

EH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2012-2013

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Annual Report 2012-13

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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 & COMPLIANCE OFFICER

Ms. Indrani Ray

SHARE TRANSFER AGENT

EIH Limited
4, Mangoe Lane
Kolkata 700 001

AUDITORS

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

REGISTERED OFFICE

1/24, G.S.T. Road
Meenambakkam
Chennai 600 027

The Oberoi Dharma

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									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
FOR THE YEAR										
1 GROSS REVENUE	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	2,129.53
2 PROFIT BEFORE TAX	(60.34)	(22.84)	82.92	217.59	251.04	142.77	81.92	182.86	196.56	298.10
3 PROFIT AFTER TAX	(58.05)	(12.28)	89.92	137.10	146.54	98.98	52.88	120.17	133.55	205.02
4 DIVIDEND (INCLUDING TAX)	-	-	-	19.11	60.56	34.37	34.26	56.91	68.29	35.65
5 RETAINED EARNINGS	-	30.74	177.67	242.18	215.33	179.69	132.45	190.71	192.50	301.82
6 FOREIGN EXCHANGE EARNINGS	191.06	245.08	599.16	936.63	1,050.01	910.03	744.37	875.16	1,133.13	1,225.19
AT YEAR END										
7 GROSS FIXED ASSETS	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	4,464.99
8 SHARE CAPITAL	105.00	105.00	195.87	295.87	195.87	195.87	195.87	195.87	195.87	304.68
9 RESERVES AND SURPLUS	127.51	127.51	580.02	696.74	782.71	847.32	865.93	929.21	994.47	1,679.77
10 NET WORTH	150.91	140.65	769.82	988.56	978.58	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45
11 BORROWINGS	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	1,003.10
12 CAPITAL EMPLOYED	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	2,987.55
PER SHARE										
13 NET WORTH PER EQUITY SHARE	14.37	13.39	39.30	50.47	49.96	53.26	54.21	57.44	60.77	65.13*
14 EARNINGS PER EQUITY SHARE	(5.53)	(1.17)	4.59	6.96	7.31	5.05	2.70	6.14	6.19 #	8.01*
15 DIVIDEND PER EQUITY SHARE	-	-	-	0.80	2.50	1.50	1.50	2.50	3.00	1.00*
RATIO										
16 DEBT: EQUITY RATIO	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	0.51:1

EPS reinstated pursuant to Rights Issue of Equity Shares on 21st October, 2012.

* The Company, during the year, made a Rights Issue of 10,881,481 Equity Shares of ₹ 10 each at a premium of ₹ 90 per share. Accordingly, Earnings per Equity Share, Dividend per Equity Share and Net Worth per Equity Share for the year are not comparable with that of previous year(s).

Notes :

- Pursuant to the amalgamation of Island Hotel Maharaj Limited, a erstwhile whollyowned subsidiary of the Company, with the Company w.e.f 1st April, 2011, figures of the current year are not comparable with the corresponding previous year(s).
- Serial nos. 7, 9, 10, 12, 13 and 16 are inclusive of Revaluation Reserve balance as at year end.
- Figures for previous year(s) have been regrouped / rearranged, wherever necessary.

DIRECTORS' REPORT

The Board presents the Thirtieth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2013.

The financial highlights are set out below:

	Rupees in million	
	2012-2013	2011-2012
Total Revenue	2129.53	1904.54
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	644.70	576.63
Finance Costs	215.28	274.11
Depreciation & Amortisation	132.45	127.24
Profit Before Exceptional Items & Taxation	296.97	175.28
Exceptional Items	1.13	21.28
Profit Before Taxation	298.10	196.56
Deferred Tax	93.08	63.01
Profit After Tax	205.02	133.55
Dividend on Equity Shares	30.47	58.76
Dividend Distribution Tax	5.18	9.53
Transfer to General Reserve	-	15.00
Transfer from General Reserve	50.00	-
Adjustment pursuant to Scheme of Amalgamation	445.99	-
Profit brought forward	248.96	198.70
Balance carried forward	22.34	248.96

On account of amalgamation of Island Hotel Maharaj Limited, the Company's wholly-owned subsidiary, with the Company with effect from 1st April, 2011, the results pertaining to the year ended 31st March, 2013 are not comparable with that of the corresponding previous period.

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 (“MDA”) forms a part of this Report and covers, amongst other matters, the performance of the Company during the financial year 2012-2013 as well as the future outlook.

In accordance with the listing agreement with the stock exchanges, the Report on Corporate Governance in accordance with clause 49 of the listing agreement along with the auditor’s certificate are attached.

The Company made a Rights Issue of 10,881,481 equity shares of face value ₹ 10 at a premium of ₹ 90 per share (issue price of ₹ 100 per equity share). For every existing 9 equity shares, 5 shares were issued as Rights.

The Rights Issue opened for subscription on 26th September, 2012. Equity shares were allotted to eligible shareholders, in consultation with BSE Limited on 21st October, 2012. The equity shares became eligible for trading on the stock exchange effective 26th October, 2012.

Out of the ₹ 1,088.15 million raised through the Rights Issue, ₹ 108.81 million was credited to share capital and ₹ 979.34 million to the securities premium account. Rights Issue expenses of ₹ 28.33 million have been adjusted against securities premium account. Thus, the Company’s equity share capital increased from ₹ 195.87 million to ₹ 304.68 million. The securities premium account increased from ₹ 126.00 million to ₹ 1,077.01 million.

The Board thanks all shareholders for their overwhelming support to the Rights Issue.

During the year, Island Hotel Maharaj Limited (“IHML”) was amalgamated with the Company pursuant to a Scheme of Amalgamation (“Scheme”) under Sections 391 to 394 of the Companies Act, 1956. The Scheme was approved by the Hon’ble High Court at Madras on 6th February, 2013. The amalgamation was effective from 1st April, 2011 (“Appointed Date”). The entire undertaking of IHML including Trident, Cochin stands transferred to and vested in the company as a going concern on the Appointed Date. Due to the amalgamation, the authorised capital of the Company increased to ₹ 850.00 million comprising of 75,000,000 equity shares of ₹ 10 each and 1,000,000 redeemable preference shares of ₹ 100 each.

Pursuant to the Scheme, the unabsorbed brought forward loss of IHML amounting to ₹ 505.25 million as on the Appointed Date was adjusted against the ‘Surplus in the Statement of Profit and Loss’ of the Company.

In view of the above and in spite of the current year’s profit after tax of ₹ 205.02 million, the Board of Directors were restricted to recommend a dividend of ₹ 1 per equity share (10%) on the enhanced equity capital of the Company for the financial year 2012-13. This dividend is equivalent to 15.56% on the equity capital prior to the Rights Issue.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid on Friday, 9th August, 2013, to shareholders whose names appear on the register of shareholders at the close of business on Wednesday, 24th July, 2013. The dividend will be paid to shareholders on the enhanced share capital post the Rights Issue. As per the Income Tax Act, 1961, the tax on the dividend will be borne by the Company.

Energy conservation and responsible environmental practice continues to be an area of focus for the Company. During the year, the Company has started utilising

wind power at its hotel in Chennai. Energy conservation measures taken during the year include replacement of old chillers with energy efficient chillers, installation of energy efficient air blowers and cooling towers, replacement of halogen lights with low power LEDs and compact fluorescent lights and sourcing of wind based and renewable biomass based power.

Measures planned include installation of dedicated boilers for kitchen equipment so as to reduce operating hours of the main boiler, installation of energy efficient hot water circulation pumps, replacement of halogen lights with low power LEDs and compact fluorescent lights and operational control on equipment and lighting to save power.

During the financial year 2012-2013, the foreign exchange earnings of the Company amounted to ₹ 1,225.19 million as against ₹ 1,133.13 million in the previous year. The expenditure in foreign exchange during the financial year was ₹ 76.97 million as compared to ₹ 76.79 million in the previous year.

Mr. Rajan Raheja and Mr. L. Ganesh, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Balan Renji & Associates, Chartered Accountants, were the statutory auditors of IHML since its incorporation. The Board recommends to the shareholders that Balan Renji & Associates be appointed as branch auditor for Trident, Cochin at the forthcoming Annual General Meeting.

The auditors of the Company, Messrs. Ray & Ray, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

There are no employees in the Company requiring reporting under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis. These forward looking statements are relevant as on the date of this report. We have no obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise, and therefore undue reliance should not be placed on these statements.

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

For and on behalf of the Board

Kolkata
29th May, 2013

VIKRAM OBEROI
Managing Director

S.S. MUKHERJI
Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure, Developments and Outlook

The global economic growth rate reduced to 3.5% in 2012 compared with 4% in 2011. The situation in India mirrored this global trend. India's growth rate fell to 5.5% driven by lower industrial production in core sectors, slow internal investment, reduced urban consumption and high inflation. The growth in foreign tourist arrivals to India also reduced from that of the previous two years. The World Travel and Tourism Council forecasts a modest 2% to 4% increase in international tourist volumes in 2013. Furthermore, with the increased supply of hotel rooms, prospects for the year 2013 are subdued for the Indian hospitality sector.

The long term outlook for the Indian hospitality industry continues to be positive. According to the World Travel and Tourism Council, demand for travel and tourism in India will grow annually by 8.2% during the period 2010 to 2019. India's travel and tourism sector generates more jobs than the mining industry and communication services. India's middle class of 350-500 million people with a growing disposable income to spend on travel is positive for the hotel industry. This confidence is reflected in substantial planned investments in new hotel projects over the next three years. To keep pace with this growth in travel and tourism, more attention needs to be given to infrastructure development as well as safety and security of tourists, both domestic and international. Visa on arrival from key markets of Europe and North America, better roads and connectivity and a cleaner environment are areas that deserve attention from all stakeholders. While the Cabinet approval of Foreign Direct Investment in aviation is a step in the right direction, more needs to be done for a sector that contributed 6.4% towards India's Gross Domestic Product in 2012.

Opportunities, Threats, Risks & Concerns

Growth in hotel supply in recent times has outstripped demand in a number of Indian cities. Escalating land prices, increasing energy costs, depleting water levels and a scarcity of trained manpower are challenges that will need to be addressed and overcome. With increasing affluence in India, the composition of the market is undergoing a change. Domestic travel and tourism is experiencing rapid growth as is domestic corporate travel. These segments will require due attention whilst we continue to focus on traditional markets. Source markets are changing with demand from the SAARC nations, China, Japan and the Middle East growing steadily. The Tourism Ministry will need to orient itself to this development.

Internal Control Systems and Risk Management

The Company's Internal Audit Department ("IAD") continues to conduct regular audit of hotels to ensure that control systems and procedures are followed, under the overall supervision of the Audit Committee of the Board of Directors. The internal audit plan is approved by the Audit Committee at the beginning of the financial year to enable IAD conduct its audit smoothly. The Company's Risk Management team keeps the Board informed periodically of the various risks associated with the business of the Company and the measures taken to mitigate these risks.

Financial and Operating Performance

During the financial year 2012-2013, the Company's Total Revenue was ₹ 2,129.53 million as compared to ₹ 1,904.54 million in the previous year.

The Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA) was ₹ 644.70 million as compared to ₹ 576.63 million in the previous year.

The Profit Before Exceptional Items and Taxation was ₹ 296.97 million as compared to ₹ 175.28 million in the previous year.

The Profit After Tax was ₹ 205.02 million as compared to ₹ 133.55 million in the previous year.

On account of amalgamation of Island Hotel Maharaj Limited, the Company's wholly-owned subsidiary, with the Company with effect from 1st April, 2011, the results pertaining to the year ended 31st March, 2013 are not comparable with that of the corresponding previous period.

The Company's business activity is limited to hotels.

Awards

Mr. P.R.S. Oberoi received the Lifetime Achievement Award for his outstanding contribution to the Indian Hospitality Industry by Economic Times Awards for Corporate Excellence, 2012.

Mr. Oberoi was conferred the Lifetime Achievement Award at the International Luxury Travel Market (ILTM) held in Cannes in December 2012. The award was bestowed on Mr. Oberoi as a global recognition of his exceptional leadership, vision and contribution to develop The Oberoi Group as one of the world's leading luxury hotel chains.

The All India Management Association (AIMA) at a function held in New Delhi in February 2013 had conferred the Lifetime Achievement Award to Mr. P.R.S Oberoi.

Other major recognition received by The Oberoi Rajvilas, Jaipur during the financial year are:

Award	Awarded by
Top Resorts in Asia for Service (Ranked 4th)	Travel+Leisure, World's Best Service Awards, Readers' Survey 2013
Top 10 Hotels in India (Ranked 2nd)	Condé Nast Traveller, USA, Readers' Choice Awards 2012
Top 15 Resorts in Asia (Ranked 3rd)	Travel+Leisure, World's Best Awards, Readers' Survey 2012
Top 100 Hotels in the World (Ranked 28th)	Travel + Leisure, World's Best Awards, Readers' Survey 2012

Corporate Social Responsibility

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

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

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

The Oberoi Cecil, Shimla extends its support to Sarvodaya Bal Ashram for orphaned children in Shimla. On 15th August 2012, the Hotel organised an annual blood donation camp for the local blood bank. The World Environment Day was commemorated by observing Environment Week to create awareness about global warming, pollution and ecological balance.

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

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

Developments in Human Resources and Industrial Relations

Industrial Relations remained stable throughout the year.

The Company's people management systems and processes are designed to enhance employee engagement, organisational capability and superior guests services. The Company's hotels are known for their impeccable service attributable to the quality of its people. The Human Resources philosophy focuses on attracting and retaining quality talent. The Company believes that its real asset and strength lies in the quality of its manpower.

As on 31st March, 2013, the number of people employed by the Company was 1,353.

For and on behalf of the Board

Kolkata
29th May, 2013

VIKRAM OBEROI
Managing Director

S.S. MUKHERJI
Director

REPORT ON CORPORATE GOVERNANCE

1. The Company's Philosophy on Code of Governance

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

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

2. Board of Directors

As on 31st March, 2013, the Company had eight Directors on the Board. Mr. Vikram Oberoi is the Managing Director of the Company. Of the seven Non-executive Directors, four are Independent Directors.

The Board met five times during the Financial Year – on 28th May, 2012, 9th August, 2012, 2nd November, 2012, 31st January, 2013 and 26th March, 2013.

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

Name	Designation	Category	Attendance			
			Board Meetings	Last AGM	No. of other Directorships@	No. of Board Committees (other than EIH Associated Hotels Limited)
Mr. P.R.S.Oberoi	Chairman	Non-executive Non-Independent	3	Yes	8	1
Mr. Vikram Oberoi	Managing Director	Executive	5	Yes	2	2
Mr. S.S.Mukherji	Director	Non-executive Non-Independent	5	Yes	4	1
Mr. Rajan Raheja	Director	Non-executive Non-Independent	1	No	7	4*
Mr. L.Ganesh	Director	Non-executive Independent	4	Yes	11	8*
Mr. Anil Nehru	Director	Non-executive Independent	5	Yes	4	3*
Mr. Sudipto Sarkar	Director	Non-executive Independent	4	Yes	7	4
Mr. Rajesh Kapadia	Director	Non-executive Independent	2	No	7	7**

@ Excludes Directorships contemplated under Section 278 of the Companies Act, 1956

* Chairman of one Committee

** Chairman of five Committees

Mr. Rajan Raheja and Mr. L.Ganesh retire by rotation at the forthcoming Thirtieth Annual General Meeting and are eligible for re-appointment.

Their particulars are enclosed as an Annexure to the Notice convening the Thirtieth Annual General Meeting.

All Directors and Members of the Senior Management have, as on 31st March, 2013, affirmed their compliance with:-

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

3. Audit Committee

Composition, Meetings and Attendance thereat

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

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

The Audit Committee met on five occasions during the Financial Year - on 28th May, 2012, 9th August, 2012, 2nd November, 2012, 31st January, 2013 and 26th March, 2013. Mr. Anil Nehru attended five Meetings. Both Mr. L. Ganesh, and Mr. Sudipto Sarkar attended four Meetings. Mr. Rajesh Kapadia attended two Meetings and Mr. Rajan Raheja attended one Meeting.

The Auditors, the Chief Internal Auditor, EIH Limited, Mr.S.S.Mukherji, Director and Mr. Vikram Oberoi, Managing Director, are invitees to the 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 28th May, 2012, 9th August, 2012, 2nd November, 2012, and 31st January, 2013. Mr. P.R.S. Oberoi, a Non-executive Director and Chairman of the Board, chaired three Meetings. Mr. S.S.Mukherji, a Non-executive Director, chaired one Meeting. Besides 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 49 IV(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, 2013, there was 1 pending request for dematerialisation of shares. This was cleared by the 1st week of April, 2013. There was no physical transfer request pending as on 31st March, 2013.

7 complaints were received from Shareholders during the year with respect to Rights Issue. There were no pending complaints as on 31st March, 2013.

5. Subsidiary Company

Pursuant to a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, sanctioned by the Madras High Court on 6th February, 2013, Island Hotel Maharaj Limited (“Transferor Company”), the Company’s Wholly Owned Subsidiary, has been amalgamated with the Company effective 1st April, 2011 (“Appointed Date”). Accordingly, the entire undertaking of the Transferor Company stands transferred to and vested in the Company as a going concern from the Appointed Date without any further act or deed.

6. General Body Meetings

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

Financial Year Ended	Location	Date	Time	Number of Special Resolutions passed
31st March, 2010	Trident, Chennai	Friday, 30th July, 2010	3.00 P.M.	Nil
31st March, 2011	Trident, Chennai	Friday, 12th August, 2011	3.30 P.M.	Nil
31st March, 2012	Trident, Chennai	Thursday, 9th August, 2012	3.30 P.M.	Nil

(ii) Court Convened Meeting under Sections 391 to 394 of the Companies Act, 1956

In the matter of the Scheme of Amalgamation (“Scheme”) of Island Hotel Maharaj Limited with the Company, the Madras High Court, vide Order dated 5th July, 2012, directed that a Meeting of the Equity Shareholders of the Company be held at the Registered Office of the Company at No. 1/24 G.S.T. Road, Chennai – 600 027, Tamil Nadu on 9th August, 2012 at 4.30 P.M. for the purpose of considering and approving the Scheme. The Court appointed Mr. L.Ganesh to be the Chairman of the said Meeting.

The Meeting was duly held and properly constituted. As per Scrutineers' Report on the poll conducted at the Meeting, the said Scheme was unanimously approved and agreed to by the Shareholders without any modification.

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

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

(iv) Whether any Special Resolution is proposed to be conducted through Postal Ballot:

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

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 ₹ 700,000.

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, 2013;
- (iii) all material transactions during the Financial Year ended 31st March, 2013, 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 57;
- (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	50820
Mr. S. S. Mukherji	10000
Mr. Rajan Raheja	46666

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

- (vii) in preparing the Annual Accounts in respect of the Financial Year ended 31st March, 2013, no accounting treatment was different from that prescribed in the Accounting Standards;
- (viii) there was no instance of non-compliance on any matter relating to the capital markets during the past three years;

- (ix) the Company has a Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- (x) the Company made a Rights Issue of Equity Shares during the Financial Year ended on 31st March, 2013. As already indicated in the Directors' Report, 10,881,481 fully paid Equity Shares of face value Rs 10 each were issued at a premium of Rs 90 per Equity Share for a total amount of Rs 1088.15 million. The Issue opened on 26th September, 2012 and closed on 12th October, 2012. The Shares were allotted on 21st October, 2012. Permission to trade in these shares was obtained from the BSE, the National Stock Exchange and the Madras Stock Exchange, with effect from 26th October, 2012.

No other fresh issue of shares took place during the Financial Year ended on 31st March, 2013.

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 Report on Corporate Governance and the Cash Flow Statement together with the corresponding Reports of the Auditors.

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 2012- 2013)	Newspapers	10.08.2012	09.08.2012
2	Half-yearly Unaudited Financial Statements (Second Quarter 2012- 2013)	Newspapers	03.11.2012	02.11.2012
3	Quarterly Unaudited Financial Statements (Third Quarter 2012- 2013)	Newspapers	01.02.2013	31.01.2013
4	Publication of Annual Audited Results 2012-2013 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges	Newspapers	30.05.2013	29.05.2013

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 Thirtieth Annual General Meeting will be held at 3.30 P.M. on Thursday, 8th August, 2013, at Trident, Chennai.**

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

Audited Annual Accounts 2012-2013	Wednesday, 29th May, 2013
Mailing of Annual Report for 2012-2013	On/before Wednesday, 17th July, 2013
Unaudited First Quarter Financial Results 2013-2014	Thursday, 8th August, 2013
Thirtieth Annual General Meeting	Thursday, 8th August, 2013
Payment of Dividend 2012-13	Friday, 9th August, 2013
Unaudited Second Quarter Financial Results 2013-2014	Thursday, 31st October, 2013

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Thursday, 25th July, 2013 to Thursday, 8th August 2013, both days inclusive.

d. **Payment of Dividend**

Warrants relating to dividend in respect of the Financial Year 2012-2013, if declared by the Company at the Thirtieth Annual General Meeting, will be despatched on Friday, 9th August, 2013, to those Shareholders whose names will appear in the Register of Shareholders of the Company as at the close of business on Wednesday, 24th July, 2013.

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

As on 31st March, 2013, the shares of the Company were listed on BSE Limited, Mumbai, Madras Stock Exchange Limited, Chennai and National Stock Exchange of India Limited, Mumbai. The respective Stock Codes of the above Stock Exchanges are as follows:

BSE	523127
Madras	EIHASSOHOT
National	EIHAHOTELS

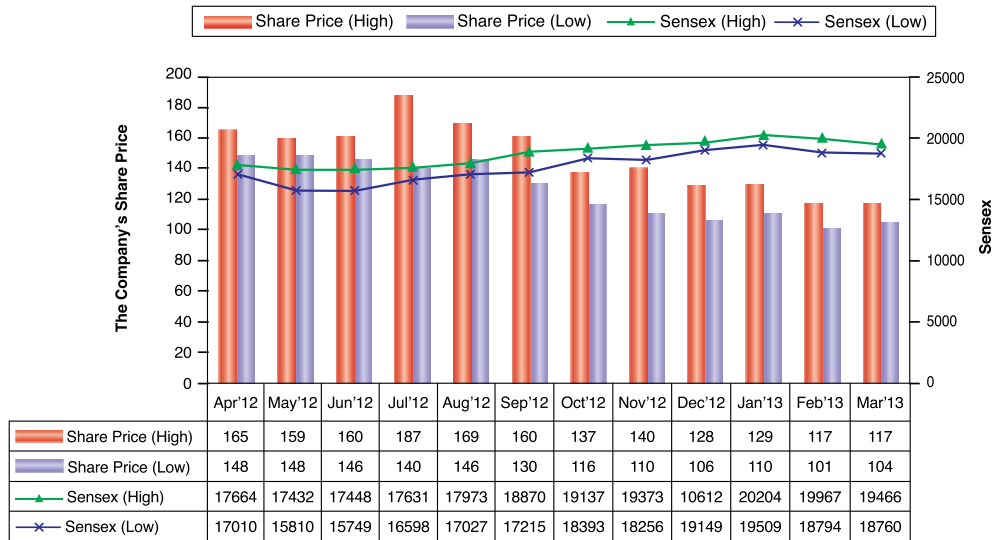
The ISIN Number of the Company’s shares in the dematerialised mode is INE276C01014.

There are no arrears of Listing Fees.

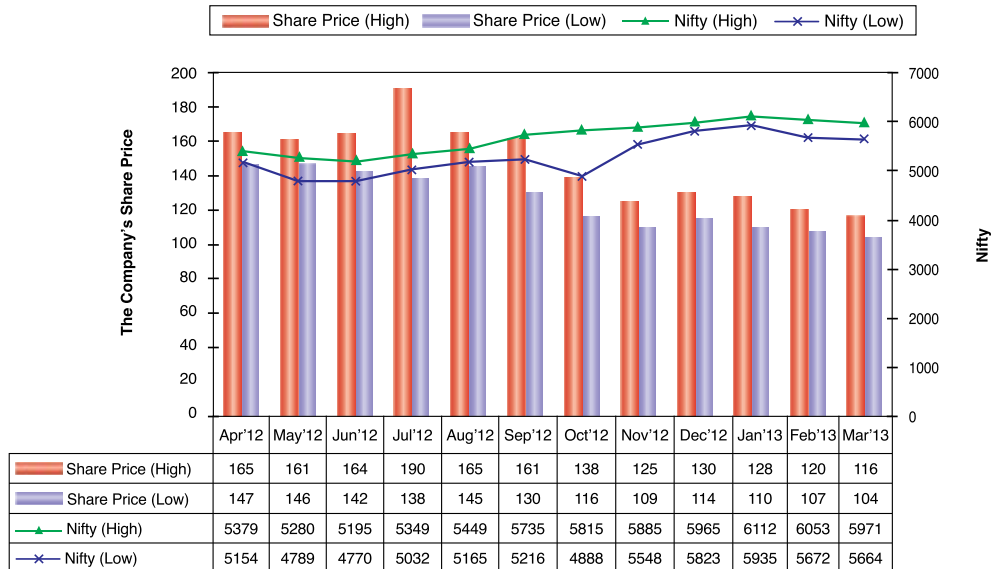
f. Market Price of The Company’s Share vis-à-vis Sensex and Nifty (in Rupees)

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, 2013.
- h. In response to the green initiative of the Ministry of Corporate Affairs, Government of India with regard to paperless compliance, company had been sending Annual Reports and Accounts, Annual General Meeting Notices, circulars etc by e-mail, to those Shareholders whose e-mail addresses are made available to the Company by the Shareholders. Company is expected to follow this process this year also. Documents e-mailed to Shareholders will be available on the Company’s website www.eihassociatedhotels.in to enable shareholders read and download a copy, if required. Physical copies of the documents will be sent to those Shareholders who have made a specific request for the same.

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
Fascimile : 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.

As on 31st March, 2013, 30.16 million shares of the Company, representing 99.01% of the total issued shares, were held in the dematerialised form and 0.30 million shares representing 0.99% of the total issued shares were held in physical form. A total of 5222 (79%) Shareholders have up to 31st March, 2013, dematerialised their shareholdings, while the balance 1396 (21%) Shareholders continue to hold shares in the physical form.

12. Distribution of Shareholding as on 31st March, 2013

Shareholding Range	No. of Shareholders	% of Shareholders	No. of shares (in million)	% of Shareholding
1-1000	6312	95.38	0.93	3.05
1001-5000	233	3.52	0.50	1.64
5001-10000	34	0.51	0.24	0.79
10001-50000	23	0.35	0.62	2.03
50001-100000	6	0.09	0.41	1.35
100001 and above	10	0.15	27.77	91.14
Total	6618	100.00	30.47	100.00

13. Pattern of Shareholding as on 31st March, 2013

Category	No. of shares held (in million)	Percentage of Shareholding
A. Promoter Holding	22.85	75.00
B. Non-Promoter Holding		
Institutional Investors		
a. Banks, Financial Institutions, and Insurance Companies	0.00	0.01
b. FIIs	4.34	14.25
Sub Total	4.34	14.26
Non-Institutional Investors		
a. Private Bodies Corporate	0.64	2.10
b. Indian Individuals	2.60	8.51
c. NRIs/OCBs	0.04	0.13
Sub Total	3.28	10.74
Total Non-Promoter Holding	7.62	25.00
Grand Total	30.47	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.

Pursuant to Section 205C (2) of the Companies Act, 1956 read with Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 ("IEPF Rule"), Company had filed Form 5 INV with Ministry of Corporate Affairs giving detailed information on Unclaimed dividends for the years 2007, 2008, 2009, 2010 and 2011 as required under

the IEPF Rules. The said information has also been uploaded on the company's website www.eihassociatedhotels.in

Shareholders who have not encashed their Dividend Warrants relating to the subsequent Financial Years are reminded by the Share Transfer Agent from time to time to claim their dividends before transfer to the IEPF. Under the extant provisions of the Companies Act, 1956, no claims shall lie against the IEPF or the Company in respect of individual dividend amount which remained unclaimed for a period of 7 years from the date of disbursement. Therefore, Shareholders who have not encashed their Dividend Warrants relating to the Financial Year ended 31st March, 2007 and subsequent years are requested to contact the Share Transfer Agent.

15. Location of Hotels

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

16. Address for Correspondence

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

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

Kolkata
29th May, 2013

VIKRAM OBEROI
Managing Director

S.S. MUKHERJI
Director

AUDITOR'S CERTIFICATE

To
The Members of
EIH Associated Hotels Limited

We have examined the compliance of conditions of Corporate Governance by EIH Associated Hotels Limited for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For RAY & RAY
Chartered Accountants

A.K. SHARMA
Partner

Kolkata
29th May, 2013

Membership Number 80085
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, 2013 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, BSE 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 29th Annual General Meeting held on 9th August, 2012;
 - (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, BSE 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.

20th May, 2013

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

INDEPENDENT AUDITORS' REPORT

To
The Members of
EIH Associated Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of EIH Associated Hotels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure of statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of "the Act", 1956 we report that:
 - a. we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

A.K. SHARMA
Partner
Membership Number 80085

Kolkata
29th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

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

- viii The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Act for the Company.
- ix (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no undisputed amount payable in respect of income tax, wealth tax, service tax, value added tax/sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, customs duty and cess which have not been deposited on account of any dispute other than the disputed sales tax, value added tax, service tax, luxury tax and excise duty as indicated below:

Name of the statute	Nature of the dues	Amount (Rupees in Millions)	Period to which the amount relates	Forum where pending
Tamil Nadu Tax on Luxuries Act, 1981	Luxury Tax	5.82	2007-2008 to 2011-2012	Assistant Commissioner, Chennai
The Himachal Pradesh Tax on Luxuries (in hotels & lodging houses) Act, 1979	Luxury Tax	2.50	2008-2009 to 2011-2012	Assessing Authority, Shimla
Central Excise Act, 1944	Excise Duty	0.08	2006-2007 to 2007-2008	CESTAT Delhi
Value Added Tax on various states	Value Added Tax	0.35	2007-2008	VAT Tribunal, Agra
	Value Added Tax	1.10	1999-2000 and 2008-2009	VAT Commissioner, Agra
	Value Added Tax	0.31	1997-1998	Orissa High Court
	Value Added Tax	0.31	1996-1997, 1999-2000 to 2001-2002	VAT Tribunal, Orissa
	Value Added Tax	0.05	2008-2009	Deputy Commissioner (Appeals), Udaipur
	Value Added Tax	0.26	1999-2000	Deputy Commissioner (Appeals), Ernakulum
	Value Added Tax	1.06	2007-2008 to 2011-2012	Asst. Commissioner, Chennai
Central Excise Act, 1944	Service Tax	0.18	2008-2013	Show cause Notice from Agra Service Tax Authorities
	Service Tax	1.23	2005-2008	Commissioner, Service Tax, Chennai
	Service Tax	8.48	2010-2011	Show cause Notice Commissioner, Service Tax, Chennai

- x The Company does not have accumulated losses and has not incurred any cash loss during the year covered by our Report and in the immediately preceding financial year.
- xi In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii In our opinion and according to the information and explanations given to us the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xiv In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.
- xvii According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies/firms covered in the Register maintained under section 301 of the Act.
- xix According to the information and explanations given to us, the Company has not issued debentures during the year under audit.
- xx We have verified on the basis of the books of account and information and explanations given to us, the end use of money raised by the Rights Issue of Equity Shares during the year, as disclosed in Note 35.
- xxi According to the information and explanations given to us no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

A.K. SHARMA
Partner
Membership Number 80085

Kolkata
29th May, 2013

Balance Sheet

as at 31st March, 2013

	Note	Rupees Million	As at 31st March	
			2013 Rupees Million	2012 Rupees Million
I. EQUITY AND LIABILITIES				
(1) SHAREHOLDERS' FUNDS				
a) Share Capital	2	304.68		195.87
b) Reserves and Surplus	3	<u>1,679.77</u>		<u>994.47</u>
			1,984.45	1,190.34
(2) NON-CURRENT LIABILITIES				
a) Long Term Borrowings	4	909.87		1,196.81
b) Deferred Tax Liabilities (Net)	5	174.08		223.02
c) Other Long Term Liabilities	6	11.36		28.97
d) Long Term Provisions	7	<u>7.33</u>		<u>7.66</u>
			1,102.64	1,456.46
(3) CURRENT LIABILITIES				
a) Short Term Borrowings	8	3.10		1,030.00
b) Trade Payables	9	183.94		181.67
c) Other Current Liabilities	10	175.77		121.27
d) Short Term Provisions	11	<u>40.31</u>		<u>72.02</u>
			403.12	1,404.96
TOTAL			<u>3,490.21</u>	<u>4,051.76</u>
II. ASSETS				
(1) NON-CURRENT ASSETS				
a) Fixed Assets	12			
i) Tangible Assets		2,775.27		2,540.63
ii) Intangible Assets		0.13		0.19
iii) Capital Work-In-Progress		<u>16.97</u>		<u>13.45</u>
		2,792.37		2,554.27
b) Non-Current Investments	13	9.04		898.40
c) Long Term Loans and Advances	14	41.62		50.80
d) Other Non-Current Assets	15	<u>0.41</u>		<u>0.09</u>
			2,843.44	3,503.56
(2) CURRENT ASSETS				
a) Inventories	16	80.53		66.54
b) Trade Receivables	17	180.21		145.46
c) Cash and Bank Balances	18	62.96		97.77
d) Short Term Loans and Advances	19	319.60		234.27
e) Other Current Assets	20	<u>3.47</u>		<u>4.16</u>
			646.77	548.20
TOTAL			<u>3,490.21</u>	<u>4,051.76</u>

Significant Accounting Policies 1

The notes are an integral part of these
Financial Statements

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

For RAY & RAY
Chartered Accountants

Firm's Registration Number 301072E
A.K. SHARMA
Partner
Membership Number 80085
Kolkata, 29th May, 2013

INDRANI RAY
Company Secretary

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

Statement of Profit and Loss

for the year ended 31st March, 2013

	Note	Rupees Million	Year ended 31st March	
			2013 Rupees Million	2012 Rupees Million
I. Revenue from Operations	21		2,087.76	1,876.93
II. Other Operating Income	22		36.49	22.92
III. Other Income	23		5.28	4.69
IV. Total Revenue (I + II+III)			2,129.53	1,904.54
V. Expenses :				
Cost of Materials Consumed	24		180.44	154.09
Employee Benefits Expense	25		367.43	308.94
Finance Costs	26		215.28	274.11
Depreciation and Amortization Expense	27		132.45	127.24
Other Expenses	28		936.96	864.88
Total Expenses			1,832.56	1,729.26
VI. Profit Before Exceptional Items & Taxation (IV-V)			296.97	175.28
VII. Exceptional Items- Profit	29	11.12		21.28
VIII. Less: Exceptional Items- Amalgamation Expenses	30	9.99		-
			1.13	21.28
IX. Profit Before Taxation (VI+VII-VIII)			298.10	196.56
X. Tax Expense				
Current Tax		57.80		39.50
Less: MAT Credit Entitlement		57.80		39.50
Net Current Tax		-		-
Deferred Tax		93.08		63.01
			93.08	63.01
XI. Profit for the Period (IX-X)			205.02	133.55
XII. Earnings Per Equity Share (₹) :	41			
(1) Basic			8.01	6.19
(2) Diluted			8.01	6.19

The notes are an integral part of these
Financial Statements

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

For RAY & RAY
Chartered Accountants

Firm's Registration Number 301072E
A.K. SHARMA
Partner
Membership Number 80085
Kolkata, 29th May, 2013

INDRANI RAY
Company Secretary

VIKRAM OBEROI

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

Managing Director

Directors

Cash Flow Statement

	Year ended 31st March	
	2013 Rupees Million	2012 Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	298.10	196.56
Adjustments for :		
Depreciation and Amortisation Expenses	132.45	127.24
Finance Costs	215.28	274.11
Wealth Tax	0.02	0.04
Loss on sale of Fixed Assets (net)	5.09	10.95
Interest Income	(4.48)	(4.69)
Dividend Income	(0.80)	-
Provisions & liabilities no longer required, written back	(20.17)	(7.48)
Exceptional Items	(1.13)	(21.28)
Operating Profit before Working Capital Changes	<u>624.36</u>	<u>575.45</u>
Adjustments for :		
Inventories	(7.62)	1.14
Trade and Other Receivables	(37.51)	(12.81)
Trade Payables	4.65	15.87
Cash Generated from Operations	<u>583.88</u>	<u>579.65</u>
(Payment)/Refund of Direct Taxes	(68.18)	(38.24)
Interest received on Income Tax refund	1.31	2.07
Cash Generated from Operating Activities	<u>517.01</u>	<u>543.48</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Advances	(80.14)	(115.78)
Sale of Fixed Assets	21.65	40.77
Purchase of Investments	-	(0.34)
Amalgamation Expenses	(7.39)	-
Advance to Subsidiary	-	(10.45)
Interest Received	3.25	2.66
Dividend Received	0.80	-
Cash used in Investing Activities	<u>(61.83)</u>	<u>(83.14)</u>

Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2013 Rupees Million	2012 Rupees Million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue of Equity Shares	1,088.15	-
Share Issue Expenses	(19.42)	-
Interest Paid	(215.47)	(273.56)
Proceeds from Borrowings		
Term loan	-	500.00
Unsecured loan	-	500.00
Working Capital Demand Loan	-	-
Short Term Loan	500.00	500.00
Repayment of		
Term loan	(250.00)	(727.00)
Unsecured loan	(500.00)	(500.00)
Working Capital Demand Loan	(39.93)	(400.00)
Short Term Loan	(1,000.00)	-
(Increase) / Decrease in Other Bank balances	(0.83)	(0.43)
Dividend paid	(58.50)	(48.73)
Cash used in Financing Activities	<u>(496.00)</u>	<u>(449.72)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(40.82)	10.62
Cash and Cash Equivalents at the beginning of the year	97.04	86.42
Add: Adjustment pursuant to Scheme of Amalgamation (Note 31)	5.35	-
Cash and Cash Equivalents at the end of the year	61.57	97.04

Notes:

- The Cash Flow Statement has been prepared in indirect method.
- Cash Flow Statement does not include non-cash transactions arising pursuant to the Scheme of Amalgamation (Note 31)
- 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

Firm's Registration Number 301072E

A.K. SHARMA

Partner

Membership Number 80085

Kolkata, 29th May, 2013

INDRANI RAY
Company Secretary

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 accrual basis of accounting in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

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

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

PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

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

GOVERNMENT GRANT

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

FIXED ASSETS

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

Assets acquired on lease/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.

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

DEPRECIATION/AMORTISATION

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

IMPAIRMENT OF ASSETS

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

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.

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.

Notes to the Accounts – *Contd.*

TRANSACTIONS IN FOREIGN CURRENCY

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

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

EMPLOYEE BENEFITS

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

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

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

BORROWING COST

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

TAXES ON INCOME

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

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

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

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

PROPOSED DIVIDEND

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

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Notes to the Accounts – Contd.

	As at 31st March	
	2013 Rupees Million	2012 Rupees Million
2		
SHARE CAPITAL		
AUTHORISED		
75,000,000 (2012 - 40,000,000) Equity Shares of ₹ 10 each	750.00	400.00
1,000,000 (2012 - 1,000,000) Redeemable Preference Shares of ₹ 100 each	100.00	100.00
	850.00	500.00

Note : Pursuant to the Scheme of Amalgamation (Note 31), increased to ₹ 850.00 Million comprising of 1,000,000 Redeemable Preference Shares of ₹ 100 each and 75,000,000 Equity Shares of ₹ 10 each.

ISSUED, SUBSCRIBED, CALLED & FULLY PAID-UP

30,468,147 (2012 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below and Note 35)	304.68	195.87
	304.68	195.87

a) Reconciliation of Share Capital :

	As at 31st March 2013		As at 31st March 2012	
	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
Add: Shares issued on Rights Issue (Note 35)	10,881,481	108.81	-	-
Closing Balance	30,468,147	304.68	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. These shares rank pari passu in all respects including voting rights and entitlement to dividend.

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

	As at 31st March 2013		As at 31st March 2012	
	Number of Shares	% holding	Number of Shares	% holding
Equity Shares :				
EIH Limited	11,215,118	36.81	7,071,333	36.10
Satish B Raheja	6,784,711	22.27	4,361,600	22.27
National Westminster Bank PLC (Formerly Royal Bank of Scotland PLC) as Trustee of the Jupiter India Fund	3,041,111	9.98	1,955,000	9.98
Manali Investments & Finance Pvt. Ltd.	2,276,617	7.47	1,463,540	7.47
Coronet Investments Pvt. Ltd.	2,088,899	6.86	1,342,864	6.86

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

Of the above 30,468,147 (2012-19,586,666) Equity shares, 9,086,666 (2012-9,086,666) Equity shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

Notes to the Accounts – Contd.

3

RESERVES AND SURPLUS

As at 31st March, 2012		As at 1st April, 2012	Transactions pursuant to Scheme of Amalgamation (Note 31)	Additions during the year	Deductions/ Adjustments during the year	As at 31st March, 2013
Rupees Million		Rupees Million	Rupees Million	Rupees Million	Rupees Million	Rupees Million
4.51	a) Capital Reserve	4.51	3.97	-	-	8.48
-	b) Revaluation Reserve	-	7.40	-	(0.46)	6.94
100.00	c) Capital Redemption Reserve	100.00	-	-	-	100.00
126.00	d) Securities Premium Account	126.00	-	#	-	126.00
-	<i>Add: Premium on Rights Issue of shares and share issue expenses in connection thereto (Note 35)</i>	-	-	979.34	(28.33)	951.01
126.00	Sub-Total - (d)	126.00	-	979.34	(28.33)	1,077.01
500.00	e) General Reserve	515.00	-	-	-	515.00
15.00	<i>Add: Transfer from/to Profit and Loss Account</i>	-	-	-	(50.00)	(50.00)
515.00	Sub-Total - (e)	515.00	-	-	(50.00)	465.00
198.70	f) Surplus in Statement of Profit and Loss	248.96	(445.99)	*	-	(197.03)
133.55	<i>Add: Profit for the year</i>	-	-	205.02	-	205.02
-	<i>Add: Transfer from General Reserve</i>	-	-	50.00	-	50.00
(15.00)	<i>Less: Appropriations</i>	-	-	-	-	-
(58.76)	General Reserve	-	-	-	-	-
(58.76)	Proposed Dividend on Equity Shares	-	-	-	(30.47)	(30.47)
(9.53)	Dividend Distribution Tax on proposed dividend on Equity Shares	-	-	-	(5.18)	(5.18)
248.96	Sub-Total - (f)	248.96	(445.99)	255.02	(35.65)	22.34
994.47	Total Reserves and Surplus	994.47	(434.62)	1,234.36	(114.44)	1,679.77

Securities Premium Account

Adjustment pursuant to Scheme of Amalgamation (Note 31)		Rupees Million	Rupees Million
Less: Adjustment of Investments in Transferor Company as per Scheme of Amalgamation (Note 31)			573.62 (569.65)
Less: Transferred to Capital Reserve (Note 31)			(3.97)
			<u>-</u>

*** Surplus in Statement of Profit and Loss**

Adjustment pursuant to Scheme of Amalgamation (Note 31) on account of:		Rupees Million	Rupees Million
i) Debit balance of Profit & Loss Account of Transferor Company as on appointed date (1st April 2011)			(505.25)
ii) Loss before Tax for the year ended 31st March 2012 of the Transferor Company			
Turnover		91.35	
Less: Expenses		<u>107.55</u>	(16.20)
iii) Elimination of Inter company transactions with the Transferor Company for the year ended 31.03.2012			0.20
iv) Deferred Tax Assets arising out of Amalgamation			75.26
			<u>(445.99)</u>

Notes to the Accounts – Contd.

		As at 31st March	
		2013	2012
		Rupees	Rupees
		Million	Million
4			
LONG TERM BORROWINGS			
(Secured (Note 4a) :			
A.	Term Loans from Banks :		
	(i) United Bank of India	–	187.50
	(ii) ICICI Bank Limited	400.00	500.00
	(iii) The Hongkong and Shanghai Banking Corporation Ltd.	500.00	500.00
		<u>900.00</u>	<u>1,187.50</u>
B.	Long Term Maturities of Finance Lease Obligations (Note 44a)	9.87	9.31
		<u>909.87</u>	<u>1,196.81</u>

4(a)

Particulars of Securities and Terms of Repayment of Term Loans from Banks :

Name of the Lender		Nature of Security	Terms of Repayment / Rate of Interest
A.	Term Loan from Banks		
(i)	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. The Loan was pre-paid during the year. Rate of Interest: Bank's Base Rate + Spread of 125 bps.
(ii)	ICICI Bank Limited	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking <i>pari passu</i> pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down. Rate of Interest: Bank's Base Rate + Spread of 200 bps.
(iii)	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 downs. Rate of Interest: 10.35% p.a. to be reset in November, 2013.
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.

	Rupees Million	As at 31st March	
		2013 Rupees Million	2012 Rupees Million
5			
DEFERRED TAX LIABILITIES (NET)			
A. Deferred Tax Liabilities			
(i) Depreciation		479.44	414.24
B. Deferred Tax Assets			
(i) Unabsorbed Depreciation	293.80		183.20
(ii) Accrued expenses deductible on payment	6.80		5.81
(iii) Provision for Leave Encashment	1.24		1.28
(iv) Provision for Debts and Advances	0.93		0.93
(v) Amalgamation expenses	2.59		–
		<u>305.36</u>	<u>191.22</u>
Deferred Tax Liabilities (Net)		<u>174.08</u>	<u>223.02</u>

Deferred Tax Assets of the Transferor Company (₹ 66.77 Million) has been adjusted against the Deferred Tax Liability of the Company pursuant to the Scheme of Amalgamation (Note 31). Deferred Tax Assets arising out of unabsorbed brought forward Business Losses of the Transferor Company has been recognised in conjunction with Para 19 of AS-22 (Accounting for Taxes on Income).

6 **OTHER LONG TERM LIABILITIES**

A. Trade Payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		8.89	26.31
B. Other Payables			
(i) Liability for Capital Expenditure		2.00	1.65
(ii) Security Deposits		0.42	0.37
(iii) Others		0.05	0.64
		<u>11.36</u>	<u>28.97</u>

7 **LONG TERM PROVISIONS**

Provision for Employee Benefits (Note 25a):			
Leave Encashment		7.33	7.66
		<u>7.33</u>	<u>7.66</u>

Notes to the Accounts – Contd.

8	Rupees Million	As at 31st March	
		2013 Rupees Million	2012 Rupees Million
SHORT TERM BORROWINGS			
A. Secured (Note 8a):			
1. Working Capital Loans repayable on demand from Banks:			
(i) The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	–		30.00
(ii) United Bank of India	<u>3.10</u>		<u>–</u>
		3.10	30.00
2. Other Short Term Borrowings from Banks:			
The Federal Bank Ltd.		–	500.00
		<u>3.10</u>	<u>530.00</u>
B. Unsecured (Note 8b):			
IndusInd Bank Ltd.		–	500.00
		<u>3.10</u>	<u>1,030.00</u>

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

Name of the Lender		Nature of Security	Terms of Repayment / Rate of Interest
A.	Working Capital Loans repayable on demand from Banks:		
(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. Rate of Interest : Variable
(ii)	United Bank of India (Pertaining to erstwhile Island Hotel Maharaj Limited)	Cash credit facility with United Bank of India is secured by way of hypothecation of all inventories, Book-debts, etc. both present and future, pertaining to Trident, Cochin.	Repayable on demand. Facility since discontinued.
B.	Other Short Term Borrowings from Banks:		
(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.	Repayable in 12 months from the date of drawdowns. Rate of Interest : At Bank's Base Rate (Fixed).

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

Name of the Lender		Terms of Repayment / Rate of Interest
	IndusInd Bank Ltd	Repayable in 4 months from the date of drawdowns. Rate of Interest : 10.90% p.a fixed for the respective tenure(s).

Notes to the Accounts – Contd.

	Rupees Million	As at 31st March	
		2013 Rupees Million	2012 Rupees Million
9			
TRADE PAYABLES			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises #		0.14	0.15
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		183.80	181.52
		<u>183.94</u>	<u>181.67</u>
# Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company.			
		<u>2013</u>	<u>2012</u>
Principal amount due and remaining unpaid		<u>0.14</u>	<u>0.15</u>
There has neither been any delay in payment nor any interest is due and remaining unpaid on the above principal or any other such dues during the year.			
10			
OTHER CURRENT LIABILITIES			
A. Current maturities of long-term debt (Note 4a)			
(i) United Bank of India	-		62.50
(ii) ICICI Bank Limited	<u>100.00</u>		<u>-</u>
		100.00	62.50
B. Current Maturities of Finance Lease Obligations (Note (44a))		5.31	5.18
C. Interest accrued but not due on borrowings		0.52	0.71
D. Other Payables			
(i) Security Deposits from Shops	2.04		2.00
(ii) Other Deposits	0.30		0.25
(iii) Unclaimed Dividend	1.11		0.85
(iv) Statutory Liabilities	39.85		32.44
(v) Advance from Customers	<u>26.64</u>		<u>17.34</u>
		<u>69.94</u>	<u>52.88</u>
		<u>175.77</u>	<u>121.27</u>
11			
SHORT TERM PROVISIONS			
A. Provision for Employee Benefits (Note 25a):			
(i) Leave Encashment		2.16	0.98
B. Other Provisions :			
(i) Provision for Income Tax	169.50		151.20
Less: MAT Credit Entitlement (Note 34)	(167.10)		(148.80)
(ii) Provision for Wealth Tax	0.10		0.35
(iii) Provision for Proposed Dividend on - Equity Shares	30.47		58.76
(iv) Provision for Tax on Dividend	<u>5.18</u>		<u>9.53</u>
		<u>38.15</u>	<u>71.04</u>
		<u>40.31</u>	<u>72.02</u>

Notes to the Accounts – Contd.

12 FIXED ASSETS Rupees Million

Nature of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Original Cost as at 1st April, 2012	Additions pursuant to Scheme of Amalgamation	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2013	As at 1st April, 2012	Additions pursuant to Scheme of Amalgamation	For the Year	Sales/ Adjustments	As at 31st March, 2013	As at 31st March, 2012
(i) Tangible Assets											
Freehold Land	29.08	-	-	-	29.08	-	-	-	-	29.08	29.08
Leasehold land	92.57	41.97	-	-	134.54	32.77	21.62	3.55	-	76.60	59.80
Buildings	1,922.16	243.07	0.97	8.82	2,157.38	363.32	50.58	35.19	2.11	446.98	1,558.84
Leasehold Buildings	5.62	-	-	-	5.62	4.21	-	0.71	-	4.92	1.41
Roads	4.85	-	-	-	4.85	1.06	-	0.07	-	1.13	3.79
Sanitary Installation	177.48	19.40	0.18	0.21	196.85	32.21	4.06	3.24	0.05	39.46	145.27
Plant & Machinery	1,265.38	169.33	54.38	19.08	1,470.01	623.42	98.16	67.50	13.18	775.90	641.96
Office Equipment	4.87	0.13	0.03	0.13	4.90	1.96	0.03	0.21	0.09	2.11	2.91
Jetty	0.76	-	-	-	0.76	0.49	-	0.04	-	0.53	0.27
Boats	2.70	-	-	-	2.70	0.86	-	0.09	-	0.95	1.84
Computer	75.64	11.70	10.02	2.56	94.80	60.81	10.04	5.73	2.44	74.14	14.83
Furniture & Fittings	244.35	33.28	2.11	3.35	276.39	198.55	29.84	7.78	3.12	233.05	45.80
Vehicles given on operating lease	15.86	-	-	-	15.86	7.45	-	1.50	-	8.95	8.41
Vehicles-Others	27.17	0.70	2.46	1.20	29.13	14.12	0.28	1.83	0.71	15.52	13.05
Tangible Assets- Own (A)	3,868.49	519.58	70.15	35.35	4,422.87	1,341.23	214.61	127.44	21.70	1,661.58	2,761.29
Leased Vehicles	22.02	0.57	7.64	6.16	24.07	8.66	0.22	5.40	4.19	10.09	13.36
Lease Assets	0.13	-	-	0.13	-	0.12	-	0.01	0.13	-	0.01
Tangible Assets- on Finance Lease (B)	22.15	0.57	7.64	6.29	24.07	8.78	0.22	5.41	4.32	10.09	13.37
Total (A+B)	3,890.64	520.15	77.79	41.64	4,446.94	1,350.01	214.83	132.85	26.02	1,671.67	2,775.27
(ii) Intangible Assets											
Computer Software	1.08	-	-	-	1.08	0.89	-	0.06	-	0.95	0.19
(iii) Capital work-in Progress	13.45	-	41.03	37.51	16.97	-	-	-	-	16.97	13.45
Previous Year	3,905.17	520.15	118.82	79.15	4,464.99	1,350.90	214.83	132.91	26.02	1,672.62	2,554.27
	3,868.20	-	184.09	147.12	3,905.17	1,261.80	-	127.24	38.14	1,350.90	2,554.27

Note : Additions to Leasehold Land and Buildings pursuant to Scheme of Amalgamation (Note 31) were revalued in 1994-95.

Notes to the Accounts – Contd.

		As at 31st March	
	Rupees Million	2013 Rupees Million	2012 Rupees Million
13			
NON-CURRENT INVESTMENTS (Unquoted)			
Trade Investments (valued at cost)			
A. Investment in Equity Instruments:			
(i) Investment in Subsidiary:			
Nil (2012 - 3,197,088) Equity Shares of ₹ 100 each of Island Hotel Maharaj Limited, fully paid	889.36		889.36
<i>Less:</i> Cancelled against Equity Share Capital of Transferor company pursuant to Scheme of Amalgamation (Note 31)	319.71		–
<i>Less:</i> Cancelled against Securities Premium Account pursuant to Scheme of Amalgamation (Note 31)	<u>569.65</u>		<u>–</u>
		–	<u>889.36</u>
(ii) Investment in Other Bodies Corporate:			
217,175 (2012 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid	8.69		8.69
(iii) 33,600 (2012 - 33,600) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid	<u>0.34</u>		<u>0.34</u>
		9.03	9.03
B. Investment in Government or Trust Securities:			
6 year National Savings Certificate (lodged with Government Authorities as Security Deposit)		0.01	0.01
		<u>9.04</u>	<u>898.40</u>
14			
LONG TERM LOANS AND ADVANCES			
Unsecured, considered good (unless otherwise stated)			
(i) Capital Advances		2.04	2.86
(ii) Security Deposits (include 5 year National Savings Certificate amounting to ₹ 0.01 Million (2012 - ₹ Nil) assigned in favour of Kerala Sales tax authorities)		33.12	29.62
(iii) Prepaid Expenses		0.83	1.08
(iv) Loans and Advances to Related Parties:			
Advances to Subsidiary:			
Island Hotel Maharaj Limited		–	10.45
(v) Other loans and advances			
Considered good	5.63		6.79
Considered doubtful	<u>0.21</u>		<u>0.21</u>
	5.84		7.00
<i>Less:</i> Provision for doubtful advances	<u>0.21</u>		<u>0.21</u>
		5.63	6.79
		<u>41.62</u>	<u>50.80</u>

Notes to the Accounts – Contd.

	Rupees Million	As at 31st March	
		2013 Rupees Million	2012 Rupees Million
15			
OTHER NON-CURRENT ASSETS			
(i) Long Term Trade Receivables - Considered doubtful	2.63		2.62
<i>Less: Provision for doubtful debts</i>	<u>2.63</u>		<u>2.62</u>
		-	-
(ii) Long term deposits with banks with maturity period more than 12 months			
Margin Money	0.32		-
Fixed Deposit with Banks (Note below)	<u>0.09</u>		<u>0.09</u>
		<u>0.41</u>	<u>0.09</u>
		<u>0.41</u>	<u>0.09</u>

Fixed Deposit of ₹ 0.09 Million (2012 - ₹ 0.09 Million) with Banks are pledged with Sales Tax Department

16			
INVENTORIES			
(i) Provisions, Wines & Smokes		23.94	16.32
(ii) Stores & Operational Supplies		<u>56.59</u>	<u>50.22</u>
		<u>80.53</u>	<u>66.54</u>

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

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

17			
TRADE RECEIVABLES (Unsecured)			
A. Considered good			
(i) Outstanding for a period exceeding six months from the date they are due for payment	3.78		4.36
(ii) Others	<u>176.43</u>		<u>141.10</u>
		180.21	145.46
B. Considered doubtful			
(i) Outstanding for a period exceeding six months from the date they are due for payment	-		-
(ii) Others	<u>0.03</u>		0.02
	<u>0.03</u>		0.02
<i>Less: Provision for Doubtful Debts</i>	<u>0.03</u>		0.02
		-	-
		<u>180.21</u>	<u>145.46</u>

Notes to the Accounts – Contd.

		As at 31st March	
	Rupees Million	2013 Rupees Million	2012 Rupees Million
18			
CASH AND BANK BALANCES			
A. Cash and Cash Equivalents			
(i) Cash on hand		5.85	4.49
(ii) Cheques on hand		2.01	3.26
(iii) Bank Balances			
Current Accounts	21.59		65.16
Unpaid Dividend Account	1.11		0.85
Fixed Deposits - Maturity less than 3 months	31.01		23.28
		<u>53.71</u>	<u>89.29</u>
		<u>61.57</u>	<u>97.04</u>
B. Other Bank Balances			
(i) Margin Money			
Fixed Deposits - Maturity less than 3 months	0.35		0.30
Fixed Deposits - Maturity more than 3 months but less than 12 months	0.11		0.10
(ii) Others	0.93		0.33
		<u>1.39</u>	<u>0.73</u>
		<u>62.96</u>	<u>97.77</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		31.55	23.08
B. Other Loans and Advances			
(i) Security Deposits		6.64	1.52
(ii) Prepaid Expenses		25.34	20.17
(iii) Advance payment of Income-tax	88.97		40.70
(iv) MAT credit entitlement	167.10		148.80
		<u>256.07</u>	<u>189.50</u>
		<u>319.60</u>	<u>234.27</u>
20			
OTHER CURRENT ASSETS			
Unsecured, considered good (unless otherwise stated)			
(i) Interest Accrued		0.01	0.05
(ii) Insurance Claim		0.48	0.82
(iii) Other Receivables/recoverable		2.98	3.29
		<u>3.47</u>	<u>4.16</u>

Notes to the Accounts – *Contd.*

	Year ended 31st March	
	2013	2012
	Rupees Million	Rupees Million
21		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars and Banquets, etc.		
Rooms	1,343.77	1,229.18
Food and Beverage	626.61	547.44
Other Services	117.38	100.31
	2,087.76	1,876.93
22		
OTHER OPERATING INCOME		
Gain on Exchange (Net)	0.17	0.88
Provisions & Liabilities no longer required, written back	20.17	7.48
Provision for Leave Encashment no longer required, written back (Note 25a)	0.86	–
Others	15.29	14.56
	36.49	22.92
23		
OTHER INCOME		
Interest (Gross)	3.17	2.62
Interest on Income Tax Refund	1.31	2.07
Dividend from Current Investments - Mutual Fund (Non-Trade)	0.80	–
	5.28	4.69
24		
COST OF MATERIALS CONSUMED		
Opening Stock	16.32	15.62
<i>Add</i> : Adjustment pursuant to Scheme of Amalgamation (Note 31)	1.13	–
<i>Add</i> : Purchases	186.93	154.79
	204.38	170.41
<i>Less</i> : Closing Stock	23.94	16.32
	180.44	154.09

Notes to the Accounts – Contd.

	Year ended 31st March	
	2013 Rupees Million	2012 Rupees Million
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	318.85	269.13
Company's Contribution to Provident Fund and Other Funds	16.74	12.90
Contribution to Gratuity Fund (including provision of ₹ 0.45 Million; 2012 - ₹ 1.05 Million) (Note 25a)	2.17	2.49
Provision for Leave Encashment (Note 25a)	–	0.29
Staff Welfare Expenses	29.67	24.13
	367.43	308.94

25 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2013 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, 2013		Year ended 31st March, 2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I Components of Employer Expenses				
1 Current Service Cost	1.72	0.65	1.44	0.48
2 Interest Cost	1.09	0.71	0.87	0.65
3 Expected return on Plan Assets	(1.37)	–	(1.07)	–
4 Curtailment Cost/(Credit)	–	–	–	–
5 Settlement Cost/(Credit)	–	–	–	–
6 Past Service Cost	–	–	–	–
7 Actuarial Losses/(Gains)	0.73	(2.22)	1.25	(0.84)
8 Total expenses recognised in the Statement of Profit and Loss	2.17	(0.86)	2.49	0.29
The Gratuity Expenses have been recognised in "Contribution to Gratuity Fund" and Leave Encashment in "Provision for Leave Encashment" under Note 24.				
II Net Asset / (Liability) recognised in Balance Sheet				
1 Present Value of Defined Benefit Obligations	15.00	8.03	12.64	8.04
2 Fair Value on Plan Assets	14.55	–	11.59	–
3 Status [Surplus/(Deficit)]	(0.45)	(8.03)	(1.05)	(8.04)
4 Unrecognised Past Service Cost	–	–	–	–
5 Net Asset/(Liability) recognised in Balance Sheet	(0.45)	(8.03)	(1.05)	(8.04)
III Change in Defined Benefit Obligations (DBO) during the year ended				
1 Present Value of DBO at the Beginning of Year	12.64	8.04	10.79	7.75
2 Addition pursuant to Scheme of Amalgamation (Note 31)	0.96	0.85	–	–
3 Current Service Cost	1.72	0.65	1.44	0.48
4 Interest Cost	1.09	0.71	0.87	0.65
5 Curtailment Cost/(Credit)	–	–	–	–
6 Settlement Cost/(Credit)	–	–	–	–
7 Plan Amendments	–	–	–	–
8 Acquisitions	–	–	–	–
9 Actuarial (Gains)/Losses	0.73	(2.22)	1.25	(0.84)
10 Benefits Paid	(2.14)	–	(1.71)	–
11 Present Value of DBO at the End of Year	15.00	8.03	12.64	8.04

Notes to the Accounts – Contd.

25 (a) EMPLOYEE BENEFITS EXPENSE (Contd.)

(Rupees in Million)

	Year ended 31st March, 2013		Year ended 31st March, 2012					
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)				
IV Change in Fair Value of Assets during the year ended								
1 Plan Assets at the Beginning of Year	11.59	–	9.44	–				
2 Addition pursuant to Scheme of Amalgamation (Note 31)	0.88	–	–	–				
3 Acquisition Adjustment	–	–	–	–				
4 Actuarial Return on Plan Assets	1.37	–	1.07	–				
5 Actuarial Gains/(Losses)	–	–	–	–				
6 Actual Company Contribution	2.85	–	2.79	–				
7 Benefits Paid	(2.14)	–	(1.71)	–				
8 Plan Assets at the End of Year	14.55	–	11.59	–				
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, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010				
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	15.00	8.03	12.64	8.04	10.79	7.75	8.19	5.15
2. Fair Value of Plan Assets	14.55	–	11.59	–	9.44	–	7.73	–
3. Status [Surplus/(Defecit)]	(0.45)	(8.03)	(1.05)	(8.04)	(1.35)	(7.75)	(0.46)	(5.15)
4. Experience Adjustments on Plan liabilities	–	(2.22)	–	(0.84)	–	2.11	–	0.01

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

Notes to the Accounts – Contd.

	Rupees Million	Year ended 31st March	
		2013 Rupees Million	2012 Rupees Million
26			
FINANCE COSTS			
Interest Expense			
Interest on borrowing	212.07		270.17
On Finance Lease	<u>2.75</u>		<u>2.88</u>
		214.82	273.05
Other Borrowing Costs		<u>0.46</u>	<u>1.06</u>
		<u>215.28</u>	<u>274.11</u>

27
DEPRECIATION

- a) Depreciation has been provided for in the Accounts on “Straight Line Method” at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for as stated below:
- i. Buildings at Regent Estate, Shimla - over the lease period(s).
 - ii. Leased Vehicles - over their respective lease period or five years, whichever is earlier.
 - iii. Long Term Leasehold Lands are amortised over their respective lease period(s).
- b) Depreciation for the year includes amortisation on revalued leasehold land acquired pursuant to Scheme of Amalgamation (Note 31) amounting to ₹ 1.27 Million (2012 - ₹ Nil) out of which ₹ 0.46 Million (2012 – ₹ Nil) has been adjusted against Revaluation Reserve.

Notes to the Accounts – Contd.

28	Rupees Million	Year ended 31st March	
		2013 Rupees Million	2012 Rupees Million
OTHER EXPENSES			
A. UPKEEP AND SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		6.54	5.65
Expenses on Apartment & Board		42.11	35.68
Power & Fuel		217.21	168.01
Renewals & Replacement		25.23	25.10
Repairs :			
Buildings	45.70		61.58
Plant & Machinery	66.65		62.96
Others	19.52		19.43
		<u>131.87</u>	<u>378.41</u>
		422.96	
B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Expenses for contractual services		46.30	37.97
Lease Rent (Note 44b)		8.44	7.31
Royalty		21.07	18.95
Technical Services Fees		89.99	83.42
Advertisement, Publicity & Other Promotional Expenses		95.11	83.75
Commission to Travel Agents & others		77.21	72.75
Rates & Taxes		46.29	52.99
Insurance		4.90	4.62
Passage & Travelling		38.59	35.07
Postage, Telephone & Telex		14.57	15.24
Printing & Stationery		8.82	8.12
Musical, Banquet & Kitchen Expenses		16.51	14.62
Directors' Fees		0.70	0.65
Loss on Sale/Discard of Assets including capital stores		5.09	10.95
Auditors' Remuneration			
As Auditor	1.97		1.95
Taxation Matters	0.06		0.06
Other Services	0.13		0.13
		<u>2.16</u>	<u>2.14</u>
Other Expenses		38.25	37.92
		<u>514.00</u>	<u>486.47</u>
Total (A + B)		<u>936.96</u>	<u>864.88</u>
29			
EXCEPTIONAL ITEMS - PROFIT			
Profit on sale of residential apartments at Jaipur		11.12	21.28
		<u>11.12</u>	<u>21.28</u>
30			
EXCEPTIONAL ITEMS			
Amalgamation expenses		9.99	-
		<u>9.99</u>	<u>-</u>

Notes to the Accounts – *Contd.*

31. Highlights of Scheme of Amalgamation sanctioned by Hon'ble Madras High Court on 6th February, 2013

a) Particulars of amalgamating companies:

Pursuant to a Scheme of Amalgamation ("the sanctioned Scheme") under sections 391 to 394 of the Companies Act, 1956, sanctioned by Hon'ble Madras High Court on 6th February, 2013, Island Hotel Maharaj Limited ("the Transferor Company") having one hotel at Cochin, namely "Trident, Cochin" has been amalgamated with the Company i.e. EIH Associated Hotels Limited operative 1st April, 2011 ('the Appointed Date'). Both the Companies are engaged in the business of hoteliering. As a result of the amalgamation the entire undertaking of the Transferor Company stands transferred to and vests in the Company as a going concern from the Appointed Date without any further act, deed or thing and the Transferor Company stands dissolved without winding up.

b) Effective date of amalgamation:

The sanctioned Scheme has become effective from 28th February, 2013 ("the Effective Date") upon certified copies of the Order of the Hon'ble Madras High Court having been filed with Registrars of Companies as per requirements of Section 391(3) of the Companies Act, 1956.

c) Method of Accounting:

The Company has accounted for the amalgamation which is in the nature of merger under the pooling of interests method, in accordance with the Accounting Standard (AS-14), "Accounting for Amalgamation" . Accordingly, all assets and liabilities, including reserves of the Transferor Company have been recorded in the books of account of the Company at their respective book values as on Appointed Date.

d) The amalgamation, as per the sanctioned Scheme, has been accounted for in the books of the Company in the following manner:

- 1) Since the Company holds 100% (along with its nominees) of the issued, subscribed and paid-up capital of the Transferor Company, all shares held by the Company (along with its nominees) in the share capital of the Transferor Company shall stand cancelled without any further act or deed, from the Appointed Date. There would neither be allotment of any new shares nor any payment be made to any person whatsoever in consideration or in lieu of the transfer and vesting of the Undertaking / Business of the Transferor Company in the Company.
- 2) The paid up Equity Share Capital of ₹ 319.71 Million appearing in the books of account of the Transferor Company and the corresponding Investments of ₹ 889.36 Million in respect thereof appearing in the books of account of the Company stand cancelled against each other and the difference arising there from amounting to ₹ 569.65 Million has been adjusted against the Securities Premium Account of the Company.
- 3) The debit balance in the Profit and Loss Account of ₹ 505.25 Million appearing in the Financial Statements of the Transferor Company has been aggregated with the balance in the Profit and Loss Account appearing in the Financial Statements of the Company.

e) The employees of the Transferor Company in service as on the Effective Date have become employees of the Company on the same terms and conditions on which they were engaged by the Transferor Company without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such Employees for the purpose of provident fund or gratuity or superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

f) All contracts, deeds, bonds, agreements, arrangements, engagements and other instruments of whatsoever nature to which the Transferor Company was a party or to the benefit of which the Transferor Company may be eligible and which have not lapsed and are subsisting on the Effective Date remain in full force and effect against or in favour of the Company, as the case may be, and are enforceable by or against the Company as fully and effectually as if, instead of the Transferor Company, the Company was a party or beneficiary thereto.

g) The Financial Statements of the current year include transactions pertaining to Trident, Cochin, the only hotel of the Transferor Company, and are therefore to that extent not comparable with those of previous year.

h) Loss of the Transferor Company for the period 1st April, 2011 to 31st March, 2012 has been included in the Surplus in Statement of Profit and Loss. (Note 3).

Notes to the Accounts – Contd.

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

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

	As at 31st March	
	2013 Rupees Million	2012 Rupees Million
1 Land & Building, Property Tax and Water Tax	14.59	152.17
2 Value Added Tax	3.44	1.25
3 Excise Duty	0.08	0.08
4 Service Tax	9.88	-
5 Luxury Tax	8.32	-
6 Other Claims	2.71	1.17

b) Capital Commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 8.01 Million (2012 - ₹ 1.00 Million).

33. Proposed Dividend

	As at 31st March	
	2013 Rupees Million	2012 Rupees Million
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	30.47	58.76
Dividend per Equity Share (₹)	1.00 per share	3.00 per share

34. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT), resulting in no additional tax expenses for the year (2012 - ₹ Nil).

35. Rights Issue of Equity Shares

The Company made a Rights Issue of 10,881,481 Equity Shares of ₹ 10 each at a premium of ₹ 90 per share (Issue price ₹ 100 per share). For every existing 9 Equity Shares, 5 Shares were issued as Rights. Shares were allotted on 21st October, 2012. Out of the proceeds of Rights Issue, ₹ 108.81 Million were credited to Equity Share Capital and ₹ 979.34 Million to the Securities Premium Account. Rights Issue expenses of ₹ 28.33 Million have been adjusted against Securities Premium Account. Accordingly, the Company's Equity Share Capital has increased from ₹ 195.87 Million to ₹ 304.68 Million and Securities Premium Account increased from ₹ 126.00 Million to ₹ 1,077.01 Million.

Proceeds from the Rights Issue were utilised as below:

	Rupees Million
Issue Related Expenses	26.98
Repayment/Pre-payment of Debt (including out of General Corporate Purposes)	1,000.00
General Corporate Purposes	59.82
Total	<u>1,086.80</u>

Notes to the Accounts – Contd.

36. CIF Value of Imports:

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

	Year ended 31st March	
	2013	2012
	Rupees Million	Rupees Million
i. Provisions, Wines & Smokes	16.16	11.78
ii. Components & Spares	5.10	11.66
iii. Capital Goods	29.76	22.63

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

	Year ended 31st March			
	2013		2012	
	Rupees Million	Percentage	Rupees Million	Percentage
i. Imported	30.86	17.10%	28.56	18.53%
ii. Indigenous	149.58	82.90%	125.53	81.47%
Total	180.44	100%	154.09	100%

37. Expenditure in Foreign Currencies:

	Year ended 31st March	
	2013	2012
	Rupees Million	Rupees Million
Subscription, Travelling & others	25.95	30.72

38. Other payments to Auditors in the matter of:

- i. Rights Issue of Equity Shares : ₹ 1.57 Million (inclusive of service tax) (2012- Nil) has been adjusted against Securities Premium Account.
- ii. Amalgamation of erstwhile Island Hotel Maharaj Limited with the Company: ₹ 0.34 Million (inclusive of service tax) (2012-Nil) included in "Amalgamation Expenses" (Note 30).

39. Earnings in Foreign Currencies on Sales:

	Year ended 31st March	
	2013	2012
	Rupees Million	Rupees Million
As per return submitted to DGFT	1,225.19	1,133.13

Notes to the Accounts – *Contd.*

40. Unhedged Foreign Currency:

	As at 31st March	
	2013 Rupees Million	2012 Rupees Million
Unhedged foreign currency exposure outstanding		
Receivables	0.10	–
Payables	(5.02)	(2.00)
Net Payable	(4.92)	(2.00)

41. Earnings per Equity Share:

	Year ended 31st March	
	2013 Rupees Million	2012 Rupees Million
Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each	205.02	133.55
Net Profit as per Statement of Profit and Loss and available for Equity Shareholders	205.02	133.55
Weighted average number of Equity Shares outstanding	25,597,001	21,559,593
Basic and Diluted Earnings per Equity Share in Rupees of face value – ₹ 10.	8.01	6.19

42. 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".

43. 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, 2013

Nature of Transactions	EIH Limited	
	Rupees Million 2013	Rupees Million 2012
Purchases		
Goods and Services	77.99	79.83
Fixed Assets	0.54	0.41
Total	78.53	80.24
Expenses		
Management Contract	132.14	121.32
License Agreement	0.24	0.24
Total	132.38	121.56
Payments		
Dividend on Equity Shares	21.21	17.68
Total	21.21	17.68
Receipts		
Amount received towards Rights Issue of Equity Shares (including Securities Premium)	414.38	–
Total	414.38	–
Sales		
Goods and Services	8.31	5.16
Licence Agreement	0.89	–
Fixed Assets	–	0.15
Total	9.20	5.31
Outstanding Balances		
Payables		
For Goods & Services	11.50	10.90
For Management Contract	53.73	52.96
Total	65.23	63.86
Receivables		
For Goods & Services	2.85	1.82
Total	2.85	1.82

Related Party transactions for the year ended 31st March, 2012 does not include transactions with erstwhile Island Hotel Maharaj Limited, a wholly owned subsidiary of the Company, pursuant to the Scheme of Amalgamation effective 1st April, 2011 (Note 31).

Notes to the Accounts – *Contd.*

44. Leases

- a. Fixed Assets acquired under finance lease amounting to ₹ 24.07 Million (2012 - ₹ 22.15 Million) being the assets acquired between 1st April, 2001 and 31st March, 2013. This includes an amount of ₹ 7.64 Million (2012 - ₹ 5.31 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on “Accounting for Leases”. Depreciation for the year includes an amount of ₹ 5.41 Million (2012 - ₹ 5.34 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2013 in respect of these assets is as under:

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
	Million	Million
Assets taken on lease		
Total Minimum Lease Payments at the year end	20.35	19.19
Present value of Minimum Lease Payments	15.18	14.49
Not later than one year		
Minimum Lease Payments	7.70	7.26
Present value	5.31	5.18
Later than one year but not later than five years		
Minimum Lease Payments	12.65	11.93
Present value	9.87	9.31
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”:

General description of the Company’s operating lease arrangements:

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

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

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

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

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



The Oberoi Group

OBEROI HOTELS & RESORTS

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

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

