

ElH Associated Hotels Limited

A member of  *The Oberoi Group*

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Annual Report 2006-2007

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the Company will be held at 3.00 P.M. on Thursday, 30th August, 2007, at Trident Hilton, 1/24, G.S.T. Road, Meenambakkam, Chennai 600 027 to transact the following business:

1. To adopt the Audited Accounts of the Company for the year ended 31st March, 2007, together with the Directors' and Auditor's Reports.
2. (a) To appoint a Director in place of Mr. P.R.S. Oberoi, who retires by rotation and being eligible, offers himself for re-appointment.
- (b) To appoint a Director in place of Mr. Anil Nehru, who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare Dividends.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a **Special Resolution**:

"THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any amendments thereto or the re-enactment thereof), the Foreign Exchange Management Act, 2000 ('FEMA') and subject to applicable rules, regulations, guidelines, notifications, circulars and clarifications issued from time to time by the Government of India, the Reserve Bank of India, The Securities and Exchange Board of India ('SEBI') and/or any other competent authority and subject also to such conditions and/or modifications as may be prescribed or imposed by any of the authorities while granting any approval, permission, consent or sanction and which may be agreed to by the Board of Directors of the Company (the 'Board', which term shall include any Committee thereof), consent of the Company be and is hereby accorded to the Board to offer, issue and allot (including with provisions for reservation on firm and /or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permissible), either in India or in the course of international offering(s) in one or more foreign markets, either equity shares, whether to Qualified Institutional Buyers, as defined in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ('the DIP Guidelines'), pursuant to qualified institutional placement(s) as provided under Chapter XIII A of the DIP Guidelines ('Qualified Institutional Placement') whether in registered or bearer form, or, without limitation, in any other form or manner as may be permissible, or other class(es) of shares or a combination of classes of shares, or, preference shares (whether redeemable or convertible), or share warrants or any other Financial Instrument, of whatsoever nature {including debt instrument(s)} or securities through the Global/American Depository Receipt mechanisms (with or without the permissible green shoe option) or Convertible Bonds of whatsoever nature or, Foreign Currency Convertible Bonds ('FCCBs') (with or without permissible green shoe option), or otherwise, or any combination of securities, with or without share warrants attached thereto, convertible into or carrying an option to subscribe for equity shares (hereinafter collectively referred to as 'the securities'), in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, including to foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Qualified Institutional Buyers, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilising agents and/or any other categories of investors, whether

they be holders of shares of the Company or not (collectively called 'Investors') either through public issue(s) or through a rights issue, or through Qualified Institutional Placement(s) or any combination thereof, at such time or times, at such price(s), whether at a discount or premium to market price(s) in such manner and on such terms and conditions as may be deemed appropriate by the Board, at its absolute discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made, to the exclusion of all other categories of Investors at the time of such offer, issue and allotment, considering the prevailing market conditions and other relevant factors and, wherever necessary, in consultation with the Lead Managers and other Advisers, up to an amount not exceeding Rs. 150,00,00,000 (Rupees One Hundred Fifty crores only), either in Indian Rupees or in equivalent foreign currency, inclusive of such premium as may be determined by the Board at its absolute discretion;

AND FURTHERMORE THAT the securities issued in international markets shall be deemed to have been issued abroad and/ or in the international market and /or at the place of issue of the securities in the international market and may be governed by applicable foreign laws;

AND FURTHERMORE THAT the Board be and is hereby authorised to issue and allot such number of shares or other securities as may be required to be issued and allotted upon conversion of or exercise of options under the securities or, as may be necessary in accordance with the terms of above offering(s) and/ or issue of any other security convertible into equity / preference shares, whether initially or otherwise, and which, upon conversion, may or may not carry voting or other rights or which may, subject to the provisions of applicable laws, carry any right which is disproportionate or different from the right or which may, subject to the provisions of applicable laws, carry any right which is disproportionate or different from the rights attached to any other security(ies) issued/ to be issued by the Company and with such rights as may be decided by the Board and provided under the terms of issue and the offering documents;

AND FURTHERMORE THAT should equity shares be issued, such shares, upon allotment, to rank *pari passu* in all respects with the existing equity shares of the Company save and except that –

1. the Board may, at its discretion, issue equity shares without voting rights or with differential rights as to dividend, voting or otherwise in terms of the aforesaid securities upon such terms and conditions and with such rights and privileges annexed thereto as may be permissible and as may be deemed fit by the Board;
2. equity shares issued without voting rights in terms of the aforesaid securities will carry the right to receive such differential rate of dividend as may be declared by the Company for the financial year in which the allotment is made in proportion to the amount of Share Capital paid-up and *pro-rated* for the period during which such Share Capital is paid-up; and
3. equity shares issued with voting rights in terms of the aforesaid securities shall qualify for dividend, if any, which may be declared for the financial year in which the allotment of shares shall become effective in proportion to the amount of Share Capital paid-up and *pro-rated* from the date of allotment;

AND FURTHERMORE THAT the Board be and is hereby authorised to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, stabilising agents, trustees, bankers, lawyers, advisers and all such agencies and authorities as may be involved

or concerned in such offering(s) of shares or other securities and to remunerate them by way of commission, brokerage, fees and the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies or authorities and to seek the listing of such shares or other securities on one or more national and / or international stock exchange(s) as appropriate;

AND FURTHERMORE THAT:

- (a) the shares or other securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (b) to the extent applicable under the DIP Guidelines, the relevant date for the determination of the applicable price for the issue of any security which requires the determination of a relevant date, shall mean a date thirty days prior to the date of this Meeting;

AND FURTHERMORE THAT the issue to the holders of shares or any share underlying any security, as relevant or applicable under the circumstances, shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the equity shares, the number of equity shares to be allotted shall stand augmented in the same proportion in which the Equity Share Capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced *pro tanto*;
- (b) in the event of the Company making a rights offer by issue of equity shares prior to the allotment of the equity shares, the entitlement to the equity shares will stand increased in the same proportion as that of the rights offer and such additional equity shares shall be offered to the holders of the securities at the same price at which the same are offered to the existing Shareholders; and
- (c) in the event of merger, amalgamation, takeover or any other reorganisation or restructuring, the number of equity shares, the price and the time period, as aforesaid, shall be suitably adjusted;

AND FURTHERMORE THAT for the purpose of giving effect to the above, the Board be and is hereby authorised, in its absolute discretion, to agree to and make, accept all such conditions, modifications and alterations stipulated by any relevant authority while according approvals or consents to the issues as may be considered necessary, proper or expedient and to take all actions as may be necessary, desirable or expedient to effect such modifications and to resolve and settle all questions and difficulties that may arise in the proposed issue(s) and allotment(s) of the new securities and to do all acts, deeds, matters and things as it may, at its discretion, deem necessary or desirable, for such purpose including, if necessary, creation of such mortgage and/or charges in respect of any security on the whole or any part of the undertaking(s) of the Company under Section 293(1)(a) of the Act and to execute such documents or writings as may be considered necessary or proper and incidental to this Resolution;

AND FURTHERMORE THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilisation of the issue proceeds or in the borrowing of loans as it may, in its absolute discretion, deem fit without being required to seek any further consent or approval from the Shareholders or otherwise to the end and intent that the Shareholders shall be deemed to have given their approval thereto expressly by the authority of this Resolution;

AND FURTHERMORE THAT where the Board decides to make a rights issue of any security, it shall follow the due process for such issue(s), as applicable under the Act, in its sole and absolute discretion but subject always to the applicable DIP Guidelines;

AND FURTHERMORE THAT the Board be and is hereby also authorised to delegate all or any of its powers to any Committee of Directors to give effect to this Resolution and be and is hereby further authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as it may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of equity shares or other securities as relevant or applicable including, but not limited to :

- a. approving, finalising, settling, executing and delivering or arranging the delivery of the draft and final offer documents and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the issue of the securities to the Stock Exchanges, SEBI and other relevant authorities as may be required;
- b. approving the issue price, the number of shares or other securities to be allotted, the basis of allocation and allotment of shares;
- c. arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of shares or other securities by the Company;
- d. opening a separate special account with a scheduled bank to receive monies in respect of the issue of the shares or other securities of the Company;
- e. making applications for listing of the shares or other securities of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) as relevant or applicable or equivalent documentation to the concerned stock exchange(s); and
- f. settling all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit;

AND FURTHERMORE THAT the Board be and is hereby authorised to exercise and also delegate all or any of its powers in relation to the above matters required to be exercised or delegated in such manner and on such terms as it may, at its absolute discretion, deem fit from time to time."

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a **Special Resolution**:

"THAT the Articles of Association of the Company be and are hereby altered by adding the following Article 13B after Article 13A together with the marginal note in the manner following:-

'13B. The Company shall have power to issue shares with differential rights as to dividend, voting or otherwise in accordance with such Rules and subject to such conditions as may be prescribed from time to time'."

shares with differential rights

Registered Office :
1/24, G.S.T. Road
Meenambakkam
Chennai 600 027
13th June, 2007

By Order of the Board

R.Mitra
Company Secretary

NOTES :

1. **A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a Shareholder of the Company.**
2. As required under Clause 49(IV)(G)(i) of the Listing Agreement, particulars relating to Mr. P.R.S. Oberoi and Mr. Anil Nehru, Directors retiring by rotation and whose re-appointments have been proposed at the forthcoming Annual General Meeting, are enclosed in the Appendix to this Notice.
3. (a) The Register of Shareholders of the Company will remain closed from 14th August, 2007 to 30th August, 2007, both days inclusive;
(b) The Dividends, if declared, will be paid to those Shareholders whose names will appear in the Register of Shareholders as at the close of business on 13th August, 2007.
4. An Explanatory Statement as per Section 173 (2) of the Companies Act, 1956, in relation to the items of Special Business to be transacted at the Meeting is enclosed.
5. Shareholders are requested to notify immediately any change in their address to the Company's Registrar and Share Transfer Agent, EIH Limited, Investors Services Division, 4, Mangoe Lane, Kolkata 700 001.
6. A Shareholder or his Proxy will be required to produce at the entrance to the Meeting Hall the Attendance Slips sent herewith, duly completed and signed. Neither photocopies nor torn/mutilated Attendance Slips will be accepted. The validity of an Attendance Slip will, however, be subject to the Shareholder continuing to hold Equity Shares as on the date of the Meeting.
7. A Shareholder or his Proxy is required to bring a copy of the Annual Report to the Meeting as extra copies will not be distributed.
8. Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are urged to file Nomination Forms in respect of their Shareholdings. Any Shareholder wishing to avail of this facility may submit the prescribed Form 2B to the Registrar and Share Transfer Agent and also contact them for any assistance.
9. The Section on General Shareholder Information ("the said Section") containing information of particular relevance to Shareholders forms a part of the Report on Corporate Governance. Attention of all Shareholders is accordingly drawn to the said Section.

EXPLANATORY STATEMENT RELATIVE TO THE SPECIAL BUSINESS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 5**

The Company had hitherto been a two hotel Company. Upon the amalgamation of Indus Hotels Corporation Limited and the acquisition of two hotels from EIH Limited, the Company now owns seven hotels. In addition, its wholly owned subsidiary, Island Hotel Maharaj Limited, owns one hotel.

In the revised situation, it is imperative that the Company strengthens its long term funds position. With this end in view, the Company wishes to raise amounts not exceeding Rs.150 crores, or its equivalent in foreign currency, in the domestic or international market, through one or more classes of securities, including through equity shares. Such securities are proposed to be issued to any eligible person, including to resident investors and foreign investors (whether individuals, mutual funds, incorporated bodies, institutions or otherwise), Foreign Institutional Investors and Qualified Institutional Buyers or as rights shares to the existing Equity Shareholders of the Company or any combination of the above as may be determined by the Board.

The acquisition of two hotels from EIH Limited were made through the issue of redeemable instruments. These will need to be redeemed. A portion of the funds received through the above process will be used to fund such redemptions. Funds raised will also help in reducing the Company's borrowings and also for upgrading and modernising the Company's hotels.

The detailed terms and conditions of the offer(s) will be determined by the Board in consultation with adviser(s), lead manager(s), underwriter(s), and such other authority(ies) and agency(ies) as may be required to be consulted by the Company. This will be done after considering the prevailing market conditions and all other relevant factors. To the extent applicable, the pricing of the offering(s) will be market related subject to a floor price as determined in accordance with applicable laws, rules, regulations and guidelines as the case may be. As the pricing of the offering (s) will be decided at a later stage, the exact number of securities to be issued will depend upon the price so decided.

Securities issued through such proposed offering(s) could be listed on either International Stock Exchange(s) or Indian Stock Exchange(s) including The Bombay Stock Exchange Limited, as appropriate.

The proposed issue requires the approval of Shareholders through a Special Resolution as per the provisions of Section 81(1A) of the Companies Act, 1956 and the Listing Agreements entered into by the Company with the Stock Exchanges.

The Special Resolution is proposed in the above context and the Board recommends the Resolution for adoption.

No Director is, in any way, concerned or interested in the Resolution save and except to the extent of any offer for subscription to any security that may be made to him as a Shareholder or employee.

Item No. 6

The Companies Act, 1956 now permits issue of shares with differential rights as to voting, dividend or otherwise in accordance with and subject to such conditions as may be prescribed.

It is proposed to amend the Company's Articles of Association by inserting a new Clause 13B to enable the Board to issue such shares if and when this is deemed expedient.

A copy of the Memorandum and Articles of Association (with a draft of the proposed change inserted therein) will be available for inspection by Shareholders at the Registered Office of the Company between 11 A.M. and 1 P.M. on all working days (except Saturdays) and also at the Meeting.

No Director has any concern or interest in the Resolution.


The Board recommends the Resolution for acceptance.



**INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT
AT THE FORTHCOMING ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49(IV)(G)(i) OF THE LISTING AGREEMENT)**

Name of Director	Date of Birth	Date of Original Appointment	Expertise in specific functional areas	Qualifications	Directorships in other Public Limited Companies incorporated in India	Membership of Committees in other Public Limited Companies incorporated in India	Other information	Remarks
Mr. P.R.S. Oberoi	03.02.1929	30.03.1961	Hospitality	Graduate in Hotel Management (Lausanne, Switzerland)	1. EIH Limited 2. Island Hotel Maharaj Limited 3. Jet Airways (India) Limited 4. Mashobra Resort Limited 5. Mercury Car Rentals Limited 6. Mercury Himalayan Explorations Limited 7. Mercury Travels Limited 8. Mumtaz Hotels Limited 9. Oberoi Kerala Hotels and Resorts Limited 10. Rajgarh Palace Hotel and Resorts Limited	EIH Limited : Investors Grievances Committee	Non-executive Non-Independent Director. Related to Mr. Vikram Oberoi, Managing Director. Holds 32,670 equity shares in the Company.	Retiring by rotation at the forthcoming Annual General Meeting.
Mr. Anil Nehru	02.05.1941	08.11.2004	General Management (Former Wholetime Director, Pfizer Limited)	M.S. (MIT, USA)	1. Ayurved Limited 2. EIH Limited 3. Sanat Products Limited	A. EIH Limited : 1. Audit Committee 2. Remuneration Committee B. Sanat Products Limited : Remuneration Committee	Non-executive Independent Director. Nil Shareholding in the Company.	Retiring by rotation at the forthcoming Annual General Meeting.

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