

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

Annual Report 2004-2005

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BOARD

Mr. P.R.S. Oberoi, *Chairman*
Mr. S.S. Mukherji, *Managing Director*
Mr. L. Ganesh
Mr. Vikram Oberoi
Mr. Rajan Raheja
Mr. Anil Nehru

COMPANY SECRETARY
Mr. R. Mitra

REGISTRARS AND
SHARE TRANSFER AGENTS
EIH Limited
4, Mangoe Lane
Kolkata 700 001

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

BANKERS
United Bank of India
UTI Bank Limited

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

HEAD OFFICE
4, Mangoe Lane
Kolkata 700 001

CORPORATE OFFICE
Maidens Hotel
7, Sham Nath Marg
Delhi 110 054

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 unrelenting 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 serial nos. 13, 14, 15 & 16

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
FOR THE YEAR										
1. GROSS REVENUE	212.557	250.547	240.578	320.280	315.006	371.760	330.091	277.514	361.100	512.259
2. PROFIT BEFORE TAX	64.702	101.615	67.893	12.502	(56.145)	(15.447)	(44.147)	(59.157)	(60.345)	(22.836)
3. PROFIT AFTER TAX	64.702	87.115	60.758	11.189	(56.145)	(15.447)	(34.160)	(39.128)	(58.054)	(12.285)
4. DIVIDEND	18.093	26.250	26.250	21.000	-	-	-	-	-	-
5. RETAINED EARNINGS	54.216	66.765	48.366	20.679	-	28.417	9.078	4.363	-	30.737
6. FOREIGN EXCHANGE EARNINGS	147.007	192.697	172.914	248.003	258.482	234.800	244.604	198.771	191.063	245.073
AT YEAR END										
7. GROSS FIXED ASSETS	320.563	582.891	994.743	1131.829	1269.264	1352.560	1360.937	1374.771	1373.555	1403.879
8. SHARE CAPITAL	105.000	105.000	105.000	105.000	105.000	105.000	105.000	105.000	105.000	105.00
9. RESERVES AND SURPLUS	209.524	267.765	299.648	287.527	231.382	215.934	151.703	126.006	127.506	127.506
10. NET WORTH	312.725	371.416	403.749	392.077	336.382	320.934	256.703	217.576	150.911	140.648
11. BORROWINGS	74.128	192.653	550.384	692.130	859.897	966.478	933.423	929.803	986.935	1030.276
12. CAPITAL EMPLOYED	383.670	559.347	753.304	862.108	946.552	988.355	1107.806	1131.920	1043.684	1011.924
PER SHARE (Rs.)										
13. NET WORTH PER EQUITY SHARE	29.78	35.37	38.45	37.34	32.04	30.57	24.45	20.72	14.37	13.39
14. EARNINGS PER EQUITY SHARE	8.94*	8.30	5.79	1.07	(5.35)	(1.47)	(3.25)	(3.73)	(5.53)	(1.17)
15. DIVIDEND PER EQUITY SHARE	2.50**	2.50	2.50	2.00	-	-	-	-	-	-
RATIO										
16. DEBT : EQUITY RATIO	0.24 : 1	0.52 : 1	1.36 : 1	1.77 : 1	2.56 : 1	3.01 : 1	3.64 : 1	4.27 : 1	6.54 : 1	7.33 : 1

Notes :

* Annualised

** Paid Pro Rata on Equity Shares allotted during the year from the date of respective allotments

DIRECTORS' REPORT

The Board presents its Twenty-second Annual Report together with the Audited Statement of Accounts and Auditor's Report in respect of the year ended 31st. March, 2005.

The financial highlights are set out below :

	Rupees	
	2004-2005	2003-2004
Revenue	512,258,655	361,100,263
Profit before Interest, Depreciation & Tax	149,082,187	79,203,185
Interest & Finance Charges	92,774,001	96,264,613
Depreciation	43,022,423	43,283,444
Profit/(Loss) before Extraordinary Items	13,285,763	(60,344,872)
Extraordinary Items :		
Premium on Prepayment of Term Loan	34,100,000	-
Miscellaneous Expenditure Amortised	2,022,260	36,122,260
Provision for Tax written back	1,829,046	-
Deferred Tax	8,722,068	2,290,982
Net Loss for the year	(12,285,383)	(58,053,890)
Loss carried forward	(193,698,490)	(181,413,107)

The annexed Management Discussion and Analysis forms a part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year under review as well as future prospects.

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:

- in preparing the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Loss of the Company for that period;
- the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of 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;
- the Directors have prepared the Annual Accounts on a "going concern basis".

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance along with the Auditor's Report are enclosed.

During the Financial Year, the Foreign Exchange earnings of the Company amounted to Rs. 245,072,962 as against Rs. 191,062,795 in the previous year. The outflow of Foreign Exchange during the Financial Year was Rs. 38,993,954 as against Rs. 9,540,379 in the previous year.

Energy conservation continues to be a key focus area for the Company. Energy conservation measures are meticulously followed in both Hotels and conform to the highest standards.

Field Marshal Sam Manekshaw resigned from the Board with effect from 26th. August, 2004. His contribution to the deliberations of the Board and its Committees has been invaluable. The Board places on record its deep appreciation for his advice and guidance during his tenure as a Director of the Company.

The tenure of Mr. S.S. Mukherji as Managing Director of the Company expires on 22nd. June, 2005. Mr. Mukherji is also holding the position of Vice Chairman and Managing Director of EIH Limited. As Mr. Mukherji will not be able to devote sufficient time with regard to the affairs of the Company, he wishes to relinquish his position as Managing Director. Mr. Mukherji, however, will continue to remain as a Director of the Company. The Board records its deep appreciation for the services rendered by Mr. Mukherji as Managing Director of the Company.

In view of relinquishment of the office of Managing Director by Mr. S.S. Mukherji, the Board at its Meeting held on 27th. May, 2005 decided to appoint Mr. Vikram Oberoi as the Managing Director of the Company for a period of five years effective 23rd. June, 2005. Mr. Oberoi will not draw any remuneration. The appointment requires approval of the Shareholders for which a resolution has been included in the Notice convening the Annual General Meeting.

Mr. Anil Nehru, a former wholetime Director of Pfizer Limited, joined the Board on 22nd. November, 2004 as an Additional Director. He will hold office till the forthcoming Annual General Meeting and is being proposed for appointment as a Director liable to retire by rotation.

Mr. P.R.S. Oberoi and Mr. Rajan Raheja retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

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

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed.

The Board takes this opportunity to thank all employees for their commitment and dedication.

For and on behalf of the Board

New Delhi
27th. May, 2005

S.S. MUKHERJI
Managing Director

P.R.S. OBEROI
Chairman

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST. MARCH, 2005**A. Employed throughout the year and were in receipt of remuneration for the year which in the aggregate was not less than Rs. 2,400,000**

<i>Name of the Employee</i>	<i>Age</i>	<i>Designation/ Nature of Duties</i>	<i>Gross Remuneration Rs.</i>	<i>Qualification(s)/ Experience (Years)</i>	<i>Date of Commencement of Employment</i>	<i>Particulars of Previous Employment</i>
1	2	3	4	5	6	7
JONES P.	37	General Manager, The Oberoi Rajvilas, Jaipur	5,616,526	Higher National Diploma in Hotel Management (18)	March, 2003	EIH Limited
WHIFFEN A.	36	Executive Chef, The Oberoi Rajvilas, Jaipur	3,933,822	Trade School of Chefs, Bournemouth, Dorset (19)	May, 2003	The Sandy Lane Hotel, Barbados

B. Employed for a part of the year and were in receipt of remuneration which in the aggregate was not less than Rs. 200,000 per month

<i>Name of the Employee</i>	<i>Age</i>	<i>Designation/ Nature of Duties</i>	<i>Gross Remuneration Rs.</i>	<i>Qualification(s)/ Experience (Years)</i>	<i>Date of Commencement of Employment</i>	<i>Particulars of Previous Employment</i>
NIL						

NOTES :

1. The above employees are on lien from EIH Limited and are governed by individual service contracts.
2. No employee listed above is a relative of any Director of the Company.
3. The above employees have adequate experience to discharge their duties.
4. No employee listed above holds by himself or along with his spouse and dependent children 2% or more of the Equity Shares of the Company.

For and on behalf of the Board

New Delhi
27th. May, 2005S.S. Mukherji
Managing DirectorP.R.S. Oberoi
Chairman