

ElH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2009-2010

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BOARD

Mr. P.R.S. Oberoi

Chairman

Mr. Vikram Oberoi

Managing Director

Mr. S.S. Mukherji

Mr. L. Ganesh

Mr. Rajan Raheja

Mr. Anil Nehru

Mr. Sudipto Sarkar

Mr. Rajesh Kapadia

COMPANY SECRETARY

Ms. Indrani Ray

REGISTRAR AND SHARE TRANSFER AGENT

EIH Limited

4, Mangoe Lane

Kolkata 700 001

AUDITORS

Ray & Ray

Chartered Accountants

6, Church Lane

Kolkata 700 001

REGISTERED OFFICE

1/24, G.S.T. Road

Meenambakkam

Chennai 600 027

The Oberoi Dharma

FUNDAMENTAL CODE OF CONDUCT

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

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

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

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

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

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

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

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

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

The Oberoi Group Mission

OUR GUESTS

We are committed to meeting and exceeding the expectations of our guests through our 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 item nos. 13, 14, 15 & 16									
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
FOR THE YEAR										
1. GROSS REVENUE	371.76	330.09	277.51	361.10	512.26	1,108.30	1,610.39	1,783.30	1,604.89	1,489.96
2. PROFIT BEFORE TAX	(15.45)	(44.15)	(59.16)	(60.34)	(22.84)	82.92	217.59	251.04	142.77	81.92
3. PROFIT AFTER TAX	(15.45)	(34.16)	(39.13)	(58.05)	(12.28)	89.92	137.10	146.54	98.98	52.88
4. DIVIDEND (INCLUDING TAX)	-	-	-	-	-	-	19.11	60.56	34.37	34.26
5. RETAINED EARNINGS	28.42	9.08	4.36	-	30.74	177.67	242.18	215.33	179.69	132.45
6. FOREIGN EXCHANGE EARNINGS	234.80	244.60	198.77	191.06	245.08	599.16	936.63	1,050.01	910.03	744.37
AT YEAR END										
7. GROSS FIXED ASSETS	1,352.56	1,360.94	1,374.77	1,373.56	1,403.88	2,764.41	3,580.95	3,716.42	3,778.45	3,791.08
8. SHARE CAPITAL	105.00	105.00	105.00	105.00	105.00	195.87	295.86	195.86	195.86	195.86
9. RESERVES AND SURPLUS	215.93	151.70	126.01	127.51	127.51	580.02	696.74	782.72	847.33	865.95
10. NET WORTH	320.93	256.70	217.58	150.91	140.65	769.82	988.56	978.58	1,043.19	1,061.81
11. BORROWINGS	966.48	933.42	929.80	986.93	1,030.28	1,876.68	2,515.68	2,517.96	2,491.42	2,489.26
12. CAPITAL EMPLOYED	988.35	1,107.81	1,131.92	1,043.68	1,011.92	2,511.00	2,664.31	2,876.54	3,114.61	3,131.07
PER SHARE (Rs.)										
13. NET WORTH PER EQUITY SHARE	30.57	24.45	20.72	14.37	13.39	39.30	50.47	49.96	53.26	54.20
14. EARNINGS PER EQUITY SHARE	(1.47)	(3.25)	(3.73)	(5.53)	(1.17)	4.59	6.96	7.31	5.05	2.70
15. DIVIDEND PER EQUITY SHARE	-	-	-	-	-	-	0.80	2.50	1.50	1.50
RATIO										
16. DEBT : EQUITY RATIO	3.01 : 1	3.64 : 1	4.27 : 1	6.54 : 1	7.33 : 1	2.44 : 1	2.55 : 1	2.57 : 1	2.39 : 1	2.34 : 1

DIRECTORS' REPORT

The Board presents the Twenty-seventh Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2010.

The financial highlights are set out below :

	Rupees in million	
	2009-10	2008-09
Total Revenue	1,489.96	1,604.89
Earnings before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	472.21	530.81
Interest and Finance Charges	276.46	272.96
Miscellaneous Expenditure Amortised	–	–
Depreciation	113.83	115.08
Profit before tax	81.92	142.77
Current tax	0.02	0.03
Deferred tax	29.02	39.44
Fringe Benefit tax	–	4.32
Profit after tax	52.88	98.98
Dividend on Equity Shares	29.38	29.38
Dividend tax	4.88	4.99
Transfer to General Reserve	5.00	5.00
Balance carried over	158.42	144.80

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 there are no material departures;
- 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;
- the Directors have taken proper and sufficient care, to the best of their knowledge and ability, to maintain 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 of the Company on a "going concern" basis.

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

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

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

The Board recommends a Dividend of Rs. 1.50 per share of Rs. 10 for the Financial Year 2009-2010. The Dividend, if approved at the forthcoming Annual General Meeting, will be paid to those Shareholders whose names appear in the books of the Company at close of business on 9th July, 2010. Based on the provisions of the Income Tax Act, 1961, the Tax on Dividend will be borne by the Company.

Energy conservation measures include the following :

- more efficient controls in hydro pneumatic pumps;
- installation of more energy efficient raw water pumps and sewage treatment plants;
- revamping of ventilation systems;
- replacement of incandescent bulbs with higher efficiency CFL bulbs in guest rooms and public rooms;
- installation of new fan coil units in guest rooms;
- setting up primary and secondary chiller water systems for reducing load on air conditioning plants;
- energy recovery wheels installed on fresh air systems.

Further energy conservation measures that are planned include:

- replacement of incandescent lamps with higher efficiency CFL, LED and IRC lamps in remaining guest rooms and public rooms;
- installation of variable speed drives on air handling units;
- installation of solar water heating systems;
- replacement of boilers with higher efficiency boilers;
- installation of sensors for power saving in guest rooms and other areas.

During the Financial Year 2009-2010, Foreign Exchange earnings of the Company were Rs. 744.37 million against Rs. 910.03 million in the previous year. The expenditure in foreign exchange was Rs. 20.83 million against Rs. 48.75 million in the previous year.

Effective 23rd March, 2010, the Registered Office of Island Hotel Maharaj Limited (IHML), the Company's Wholly Owned Subsidiary, has been shifted from Cochin, Kerala to Chennai, Tamil Nadu.

Approval has been received from the Central Government under Section 212(8) of the Act exempting the Company from attaching a copy of the Report and Accounts of IHML. In granting the exemption, the Central Government has directed that

specified information on IHML be separately disclosed as a part of the Consolidated Financial Statements. This information has been incorporated on page 54 of this Annual Report.

Subject to prior arrangement, the Audited Annual Accounts of IHML will be available for inspection by any Shareholder at the Company's Registered Office. Any Shareholder interested in obtaining a copy of the Audited Annual Accounts of IHML can write to the Company's Registrar and Share Transfer Agent.

The tenure of Mr. Vikram Oberoi, Managing Director, expires at close of business on 22nd June, 2010. The Board recommends renewal of his appointment, as Managing Director, for a further period of five years effective 23rd June, 2010. Mr. Vikram Oberoi will not receive any remuneration. The re-appointment requires the approval of the Shareholders for which a Resolution has been included in the Notice convening the Annual General Meeting.

Mr. Rajan Raheja and Mr. L. Ganesh, Directors, are due to 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, dedication and co-operation.

For and on behalf of the Board

Mumbai
27th May, 2010

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

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
DENTON M.O.*	40	General Manager, The Oberoi Rajvilas, Jaipur	8,174,329	Diploma from Ecole Hoteliere De Lassoue (13)	August, 2008	The Oberoi, Bali
MELLOR A.P.*	41	Executive Chef, The Oberoi Rajvilas, Jaipur	5,337,646	Tameside College of Technology, Ashton Under Lyne (20)	February, 2008	Aman Resorts, Sri Lanka
PURI S.	39	General Manager, Trident, Chennai	4,034,853	Hotel Management from OCLD (13)	November, 2007	Trident, Nariman Point, Mumbai
SHAIKH R.	35	General Manager, Trident, Bhubaneswar	2,402,555	Hotel Management (15)	April, 2005	Taj Exotica, Goa
SUDARSHAN S.R.	49	Executive Chef, Trident, Chennai	2,472,017	Certificate Course in Management (US) IHMC, MAA (27)	May, 1998	The Oberoi, New Delhi

B. Employed for a part of the year and was in receipt of remuneration for the year 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>
1	2	3	4	5	6	7
MUKHERJEE S.	36	Financial Controller, The Oberoi Rajvilas, Jaipur	1,017,098	A.C.A. (12)	October, 2006	Tata Tea Limited, Kolkata

NOTES :

- Except for those employees marked*, gross remuneration shown above comprises of salaries, allowances and benefits as per Company's Rules and contribution to Provident Fund but excludes payments on account of encashment of leave on retirement/resignation.
- Appointments in respect of employees marked* are governed by individual service contracts.
- The above employees are/were on lien from Elh Limited.
- No employee listed above holds/held by himself or along with his/her spouse and dependent children 2% or more of the Equity Shares of the Company.

For and on behalf of the Board

Mumbai
27th May, 2010

Vikram Oberoi
Managing Director

P.R.S. Oberoi
Chairman