.39</u>
Other Debts (Considered good)		4.22	3.39
		<u>150.97</u>	115.96
		155.19	119.35
Less : Provision		2.88	2.86
		<u>152.31</u>	<u>116.49</u>

<b>10</b>			
<b>CASH AND BANK BALANCES</b>			
Cash in hand		1.14	0.83
Cheques in hand		9.11	4.60
With Scheduled Banks in :			
Current Accounts		50.95	44.94
Fixed Deposits		29.62	27.83
Unpaid Dividend Account		0.61	0.48
		<u>91.43</u>	<u>78.68</u>



## Schedules to Accounts – Contd.

		As at 31st March	
	<b>Rupees Million</b>	<b>2011 Rupees Million</b>	<b>2010 Rupees Million</b>
<b>11</b>			
<b>LOANS AND ADVANCES</b>			
(Considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or value to be received			
Considered good	20.25		26.56
Considered doubtful	0.19		0.19
		20.44	26.75
<i>Less</i> : Provision		0.19	0.19
		20.25	26.56
Security Deposits		32.89	32.53
Prepaid Expenses		23.10	21.57
Advance payment of Income-tax	62.92		70.39
MAT credit entitlement (Note 8)	109.30		74.70
		172.22	145.09
Fringe Benefit Tax (net of provision)		0.38	0.38
		248.84	226.13
<b>12</b>			
<b>CURRENT LIABILITIES</b>			
Sundry Creditors			
Outstanding dues of Micro Enterprises and Small Enterprises		0.40	–
Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		229.86	198.67
Security Deposits from shops		1.31	1.28
Unclaimed Dividend		0.61	0.48
Interest accrued but not due		0.16	2.86
Liability for Leased Vehicles (Note 10a)		17.46	7.76
Other Liabilities		42.99	26.99
		292.79	238.04
<b>13</b>			
<b>PROVISIONS</b>			
Income Tax		111.70	74.70
Wealth Tax		0.31	0.26
Proposed Dividend on			
- Equity shares		48.97	29.38
Tax on Dividend		7.94	4.88
Leave Encashment		8.79	5.65
		177.71	114.87
<i>Less</i> : MAT credit entitlement (Note 8)		109.30	74.70
		68.41	40.17

## Schedules to Accounts – *Contd.*

	Year ended 31st March	
	2011	2010
	Rupees	Rupees
	Million	Million
<b>14</b>		
<b>INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS &amp; BANQUETS, ETC.</b>		
Rooms	1,228.04	1,063.00
Food and Beverage	490.01	406.26
Other Services	92.56	87.22
	<u>1,810.61</u>	<u>1,556.48</u>
<b>15</b>		
<b>OTHER INCOME</b>		
Interest (Gross) (Tax deducted at source ₹ 0.15 Million; 2010 - ₹ 0.29 Million)	1.99	1.82
Interest on Income tax refund	5.06	–
Gain on Exchange (Net)	–	–
Leave Encashment provision no longer required, written back	–	0.14
Provisions & liabilities no longer required, written back	–	0.01
Provisions for doubtful debts no longer required written back	5.81	–
Dividend from Current Investments - Mutual Fund (Non-trade)	0.07	0.26
Others	16.43	8.93
	<u>29.36</u>	<u>11.16</u>
<b>16</b>		
<b>CONSUMPTION OF PROVISIONS, STORES, WINES &amp; SMOKES</b>		
Opening Stock	13.96	18.17
<i>Add:</i> Purchases	142.30	114.77
	<u>156.26</u>	<u>132.94</u>
<i>Less:</i> Closing Stock	16.53	13.96
	<u>139.73</u>	<u>118.98</u>
<b>17</b>		
<b>EMPLOYEES' REMUNERATION AND WELFARE EXPENSES</b>		
Salaries, Wages & Bonus	317.12	266.10
Company's Contribution to Provident Fund	10.20	7.89
Workmen & Staff Welfare Expenses	23.36	17.45
Contribution to Gratuity Fund	2.58	1.93
Provision for Leave Encashment	3.14	0.65
	<u>356.40</u>	<u>294.02</u>

## Schedules to Accounts – Contd.

		Year ended 31st March	
		2011	2010
	Rupees Million	Rupees Million	Rupees Million
<b>18</b>			
<b>UPKEEP AND SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		5.08	4.09
Expenses on Apartment & Board		33.67	27.18
Power & Fuel		170.03	149.60
Renewals & Replacement		22.14	17.19
Repairs :			
Buildings	62.06		54.30
Plant & Machinery	69.42		59.25
Others	15.19		17.44
		<u>146.67</u>	
		<u>377.59</u>	<u>329.05</u>
<b>19</b>			
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>			
Lease Rent		9.39	9.04
Royalty		18.27	15.67
Technical Service Fees		78.96	68.44
Advertisement, Publicity & Other Promotional Expenses		82.03	68.70
Commission to Travel Agents & on Credit Cards		62.81	51.17
Rates & Taxes		45.70	39.17
Insurance		5.89	6.95
Passage & Travelling		31.58	26.97
Postage, Telephone & Telex		14.61	13.48
Printing & Stationery		7.98	7.18
Musical, Banquet & Kitchen Expenses		14.16	13.38
Directors' Fees		0.53	0.71
Loss on Sale/Discard of Fixed Assets including capital items		8.49	10.10
Loss on exchange		–	0.02
Auditor's Remuneration (Note 7)		1.96	1.94
Provision/write off of Doubtful Debts & Advances		0.21	0.11
Water Charges		0.45	0.30
Other Expenses		26.83	16.15
		<u>409.85</u>	<u>349.48</u>
<b>20</b>			
<b>INTEREST AND FINANCE CHARGES</b>			
On Fixed Loans	240.61		257.19
Add / (Less): Adjustment for currency / interest swap (Note 11)	<u>16.56</u>		<u>37.70</u>
		257.17	294.89
On Other Loans		4.26	3.69
		<u>261.43</u>	<u>298.58</u>
<b>21</b>			
<b>PROVISION FOR TAXATION</b>			
Income Tax		37.00	15.00
Deferred Tax		57.49	24.40
Wealth Tax		0.05	0.03
		<u>94.54</u>	<u>39.43</u>
Less: MAT credit entitlement (Note 8)		<u>34.60</u>	<u>15.00</u>
		<u>59.94</u>	<u>24.43</u>

## Schedules to Accounts – Contd.

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### SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### 1. Principles of Consolidation

The Consolidated Financial Statements relate to EIH Associated Hotels Limited (“the Company”) and Island Hotel Maharaj Limited (“the Subsidiary Company”). The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of the Company and its Subsidiary Company are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) – “Consolidated Financial Statements” notified pursuant to the Companies (Accounting Standards) Rules, 2006.
- (ii) The difference between the cost of investment in the Subsidiary Company over the net assets at the time of acquisition of shares in the Subsidiary Company is recognised in the Financial Statements as Capital Reserve or Goodwill, as the case may be.
- (iii) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate Financial Statements.

#### 2. Other Significant Accounting Policies

These are set out under “Significant Accounting Policies” as given in the respective Financial Statements of EIH Associated Hotels Limited and its Subsidiary Company.

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### NOTES TO THE ACCOUNTS

#### 1. Details of Subsidiary whose Financial Statements have been consolidated are given below:

Name of Subsidiary Company	Country of Incorporation	Proportion of ownership interest
Island Hotel Maharaj Limited	India	100%

#### 2. The estimated amount of contracts remaining to be executed on Capital Account and not provided for ₹ 38.07 Million (2010 - ₹ 4.03 Million).

#### 3. Contingent liabilities not provided for in respect of:

- (a) claims against the Company not acknowledged as debts pending settlement of disputes amount to ₹ 130.47 Million (2010 - ₹ 107.93 Million).
- (b) guarantee given by the Company for ₹ Nil (2010 - ₹ 350.00 Million) to a Bank on behalf of its Subsidiary Company.
- (c) counter guarantees given by the Company to the extent of ₹ Nil (2010 - ₹ 25.00 Million) to Deutsche Bank.
- (d) counter guarantees given by the Subsidiary Company to the banks for guarantees given to various parties ₹ Nil (2010 - ₹ 0.74 Million).
- (e) property tax demands of ₹ 5.34 Million (2010 - ₹ 5.34 Million) in respect of The Oberoi Rajvilās, Jaipur, against which the Company has filed a Civil Writ Petition in the High Court of Rajasthan which is pending adjudication. However, the Company has paid ₹ 3.64 Million (2010 - ₹ 3.64 Million) under protest.
- (f) sales tax demand amounting to ₹ 9.58 Million (2010 - ₹ 1.06 Million) against which the Company has preferred an appeal. The Company made a payment of ₹ 2.19 Million (2010 - ₹ 0.45 Million) under protest.
- (g) Urban Development Tax demand amounting to ₹ 4.91 Million (2010 - ₹ 3.51 Million) against which the Company has preferred appeal. The Company has made a payment of ₹ 7.20 Million (2010 - ₹ 1.51 Million) under protest.
- (h) in respect of the Subsidiary Company, the Sales Tax Department is yet to consider the request of the Subsidiary Company to adjust the excess amount of ₹ 0.26 Million (2010 - ₹ 0.26 Million) paid towards Sales Tax demand for Assessment Year 1999-2000, refundable on the quashing of the said demand by the Appellate Tribunal (vide its Order dated 6th December, 2005, in Appeal No. 248/05), towards the Turnover Tax demand of ₹ 0.20 Million (2010 - ₹ 0.20 Million) for the Assessment Year 1999-2000. The demand of ₹ 0.20 Million (2010 - ₹ 0.20 Million) is outstanding and no provision has been made in the Accounts for this liability.

## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

- (i) in respect of the Subsidiary Company, the following demands towards Luxury Tax, delivered to the Subsidiary Company on various dates, are disputed in appeal and the decision of the appropriate authorities is pending:

Assessment No.	Date	Demand Rupees Million	Disputed Amount Rupees Million
24122207/2004-05	31.03.2011	0.26	0.17
24122207/2003-04	31.03.2011	0.63	0.40
24122207/2002-03	31.03.2011	0.26	0.26
24122207/2001-02	31.03.2011	0.52	0.44

- 4.(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 specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956 :

- (i) Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.
- (ii) Leased Vehicles over their respective lease period or five year, whichever is earlier.
- (iii) Depreciation includes ₹ 13.01 Million (2010 - ₹ 0.64 Million) being provision for amortisation of long term leasehold land.

- (b) Depreciation for the year includes depreciation on revalued leasehold land in respect of the Subsidiary Company amounting to ₹ 1.27 Million (2010 - ₹ 1.27 Million) out of which ₹ 0.46 Million (2010 - ₹ 0.46 Million) pertaining to depreciation on revalued portion has been adjusted from Revaluation Reserve.

5. 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 are charged to the Profit and Loss Account.

6. In respect of the Subsidiary Company:

- (a) Deposits of ₹ 0.15 Million (2010 - ₹ 0.15 Million) have been lodged with Banks/Government authorities for obtaining Guarantees or as Security Deposit.
- (b) Security Deposits include 5 year National Savings Certificate amounting to ₹ 0.01 Million (2010 - ₹ 0.01 Million) which has been assigned in favour of Kerala Sales Tax Authorities as Security Deposit.

	Year ended 31st March	
	2011 Rupees Million	2010 Rupees Million
7. Auditor's remuneration (excluding service tax) :		
As Auditor	1.69	1.60
For Tax Audit	0.13	0.11
For other services	0.14	0.23
	<u>1.96</u>	<u>1.94</u>

8. The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). This has resulted in an additional tax expense of ₹ 2.40 Million and the balance carried forward is to be set off against any future tax liability. MAT Credit Entitlement has been shown under Loans and Advances in the Balance Sheet as at 31st March, 2011.

9. 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" issued by the ICAI.

- 10a. Fixed Assets acquired under finance lease amounting to ₹ 23.08 Million (2010 - ₹ 11.10 Million) being the assets acquired between 1st April, 2001 and 31st March, 2011. This includes an amount of ₹ 14.33 Million (2010 - ₹ 5.95 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" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of ₹ 3.99 Million (2010 - ₹ 2.64 Million) charges on these assets.

## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

The yearwise break-up of the outstanding lease obligations as on 31st March, 2011 in respect of these assets is as under :

	Year ended 31st March	
	2011 Rupees Million	2010 Rupees Million
<b>Vehicles taken on lease</b>		
Total Minimum Lease Payments at the year end	22.43	10.22
Present value of Minimum Lease Payments	17.46	7.76
<b>Not later than one year</b>		
Minimum Lease Payments	5.32	2.14
Present value	3.71	1.44
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	17.11	8.08
Present value	13.75	6.32
<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
10 b. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.		
i) General description of the Company's operating lease arrangements:		
The Company has entered into operating lease arrangements primarily for hiring office premises, site offices and residential premises for its employees and for giving premises on rent to tenants. 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 agreement is generally renewable by mutual consent on mutually agreeable terms.		
ii) Rent in respect of the above is charged/credited to the Profit and Loss Account		
11. The Company uses currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments outstanding as on 31.03.2011 are as follows:		

Particulars	Swap	Current Year			Previous Year			Name of Bank	Swap closure date
		Currency	Foreign Exchange (Million)	INR (Million)	Currency	Foreign Exchange (Million)	INR (Million)		
Currency Swap	USD-INR	USD	Nil	Nil	USD	10.15	400.00	Hongkong & Shanghai Banking Corporation Limited	December-10
Currency Swap	INR-JPY	JPY	Nil	Nil	JPY	229.63	91.07	Deutsche Bank A.G	October-10

## Schedules to Accounts – *Contd.*

### NOTES TO THE ACCOUNTS (*Contd.*)

All realised gains/losses on settlement of currency/interest swaps and hedging during the year have been recognised and accounted for in the Profit and Loss Account.

	Year ended 31st March	
	2011	2010
	Rupees Million	Rupees Million
Unhedged foreign currency exposure outstanding	1.72	0.67
12. Earnings per Equity Share		
Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each		
Profit as per Profit and Loss Account and available for Equity Shareholders	93.24	24.85
Weighted average number of Equity Shares outstanding	19,586,666	19,586,666
Basic and Diluted Earnings per Equity Share in Rupees of face value – ₹ 10	4.76	1.27

## Schedules to Accounts – Contd.

### NOTES TO THE ACCOUNTS (Contd.)

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

(i) **Enterprise in which Key Management Personnel have Significant influence**

IIH Limited

(ii) **Key Management Personnel**

Mr. Vikram Oberoi - Managing Director

(B) **Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2011:**

Nature of Transactions	IIH Limited Rupees Million
<b>Purchases</b>	
Goods and Services	51.95
Fixed Assets	2.24
<b>Total</b>	<b>54.19</b>
<b>Expenses</b>	
Management Contract	113.96
<b>Total</b>	<b>113.96</b>
<b>Other Payments</b>	
Interest on Loan	29.90
Equity Dividend	10.61
Repayment of Unsecured Loan	320.00
<b>Total</b>	<b>360.51</b>
<b>Sales</b>	
Goods and Services	6.17
Fixed Assets	2.21
<b>Total</b>	<b>8.38</b>
<b>Outstanding Balances</b>	
<b>Payables</b>	
For Goods & Services	9.17
For Management Contract	51.47
<b>Total</b>	<b>60.64</b>
<b>Receivables</b>	
For Goods & Services	2.01
<b>Total</b>	<b>2.01</b>

14. Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company

	As at 31st March	
	2011 Rupees Million	2010 Rupees Million
Principal amount due and remaining unpaid	0.40	Nil

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.

15. 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's Financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.





## OBEROI HOTELS & RESORTS

### INDIA

Agra	The Oberoi Amarvilās
Bangalore	The Oberoi
Gurgaon, National Capital Region	The Oberoi
Jaipur	The Oberoi Rajvilās
Kolkata	The Oberoi Grand
Shimla in the Himalayas	Wildflower Hall
Mumbai	The Oberoi
New Delhi	The Oberoi
Ranthambhore	The Oberoi Vanyavilās
Shimla	The Oberoi Cecil
Udaipur	The Oberoi Udaivilās
Cochin	Motor Vessel Vrinda (A luxury backwater cruiser)

### EGYPT

Cairo	Mena House Oberoi
Sahl Hasheesh	The Oberoi
Aswan-Luxor	The Oberoi Zahra <i>Luxury Nile Cruiser</i> The Oberoi Philae <i>Nile Cruiser</i>

### INDONESIA

Bali	The Oberoi
Lombok	The Oberoi

### MAURITIUS

Mauritius	The Oberoi
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### SAUDI ARABIA

Madina	Madina Oberoi
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## TRIDENT HOTELS

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

## OTHER BUSINESS UNITS

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

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