

EH Associated Hotels Limited
A member of  *The Oberoi Group*

Annual Report 2011-2012

ElH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2011-12

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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

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

| | | Rupees in Million except item nos. 13, 14, 15 & 16 | | | | | | | | | |
|---------------------|----------------------------|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| FOR THE YEAR | | | | | | | | | | | |
| 1 | GROSS REVENUE | 277.51 | 361.10 | 512.26 | 1,108.30 | 1,610.39 | 1,783.30 | 1,604.89 | 1,489.96 | 1,763.42 | 1,904.54 |
| 2 | PROFIT BEFORE TAX | (59.16) | (60.34) | (22.84) | 82.92 | 217.59 | 251.04 | 142.77 | 81.92 | 182.86 | 196.56 |
| 3 | PROFIT AFTER TAX | (39.13) | (58.05) | (12.28) | 89.92 | 137.10 | 146.54 | 98.98 | 52.88 | 120.17 | 133.55 |
| 4 | DIVIDEND (INCLUDING TAX) | - | - | - | - | 19.11 | 60.56 | 34.37 | 34.26 | 56.91 | 68.29 |
| 5 | RETAINED EARNINGS | 4.36 | - | 30.74 | 177.67 | 242.18 | 215.33 | 179.69 | 132.45 | 190.71 | 192.50 |
| 6 | FOREIGN EXCHANGE EARNINGS | 198.77 | 191.06 | 245.08 | 599.16 | 936.63 | 1,050.01 | 910.03 | 744.37 | 875.16 | 1,133.13 |
| AT YEAR END | | | | | | | | | | | |
| 7 | GROSS FIXED ASSETS | 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 | 3,905.17 |
| 8 | SHARE CAPITAL | 105.00 | 105.00 | 105.00 | 195.87 | 295.87 | 195.87 | 195.87 | 195.87 | 195.87 | 195.87 |
| 9 | RESERVES AND SURPLUS | 126.01 | 127.51 | 127.51 | 580.02 | 696.73 | 782.71 | 847.32 | 865.93 | 929.21 | 994.47 |
| 10 | NET WORTH | 217.58 | 150.91 | 140.65 | 769.82 | 988.56 | 978.58 | 1,043.19 | 1,061.80 | 1,125.08 | 1,190.34 |
| 11 | BORROWINGS | 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 | 2,280.00 |
| 12 | CAPITAL EMPLOYED | 1,131.92 | 1,043.68 | 1,011.92 | 2,511.00 | 2,664.31 | 2,876.54 | 3,114.61 | 3,131.06 | 3,532.08 | 3,470.34 |
| PER SHARE | | | | | | | | | | | |
| 13 | NET WORTH PER EQUITY SHARE | 20.72 | 14.37 | 13.39 | 39.30 | 50.47 | 49.96 | 53.26 | 54.21 | 57.44 | 60.77 |
| 14 | EARNINGS PER EQUITY SHARE | (3.73) | (5.53) | (1.17) | 4.59 | 6.96 | 7.31 | 5.05 | 2.70 | 6.14 | 6.82 |
| 15 | DIVIDEND PER EQUITY SHARE | - | - | - | - | 0.80 | 2.50 | 1.50 | 1.50 | 2.50 | 3.00 |
| RATIO | | | | | | | | | | | |
| 16 | DEBT: EQUITY RATIO | 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 | 1.92:1 |

DIRECTORS' REPORT

The Board presents the Twenty-ninth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2012.

The financial highlights are as given below:

| | Rupees in million | |
|--|-------------------|----------|
| | 2011-12 | 2010-11 |
| Total Revenue | 1,904.54 | 1,763.42 |
| Earnings before Interest, Depreciation, Taxes and Amortisations (EBIDTA) | 576.63 | 564.84 |
| Interest and Finance Charges | 274.11 | 254.53 |
| Depreciation | 127.24 | 127.45 |
| Profit before tax | 175.28 | 182.86 |
| Exceptional Item | 21.28 | – |
| Current tax | – | 2.40 |
| Deferred tax | 63.01 | 60.29 |
| Profit after tax | 133.55 | 120.17 |
| Dividend on Equity Shares | 58.76 | 48.97 |
| Dividend tax | 9.53 | 7.94 |
| Transfer to General Reserve | 15.00 | 22.98 |
| Profit brought forward | 198.70 | 158.42 |
| Balance carried over | 248.96 | 198.70 |

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 2011-2012 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 Company proposes to raise an amount not exceeding ₹ 1100 Million by issue of Equity Shares on Rights basis. The proceeds of the Rights Issue shall be used for repayment and or pre-payment, in full or in part, of loans availed by the Company and to fund general corporate purposes.

The Company filed a Draft Letter of Offer dated 29th March, 2012 with the Securities and Exchange Board of India (the "SEBI") and Stock Exchanges concerned. Approval from Stock Exchanges have been received. The Draft Letter of Offer is currently under review by SEBI.

The Company also proposes an amalgamation of Island Hotel Maharaj Limited ("IHML"), its Wholly Owned Subsidiary, with the Company to enable their businesses to be carried on more economically and efficiently. The amalgamation would be in the best interests of the Shareholders and creditors of the respective companies.

The Company received a 'No-objection' from Stock Exchanges and is in the process of filing a Scheme of Amalgamation with the Hon'ble High Court of Madras.

The Board recommends a Dividend of ₹ 3 per Equity Share in respect of the Financial Year 2011-2012.

The Dividend, if approved at the forthcoming Annual General Meeting, will be paid on Friday, 10th August, 2012, to Shareholders whose names appear on the Register of Shareholders at the close of business on Wednesday, 25th July, 2012. As per the Income Tax Act, 1961, the Tax on Dividend will be borne by the Company.

Energy conservation continues to be a focus area for the Company. All Hotels have energy conservation committees and conduct periodic energy audits. The Company believes in responsible environmental practices and constantly pursues alternative sources of energy. The Company has embarked upon a pilot project on wind energy through investment in a wind energy supplier. The Company intends to expand the use of wind energy to other Hotels.

Energy conservation measures taken during year include installation of variable speed drives and treated fresh air units, additional controls for remote operation and control of HVAC equipments and use of energy efficient LED, fluorescent and IR lamps.

Measures planned include installation of energy efficient chillers and lighting systems and generation of wind and solar power.

During the Financial Year 2011-2012, the Foreign Exchange earnings of the Company amounted to ₹ 1133.13 million as against ₹ 875.16 million in the previous year. The expenditure in Foreign Exchange during the Financial Year was ₹ 63.65 million as compared to ₹ 47.44 million in the previous year.

Mr. S.S. Mukherji and Mr. Anil Nehru, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Central Government has granted general exemption to companies publishing audited Consolidated Financial Statements from attaching copies of the Report and Accounts of their Subsidiary Companies. Therefore, the Report and Accounts of Island Hotel Maharaj Limited, the Subsidiary Company, has not been attached to this Report. The Central Government has, however, prescribed specified information on the Subsidiary Companies to be disclosed as part of its Consolidated Financial Statements. This information has been incorporated on Page 57 of this Annual Report.

Subject to prior arrangement, the Audited Annual Accounts of the Subsidiary Company 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 the Subsidiary Company may write to the Company Secretary at the Registered Office of the Company.

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

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms a part of this Report.

For and on behalf of the Board

Gurgaon
28th May, 2012

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

Employed throughout the year and were in receipt of remuneration for the year which, in the aggregate, was not less than Rs 6,000,000 or for part of the year and were in receipt of remuneration for any part of the year at a rate which, in the aggregate, was not less than Rs. 500,000 per month

| <i>S.No.</i> | <i>Name and Age of the Employee</i> | <i>Designation/ Nature of Duties</i> | <i>Gross Remuneration (Rs.)</i> | <i>Qualifications</i> | <i>Experience</i> | <i>Date of Commencement of Employment</i> | <i>Particulars of previous Employment</i> |
|--------------|-------------------------------------|--|---|--|-------------------|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Mr. Vincent Guironnet (44 years) | General Manager, The Oberoi Rajvilās, Jaipur | 12,289,770 | Diploma from Technical Catering International Baccalaureate | 25 years | September, 2010 | Four Seasons, Bali |
| 2. | Mr. Sharad Puri (41 years) | General Manager, Trident, Chennai | 6,542,221 | Diploma in Hotel Management from Oberoi Centre for Learning and Development | 15 years | November, 2007 | Trident, Nariman Point, Mumbai |

NOTES:

- Gross remuneration shown above comprises salaries, allowances and benefits as per the Company's Rules and contribution to Provident Fund but excludes payment on account of encashment of leave on retirement/resignation.
- The above employees were in wholtime employment of the Company throughout the Financial Year ended 31st March, 2012.
- The employees listed above are not related to any Director of the Company.
- The above employees have adequate experience to discharge their duties.
- No employee listed above holds by himself or along with his spouse and dependent children 2% or more of the Equity Shares of the Company.

For and on behalf of the Board

Place: Gurgaon
Date: 28th May, 2012

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure, Developments and Outlook

The performance of the hotel industry is directly connected with global and local economic growth and investor confidence. A strong underlying economy is a pre-requisite for sustained recovery. Unfortunately, the year 2011 has not been a year of economic recovery either in India or globally.

After two exceptionally bad years, the global hospitality industry was expected to recover in 2011. Despite encouraging signs in the first half of 2011, there was growing uncertainty during the latter part of the year. As a result, recovery has been fragile during 2011. The situation in India mirrors this overall global trend.

Foreign arrivals to India grew only marginally compared to the previous year. As a result, occupancies were higher than the previous year but room rates have been subdued and it has not been generally possible for hotels to revise room rates upwards.

In the near and medium term the Indian hospitality industry is likely to be affected due to lower arrivals from Europe and the United States. Absence of significant economic reforms, inflation and the continued depreciation of the rupee has affected investment.

Opportunities, threats, risks and concerns

Most governments recognise the role that the Travel and Tourism sector can play in employment generation, foreign exchange earnings and trade in general, thereby contributing to GDP growth. In a country as vast and diverse as India, with historical monuments and heritage sites spread across the land, the Travel and Tourism sector can play a significant role in job creation and be a catalyst for sustainable development.

The World Tourism Organisation has forecast that, in the year 2012, international tourism will grow at a slower rate. Tourist arrivals are expected to grow by 3% to 4% in the emerging economies.

However, there are some immediate concerns with major international brands expanding their presence in India. In the luxury segment, supply exceeds demand in several cities. The Indian urban landscape is also changing rapidly with the emergence of new and multiple centres of economic activity within the large metropolitan cities thus creating a need for hotels within such centres. There is a growing demand to establish quality hotels beyond traditional metropolitan cities in hitherto untouched smaller cities.

Development of quality infrastructure is a key to India realising its full tourism potential. Hotels constitute only one element of tourism infrastructure. Airlines are important for growth of tourism. Several airlines are currently witnessing a financial crisis. Consequently, flight schedules have been severely affected. Much remains to be done to enhance our other infrastructure such as roads and airports etc., so that India can handle the anticipated increase in future travel demand.

In the long term, the 2011 World Economic Forum's Report on World Travel and Tourism Competitiveness remains optimistic. The Report forecasts that India could rank in the top 10 countries in terms of annual growth by the end of this decade.

Whilst we may face a slower growth outlook in the short to medium term, there is, undoubtedly, considerable potential for long term growth.

Internal Control Systems and Risk Management

The Company has a well structured internal audit function. Under the guidance and supervision of an independent Audit Committee, the internal audit department conducts regular audits to ensure that control systems and procedures are adhered to across all areas. The Company continues to improve its systems and procedures for effective internal audit. The Company's Risk Management Team periodically keeps the Board informed regarding the various risks associated with the Company's business. Necessary measures are taken expeditiously to mitigate all risks.

Financial and Operating Performance

During the Financial Year 2011-2012, the Company's Total Revenue was ₹ 1904.54 million as compared to ₹ 1763.42 million in the previous year. This represents an increase of 8%.

The Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA) were ₹ 576.63 million as compared to ₹ 564.84 million in the previous year, which is an increase of 2%.

The Profit before Tax and Exceptional Item was ₹ 175.28 million as compared to ₹ 182.86 million in the previous year.

The Profit after Tax was ₹ 133.55 million as compared to ₹ 120.17 million in the previous year.

The Company's business activity is limited to Hotels.

Awards

Mr. P.R.S.Oberoi was presented with the 'Lifetime Achievement Award' for his outstanding contribution to the Indian Hospitality Industry by Condé Nast Traveller, India, Readers' Travel Awards 2011.

The Oberoi Rajvilās, Jaipur has won the 'Best Five Star Deluxe Hotel in India Award' by Ministry of Tourism, Government of India, National Tourism Award 2010-2011.

Other major recognitions received by The Oberoi Rajvilās during the Financial Year have been:

| Award | Awarded by |
|---|---|
| Top 10 Resorts in the World for Service (Ranked 5th) | Travel+Leisure, World's Best Service Awards, Readers' Survey 2012 |
| Top Resorts in Asia for Service (Ranked 2nd) | Travel+Leisure, World's Best Service Awards, Readers' Survey 2012 |
| Favourite Boutique Hotel in India (Ranked 2nd) | Condé Nast Traveller, India, Readers' Travel Awards 2011 |
| Top 15 Resorts in India (Ranked 3rd) | Travel + Leisure, World's Best Awards, Readers' Poll 2011 |
| Top 100 hotels in the world (Ranked 8th) | Travel + Leisure, World's Best Awards, Readers' Poll 2011 |

Corporate Social Responsibilities

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

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

The Oberoi, Cecil extends its support to the Sarvodaya Bal Ashram for orphaned children in Shimla. On 15th August, 2011 the Hotel organised annual blood donation camp for the local blood bank. The World Environment Day was commemorated by observing Environment Week from 1st June to 5th June and creating awareness about global warming, pollution and ecological balance.

Trident Hotels in Agra and Udaipur extend assistance to local chapters of Mother Teresa's Missionaries of Charity and also participate in Wildlife programmes by inviting voluntary donations from guests.

Trident Jaipur supports Bhavani Child Development Centre, a school for dyslexic children, which is involved in providing intensive early intervention for children showing signs of developmental delay and exposed to risk of learning disability.

Developments in Human Resources and Industrial Relations

The Company firmly believes that its greatest strength lies in the quality of its people. The Company also believes that 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.

During the year Industrial Relations remained cordial. As on 31st March, 2012, the number of people employed by the Company was 1335.

For and on behalf of the Board

Gurgaon
28th May, 2012

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, 2012, the Company had eight Directors on the Board. Mr. Vikram Oberoi, the Managing Director is a Wholetime Director. Of the seven Non-executive Directors, four are Independent Directors.

The Board met six times during the Financial Year – on 29th May, 2011, 12th August, 2011, 1st November, 2011, 8th December, 2011, 3rd February, 2012 and 28th March, 2012.

Details of attendance of Directors at Board Meetings during the Financial Year and at the Company's Twenty-eighth 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 [®] | No. of Board Committees (other than EIH Associated Hotels Limited) |
|--------------------|-------------------|-------------------------------|----------------|----------|---|--|
| | | | Board Meetings | Last AGM | | |
| Mr. P.R.S. Oberoi | Chairman | Non-executive Non-Independent | 6 | Yes | 9 | 1 |
| Mr. Vikram Oberoi | Managing Director | Executive | 6 | Yes | 3 | 3 |
| Mr. S.S. Mukherji | Director | Non-executive Non-Independent | 6 | Yes | 5 | 2 |
| Mr. Rajan Raheja | Director | Non-executive Non-Independent | 1 | No | 7 | 4* |
| Mr. L. Ganesh | Director | Non-executive Independent | 5 | No | 11 | 8* |
| Mr. Anil Nehru | Director | Non-executive Independent | 5 | Yes | 3 | 2* |
| Mr. Sudipto Sarkar | Director | Non-executive Independent | 5 | Yes | 8 | 4 |
| Mr. Rajesh Kapadia | Director | Non-executive Independent | 1 | No | 7 | 7** |

[®] Excludes Directorships contemplated under Section 278 of the Companies Act, 1956

* Chairman of one Committee

** Chairman of five Committees

Mr. S.S. Mukherji and Mr. Anil Nehru retire by rotation at the forthcoming Twenty-ninth Annual General Meeting and are eligible for re-appointment.

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

All Directors and Members of Senior Management have, as on 31st March, 2012, 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 four occasions during the Financial Year – on 29th May, 2011, 12th August, 2011, 1st November, 2011 and 3rd February, 2012. Mr. L. Ganesh, Mr. Anil Nehru and Mr. Sudipto Sarkar attended four Meetings. Mr. Rajan Raheja and Mr. Rajesh Kapadia attended one Meeting.

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 29th May, 2011, 12th August, 2011, 1st November, 2011 and 3rd February, 2012. Mr. P.R.S. Oberoi, a Non-executive Director and Chairman of the Board, chaired all the four Meetings. Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar also attended all the four Meetings.

Terms of Reference

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

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

As on 31st March, 2012, there was 1(one) pending request for dematerialisation of shares. This was cleared by the second week of April, 2012. There was 1 (one) physical transfer request pending as on 31st March, 2012. All valid requests were cleared by 6th April, 2012.

No complaints were received from any Shareholder during the year. No complaints were pending as on 31st March, 2012.

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.

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, 2009 | Monday, 24th August, 2009 | 3.00 P.M. |
| 31st March, 2010 | Friday, 30th July, 2010 | 3.00 P.M. |
| 31st March, 2011 | Friday, 12th August, 2011 | 3.30 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 ₹ 650,000.

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, 2012;
- (iii) all material transactions during the Financial Year ended 31st March, 2012, 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 a part of this Annual Report and disclosed on page 55;
- (vi) the number of shares held by the Non-executive Directors in 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, 2012, 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) owing to unavoidable circumstances, the Chairman of the Audit Committee was unable to attend the last Annual General Meeting of the Company held on 12th August, 2011;
- (x) 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
- (xi) the Company did not make any public issue, rights issue or preferential issue of any security during the Financial Year ended 31st March, 2012.

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 will be released in accordance with the following schedule:

| Sl. No. | Nature of Communication | Media used for Publication | Dates of Publication | Forwarded/to be forwarded to Stock Exchanges on |
|---------|--|----------------------------|----------------------|---|
| 1. | Quarterly Unaudited Financial Statements (First Quarter 2011-2012) | Newspapers | 13.08.2011 | 12.08.2011 |
| 2. | Half-yearly Unaudited Financial Statements (Second Quarter 2011-2012) | Newspapers | 02.11.2011 | 01.11.2011 |
| 3. | Quarterly Unaudited Financial Statements (Third Quarter 2011-2012) | Newspapers | 04.02.2012 | 03.02.2012 |
| 4. | Publication of Annual Audited Results 2011-2012 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges | Newspapers | 29.05.2012 | 28.05.2012 |

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 and can be viewed on this portal. Such information is also available on the Company's website www.eihassociatedhotels.in.

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

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

10. General Shareholder Information

a. **The Twenty-ninth Annual General Meeting will be held at 3.30 P.M. on Thursday, 9th August, 2012, at Trident, Chennai.**

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

| | |
|--|----------------------------|
| Audited Annual Accounts 2011-2012 | Monday, 28th May, 2012 |
| Mailing of Annual Report for 2011-2012 | Tuesday, 10th July, 2012 |
| Unaudited First Quarter Financial Results 2012-2013 | Thursday, 9th August, 2012 |
| Twenty-ninth Annual General Meeting | Thursday, 9th August, 2012 |
| Payment of Dividend for 2011-2012 | Friday, 10th August, 2012 |
| Unaudited Second Quarter Financial Results 2012-2013 | Friday, 2nd November 2012 |

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Thursday, 26th July, 2012 to Thursday, 9th August 2012, both days inclusive.

d. **Payment of Dividend**

Warrants relating to dividend in respect of the Financial Year 2011-2012, if declared by the Company at the Twenty-ninth Annual General Meeting, will be despatched on Friday, 10th August, 2012, to those Shareholders whose names will appear in the Register of Shareholders of the Company as at the close of business on Wednesday, 25th July, 2012.

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

As on 31st March, 2012, 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 |

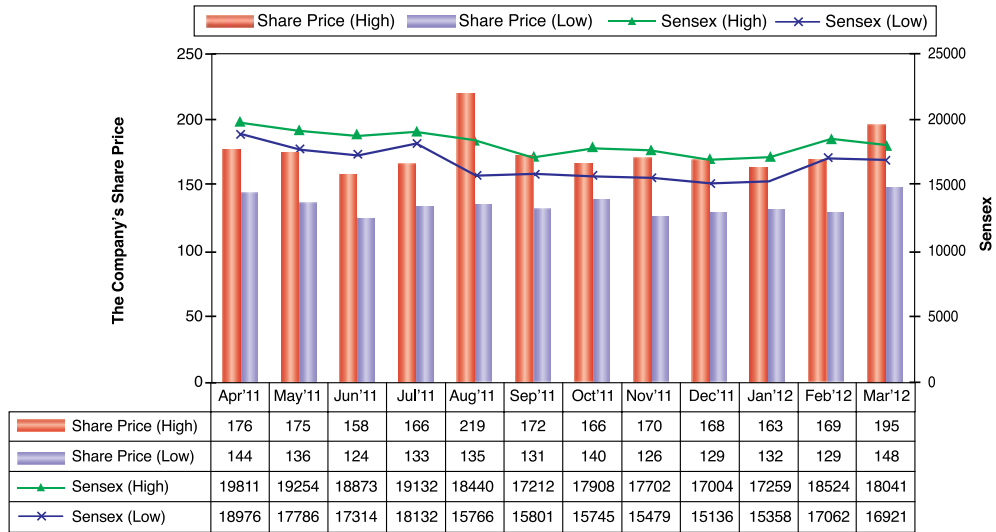
The ISIN Number of the Company's shares in the dematerialised mode is INE276C01014.

There are no arrears of Listing Fees.

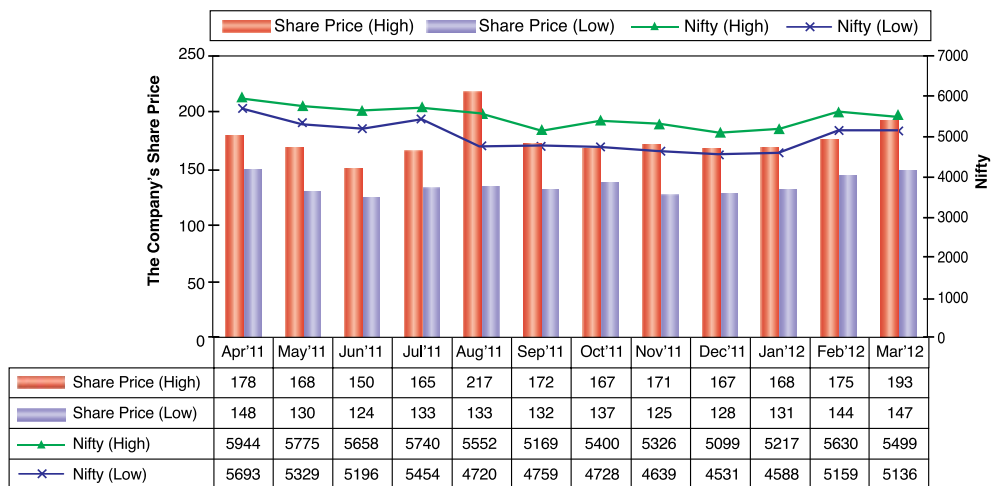
f. **Market Price of the Company's Share vis-à-vis Sensex and Nifty (in Rupees)**

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, 2012.
- h. As a further step towards moving towards a paperless compliance regime under the Companies Act, 1956, the Company will continue 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. Documents e-mailed to Shareholders will also be readily accessible on the Company’s website 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 II - Share Transfer Agent (STA). The SEBI Registration No. allotted to the STA is Category II-INR000003779. Requests for dematerialisation and rematerialisation of shares should be sent to the STA.

The address of the STA 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
invcom@tridenthotels.com

The Company’s shares are traded on the Stock Exchanges in the 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 STA 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 STA.

19.28 million shares of the Company, representing 98.46% of the total shares issued, were held in the dematerialised form as on 31st March, 2012 and 0.30 million shares representing 1.54% of the total issued shares were held in physical form. A total of 4,711 (78.31%) Shareholders have up to 31st March, 2012, dematerialised their shareholdings, while the balance 1,305 (21.69%) Shareholders continue to hold shares in the physical form.

12. Distribution of Shareholding as on 31st March, 2012

| Shareholding Range | No. of Shareholders | % of Shareholders | No. of shares (in million) | % of Shareholding |
|--------------------|---------------------|-------------------|----------------------------|-------------------|
| 1 - 1000 | 5809 | 96.57 | 0.8 | 4.1 |
| 1001-5000 | 162 | 2.69 | 0.36 | 1.83 |
| 5001-10000 | 17 | 0.28 | 0.12 | 0.6 |
| 10001-50000 | 12 | 0.2 | 0.29 | 1.47 |
| 50001-100000 | 8 | 0.13 | 0.6 | 3.1 |
| 100001 and above | 8 | 0.13 | 17.41 | 88.9 |
| Total | 6,016 | 100.00 | 19.58 | 100.00 |

13. Pattern of Shareholding as on 31st March, 2012

| Category | No. of shares held (in million) | Percentage of Shareholding |
|--|---------------------------------|----------------------------|
| A. Promoter Holding | 14.69 | 75.00 |
| B. Non-Promoter Holding | | |
| Institutional Investors | | |
| a. Banks, Financial Institutions and Insurance Companies | 0.00 | 0.02 |
| b. FIIs | 2.82 | 14.40 |
| Sub Total | 2.82 | 14.42 |
| Non-Institutional Investors | | |
| a. Private Bodies Corporate | 0.72 | 3.67 |
| b. Indian Individuals | 1.32 | 6.71 |
| c. NRIs/OCBs | 0.04 | 0.20 |
| Sub Total | 2.08 | 10.58 |
| Total Non-Promoter Holding | 4.90 | 25.00 |
| Grand Total | 19.59 | 100.00 |

14. Unclaimed Dividends

All Unclaimed Dividends up to and including the Financial Year ended 31st March, 1999, have been transferred either to the General Revenue Account of the Central Government or to the Investor Education and Protection Fund ("IEPF") as mandated under law.

Shareholders who have not cashed their Dividend Warrants relating to the Financial Year ended 31st March, 2007 and subsequent years are reminded by the Share Transfer Agent 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 yet cashed their Dividend Warrants relating to the Financial Year ended 31st March, 2007 and subsequent years are requested to contact the Share Transfer Agent.

15. Location of Hotels

- i) The Oberoi Cecil, Shimla
- ii) The Oberoi Rajvilās, Jaipur
- iii) Trident, Agra
- iv) Trident, 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

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

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

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

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

19. Compliance Certificate of the Auditors

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

For and on behalf of the Board

Gurgaon
28th May, 2012

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, 2012, 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 with the exception of Clause 49II(A)(iv).

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
28th May, 2012

Membership Number 8608
Firm's Registration Number 301072E

SECRETARIAL AUDIT REPORT

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

I have examined the registers, records and documents of EIH Associated Hotels Limited (“the Company”) for the financial year ended March 31, 2012 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’)
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made under that Act;
 - The Equity Listing Agreements with Madras Stock Exchange, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 (“the Act”) and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
 - (b) closure of the Register of Members;
 - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
 - (d) service of documents by the Company on its Members and the Registrar of Companies;
 - (e) notice of Board meetings and Committee meetings of Directors;
 - (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - (g) the 28th Annual General Meeting held on 12th August, 2011;
 - (h) minutes of proceedings of General Meetings and of Board and its Committee meetings;
 - (i) approvals of the Members, the Board of Directors, the Committees of Directors and Government authorities, wherever required;
 - (j) constitution of the Board of Directors/Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and/Whole-time Directors;
 - (k) payment of remuneration to the Directors including the Managing Director and/Whole time Directors;
 - (l) appointment and remuneration of Auditors;

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

16th May, 2012

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

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

| Name of the Subsidiary | Island Hotel Maharaj Limited |
|---|--|
| Financial year ending of the Subsidiary | 31st March, 2012 |
| 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, 2012 | Nil |
| b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2012 | (₹ 13.14 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, 2012 | Nil |
| b) Not dealt with in the Accounts of the Company upto the year ended 31st March, 2012 | (₹ 505.25 million) |

Gurgaon
28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI *Chairman*
 VIKRAM OBEROI *Managing Director*
 S. S. MUKHERJI }
 ANIL NEHRU } *Directors*
 L. GANESH }
 SUDIPTO SARKAR }

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, 2012, the Statement of Profit and Loss 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 Notes 1 to 43 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, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner

Membership Number 8608
Firm's Registration Number 301072E

Gurgaon
28th May, 2012

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 fixed 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 which were not material have been properly dealt with in the books of accounts.
 - (c) During the year no substantial parts 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 and have been properly dealt with in the books of accounts.
- 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.
 - (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 of the Company and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act for the Company.
- ix. (a) The Company is 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 | 0.50 |
| | Total | | | 1.20 |

- 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
28th May, 2012

Membership Number 8608
Firm's Registration Number 301072E

Balance Sheet

as at 31st March, 2012

| | | As at 31st March | | |
|------------------------------------|------|-------------------|-------------------|-------------------|
| | | 2012 | 2011 | |
| | | Rupees Million | Rupees Million | Rupees Million |
| I. EQUITY AND LIABILITIES | Note | | | |
| (1) SHAREHOLDERS' FUNDS | | | | |
| a) Share Capital | 2 | 195.87 | | 195.87 |
| b) Reserves and Surplus | 3 | 994.47 | | 929.21 |
| | | | 1,190.34 | 1,125.08 |
| (2) NON-CURRENT LIABILITIES | | | | |
| a) Long Term Borrowings | 4 | 1,203.06 | | 1,136.69 |
| b) Deferred Tax Liabilities (Net) | 5 | 223.02 | | 160.01 |
| c) Other Long Term Liabilities | 6 | 29.86 | | 33.60 |
| d) Long Term Provisions | 7 | 7.66 | | 7.73 |
| | | | 1,463.60 | 1,338.03 |
| (3) CURRENT LIABILITIES | | | | |
| a) Short Term Borrowings | 8 | 1,030.00 | | 930.00 |
| b) Trade Payables | 9 | 140.43 | | 130.87 |
| c) Other Current Liabilities | 10 | 155.37 | | 445.35 |
| d) Short Term Provisions | 11 | 72.02 | | 59.64 |
| | | | 1,397.82 | 1,565.86 |
| TOTAL | | | 4,051.76 | 4,028.97 |
| II. ASSETS | | | | |
| (1) NON-CURRENT ASSETS | | | | |
| a) Fixed Assets | 12 | | | |
| i) Tangible Assets | | 2,540.63 | | 2,598.70 |
| ii) Intangible Assets | | 0.19 | | 0.04 |
| iii) Capital Work-in-Progress | | 13.45 | | 7.65 |
| | | 2,554.27 | | 2,606.39 |
| b) Non-Current Investments | 13 | 898.40 | | 898.06 |
| c) Long Term Loans and Advances | 14 | 50.80 | | 35.57 |
| d) Other Non-Current Assets | 15 | 0.09 | | 0.09 |
| | | | 3,503.56 | 3,540.11 |
| (2) CURRENT ASSETS | | | | |
| a) Inventories | 16 | 66.54 | | 67.68 |
| b) Trade Receivables | 17 | 145.46 | | 139.37 |
| c) Cash and Bank Balances | 18 | 97.77 | | 86.72 |
| d) Short Term Loans and Advances | 19 | 234.27 | | 191.77 |
| e) Other Current Assets | 20 | 4.16 | | 3.32 |
| | | | 548.20 | 488.86 |
| TOTAL | | | 4,051.76 | 4,028.97 |

SIGNIFICANT ACCOUNTING POLICIES

1

The notes are an integral part of these financial statements.

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

For RAY & RAY

Chartered Accountants

R.N. ROY

Partner

Membership Number 8608

Firm's Registration Number 301072E

Gurgaon, 28th May, 2012

 INDRANI RAY
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Directors

Statement of Profit and Loss for the year ended 31st March, 2012

| | Note | Rupees Million | Year ended 31st March | |
|---|------|-------------------|---------------------------|---------------------------|
| | | | 2012 Rupees Million | 2011 Rupees Million |
| I. Revenue from Operations | 21 | | 1,876.93 | 1,734.46 |
| II. Other Income | 22 | | 27.61 | 28.96 |
| III. Total Revenue (I + II) | | | 1,904.54 | 1,763.42 |
| IV. Expenses: | | | | |
| Cost of Materials Consumed | 23 | | 154.09 | 131.93 |
| Employee Benefits Expense | 24 | | 308.94 | 296.09 |
| Finance Costs | 25 | | 274.11 | 254.53 |
| Depreciation and Amortisation Expense | | | 127.24 | 127.45 |
| Other Expenses | 26 | | 864.88 | 770.56 |
| Total Expenses | | | 1,729.26 | 1,580.56 |
| V. Profit Before Exceptional and Extraordinary Items & Taxation (III-IV) | | | 175.28 | 182.86 |
| VI. Exceptional Items - Profit | 27 | | 21.28 | - |
| VII. Profit Before Taxation (V + VI) | | | 196.56 | 182.86 |
| VIII. Tax Expense | | | | |
| (1) Current Tax | | 39.50 | | 37.00 |
| Less: MAT Credit Entitlement | | 39.50 | | 34.60 |
| Net Current Tax | | - | | 2.40 |
| (2) Deferred Tax | | 63.01 | | 60.29 |
| | | | 63.01 | 62.69 |
| IX. Profit for the Period (VII-VIII) | | | 133.55 | 120.17 |
| X. Earnings Per Equity Share : | | | | |
| (1) Basic | | | 6.82 | 6.14 |
| (2) Diluted | | | 6.82 | 6.14 |

The notes are an integral part of these financial statements.

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, 28th May, 2012

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 | |
|---|-----------------------|-----------------|
| | 2012 | 2011 |
| | Rupees | Rupees |
| | Million | Million |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation | 196.56 | 182.86 |
| Adjustments for : | | |
| Depreciation and Amortisation Expenses | 127.24 | 127.45 |
| Finance Costs | 274.11 | 254.53 |
| Wealth Tax | 0.04 | 0.05 |
| Loss on sale of Fixed Assets (Net) | 10.95 | 8.67 |
| Interest received | (4.69) | (7.04) |
| Dividend received | – | (0.07) |
| Income from exceptional items | (21.28) | – |
| Operating Profit before Working Capital changes | 582.93 | 566.45 |
| Adjustments for : | | |
| Inventories | 1.14 | (2.77) |
| Trade & Other Receivables | (12.81) | (31.92) |
| Trade Payables | 8.39 | 56.88 |
| Cash generated from Operations | 579.65 | 588.64 |
| (Payment)/Refund of direct taxes | (38.24) | (31.01) |
| Interest received on Income Tax Refund | 2.07 | 5.06 |
| Cash generated from Operating Activities | 543.48 | 562.69 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets and Capital Advances | (115.78) | (101.24) |
| Sale of Fixed Assets | 40.77 | 2.49 |
| Purchase of investments | (0.34) | (83.99) |
| Advance to subsidiary | (10.45) | – |
| Interest received | 2.66 | 1.95 |
| Dividend received | – | 0.07 |
| Cash used in Investing Activities | (83.14) | (180.72) |

Cash Flow Statement – *Contd.*

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2012 | 2011 |
| | Rupees Million | Rupees Million |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (273.56) | (261.08) |
| Proceeds from Borrowings | | |
| Term Loan | 500.00 | 1,000.00 |
| Unsecured Loan | 500.00 | – |
| Working Capital Demand Loan | – | 430.00 |
| Short Term Loan | 500.00 | – |
| Repayment of | | |
| Term Loan | (727.00) | (782.25) |
| Unsecured Loan | (500.00) | (420.00) |
| Working Capital Demand Loan | (400.00) | (310.00) |
| Dividend paid | (48.73) | (29.25) |
| Cash used in Financing Activities | (449.29) | (372.58) |
| Net (Decrease)/Increase in Cash and Cash Equivalents | 11.04 | 9.40 |
| Cash and Cash Equivalents at the beginning of the year | 86.81 | 77.42 |
| Cash and Cash Equivalents at the end of the year | 97.86 | 86.81 |

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances and long term fixed deposit balance shown under Other Non Current Assets.
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, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Directors

Notes to the Accounts

1 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on 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 Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract.

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.

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 of 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 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 Statement of Profit and Loss under Finance costs.

INVESTMENTS

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

Notes to the Accounts – *Contd.*

INVENTORIES

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

TRANSACTIONS IN FOREIGN CURRENCY

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

Realised/settled gains/losses arising out of Currency/Interest swaps during the year are recognised as income/expenditure in the Statement of Profit and Loss.

EMPLOYEE BENEFITS

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

- (i) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per the Company's Scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following projected Unit Credit Method and is treated as liability.
- (ii) Leave Encashment 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.

Notes to the Accounts – Contd.

| | As at 31st March | |
|---|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| 2 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 40,000,000 (2011 - 40,000,000) Equity Shares of ₹ 10 each | 400.00 | 400.00 |
| 1,000,000 (2011 - 1,000,000) Redeemable Preference Shares of ₹ 100 each | 100.00 | 100.00 |
| | 500.00 | 500.00 |
| ISSUED, SUBSCRIBED, CALLED & FULLY PAID-UP | | |
| 19,586,666 (2011 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below) | 195.87 | 195.87 |
| | 195.87 | 195.87 |

a) Reconciliation of Share Capital :

| | As at 31st March 2012 | | As at 31st March 2011 | |
|--------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | Number of Shares | Rupees Million | Number of Shares | Rupees Million |
| Equity Shares : | | | | |
| Balance at the beginning of the year | 19,586,666 | 195.87 | 19,586,666 | 195.87 |
| Closing Balance | 19,586,666 | 195.87 | 19,586,666 | 195.87 |

b) Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Directors, subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

| Equity Shares : | As at 31st March 2012 | | As at 31st March 2011 | |
|--|--------------------------|--------------|--------------------------|-----------|
| | Number of Shares | % holding | Number of Shares | % holding |
| EIH Limited | 7,071,333 | 36.10 | 7,071,333 | 36.10 |
| Satish B Raheja | 4,361,600 | 22.27 | 4,361,600 | 22.27 |
| Royal Bank of Scotland PLC as Trustee of the Jupiter India Fund | 1,955,000 | 9.98 | 1,935,160 | 9.88 |
| Manali Investments & Finance Pvt. Ltd. | 1,463,540 | 7.47 | 1,463,540 | 7.47 |
| Coronet Investments Pvt. Ltd. | 1,342,864 | 6.86 | 1,342,864 | 6.86 |
| Total | 16,194,337 | 82.68 | 16,174,497 | 82.58 |

d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012):

Of the above 19,586,666 (2011 - 19,586,666) Equity Shares, 9,086,666 (2011 - 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.

Notes to the Accounts – *Contd.*

| | | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | Rupees Million | 2012 Rupees Million | 2011 Rupees Million |
| 3 | | | |
| RESERVES AND SURPLUS | | | |
| CAPITAL RESERVE | | | |
| i) Profit on re-issue of forfeited shares | | | |
| As per last Account | 0.01 | | 0.01 |
| ii) Investment subsidy received | | | |
| As per last Account | <u>4.50</u> | | <u>4.50</u> |
| | | 4.51 | 4.51 |
| CAPITAL REDEMPTION RESERVE | | | |
| As per last Account | | 100.00 | 100.00 |
| SECURITIES PREMIUM ACCOUNT | | | |
| As per last Account | | 126.00 | 126.00 |
| GENERAL RESERVE | | | |
| As per last Account | 500.00 | | 477.02 |
| <i>Add</i> : Transfer from Profit & Loss Account | <u>15.00</u> | | <u>22.98</u> |
| | | 515.00 | 500.00 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS | | | |
| As per last Account | 198.70 | | 158.42 |
| <i>Add</i> : Profit / (Loss) during the year | <u>133.55</u> | | <u>120.17</u> |
| | 332.25 | | 278.59 |
| <i>Less</i> : Appropriations | | | |
| General Reserve | <u>15.00</u> | | <u>22.98</u> |
| Proposed Dividend on Equity Shares | 58.76 | | 48.97 |
| Dividend distribution tax on proposed dividend on Equity Shares | 9.53 | | 7.94 |
| | <u>83.29</u> | | <u>79.89</u> |
| | | 248.96 | 198.70 |
| | | <u>994.47</u> | <u>929.21</u> |

Notes to the Accounts – Contd.

| | | As at 31st March | |
|---|--|------------------|-----------------|
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 4 | | | |
| LONG TERM BORROWINGS | | | |
| (Secured (Note 4a) : | | | |
| A. Term Loans from Banks : | | | |
| (i) | United Bank of India | – | 125.00 |
| (ii) | United Bank of India | 218.75 | 500.00 |
| (iii) | ICICI Bank Limited | 475.00 | 500.00 |
| (iv) | The Hongkong and Shanghai Banking Corporation Ltd. | 500.00 | – |
| | | 1,193.75 | 1,125.00 |
| B. Long Term Maturities of Finance Lease Obligations (Note 42a) | | | |
| | | 9.31 | 11.69 |
| | | 1,203.06 | 1,136.69 |

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

| Name of the Lender | | Nature of Security | Terms of Repayment |
|--------------------|---|--|--|
| A. | Term Loan from Banks | | |
| (i) | United Bank of India | The loan together with interest, etc., is secured on <i>pari passu</i> 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. | Repayable in 12 quarterly instalments (₹ 31.25 Million each in first four quarter, ₹ 62.50 Million each in next four quarters, and ₹ 31.25 Million each in the last four quarters) from the date of draw down i.e. 10 February 2009. The loan was pre-paid during the year. |
| (ii) | United Bank of India | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilas, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | Repayable in 8 equal quarterly installments after a moratorium of 2 years from the date of draw down i.e. 6 December 2010. However, ₹ 250 Million was pre-paid during the year |
| (iii) | ICICI Bank Limited | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilas, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down i.e. 25 March 2011. |
| (iv) | The Hongkong & Shanghai Banking Corporation Ltd. (HSBC) | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilas, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | ₹ 150 Million each at the end of 30 months and 33 months and remaining ₹ 200 Million to be repaid at the end of 36 months from the date of draw down i.e. ₹ 250 Million each on 29 November 2011 & 30 November 2011. |
| B. | Finance Lease Obligations | Finance Lease Obligations are secured by hypothecation of assets underlying the leases. | Monthly equated lease rentals over the respective period of lease. |

Notes to the Accounts – Contd.

4(b)
Particulars of Securities and Terms of Repayment of Term Loans from Banks payable within one year :

| Name of the Lender | | Nature of Security | Terms of Repayment |
|--------------------|----------------------|---|--|
| (i) | United Bank of India | 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. | Repayable in 18 quarterly instalments (₹ 23 Million first four quarter and ₹ 46 Million the remaining quarters) after a moratorium of 2 years from the date of draw down i.e. 26 May 2004. |
| (ii) | United Bank of India | The loan 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 of 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 <i>pari passu</i> , pertaining to Trident, Chennai. | Repayable in 20 equal quarterly installments from December 2006. |

| | | | | As at 31st March | |
|----------|---------------------------------------|--|--|-------------------|-------------------|
| | | | | 2012 | 2011 |
| | | | | Rupees Million | Rupees Million |
| 5 | DEFERRED TAX LIABILITIES (NET) | | | | |
| A. | Deferred Tax Liabilities | | | | |
| | (i) | Depreciation | | 414.24 | 407.78 |
| B. | Deferred Tax Assets | | | | |
| | (i) | Unabsorbed Depreciation | | 183.20 | 241.90 |
| | (ii) | Accrued expenses deductible on payment | | 5.81 | 3.63 |
| | (iii) | Provision for Leave Encashment | | 1.28 | 1.22 |
| | (iv) | Provision for Debts and Advances | | 0.93 | 1.02 |
| | | | | <u>191.22</u> | <u>247.77</u> |
| | | Deferred Tax Liabilities (Net) | | <u>223.02</u> | <u>160.01</u> |

**6
OTHER LONG TERM LIABILITIES**

| | | | |
|------|--|--------------|--------------|
| (i) | Trade Payables | | |
| | Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 26.16 | 31.49 |
| (ii) | Other Payables | | |
| | Liability for Capital Expenditure | 1.65 | 0.73 |
| | Security Deposits | 0.37 | 0.34 |
| | Others | 1.68 | 1.04 |
| | | <u>29.86</u> | <u>33.60</u> |

**7
LONG TERM PROVISIONS**

| | | | |
|----|---|-------------|-------------|
| A. | Provision for Employee Benefits (Note 24a): | | |
| | (i) Leave Encashment | 7.66 | 7.73 |
| | | <u>7.66</u> | <u>7.73</u> |

Notes to the Accounts – Contd.

| 8 | Rupees Million | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| SHORT TERM BORROWINGS | | | |
| Secured (Note 8a): | | | |
| A. Working Capital Loans repayable on demand from Banks: | | | |
| (i) The Hongkong and Shanghai Banking Corporation Ltd. | 30.00 | | – |
| (ii) The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.) | – | | 430.00 |
| | | 30.00 | 430.00 |
| B. Other Short Term Borrowings from Banks: | | | |
| (i) Loan from The Federal Bank Ltd. | | 500.00 | – |
| | | 530.00 | 430.00 |
| Unsecured (Note 8b): | | | |
| A. Loans From Banks: | | | |
| (i) United Bank of India | – | | 500.00 |
| (ii) IndusInd Bank Ltd. | 500.00 | | – |
| | | 500.00 | 500.00 |
| | | 1,030.00 | 930.00 |

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

| | Name of the Lender | Nature of Security | Terms of Repayment |
|------|---|--|--|
| A. | Working Capital Loans repayable on demand from Banks: | | |
| (i) | The Hongkong and Shanghai Banking Corporation Ltd. (HSBC) | The Working Capital Loan from HSBC is secured on <i>pari passu</i> 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. | Repayable on demand. |
| (ii) | The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.) | The loan together with interest, etc., is secured on <i>pari passu</i> 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. | Repayable on demand. |
| B. | Other Short Term Borrowings from Banks: | | |
| (i) | The Federal Bank Ltd. | The loan is secured by way of mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Udaipur (Created/ to be created). | Repayable in 12 months from the date of drawdown i.e. ₹ 180 Million on 13 January 2012, ₹ 120 Million on 18 January, 2012 and ₹ 200 Million on 20 January, 2012. |

8(b)
Terms of Repayment of Unsecured Short Term Loans from Banks :

| | Name of the Lender | Terms of Repayment |
|------|----------------------|--|
| (i) | United Bank of India | ₹ 150 Million each at the end of 10th & 11th month and remaining ₹ 200 Million to be repaid at the end of 12th month from the date of draw down i.e. July, 2010. |
| (ii) | IndusInd Bank Ltd. | Repayable in 4 months from the date of drawdown i.e. ₹ 150 Million on 12 December, 2011 and ₹ 350 Million on 17 December, 2011. |

Notes to the Accounts – Contd.

| 9 | Rupees Million | As at 31st March | |
|---|---|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| TRADE PAYABLES | | | |
| (i) | Total outstanding dues of Micro Enterprises and Small Enterprises | 0.15 | 0.40 |
| (ii) | Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises including amount due to Island Hotel Maharaj Limited, Subsidiary Company (₹ 0.06 Million; 2011 - ₹ 0.03 Million) | 140.28 | 130.47 |
| | | 140.43 | 130.87 |
| Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 as given below. This is based on information made available to the Company. | | | |
| | | 2012 | 2011 |
| | Principal amount due and remaining unpaid | 0.15 | 0.40 |
| 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. | | | |
| 10 | | | |
| OTHER CURRENT LIABILITIES | | | |
| A. | Current maturities of long-term debt (Note 4b) | | |
| (i) | United Bank of India | – | 92.00 |
| (ii) | United Bank of India | – | 10.00 |
| (iii) | United Bank of India | – | 250.00 |
| (iv) | United Bank of India | 31.25 | – |
| (v) | ICICI Bank Limited | 25.00 | – |
| | | 56.25 | 352.00 |
| B. | Current Maturities of Finance Lease Obligations (Note (42a)) | 5.18 | 4.90 |
| C. | Interest accrued but not due on borrowings | 0.71 | 0.16 |
| D. | Other Payables | | |
| (i) | Security Deposits from Shops | 2.00 | 1.94 |
| (ii) | Other Deposits | 0.25 | 0.27 |
| (iii) | Unclaimed Dividend | 0.85 | 0.61 |
| (iv) | Statutory Liabilities | 32.44 | 33.44 |
| (v) | Advance from Customers | 16.45 | 18.83 |
| (vi) | Other Liabilities | 41.24 | 33.20 |
| | | 93.23 | 88.29 |
| | | 155.37 | 445.35 |
| 11 | | | |
| SHORT TERM PROVISIONS | | | |
| A. | Provision for Employee Benefits (Note 24a): | | |
| (i) | Leave Encashment | 0.98 | 0.02 |
| B. | Other Provisions : | | |
| (i) | Provision for Income Tax | 151.20 | 111.70 |
| (ii) | Provision for Wealth Tax | 0.35 | 0.31 |
| (iii) | Provision for Proposed Dividend on - Equity Shares | 58.76 | 48.97 |
| (iv) | Provision for Tax on Dividend | 9.53 | 7.94 |
| | | 219.84 | 168.92 |
| | | 220.82 | 168.94 |
| | Less : MAT Credit Entitlement (Note 31) | 148.80 | 109.30 |
| | | 72.02 | 59.64 |

Notes to the Accounts – Contd.

| Nature of Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---|-------------------------------------|---------------------------|---------------------|--------------------------------------|---------------|---------------------|------------------------|------------------------|
| | Original Cost as at 1st April, 2011 | Additions during the year | Sales / Adjustments | Original Cost as at 31st March, 2012 | For the Year | Sales / Adjustments | As at 31st March, 2012 | As at 31st March, 2011 |
| (i) Tangible Assets | | | | | | | | |
| Freehold Land | 28.92 | 0.16 | - | 29.08 | - | - | 29.08 | 28.92 |
| Leasehold Land | 92.57 | - | - | 92.57 | 10.83 | - | 59.80 | 70.63 |
| Buildings | 1,897.29 | 41.92 | 17.05 | 1,922.16 | 31.32 | 3.94 | 1,558.84 | 1,561.35 |
| Leasehold Buildings | 5.62 | - | - | 5.62 | 0.70 | - | 1.41 | 2.11 |
| Roads | 4.85 | - | - | 4.85 | 0.08 | - | 3.79 | 3.87 |
| Sanitary Installation | 177.32 | 0.24 | 0.08 | 177.48 | 3.02 | 0.02 | 145.27 | 148.11 |
| Plant & Machinery | 1,261.02 | 41.86 | 37.50 | 1,265.38 | 58.86 | 24.27 | 641.96 | 672.45 |
| Office Equipment | 4.58 | 0.45 | 0.16 | 4.87 | 0.20 | 0.10 | 2.91 | 2.46 |
| Jetty | 0.76 | - | - | 0.76 | 0.04 | - | 0.24 | 0.28 |
| Boats | 2.70 | - | - | 2.70 | 0.09 | - | 1.87 | 1.96 |
| Computers | 74.05 | 3.96 | 2.37 | 75.64 | 5.68 | 2.23 | 14.83 | 16.70 |
| Furniture & Fittings | 242.17 | 4.16 | 1.98 | 244.35 | 7.53 | 1.46 | 45.80 | 49.69 |
| Vehicles given on operating lease | 15.86 | - | - | 15.86 | 1.51 | - | 8.41 | 9.93 |
| Vehicles - Others | 29.77 | 1.54 | 4.14 | 27.17 | 2.03 | 3.11 | 13.05 | 14.56 |
| Tangible Assets - Own (A) | 3,837.48 | 94.29 | 63.28 | 3,868.49 | 121.89 | 35.13 | 2,527.26 | 2,583.02 |
| Leased Vehicles | 22.00 | 5.31 | 5.29 | 22.02 | 5.30 | 3.01 | 13.36 | 15.63 |
| Leased Assets | 0.13 | - | - | 0.13 | 0.04 | - | 0.01 | 0.05 |
| Tangible Assets - on Finance Lease (B) | 22.13 | 5.31 | 5.29 | 22.15 | 5.34 | 3.01 | 13.37 | 15.68 |
| Total (A+B) | 3,859.61 | 99.60 | 68.57 | 3,890.64 | 127.23 | 38.14 | 2,540.63 | 2,598.70 |
| (ii) Intangible Assets | | | | | | | | |
| Computer Software | 0.93 | 0.15 | - | 1.08 | 0.01 | - | 0.19 | 0.04 |
| (iii) Capital-Work-in-Progress | 7.65 | 84.34 | 78.54 | 13.45 | - | - | 13.45 | 7.65 |
| Previous year | 3,868.19 | 184.09 | 147.11 | 3,905.17 | 127.24 | 38.14 | 2,554.27 | 2,606.39 |
| | 3,791.08 | 153.54 | 76.42 | 3,868.20 | 127.45 | 12.82 | 2,606.39 | |

Notes to the Accounts – Contd.

| | | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | Rupees Million | 2012 Rupees Million | 2011 Rupees Million |
| 13 | | | |
| NON-CURRENT INVESTMENTS (Unquoted) | | | |
| Trade Investments (valued at cost) | | | |
| A. Investment in Equity Instruments: | | | |
| (i) Investment in Subsidiary: | | | |
| 3,197,088 (2011 - 3,197,088) Equity Shares of ₹ 100 each of Island Hotel Maharaj Limited, fully paid, including Nil Equity Shares of ₹ 100 each acquired during the year (2011 - 209,975 Equity Shares of ₹ 100 each fully paid) | 889.36 | | 889.36 |
| (ii) Investment in Other Bodies Corporate: | | | |
| 217,175 (2011 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid | 8.69 | | 8.69 |
| (iii) 33,600 (2011 - Nil) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid | <u>0.34</u> | | <u>–</u> |
| | | 898.39 | 898.05 |
| B. Investment in Government or Trust Securities: | | | |
| (i) 6 year National Savings Certificate | | <u>0.01</u> | <u>0.01</u> |
| | | <u>898.40</u> | <u>898.06</u> |
| 14 | | | |
| LONG TERM LOANS AND ADVANCES | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| (i) Capital Advances | | 2.86 | 0.88 |
| (ii) Security Deposits | | 29.62 | 28.58 |
| (iii) Prepaid Expenses | | 1.08 | 0.59 |
| (iv) Loans and Advances to Related Parties: | | | |
| Advances to Subsidiary: | | | |
| Island Hotel Maharaj Limited | | 10.45 | – |
| (v) Other loans and advances | | | |
| Considered good | 6.79 | | 5.52 |
| Considered doubtful | <u>0.21</u> | | <u>0.19</u> |
| | 7.00 | | 5.71 |
| Less: Provision for doubtful advances | <u>0.21</u> | | <u>0.19</u> |
| | | <u>6.79</u> | <u>5.52</u> |
| | | <u>50.80</u> | <u>35.57</u> |

Notes to the Accounts – Contd.

| | Rupees Million | As at 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 15 | | | |
| OTHER NON-CURRENT ASSETS | | | |
| (i) Long Term Trade Receivables - Considered doubtful | 2.52 | | 2.74 |
| <i>Less: Provision for doubtful debts</i> | <u>2.52</u> | - | <u>2.74</u> |
| (ii) Other Receivables - Considered doubtful | 0.10 | | 0.13 |
| <i>Less: Provision for doubtful debts</i> | <u>0.10</u> | - | <u>0.13</u> |
| (iii) Long term deposits with banks with maturity period more than 12 months | | | |
| Fixed Deposit with Banks (Note a) | | 0.09 | 0.09 |
| | | <u>0.09</u> | <u>0.09</u> |

(a) Fixed Deposit of ₹ 0.09 Million (2011 - ₹ 0.09 Million) with Banks are pledged with Sales Tax Department

| | | | |
|------------------------------------|--|--------------|--------------|
| 16 | | | |
| INVENTORIES | | | |
| (i) Provisions, Wines & Smokes | | 16.32 | 15.62 |
| (ii) Stores & Operational Supplies | | <u>50.22</u> | <u>52.06</u> |
| | | <u>66.54</u> | <u>67.68</u> |

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

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

| | | | |
|--|---------------|---------------|---------------|
| 17 | | | |
| TRADE RECEIVABLES (Unsecured) | | | |
| A. Considered good | | | |
| (i) Outstanding for a period exceeding 6 months from the date they are due for payment | 4.36 | | 0.74 |
| (ii) Others | <u>141.10</u> | | <u>138.63</u> |
| | | <u>145.46</u> | <u>139.37</u> |
| | | <u>145.46</u> | <u>139.37</u> |

Notes to the Accounts – Contd.

| | Rupees Million | As at 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 18 | | | |
| CASH AND BANK BALANCES | | | |
| (i) Cash on hand | | 4.49 | 3.89 |
| (ii) Cheques on hand | | 3.26 | 6.06 |
| (iii) Bank Balances | | | |
| Current Accounts | 65.16 | | 46.77 |
| Unpaid Dividend Account | 0.85 | | 0.61 |
| Fixed Deposits - Maturity less than 3 months | <u>23.28</u> | | <u>29.09</u> |
| | | 89.29 | 76.47 |
| (iv) Other Bank Balances | | | |
| Fixed Deposits - Maturity more than 3 months but less than 12 months | | | |
| Margin Money | 0.40 | | – |
| Others | <u>0.33</u> | | 0.30 |
| | | 0.73 | 0.30 |
| | | <u>97.77</u> | <u>86.72</u> |
| 19 | | | |
| SHORT TERM LOANS AND ADVANCES | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| A. Advances recoverable in cash or in kind or for value to be received | | | |
| (i) Considered good | | 23.08 | 11.33 |
| B. Other Loans and Advances | | | |
| (i) Security Deposits | | 1.52 | 1.59 |
| (ii) Prepaid Expenses | | 20.17 | 19.27 |
| (iii) Advance payment of Income-tax | 40.70 | | 49.90 |
| (iv) MAT credit entitlement (Note 31) | <u>148.80</u> | | 109.30 |
| | | 189.50 | 159.20 |
| (v) Fringe Benefit Tax (net of provision) | | – | 0.38 |
| | | <u>234.27</u> | <u>191.77</u> |
| 20 | | | |
| OTHER CURRENT ASSETS | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| (i) Interest Accrued | | 0.05 | 0.08 |
| (ii) Insurance Claim | | 0.82 | 1.03 |
| (iii) Other Receivables/recoverable | | | |
| Considered Good | 3.29 | | 2.21 |
| Considered Doubtful | <u>0.02</u> | | – |
| | 3.31 | | 2.21 |
| Less : Provision for Doubtful Receivables | <u>0.02</u> | | – |
| | | 3.29 | 2.21 |
| | | <u>4.16</u> | <u>3.32</u> |

Notes to the Accounts – *Contd.*

| | Year ended 31st March | |
|---|-----------------------|-----------------|
| | 2012 | 2011 |
| | Rupees | Rupees |
| | Million | Million |
| 21 | | |
| REVENUE FROM OPERATIONS | | |
| Income from Guest Accommodation, Restaurants, Bars and Banquets, etc. | | |
| Rooms | 1,229.18 | 1,177.42 |
| Food and Beverage | 547.44 | 466.68 |
| Other Services | 100.31 | 90.36 |
| | <u>1,876.93</u> | <u>1,734.46</u> |
| | | |
| 22 | | |
| OTHER INCOME | | |
| Interest (Gross) | 2.62 | 1.98 |
| Interest on Income Tax Refund | 2.07 | 5.06 |
| Dividend from Current Investments - Mutual Fund (Non-Trade) | – | 0.07 |
| Gain on Exchange (Net) | 0.88 | 0.01 |
| Provisions & liabilities no longer required, written back | 7.48 | 5.81 |
| Others | 14.56 | 16.03 |
| | <u>27.61</u> | <u>28.96</u> |
| | | |
| 23 | | |
| COST OF MATERIALS CONSUMED | | |
| Opening Stock | 15.62 | 13.30 |
| Add : Purchases | 154.79 | 134.25 |
| | <u>170.41</u> | <u>147.55</u> |
| Less : Closing Stock | 16.32 | 15.62 |
| | <u>154.09</u> | <u>131.93</u> |

Notes to the Accounts – Contd.

| | Year ended 31st March | |
|---|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| 24 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 271.72 | 260.01 |
| Company's Contribution to Provident Fund and Other Funds | 12.90 | 12.58 |
| Contribution to Gratuity Fund (including provision of ₹ 1.05 Million; 2011 - ₹ 1.35 Million) (Note 24a) | 2.49 | 2.39 |
| Provision for Leave Encashment (Note 24a) | 0.29 | 2.60 |
| Staff Welfare Expenses | 21.54 | 18.51 |
| | 308.94 | 296.09 |

24 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2012 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Scheme:

| | (Rupees in Million) | | | |
|--|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | Year ended 31st March, 2012 | | Year ended 31st March, 2011 | |
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| I Components of Employer Expenses | | | | |
| 1 Current Service Cost | 1.44 | 0.48 | 1.05 | 0.21 |
| 2 Interest Cost | 0.87 | 0.65 | 0.66 | 0.28 |
| 3 Expected return on Plan Assets | 1.07 | – | 0.83 | – |
| 4 Curtailment Cost/(Credit) | – | – | – | – |
| 5 Settlement Cost/(Credit) | – | – | – | – |
| 6 Past Service Cost | – | – | – | – |
| 7 Actuarial Losses/(Gains) | 1.25 | (0.84) | 1.51 | 2.11 |
| 8 Total expenses recognised in the Statement of Profit and Loss | 2.49 | 0.29 | 2.39 | 2.60 |
| The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Provision for Leave Encashment" under Note 24. | | | | |
| II Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2012 | | | | |
| 1 Present Value of Defined Benefit Obligations | 12.64 | 8.04 | 10.79 | 7.75 |
| 2 Fair Value on Plan Assets | 11.60 | – | 9.44 | – |
| 3 Status [Surplus/(Deficit)] | (1.05) | (8.04) | (1.35) | (7.75) |
| 4 Unrecognised Past Service Cost | – | – | – | – |
| 5 Net Asset/(Liability) recognised in Balance Sheet | (1.05) | (8.04) | (1.35) | (7.75) |
| III Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2012 | | | | |
| 1 Present Value of DBO at the Beginning of Year | 10.79 | 7.75 | 8.19 | 5.15 |
| 2 Current Service Cost | 1.44 | 0.48 | 1.05 | 0.21 |
| 3 Interest Cost | 0.87 | 0.65 | 0.66 | 0.28 |
| 4 Curtailment Cost/(Credit) | – | – | – | – |
| 5 Settlement Cost/(Credit) | – | – | – | – |
| 6 Plan Amendments | – | – | – | – |
| 7 Acquisitions | – | – | – | – |
| 8 Actuarial (Gains)/Losses | 1.25 | 0.84 | 1.52 | 2.11 |
| 9 Benefits Paid | 1.71 | – | 0.63 | – |
| 10 Present Value of DBO at the End of Year | 12.65 | 8.04 | 10.79 | 7.75 |

Notes to the Accounts – Contd.

24
EMPLOYEE BENEFITS EXPENSE (a) (Contd.)

(Rupees in Million)

| | Year ended 31st March, 2012 | | Year ended 31st March, 2011 | | | | | |
|---|--|-----------------------------------|--|-----------------------------------|----------|---------------------|----------|---------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) | | | | |
| IV Change in Fair Value of Assets during the year ended 31st March, 2012 | | | | | | | | |
| 1 Plan Assets at the Beginning of Year | 9.44 | – | 7.73 | – | | | | |
| 2 Acquisition Adjustment | – | – | – | – | | | | |
| 3 Actuarial Return on Plan Assets | 1.07 | – | 0.83 | – | | | | |
| 4 Actuarial Gains/(Losses) | – | – | – | – | | | | |
| 5 Actual Company Contribution | 2.78 | – | 1.51 | – | | | | |
| 6 Benefits Paid | 1.71 | – | 0.63 | – | | | | |
| 7 Plan Assets at the End of Year | 11.60 | – | 9.44 | – | | | | |
| V Investments Details | | | | | | | | |
| Invested with LIC in Group Gratuity Scheme | 100% | | 100% | | | | | |
| VI Actuarial Assumptions | | | | | | | | |
| 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, 2012 | Year ended 31st March, 2011 | Year ended 31st March, 2010 | Year ended 31st March, 2009 | | | | |
| VII Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact) | Gratuity | Leave Encashment | Gratuity | Leave Encashment | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| 1. Present Value of Defined Benefit Obligation | 12.65 | 8.21 | 10.79 | 8.04 | 8.19 | 5.13 | 7.03 | 4.64 |
| 2. Fair Value of Plan Assets | 11.60 | – | 9.44 | – | 7.73 | – | 6.99 | – |
| 3. Status [Surplus/(Defecit)] | 1.05 | (8.21) | (1.35) | (8.04) | (0.46) | (5.13) | (0.04) | (4.64) |
| 4. Experience Adjustments on Plan liabilities | – | (1.04) | – | 2.11 | – | (0.17) | – | 0.40 |

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

Notes to the Accounts – Contd.

| | Rupees Million | Year ended 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 25 | | | |
| FINANCE COSTS | | | |
| Interest Expense | | | |
| Interest on borrowing | 270.17 | | 237.20 |
| Interest on other loan | 2.88 | | 2.22 |
| | | 273.05 | 239.42 |
| Other Borrowing Costs | | 1.06 | 3.84 |
| Adjustment for currency/interest swap including MTM losses | | – | 11.27 |
| | | <u>274.11</u> | <u>254.53</u> |
| 26 | | | |
| OTHER EXPENSES | | | |
| A. UPKEEP AND SERVICE COST | | | |
| Linen, Uniform Washing & Laundry Expenses | | 5.65 | 4.67 |
| Expenses on Apartment & Board | | 35.68 | 31.24 |
| Power & Fuel | | 170.13 | 154.25 |
| Renewals & Replacement | | 25.10 | 20.74 |
| Repairs : | | | |
| Buildings | 61.58 | | 60.23 |
| Plant & Machinery | 62.96 | | 65.35 |
| Others | 17.31 | | 14.98 |
| | | <u>141.85</u> | |
| | | 378.41 | 351.46 |
| B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES | | | |
| Expenses for contractual services | | 37.97 | 35.00 |
| Lease Rent (Note 42b) | | 7.31 | 7.11 |
| Royalty | | 18.95 | 17.50 |
| Technical Services Fees | | 83.42 | 78.96 |
| Advertisement, Publicity & Other Promotional Expenses | | 83.58 | 79.33 |
| Commission to Travel Agents & others | | 72.75 | 60.13 |
| Rates & Taxes | | 52.99 | 39.59 |
| Insurance | | 4.62 | 5.55 |
| Passage & Travelling | | 35.07 | 27.84 |
| Postage, Telephone & Telex | | 15.24 | 13.88 |
| Printing & Stationery | | 8.12 | 7.43 |
| Musical, Banquet & Kitchen Expenses | | 14.62 | 13.18 |
| Directors' Fees | | 0.65 | 0.53 |
| Loss on Sale/Discard of Assets including capital stores | | 10.95 | 8.67 |
| Auditors' Remuneration | | | |
| As Auditor | 1.95 | | 1.69 |
| Taxation Matters | 0.06 | | 0.05 |
| Other Services | 0.13 | | 0.12 |
| | | <u>2.14</u> | 1.86 |
| Other Expenses | | 38.09 | 22.54 |
| | | <u>486.47</u> | <u>419.10</u> |
| Total (A + B) | | <u>864.88</u> | <u>770.56</u> |
| 27 | | | |
| EXCEPTIONAL ITEMS - PROFIT | | | |
| Profit on sale of residential flats at Jaipur | | 21.28 | – |

Notes to the Accounts – Contd.

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

- i. Claims against the Company not acknowledged as debt:

Claims against the Company not acknowledged as debts pending settlement of disputes amounting to ₹ 157.52 Million (2011 - ₹ 150.29 Million). The Company has paid ₹ 4.44 Million (2011- ₹ 13.02 Million) under protest.

- ii. Capital commitments:

The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 1.00 Million (2011 - ₹ 38.07 Million).

29. Proposed Dividend

As at 31st March

| | 2012 Rupees Million | 2011 Rupees Million |
|-------------------------------|---------------------------|---------------------------|
| On Equity Shares of ₹ 10 each | | |
| Amount of dividend proposed | 58.76 | 48.97 |
| Dividend per Equity Share | 3.00 | 2.50 |
| | per share | per share |

30. Depreciation

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 years, whichever is earlier.
- iii. Depreciation includes ₹ 10.83 Million (2011 - ₹ 13.01 Million) being provision for amortisation of long term leasehold land.

31. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT) resulting in no additional tax expense for the year (2011 - ₹ 2.40 Million).

32. Proposed amalgamation of our subsidiary (Island Hotel Maharaj Limited)

The Board has approved a Scheme of Amalgamation in the nature of merger of our wholly owned subsidiary, Island Hotel Maharaj Limited with the Company with effect from the appointed date being 1st April, 2011.

The Scheme is subject to and will come into effect upon receipt of necessary approvals and completion of requisite formalities for which steps and proceedings have already been initiated by the companies concerned. Pending the same, no effect of the Scheme has been given in the attached accounts of the Company.

33. Proposed Rights Issue of Equity Shares

The Board of Directors of the Company at a meeting held on 28th March, 2012, approved a Rights issue of Equity Shares upto ₹ 1,100.00 Million. The draft Letter of Offer was filed with the Securities and Exchange Board of India (SEBI) on 30th March, 2012 and can be accessed on the SEBI website.

Notes to the Accounts – Contd.

34. CIF Value of Imports:

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

| | Year ended 31st March | |
|-------------------------------|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| i. Provisions, Wines & Smokes | 1.24 | 0.56 |
| ii. Components & Spares | 11.66 | 8.03 |
| iii. Capital Goods | 22.63 | 13.77 |

b) Total value of Consumption of indigenous and imported materials:

| | Year ended 31st March | | | |
|----------------|---------------------------|-------------|---------------------------|-------------|
| | 2012 Rupees Million | Percentage | 2011 Rupees Million | Percentage |
| i. Imported | 1.01 | 0.66% | 0.65 | 0.49% |
| ii. Indigenous | 153.08 | 99.34% | 131.28 | 99.51% |
| Total | <u>154.09</u> | <u>100%</u> | <u>131.93</u> | <u>100%</u> |

35. Expenditure in Foreign Currencies:

| | Year ended 31st March | |
|-----------------------------------|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| Subscription, Travelling & others | 28.12 | 25.08 |

36. Details of Consumption and Purchases:

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.

Notes to the Accounts – *Contd.*

| | | Year ended 31st March | |
|---|--|-----------------------|------------|
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 37. Earnings in Foreign Currencies on Sales | | | |
| As per return submitted to DGFT | | 1,133.13 | 875.16 |
| | | As at 31st March | |
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 38. Unhedged Foreign Currency | | | |
| Unhedged foreign currency exposure outstanding | | 0.30 | 1.72 |
| | | Year ended 31st March | |
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 39. Earnings per Equity Share | | | |
| Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each | | 133.55 | 120.17 |
| Net Profit as per Statement of Profit and Loss and available for Equity Shareholders | | 133.55 | 120.17 |
| 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. | | 6.82 | 6.14 |
| 40. Segment Reporting | | | |
| As the Company's activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on "Segment Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006. | | | |
| 41. Related Party Disclosures | | | |
| 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 | | | |
| ElH Limited | | | |

Notes to the Accounts – *Contd.*

(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2012

| Nature of Transactions | Island Hotel Maharaj Limited Rupees Million | EIH Limited Rupees Million |
|-----------------------------|--|----------------------------------|
| Purchases | | |
| Goods and Services | 0.02 | 79.83 |
| Fixed Assets | – | 0.41 |
| Total | 0.02 | 80.24 |
| Expenses | | |
| Management Contract | – | 121.32 |
| License Agreement | – | 0.24 |
| Total | – | 121.56 |
| Other Payments | | |
| Equity Dividend | – | 17.68 |
| Total | – | 17.68 |
| Sales | | |
| Goods and Services | 0.20 | 5.16 |
| Fixed Assets | – | 0.15 |
| Total | 0.20 | 5.31 |
| Payments | | |
| Others | 10.45 | – |
| Total | 10.45 | – |
| Outstanding Balances | | |
| Payables | | |
| For Goods & Services | – | 10.90 |
| For Management Contract | – | 52.96 |
| Total | – | 63.86 |
| Receivables | | |
| For Goods & Services | 0.07 | 1.82 |
| Advance | 10.45 | – |
| Total | 10.52 | 1.82 |
| Investments | | |
| Total | 889.36 | – |

Notes to the Accounts – Contd.

42. Leases

- a. Fixed Assets acquired under finance lease amounting to ₹ 22.15 Million (2011 - ₹ 22.13 Million) being the assets acquired between 1st April, 2001 and 31st March, 2012. This includes an amount of ₹ 5.31 Million (2011 - ₹ 13.39 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 ₹ 5.34 Million (2011 - ₹ 3.90 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2012 in respect of these assets is as under:

| | Year ended 31st March | |
|--|-----------------------|---------|
| | 2012 | 2011 |
| | Rupees | Rupees |
| | Million | Million |
| Assets taken on lease | | |
| Total Minimum Lease Payments at the year end | 19.19 | 21.27 |
| Present value of Minimum Lease Payments | 14.50 | 16.59 |
| Not later than one year | | |
| Minimum Lease Payments | 7.26 | 5.04 |
| Present value | 5.19 | 4.90 |
| Later than one year but not later than five years | | |
| Minimum Lease Payments | 11.93 | 16.23 |
| Present value | 9.31 | 11.69 |
| Later than five years | | |
| Minimum Lease Payments | Nil | Nil |
| Present value | Nil | Nil |
| (a) Contingent rents recognised as an expense in the Statement of Profit and Loss for the year. | Nil | Nil |
| (b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date. | Nil | Nil |

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

- 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.

43. 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
GENERAL CIRCULAR NO. 2/2011 DATED 8TH FEBRUARY, 2011
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

For the Year ended on 31st March, 2012

| Particulars | Rupees in Million |
|---|---|
| | Island Hotel Maharaj Limited |
| Capital | 319.71 |
| Reserves | 62.64 |
| Total Assets | 421.71 |
| Total Liabilities | 421.71 |
| Details of investment except in case of investment in subsidiary | - |
| Turnover | 91.35 |
| Profit/(Loss) before Taxation | (16.20) |
| Provision for Taxation | 3.06 |
| Profit/(Loss) after Taxation | (13.14) |
| 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, 2012, the Consolidated Profit and Loss 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 ₹ 421.71 Million as at 31st March, 2012 and total revenues of ₹ 91.35 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 Notes 1 to 44 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, 2012;
- b) in the case of the Consolidated Profit and Loss, 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
28th May, 2012

Balance Sheet

as at 31st March, 2012

| | | As at 31st March | | |
|--|------|------------------|-----------------|-----------------|
| | | Rupees | 2012 | 2011 |
| | | Million | Rupees | Rupees |
| | | | Million | Million |
| I. EQUITY AND LIABILITIES | Note | | | |
| (1) SHAREHOLDERS' FUNDS | | | | |
| a) Share Capital | 3 | 195.87 | | 195.87 |
| b) Reserves and Surplus | 4 | 834.62 | | 782.96 |
| | | | 1,030.49 | 978.83 |
| (2) NON-CURRENT LIABILITIES | | | | |
| a) Long Term Borrowings | 5 | 1,203.28 | | 1,137.38 |
| b) Deferred Tax Liabilities (Net) | 6 | 153.20 | | 93.24 |
| c) Other Long Term Liabilities | 7 | 30.34 | | 34.03 |
| d) Long Term Provisions | 8 | 8.48 | | 8.77 |
| | | | 1,395.30 | 1,273.42 |
| (3) CURRENT LIABILITIES | | | | |
| a) Short Term Borrowings | 9 | 1,043.02 | | 936.99 |
| b) Trade Payables | 10 | 148.51 | | 140.10 |
| c) Other Current Liabilities | 11 | 161.55 | | 454.81 |
| d) Short Term Provisions | 12 | 72.05 | | 59.64 |
| | | | 1,425.13 | 1,591.54 |
| TOTAL | | | 3,850.92 | 3,843.79 |
| II. ASSETS | | | | |
| (1) GOODWILL (ON CONSOLIDATION) | | | 347.16 | 347.16 |
| (2) NON-CURRENT ASSETS | | | | |
| a) Fixed Assets | 13 | | | |
| i) Tangible Assets | | 2,845.75 | | 2,916.86 |
| ii) Intangible Assets | | 0.19 | | 0.04 |
| iii) Capital Work-in-Progress | | 13.45 | | 7.80 |
| | | 2,859.39 | | 2,924.70 |
| b) Non-Current Investments | 14 | 9.04 | | 8.70 |
| c) Long Term Loans and Advances | 15 | 43.88 | | 38.91 |
| d) Other Non-Current Assets | 16 | 0.09 | | 0.09 |
| | | | 2,912.40 | 2,972.40 |
| (3) CURRENT ASSETS | | | | |
| a) Inventories | 17 | 72.91 | | 74.01 |
| b) Trade Receivables | 18 | 163.80 | | 149.92 |
| c) Cash and Bank Balances | 19 | 103.26 | | 87.88 |
| d) Short Term Loans and Advances | 20 | 246.47 | | 208.41 |
| e) Other Current Assets | 21 | 4.92 | | 4.01 |
| | | | 591.36 | 524.23 |
| TOTAL | | | 3,850.92 | 3,843.79 |
| Significant Accounting Policies | 1 | | | |
| Details of Subsidiary Company | 2 | | | |

The notes are an integral part of these financial statements.

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

For RAY & RAY

Chartered Accountants

R.N. ROY

Partner

Membership Number 8608

Firm's Registration Number 301072E

Gurgaon, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Directors

Statement of Profit and Loss for the year ended 31st March, 2012

| | Note | Rupees Million | Year ended 31st March 2012 Rupees Million | 2011 Rupees Million |
|--|------|-------------------|--|---------------------------|
| I. Revenue from Operations | 22 | | 1,967.12 | 1,810.37 |
| II. Other Income | 23 | | 28.76 | 29.60 |
| III. Total Revenue (I + II) | | | 1,995.88 | 1,839.97 |
| IV. Expenses: | | | | |
| Cost of Materials Consumed | 24 | | 162.92 | 139.73 |
| Employee Benefits Expense | 25 | | 333.15 | 318.73 |
| Finance Costs | 26 | | 275.72 | 265.27 |
| Depreciation and Amortisation Expense | | | 141.68 | 141.80 |
| Other Expenses | 27 | | 923.32 | 821.31 |
| Total Expenses | | | 1,836.79 | 1,686.84 |
| V. Profit Before Exceptional and Extraordinary Items & Taxation (III-IV) | | | 159.09 | 153.13 |
| VI. Exceptional Items - Profit | 28 | | 21.28 | - |
| VII. Profit Before Taxation (V + VI) | | | 180.37 | 153.13 |
| VIII. Tax Expense | | | | |
| (1) Current Tax | | 39.50 | | 37.00 |
| Less: MAT Credit Entitlement | | 39.50 | | 34.60 |
| Net Current Tax | | - | | 2.40 |
| (2) Deferred Tax | | 59.96 | | 57.49 |
| | | | 59.96 | 59.89 |
| IX. Profit for the Period (VII-VIII) | | | 120.41 | 93.24 |
| X. Earnings Per Equity Share : | | | | |
| (1) Basic | | | 6.15 | 4.76 |
| (2) Diluted | | | 6.15 | 4.76 |

The notes are an integral part of these financial statements.

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, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI

VIKRAM OBEROI

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Chairman

Managing Director

Directors

Cash Flow Statement

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2012 | 2011 |
| | Rupees Million | Rupees Million |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation | 180.37 | 153.13 |
| Adjustments for : | | |
| Depreciation and amortisation expenses | 141.68 | 141.80 |
| Finance Costs | 275.72 | 265.27 |
| Wealth Tax | 0.04 | 0.05 |
| Loss on sale of fixed assets (net) | 10.95 | 8.49 |
| Interest received | (4.71) | (7.05) |
| Dividend received | – | (0.07) |
| Income from exceptional items | (21.28) | – |
| Operating Profit before Working Capital changes | 582.77 | 561.62 |
| Adjustments for : | | |
| Inventories | 1.09 | (3.54) |
| Trade & Other Receivables | (21.25) | (30.52) |
| Trade Payables | 3.36 | 60.11 |
| Cash generated from Operations | 565.97 | 587.67 |
| (Payment)/Refund of direct taxes | (33.40) | (32.01) |
| Interest received on Income Tax Refund | 2.07 | 5.06 |
| Cash generated from Operating Activities | 534.64 | 560.72 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets, Capital Advances and other advances | (117.97) | (104.21) |
| Sale of Fixed Assets | 41.25 | 2.90 |
| Purchase of investments | (0.34) | – |
| Interest received | 2.66 | 1.95 |
| Dividend received | – | 0.07 |
| Cash used in Investing Activities | (74.40) | (99.29) |

Cash Flow Statement – *Contd.*

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2012 | 2011 |
| | Rupees Million | Rupees Million |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (275.17) | (271.83) |
| Proceeds from Borrowings | | |
| Term Loan | 500.00 | 1,000.00 |
| Unsecured Loan | 500.00 | 500.00 |
| Working Capital Demand Loan | – | 430.00 |
| Short Term Loan | 500.00 | – |
| Cash Credit from Banks | 6.04 | – |
| Repayment of | | |
| Term Loan | (727.00) | (842.26) |
| Unsecured Loan | (500.00) | (920.00) |
| Working Capital Demand Loan | (400.00) | (310.00) |
| Cash Credit from Banks | – | (8.80) |
| Dividend paid | (48.73) | (29.25) |
| Cash used in Financing Activities | (444.86) | (452.14) |
| Net (Decrease)/Increase in Cash and Cash Equivalents | 15.38 | 9.29 |
| Cash and Cash Equivalents at the beginning of the year | 87.97 | 78.68 |
| Cash and Cash Equivalents at the end of the year | 103.35 | 87.97 |

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances and long term fixed deposit balance shown under Other Non Current Assets.
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, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

L. GANESH

SUDIPTO SARKAR

Directors

Notes to the Accounts

1 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

A. 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.

B. 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.

2 Details of Subsidiary Company

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% |

Notes to the Accounts – Contd.

| | As at 31st March 2012 Rupees Million | 2011 Rupees Million |
|---|---|---------------------------|
| 3 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 40,000,000 (2011 - 40,000,000) Equity Shares of ₹ 10 each | 400.00 | 400.00 |
| 1,000,000 (2011 - 1,000,000) Redeemable Preference Shares of ₹ 100 each | 100.00 | 100.00 |
| | <u>500.00</u> | <u>500.00</u> |
| ISSUED, SUBSCRIBED, CALLED & FULLY PAID-UP | | |
| 19,586,666 (2011 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below) | 195.87 | 195.87 |
| | <u>195.87</u> | <u>195.87</u> |

a) Reconciliation of Share Capital :

| | As at 31st March 2012 | | As at 31st March 2011 | |
|--------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | Number of Shares | Rupees Million | Number of Shares | Rupees Million |
| Equity Shares : | | | | |
| Balance at the beginning of the year | 19,586,666 | 195.87 | 19,586,666 | 195.87 |
| Closing Balance | <u>19,586,666</u> | <u>195.87</u> | <u>19,586,666</u> | <u>195.87</u> |

b) Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Directors, subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

| | As at 31st March 2012 | | As at 31st March 2011 | |
|---|--------------------------|--------------|--------------------------|--------------|
| | Number of Shares | % holding | Number of Shares | % holding |
| Equity Shares : | | | | |
| EIH Limited | 7,071,333 | 36.10 | 7,071,333 | 36.10 |
| Satish B Raheja | 4,361,600 | 22.27 | 4,361,600 | 22.27 |
| Royal Bank of Scotland PLC as Trustee of the Jupiter India Fund | 1,955,000 | 9.98 | 1,935,160 | 9.88 |
| Manali Investments & Finance Pvt. Ltd. | 1,463,540 | 7.47 | 1,463,540 | 7.47 |
| Coronet Investments Pvt. Ltd. | 1,342,864 | 6.86 | 1,342,864 | 6.86 |
| Total | <u>16,194,337</u> | <u>82.68</u> | <u>16,174,497</u> | <u>82.58</u> |

d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012):

Of the above 19,586,666 (2011 - 19,586,666) Equity Shares, 9,086,666 (2011 - 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.

Notes to the Accounts – Contd.

| | Rupees Million | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 4 | | | |
| RESERVES AND SURPLUS | | | |
| CAPITAL RESERVE | | | |
| 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 |
| CAPITAL REDEMPTION RESERVE | | | |
| As per last Account | | 100.00 | 100.00 |
| REVALUATION RESERVE | | | |
| As per last Account | | 7.87 | 8.33 |
| Less : Adjustments (refer Note 31(iv)) | | 0.46 | 0.46 |
| | | 7.41 | 7.87 |
| SECURITIES PREMIUM ACCOUNT | | | |
| As per last Account | | 126.00 | 126.00 |
| GENERAL RESERVE | | | |
| As per last Account | 500.00 | | 477.02 |
| Add : Transfer from Profit and Loss Account | 15.00 | | 22.98 |
| | | 515.00 | 500.00 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS | | | |
| As per last Account | 44.58 | | 31.23 |
| Add : Profit / (Loss) during the year | 120.41 | | 93.24 |
| | 164.99 | | 124.47 |
| Less : Appropriations | | | |
| General Reserve | 15.00 | | 22.98 |
| Proposed Dividend on Equity Shares | 58.76 | | 48.97 |
| Dividend distribution tax on proposed dividend on Equity Shares | 9.53 | | 7.94 |
| | 83.29 | | 79.89 |
| | | 81.70 | 44.58 |
| | | 834.62 | 782.96 |

Notes to the Accounts – Contd.

| | | As at 31st March | |
|---|--|------------------|-----------------|
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 5 | | | |
| LONG TERM BORROWINGS | | | |
| (Secured (Note 5a) : | | | |
| A. Term Loans from Banks : | | | |
| (i) | United Bank of India | – | 125.00 |
| (ii) | United Bank of India | 218.75 | 500.00 |
| (iii) | ICICI Bank Limited | 475.00 | 500.00 |
| (vii) | The Hongkong and Shanghai Banking Corporation Ltd. | 500.00 | – |
| | | 1,193.75 | 1,125.00 |
| B. Long Term Maturities of Finance Lease Obligations (Note 43a) | | | |
| | | 9.53 | 12.38 |
| | | 1,203.28 | 1,137.38 |

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

| Name of the Lender | | Nature of Security | Terms of Repayment |
|--------------------|---|--|---|
| A. | Term Loan from Banks | | |
| (i) | United Bank of India | The loan together with interest, etc., is secured on <i>pari passu</i> 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. | Repayable in 12 quarterly installments (₹ 31.25 Million each in first four quarter, ₹ 62.50 Million each in next four quarters, and ₹ 31.25 Million each in the last four quarters) from the date of draw down i.e. 10 February 2009. The loan was pre-paid during the year. |
| (ii) | United Bank of India | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | Repayable in 8 equal quarterly installments after a moratorium of 2 years from the date of draw down i.e. 6 December 2010. However, ₹ 250 Million was pre-paid during the year |
| (iii) | ICICI Bank Limited | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down i.e. 25 March 2011. |
| (iv) | The Hongkong & Shanghai Banking Corporation Ltd. (HSBC) | The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties. | ₹ 150 Million each at the end of 30 months and 33 months and remaining ₹ 200 Million to be repaid at the end of 36 months from the date of draw down i.e. ₹ 250 Million each on 29 November 2011 & 30 November 2011. |
| B. | Finance Lease Obligations | Finance Lease Obligations are secured by hypothecation of assets underlying the leases. | Monthly equated lease rentals over the respective period of lease. |

Notes to the Accounts – Contd.

5(b)
Particulars of Securities and Terms of Repayment of Term Loans from Banks payable within one year :

| | Name of the Lender | Nature of Security | Terms of Repayment |
|------|----------------------|---|---|
| (i) | United Bank of India | 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. | Repayable in 18 quarterly installments (₹ 23 Million first four quarter and ₹ 46 Million the remaining quarters) after a moratorium of 2 years from the date of draw down i.e. 26 May 2004. |
| (ii) | United Bank of India | The loan 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 of 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 <i>pari passu</i> , pertaining to Trident, Chennai. | Repayable in 20 equal quarterly installments from December 2006. |

| | | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | Rupees Million | 2012 Rupees Million | 2011 Rupees Million |
| 6 | | | |
| DEFERRED TAX LIABILITIES (NET) | | | |
| A. Deferred Tax Liabilities | | | |
| (i) Depreciation | | 471.69 | 466.83 |
| B. Deferred Tax Assets | | | |
| (i) Unabsorbed Depreciation | 305.84 | | 362.39 |
| (ii) Accrued expenses deductible on payment | 5.81 | | 3.63 |
| (iii) Depreciation for the period | 4.39 | | 5.02 |
| (iv) Provision for Leave Encashment | 1.52 | | 1.53 |
| (v) Provision for Debts and Advances | 0.93 | | 1.02 |
| | | <u>318.49</u> | <u>373.59</u> |
| Deferred Tax Liabilities (Net) | | <u>153.20</u> | <u>93.24</u> |

7
OTHER LONG TERM LIABILITIES

| | | | |
|--|--|--------------|--------------|
| (i) Trade Payables | | | |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | 26.57 | 31.90 |
| (ii) Other Payables | | | |
| Liability for Capital Expenditure | | 1.65 | 0.73 |
| Security Deposits | | 0.42 | 0.34 |
| Others | | 1.70 | 1.06 |
| | | <u>30.34</u> | <u>34.03</u> |

8
LONG TERM PROVISIONS

| | | | |
|------------------------------------|--|-------------|-------------|
| A. Provision for Employee Benefits | | | |
| (i) Leave Encashment | | 8.48 | 8.77 |
| | | <u>8.48</u> | <u>8.77</u> |

Notes to the Accounts – Contd.

| | | As at 31st March | |
|----------------------|--|-------------------|-------------------|
| | | 2012 | 2011 |
| | | Rupees Million | Rupees Million |
| 9 | SHORT TERM BORROWINGS | | |
| Secured (Note 9a): | | | |
| A. | Working Capital Loans repayable on demand from Banks: | | |
| (i) | The Hongkong and Shanghai Banking Corporation Ltd. | 30.00 | – |
| (ii) | The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.) | – | 430.00 |
| (iii) | United Bank of India | 13.02 | 6.99 |
| | | 43.02 | 436.99 |
| B. | Other Short Term Borrowings from Banks: | | |
| (i) | Loan from The Federal Bank Ltd. | 500.00 | – |
| | | 543.02 | 436.99 |
| Unsecured (Note 9b): | | | |
| A. | Loans From Banks: | | |
| (i) | United Bank of India | – | 500.00 |
| (ii) | IndusInd Bank Ltd. | 500.00 | – |
| | | 500.00 | 500.00 |
| | | 1,043.02 | 936.99 |

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

| Name of the Lender | | Nature of Security | Terms of Repayment |
|--------------------|---|--|--|
| A. | Working Capital Loans repayable on demand from Banks: | | |
| (i) | The Hongkong and Shanghai Banking Corporation Ltd. (HSBC) | The Working Capital Loan from HSBC is secured on <i>pari passu</i> 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. | Repayable on demand. |
| (ii) | The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.) | The loan together with interest, etc., is secured on <i>pari passu</i> 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. | Repayable on demand. |
| (iii) | United Bank of India | Cash credit facility with United Bank of India is secured by way of hypothecation of all inventories, Book-debts, etc. both present and future, pertaining to Trident, Cochin. | Repayable on demand. |
| B. | Other Short Term Borrowings from Banks: | | |
| (i) | The Federal Bank Ltd. | The loan is secured by way of mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Udaipur (Created/ to be Created). | Repayable in 12 months from the date of drawdown i.e. ₹ 180 Million on 13 January 2012, ₹ 120 Million on 18 January, 2012 and ₹ 200 Million on 20 January, 2012. |

9(b)
Terms of Repayment of Unsecured Short Term Loans from Banks :

| Name of the Lender | | Terms of Repayment |
|--------------------|----------------------|--|
| (i) | United Bank of India | ₹ 150 Million each at the end of 10th & 11th month and remaining ₹ 200 Million to be repaid at the end of 12th month from the date of draw down i.e. July, 2010. |
| (ii) | IndusInd Bank Ltd. | Repayable in 4 months from the date of drawdown i.e. ₹ 150 Million on 12 December, 2011 and ₹ 350 Million on 17 December, 2011. |

Notes to the Accounts – Contd.

| | Rupees Million | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 10 | | | |
| TRADE PAYABLES | | | |
| (i) Total outstanding dues of Micro Enterprises and Small Enterprises | | 0.15 | 0.40 |
| (ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | 148.36 | 139.70 |
| | | <u>148.51</u> | <u>140.10</u> |
| Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 as given below. This is based on information made available to the Company. | | | |
| | | <u>2012</u> | <u>2011</u> |
| Principal amount due and remaining unpaid | | 0.15 | 0.40 |
| 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. | | | |
| 11 | | | |
| OTHER CURRENT LIABILITIES | | | |
| A. Current maturities of long-term debt (Note 5b) | | | |
| (i) United Bank of India | – | | 92.00 |
| (ii) United Bank of India | – | | 10.00 |
| (iii) United Bank of India | 31.25 | | 250.00 |
| (iv) ICICI Bank Limited | 25.00 | | – |
| | | 56.25 | 352.00 |
| B. Current Maturities of Finance Lease Obligations (Note (43a)) | | 5.35 | 5.08 |
| C. Interest accrued but not due on borrowings | | 0.70 | 0.16 |
| (i) Security Deposits from Shops | 2.00 | | 1.97 |
| (ii) Other Deposits | 0.27 | | 0.34 |
| (iii) Unclaimed Dividend | 0.84 | | 0.61 |
| (iv) Statutory Liabilities | 33.87 | | 34.90 |
| (v) Advance from Customers | 17.37 | | 21.51 |
| (vi) Other Liabilities | 44.90 | | 38.24 |
| | | 99.25 | 97.57 |
| | | <u>161.55</u> | <u>454.81</u> |
| 12 | | | |
| SHORT TERM PROVISIONS | | | |
| A. Provision for Employee Benefits | | | |
| (i) Leave Encashment | | 1.01 | 0.02 |
| B. Other Provisions : | | | |
| (i) Provision for Income Tax | 151.20 | | 111.70 |
| (ii) Provision for Wealth Tax | 0.35 | | 0.31 |
| (iii) Provision for Poposed Dividend on - Equity Shares | 58.76 | | 48.97 |
| (iv) Provision for Tax on Dividend | 9.53 | | 7.94 |
| | | 219.84 | 168.92 |
| | | <u>220.85</u> | <u>168.94</u> |
| Less : MAT Credit Entitlement (Note 32) | | 148.80 | 109.30 |
| | | <u>72.05</u> | <u>59.64</u> |

Notes to the Accounts – Contd.

13
FIXED ASSETS

| | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---|-------------------------------------|---------------------------|---------------------|--------------------------------------|-----------------------|---------------|---------------------|------------------------|------------------------|
| | Original Cost as at 1st April, 2011 | Additions during the year | Sales / Adjustments | Original Cost as at 31st March, 2012 | As at 1st April, 2011 | For the Year | Sales / Adjustments | As at 31st March, 2012 | As at 31st March, 2011 |
| (i) Tangible Assets | | | | | | | | | |
| Freehold Land | 28.92 | 0.17 | - | 29.09 | - | - | - | 29.09 | 28.92 |
| Leasehold Land | 134.54 | - | - | 134.54 | 42.29 | 12.10 | - | 80.15 | 92.25 |
| Buildings | 2,140.36 | 41.92 | 17.05 | 2,165.23 | 382.55 | 35.28 | 3.94 | 1,751.34 | 1,757.81 |
| Leasehold Buildings | 5.62 | - | - | 5.62 | 3.51 | 0.70 | - | 1.41 | 2.11 |
| Roads | 4.85 | - | - | 4.85 | 0.98 | 0.08 | - | 3.79 | 3.87 |
| Sanitary Installation | 196.73 | 0.24 | 0.08 | 196.89 | 32.96 | 3.34 | 0.02 | 160.61 | 163.77 |
| Plant & Machinery | 1,428.29 | 43.61 | 37.50 | 1,434.40 | 678.83 | 66.92 | 24.28 | 721.47 | 749.72 |
| Office Equipment | 4.70 | 0.45 | 0.16 | 4.99 | 1.88 | 0.20 | 0.10 | 3.01 | 2.56 |
| Jetty | 0.76 | - | - | 0.76 | 0.48 | 0.03 | - | 0.25 | 0.28 |
| Boats | 2.70 | - | - | 2.70 | 0.75 | 0.09 | - | 1.86 | 1.95 |
| Computers | 85.48 | 4.22 | 2.37 | 87.33 | 66.91 | 6.19 | 2.23 | 70.87 | 18.58 |
| Furniture & Fittings | 275.33 | 4.29 | 1.98 | 277.64 | 221.84 | 8.02 | 1.46 | 228.40 | 53.49 |
| Vehicles given on operating lease | 15.86 | - | - | 15.86 | 5.93 | 1.51 | - | 8.42 | 9.95 |
| Vehicles - Others | 30.46 | 1.54 | 4.14 | 27.86 | 15.38 | 2.11 | 3.11 | 13.48 | 15.08 |
| Tangible Assets - Own (A) | 4,354.60 | 96.44 | 63.28 | 4,387.76 | 1,454.29 | 136.57 | 35.14 | 2,832.04 | 2,900.34 |
| Leased Vehicles | 22.94 | 5.50 | 5.86 | 22.58 | 6.47 | 5.52 | 3.11 | 13.70 | 16.47 |
| Lease Assets | 0.13 | - | - | 0.13 | 0.08 | 0.04 | - | 0.01 | 0.05 |
| Tangible Assets - on Finance Lease (B) | 23.07 | 5.50 | 5.86 | 22.71 | 6.55 | 5.56 | 3.11 | 13.71 | 16.52 |
| Grand Total (A+B) | 4,377.67 | 101.94 | 69.14 | 4,410.47 | 1,460.84 | 142.13 | 38.25 | 2,845.75 | 2,916.86 |
| (ii) Intangible Assets | | | | | | | | | |
| Computer Software | 0.93 | 0.15 | - | 1.08 | 0.88 | 0.01 | - | 0.89 | 0.04 |
| (iii) Capital-Work-in-Progress | 7.80 | 84.75 | 79.10 | 13.45 | - | - | - | 13.45 | 7.80 |
| | 4,386.40 | 186.84 | 148.24 | 4,425.00 | 1,461.72 | 142.14 | 38.25 | 1,565.61 | 2,859.39 |
| Previous year | 4,310.11 | 157.52 | 81.23 | 4,386.40 | 1,335.83 | 142.25 | 16.38 | 1,461.70 | 2,974.70 |

Note: Land and Buildings were valued in 1994-1995.

Notes to the Accounts – Contd.

| | | As at 31st March | |
|---|-------------------|---------------------------|---------------------------|
| | Rupees Million | 2012 Rupees Million | 2011 Rupees Million |
| 14 | | | |
| NON-CURRENT INVESTMENTS (Unquoted) | | | |
| Trade Investments (valued at cost) | | | |
| A. Investment in Equity Instruments: | | | |
| (i) Investment in Other Bodies Corporate: | | | |
| 217,175 (2011 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid. | | 8.69 | 8.69 |
| (ii) 33,600 (2011 - Nil) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid | | 0.34 | – |
| | | <u>9.03</u> | <u>8.69</u> |
| B. Investment in Government or Trust Securities: | | | |
| (i) 6 year National Savings Certificate | | 0.01 | 0.01 |
| | | <u>9.04</u> | <u>8.70</u> |
| | | | |
| 15 | | | |
| LONG TERM LOANS AND ADVANCES | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| (i) Capital Advances | | 2.86 | 0.87 |
| (ii) Security Deposits | | 32.26 | 31.20 |
| (iii) Prepaid Expenses | | 1.27 | 0.61 |
| (iv) Other loans and advances | | | |
| Considered good | 7.49 | | 6.23 |
| Considered doubtful | 0.21 | | 0.19 |
| | <u>7.70</u> | | <u>6.42</u> |
| Less: Provision for doubtful advances | 0.21 | | 0.19 |
| | | <u>7.49</u> | <u>6.23</u> |
| | | <u>43.88</u> | <u>38.91</u> |

Notes to the Accounts – *Contd.*

| | | As at 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | Rupees Million | 2012 Rupees Million | 2011 Rupees Million |
| 16 | | | |
| OTHER NON-CURRENT ASSETS | | | |
| (i) Long Term Trade Receivables - Considered doubtful | 2.52 | | 2.74 |
| <i>Less: Provision for doubtful debts</i> | <u>2.52</u> | | <u>2.74</u> |
| | - | | - |
| (ii) Other Receivables | 0.10 | | 0.13 |
| <i>Less: Provision for doubtful debts</i> | <u>0.10</u> | | <u>0.13</u> |
| | | - | - |
| (iii) Long term deposits with banks with maturity period more than 12 months | | | |
| Fixed Deposit with Banks (Note a) | | <u>0.09</u> | <u>0.09</u> |
| | | <u>0.09</u> | <u>0.09</u> |

(a) Fixed Deposit of ₹ 0.09 Million (2011 - ₹ 0.09 Million) with Banks are pledged with Sales Tax Department

| | | | |
|------------------------------------|--|--------------|--------------|
| 17 | | | |
| INVENTORIES | | | |
| (i) Provisions, Wines & Smokes | | 17.45 | 16.53 |
| (ii) Stores & Operational Supplies | | <u>55.46</u> | <u>57.48</u> |
| | | <u>72.91</u> | <u>74.01</u> |

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

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

| | | | |
|--|---------------|---------------|---------------|
| 18 | | | |
| TRADE RECEIVABLES (Unsecured) | | | |
| A. Considered good | | | |
| (i) Outstanding for a period exceeding 6 months from the date they are due for payment | 4.36 | | 0.79 |
| (ii) Others | <u>159.44</u> | | <u>149.13</u> |
| | | <u>163.80</u> | <u>149.92</u> |
| | | <u>163.80</u> | <u>149.92</u> |

Notes to the Accounts – Contd.

| | Rupees Million | As at 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 19 | | | |
| CASH AND BANK BALANCES | | | |
| (i) Cash on hand | | 4.81 | 4.19 |
| (ii) Cheques on hand | | 3.26 | 6.06 |
| (iii) Bank Balances | | | |
| Current Accounts | 70.19 | | 47.48 |
| Unpaid Dividend Account | 0.84 | | 0.61 |
| Fixed Deposits - Maturity less than 3 months | 23.28 | | 29.08 |
| | | 94.31 | 77.17 |
| (iv) Other Bank Balances | | | |
| Fixed Deposits - Maturity more than 3 months but less than 12 months | | | |
| Margin Money | 0.55 | | – |
| Others | 0.33 | | 0.46 |
| | | 0.88 | 0.46 |
| | | 103.26 | 87.88 |
| 20 | | | |
| SHORT TERM LOANS AND ADVANCES | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| A. Advances recoverable in cash or in kind or for value to be received | | | |
| (i) Considered good | | 23.36 | 11.64 |
| B. Other Loans and Advances | | | |
| (i) Security Deposits | | 1.64 | 1.68 |
| (ii) Prepaid Expenses | | 23.79 | 22.50 |
| (iii) Advance payment of Income-Tax | 48.88 | | 62.92 |
| (iv) MAT credit entitlement (Note 32) | 148.80 | | 109.30 |
| | | 197.68 | 172.22 |
| (v) Fringe Benefit Tax (net of provision) | | – | 0.37 |
| | | 246.47 | 208.41 |
| 21 | | | |
| OTHER CURRENT ASSETS | | | |
| Unsecured, considered good (unless otherwise stated) | | | |
| (i) Interest Accrued | | | |
| (ii) Insurance Claim | | 0.09 | 0.11 |
| (iii) Other Receivables/recoverable | | 0.95 | 1.19 |
| Considered Good | 3.88 | | 2.71 |
| Considered Doubtful | 0.02 | | – |
| | 3.90 | | 2.71 |
| Less : Provision for Doubtful Receivables | 0.02 | | – |
| | | 3.88 | 2.71 |
| | | 4.92 | 4.01 |

Notes to the Accounts – *Contd.*

| | Year ended 31st March | |
|--|-----------------------|-------------------|
| | 2012 | 2011 |
| | Rupees Million | Rupees Million |
| 22 | | |
| REVENUE FROM OPERATIONS | | |
| Income from Guest Accommodation, Restaurants, Bars and Banquets, etc. | | |
| Rooms | 1,289.52 | 1,228.04 |
| Food and Beverage | 573.91 | 490.01 |
| Other Services | 103.69 | 92.32 |
| | <u>1,967.12</u> | <u>1,810.37</u> |
| | | |
| 23 | | |
| OTHER INCOME | | |
| Interest (Gross) | 2.64 | 1.99 |
| Interest on Income Tax Refund | 2.07 | 5.06 |
| Dividend from Current Investments - Mutual Fund (Non-trade) | – | 0.07 |
| Gain on Exchange (Net) | 0.88 | 0.01 |
| Provision for Leave Encashment no longer required, written back | 0.19 | – |
| Provisions & liabilities no longer required, written back | 7.48 | 5.81 |
| Others | 15.50 | 16.66 |
| | <u>28.76</u> | <u>29.60</u> |
| | | |
| 24 | | |
| COST OF MATERIALS CONSUMED | | |
| Opening Stock | 16.53 | 13.96 |
| Add : Purchases | 163.84 | 142.30 |
| | <u>180.37</u> | <u>156.26</u> |
| Less : Closing Stock | 17.45 | 16.53 |
| | <u>162.92</u> | <u>139.73</u> |
| | | |
| 25 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 293.49 | 279.54 |
| Company's Contribution to Provident Fund and Other Funds | 13.89 | 13.62 |
| Contribution to Gratuity Fund (including provision of ₹ 1.13 Million; 2011 - ₹ 1.46 Million) | 2.68 | 2.59 |
| Provision for Leave Encashment | 0.29 | 3.14 |
| Staff Welfare Expenses | 22.80 | 19.84 |
| | <u>333.15</u> | <u>318.73</u> |

Notes to the Accounts – Contd.

| | Rupees Million | Year ended 31st March | |
|--|-------------------|---------------------------|---------------------------|
| | | 2012 Rupees Million | 2011 Rupees Million |
| 26 | | | |
| FINANCE COSTS | | | |
| Interest Expense | | | |
| Interest on borrowing | 271.67 | | 242.60 |
| Interest on other loan | 2.99 | | 2.27 |
| | | 274.66 | 244.87 |
| Other Borrowing Costs | | 1.06 | 3.84 |
| Adjustment for currency/interest swap including MTM losses | | – | 16.56 |
| | | 275.72 | 265.27 |
| 27 | | | |
| OTHER EXPENSES | | | |
| A. UPKEEP AND SERVICE COST | | | |
| Linen, Uniform Washing & Laundry Expenses | | 6.08 | 5.08 |
| Expenses on Apartment & Board | | 37.73 | 33.67 |
| Power & Fuel | | 186.35 | 170.02 |
| Renewals & Replacement | | 26.61 | 22.14 |
| Repairs : | | | |
| Buildings | 63.12 | | 62.06 |
| Plant & Machinery | 68.22 | | 69.42 |
| Others | 18.16 | | 15.16 |
| | | 149.50 | |
| | | 406.27 | 377.55 |
| B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES | | | |
| Expenses for contractual services | | 41.14 | 37.68 |
| Lease Rent (Note 43b) | | 9.85 | 9.39 |
| Royalty | | 19.86 | 18.27 |
| Technical Services Fees | | 83.42 | 78.96 |
| Advertisement, Publicity & Other Promotional Expenses | | 86.27 | 82.03 |
| Commission to Travel Agents & others | | 75.28 | 62.81 |
| Rates & Taxes | | 60.08 | 45.48 |
| Insurance | | 4.94 | 5.92 |
| Passage & Travelling | | 41.76 | 31.58 |
| Postage, Telephone & Telex | | 16.06 | 14.60 |
| Printing & Stationery | | 8.63 | 7.98 |
| Musical, Banquet & Kitchen Expenses | | 15.62 | 14.16 |
| Directors' Fees | | 0.65 | 0.53 |
| Loss on Sale/Discard of Assets including capital stores | | 10.95 | 8.49 |
| Auditors' Remuneration | | | |
| As Auditor | 2.05 | | 1.78 |
| Taxation Matters | 0.07 | | 0.06 |
| Other Services | 0.13 | | 0.12 |
| | | 2.25 | 1.96 |
| Other Expenses | | 40.29 | 23.92 |
| | | 517.05 | 443.76 |
| Total (A + B) | | 923.32 | 821.31 |
| 28 | | | |
| EXCEPTIONAL ITEMS - PROFIT | | | |
| Profit on sale of residential flats at Jaipur | | 21.28 | – |

Notes to the Accounts – *Contd.*

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

i) Claims against the Company not acknowledged as debt:

- (a) Claims against the Company not acknowledged as debts pending settlement of disputes amounting to ₹ 157.52 Million (2011 - ₹ 150.29 Million). The Company has paid ₹ 4.44 Million (2011 - ₹ 13.02 Million) under protest.
- (b) In respect of the Subsidiary Company, The Sales Tax Department had during the year 2007 raised a demand of ₹ 0.20 Million towards the sales tax dues for the Assessment Year 1999-2000, and an appeal was filed against the said demand and Order. There was also an excess payment of ₹ 0.26 Million made for the Assessment Year 1999-2000, as reflected in the Statement of Accounts. The Company had also requested the department to adjust the above said payment towards the demanded liability for Sales Tax, for which no actions were taken by the department.

The Appellate Tribunal vide its Order dated 6th December, 2005, in Appeal No. 248/05 had nullified the above said demand and a favorable order was issued. Based on the said Appellate Order the Sales Tax Department has not yet issued the revised Assessment Order nor have issued the Orders for the refund of the excess Amount remitted by the Company. The above said excess remitted amount is reflected in the Statement of Accounts since 2007 as recoverable from the Department.

- (c) 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 |
| Total | | 1.67 | 1.27 |

However, ₹ 0.92 Million was remitted under Amnesty Scheme

ii) Commitments

- a) Capital commitments:
The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 1.00 Million (2011 - ₹ 38.07 Million)

Notes to the Accounts – *Contd.*

30. Proposed Dividend

| | As at 31st March | |
|-------------------------------|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| On Equity Shares of ₹ 10 each | | |
| Amount of dividend proposed | 58.76 | 48.97 |
| Dividend per Equity Share | 3.00 per share | 2.50 per share |

31. Depreciation

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 years, whichever is earlier.
- iii. Depreciation includes ₹ 10.83 Million (2011 - ₹ 13.01 Million) being provision for amortisation of long term leasehold land.
- iv. Depreciation for the year includes amortisation on revalued leasehold land in respect of the Subsidiary Company amounting to ₹ 1.27 Million (2011 - ₹ 1.27 Million) out of which ₹ 0.46 Million (2011 - ₹ 0.46 Million) pertaining to depreciation on revalued portion has been adjusted from Revaluation Reserve.

32. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT) resulting in no additional tax expense for the year (2011 - ₹ 2.40 Million).

33. Proposed amalgamation of our subsidiary (Island Hotel Maharaj Limited)

The Board has approved a Scheme of Amalgamation in the nature of merger of our wholly owned subsidiary, Island Hotel Maharaj Limited with the Company with effect from the appointed date being 1st April, 2011.

The Scheme is subject to and will come into effect upon receipt of necessary approvals and completion of requisite formalities for which steps and proceedings have already been initiated by the companies concerned. Pending the same, no effect of the Scheme has been given in the attached accounts of the Company.

34. Proposed Rights Issue of Equity Shares

The Board of Directors of the Company at a meeting held on 28th March, 2012, approved a Rights issue of Equity Shares upto ₹ 1,100.00 Million. The draft Letter of Offer was filed with the Securities and Exchange Board of India (SEBI) on 30th March, 2012 and can be accessed on the SEBI website.

Notes to the Accounts – *Contd.*

35. CIF Value of Imports:

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

| | Year ended 31st March | |
|-------------------------------|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| i. Provisions, Wines & Smokes | 1.24 | 0.56 |
| ii. Components & Spares | 11.66 | 8.03 |
| iii. Capital Goods | 22.63 | 13.77 |

b) Total value of Consumption of indigenous and imported materials:

| | Year ended 31st March | | | |
|----------------|---------------------------|-------------|---------------------------|-------------|
| | 2012 Rupees Million | Percentage | 2011 Rupees Million | Percentage |
| i. Imported | 1.01 | 0.62% | 0.65 | 0.47% |
| ii. Indigenous | 161.91 | 99.38% | 139.07 | 99.53% |
| Total | <u>162.92</u> | <u>100%</u> | <u>139.72</u> | <u>100%</u> |

36. Expenditure in Foreign Currencies:

| | Year ended 31st March | |
|-----------------------------------|---------------------------|---------------------------|
| | 2012 Rupees Million | 2011 Rupees Million |
| Subscription, Travelling & others | 28.63 | 25.69 |

37. Details of Consumption and Purchases:

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.

Notes to the Accounts – *Contd.*

| | | Year ended 31st March | |
|---|--|-----------------------|------------|
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 38. Earnings in Foreign Currencies on Sales | | | |
| As per return submitted to DGFT | | 1,168.76 | 908.80 |
| | | As at 31st March | |
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 39. Unhedged Foreign Currency | | | |
| Unhedged foreign currency exposure outstanding | | 0.26 | 1.72 |
| | | Year ended 31st March | |
| | | 2012 | 2011 |
| | | Rupees | Rupees |
| | | Million | Million |
| 40. Earnings per Equity Share | | | |
| Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each | | 120.41 | 93.24 |
| Net Profit as per Profit and Loss Account and available for Equity Shareholders | | 120.41 | 93.24 |
| 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. | | 6.15 | 4.76 |
| 41. Segment Reporting | | | |
| As the Company's activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on "Segment Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006. | | | |
| 42. Related Party disclosures | | | |
| The details of transactions entered into with Related Parties during the year are as follows: | | | |
| (A) | | | |
| I. Key Management Personnel | | | |
| Mr. Vikram Oberoi - Managing Director | | | |
| II. Enterprise in which Key Management Personnel have significant influence | | | |
| EIH Limited | | | |

Notes to the Accounts – *Contd.*

(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2012

| Nature of Transactions | EIH Limited Rupees Million |
|-----------------------------|----------------------------------|
| Purchases | |
| Goods and Services | 84.37 |
| Fixed Assets | 0.41 |
| Total | 84.78 |
| Expenses | |
| Management Contract | 121.32 |
| License Agreement | 0.24 |
| Total | 121.56 |
| Other Payments | |
| Equity Dividend | 17.68 |
| Total | 17.68 |
| Sales | |
| Goods and Services | 6.71 |
| Fixed Assets | 0.15 |
| Total | 6.87 |
| Outstanding Balances | |
| Payables | |
| For Goods & Services | 11.33 |
| For Management Contract | 53.67 |
| Total | 65.00 |
| Receivables | |
| For Goods & Services | 4.19 |
| Total | 4.19 |
| Investments | |
| Total | – |

Notes to Accounts – Contd.

43. Leases

- a. Fixed Assets acquired under finance lease amounting to ₹ 22.72 Million (2011 - ₹ 23.0 Million) being the assets acquired between 1st April, 2001 and 31st March, 2012. This includes an amount of ₹ 5.50 Million (2011 - ₹ 14.33 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 ₹ 5.56 Million (2011 - ₹ 3.99 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2012 in respect of these assets is as under:

| | Year ended 31st March | |
|--|-----------------------|-------------------|
| | 2012 | 2011 |
| | Rupees Million | Rupees Million |
| Assets taken on lease | | |
| Total Minimum Lease Payments at the year end | 19.64 | 22.43 |
| Present value of Minimum Lease Payments | 14.88 | 17.46 |
| Not later than one year | | |
| Minimum Lease Payments | 7.46 | 5.32 |
| Present value | 5.35 | 5.08 |
| Later than one year but not later than five years | | |
| Minimum Lease Payments | 12.18 | 17.11 |
| Present value | 9.53 | 12.38 |
| Later than five years | | |
| Minimum Lease Payments | Nil | Nil |
| Present value | Nil | Nil |
| (a) Contingent rents recognised as an expense in the Statement of Profit and Loss for the year. | Nil | Nil |
| (b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date. | Nil | Nil |

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

44. 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.



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 |
|-----------|------------|

SAUDI ARABIA

| | |
|--------|---------------|
| Madina | Madina Oberoi |
|--------|---------------|

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 and Kolkata | Oberoi Flight Services |
| Mumbai, Chennai, Kolkata, Cochin and Bangalore | Oberoi Airport Services |
| | Luxury Car Hire |
| | Business Aircraft Charters |

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