

EH LIMITED

A member of *The Oberoi Group*



Annual Report 2006 - 2007



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-seventh Annual General Meeting of the Company will be held at 11.30 A.M. on Monday, 27th August, 2007, at The Oberoi Grand, 15, Jawaharlal Nehru Road, Kolkata 700 013 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. To declare a Dividend.
3. (a) To appoint a Director in place of Mr. S.K. Dasgupta, who retires by rotation and, being eligible, offers himself for re-appointment;
- (b) To appoint a Director in place of Mr. Arjun Oberoi, who retires by rotation and, being eligible, offers himself for re-appointment.
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 Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 (including Schedule XIII thereto), consent of the Company be and is hereby accorded to the re-appointment of Mr. P.R.S. Oberoi ('Mr. Oberoi') as the Company's Chairman and Chief Executive for a period of five years from 27th June, 2007 and to the payment of remuneration to him as per the terms contained in an Agreement (a draft of which, initialled by the Chairman for the purpose of identification, is placed before the Meeting) to be entered into between the Company and Mr. Oberoi which be and is hereby approved for execution on behalf of the Company;

AND FURTHERMORE THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as it may deem expedient in the interest of the Company".

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

"THAT pursuant to Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 (including Schedule XIII thereto), consent of the Company be and is hereby accorded to the re-appointment of Mr. S.S. Mukherji ('Mr. Mukherji') as the Company's Vice Chairman for a period of five years from 27th June, 2007 and to the payment of remuneration to him as per the terms contained in an Agreement (a draft of which, initialled by the Chairman for the purpose of identification, is placed before the Meeting) to be entered into between the Company and Mr. Mukherji which be and is hereby approved for execution on behalf of the Company;

AND FURTHERMORE THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as it may deem expedient in the interest of the Company".

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution**:

“THAT consent of the Company be and is hereby accorded, pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including Schedule XIII thereto), to the re-designation of Mr. Vikram Oberoi as Joint Managing Director, effective 27th June, 2007, for the remainder of his term, with liberty to the Board to further vary his designation from time to time during this period in such manner as it may think fit and to the increase in his remuneration as specified in the Supplemental Agreement (a draft of which initialled by the Chairman for the purpose of identification, is placed before the Meeting) to be entered into by the Company and Mr. Vikram Oberoi, which be and is hereby approved for execution on behalf of the Company;

AND FURTHERMORE THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as it may deem expedient in the interest of the Company”.

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution**:

“THAT consent of the Company be and is hereby accorded, pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including Schedule XIII thereto), to the re-designation of Mr. Arjun Oberoi as Joint Managing Director, effective 27th June, 2007, for the remainder of his term, with liberty to the Board to further vary his designation from time to time during this period in such manner as it may think fit and to the increase in his remuneration as specified in the Supplemental Agreement (a draft of which initialled by the Chairman for the purpose of identification, is placed before the Meeting) to be entered into by the Company and Mr. Arjun Oberoi, which be and is hereby approved for execution on behalf of the Company;

AND FURTHERMORE THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as it may deem expedient in the interest of the Company”.

9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution**:

“THAT in modification of the Ordinary Resolution passed by the Company at its Fifty-fourth Annual General Meeting, the Board of Directors of the Company (‘the Board’) be and is hereby authorised, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 (‘the Act’), to borrow monies for the purposes of the business of the Company, notwithstanding that the monies so borrowed, together with monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate for the time being of the Paid-up Capital of the Company and its Free Reserves i.e. Reserves not set apart for any specified purpose, but so that the total amount of the monies to be so borrowed together with monies already borrowed (apart from temporary loans obtained / to be obtained from the Company’s bankers in the usual course of business), shall not exceed Rs. 600 crores

over and above the Company's Paid-up Capital and its Free Reserves at any one time and from time to time;

AND FURTHERMORE THAT the Board be and is hereby also empowered and authorised to do all such acts, deeds and things as it may, at its absolute discretion, deem fit and proper to give effect to this Resolution, including, if and where necessary, enabling creation of such mortgage(s) and/or charge(s) on the whole or substantially the whole of all or any of the Undertaking(s) of the Company, as contemplated under Section 293(1)(a) of the Act, and further, to perfect and execute all requisite documents or writings as are or may be required to give effect to this Resolution".

10. 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 as follows :-

- (i) in Article 91, all names, together with their designations, wherever appearing, be replaced by the following :-

Mr. P.R.S. Oberoi	- Chairman	Mr. S.K. Dasgupta
Mr. S.S. Mukherji	- Vice Chairman	Mr. Christopher Reeves
Mr. Vikram Oberoi	- Joint Managing Director	Mr. Rajan Raheja
Mr. Arjun Oberoi	- Joint Managing Director	Mr. Anil Nehru

- (ii) in Article 115(2), the name 'Rai Bahadur M.S. Oberoi', wherever appearing, be replaced with the name 'Mr. P.R.S. Oberoi' and the name 'Mr. P.R.S. Oberoi', wherever appearing, be replaced with the name 'Mr. S.S. Mukherji';
- (iii) in Article 124(2), the name 'Rai Bahadur M.S. Oberoi', wherever appearing, be replaced with the name 'Mr. P.R.S. Oberoi';
- (iv) by adding the following Article 14B after Article 14A together with the marginal note in the manner following:-

'14B 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'".

Power to issue shares with differential rights
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Registered Office :
4 Mangoe Lane
Kolkata 700 001
15th June, 2007

By Order of the Board

G. Ganguli
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 the provisions of Clause 49(IV)(G)(i) of the Listing Agreement, particulars relating to Mr. S.K. Dasgupta and Mr. Arjun Oberoi, 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. 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.
4. (a) The Register of Shareholders of the Company will remain closed from 8th August, 2007 to 27th August, 2007, both days inclusive;
(b) The Dividend, if declared, will be paid to those Shareholders whose names will appear in the Register of Shareholders as at the close of business on 7th August, 2007.
5. Shareholders are requested to notify immediately any change in their addresses to the Company's Investors Services Division.
6. A Shareholder or his Proxy will be required to produce at the entrance to the Meeting Hall, the Attendance Slip cum Entry Pass sent herewith duly completed and signed. Neither photocopies nor torn/ mutilated Attendance Slips cum Entry Passes will be accepted. The validity of the Attendance Slip cum Entry Pass will, however, be subject to the Shareholder continuing to hold equity shares on the date of the Meeting.
7. A Shareholder or his Proxy is requested to bring his copy of the Annual Report to the Meeting as extra copies will not be provided.
8. Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are requested to file Nomination Forms in respect of their shareholdings. Any Shareholder wishing to avail of this facility may submit to the Investors Services Division the prescribed Statutory Form 2B. Should any assistance be desired, Shareholders should get in touch with the Investors Services Division.

**EXPLANATORY STATEMENT RELATIVE TO THE SPECIAL BUSINESS
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ("THE ACT")**

Item No. 5

The period of appointment of Mr. P.R.S. Oberoi ("Mr. Oberoi") as the Chairman and Chief Executive of the Company expires on 26th June, 2007. The Board of Directors of the Company ("the Board") at its Meeting held on 15th June, 2007 has re-appointed him as Chairman and Chief Executive for a fresh term of five years, effective 27th June, 2007, subject to the approval of Shareholders at the forthcoming Annual General Meeting on the following terms:-

1. Remuneration:

He will not receive any salary.

(a) Commission

He will receive a Commission @2.5% on the Net Profits of the Company computed in the manner laid down in Section 309(5) of the Act.

(b) Perquisites, allowances and benefits will consist of the following:

- (i) Company owned/leased accommodation or reasonable house rent for comparable accommodation and reimbursement of actual house maintenance expenses along with other expenses on gas, electricity, water, furnishings for the accommodation, including maintenance and repairing thereof, whether residing in own accommodation or Company owned/leased accommodation.
- (ii) Reimbursement of all medical expenses for self and family, including premium for medical insurance;
- (iii) First Class Air fare or First Class Air Conditioned Railway fare for self and family to and from any destination in India and abroad plus all other travel related expenses;
- (iv) Reimbursement of club fees including entrance fees, Personal Accident Insurance, car with chauffeur, telephone, facsimile, internet connection, servants, security, etc.;
- (v) Entitlement to one month's leave with the above benefits as per Rules of the Company for every eleven months of his service.

2. Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any Financial Year, he shall be entitled to such remuneration in accordance with the provisions of Section II, Part-II of Schedule XIII of the Act, as amended, modified or re-enacted from time to time;

3. Powers of Management: Mr. Oberoi shall exercise such powers and perform such duties as may, from time to time, be entrusted to and conferred upon him by the Board;
4. Termination: Mr. Oberoi may terminate the appointment upon giving the Company six months notice in writing. The Company may likewise terminate the appointment upon giving Mr. Oberoi six months notice in writing. A termination by the Company would, however, be subject to the provisions of Section 318 of the Act, as amended, modified or re-enacted;
5. Other terms: Other terms of the appointment with Mr. Oberoi are such as are customarily contained in appointments of a similar nature.

As required under the provisions of Clause (c), Part-I of Schedule XIII of the Act, Mr. Oberoi's re-appointment, including payment of remuneration, requires approval of Shareholders by Special Resolution in General Meeting.

No Director other than Mr. Oberoi and Mr. Vikram Oberoi may be deemed concerned or interested in the Resolution.

This Explanatory Statement is and should be treated under Section 302 of the Act as an abstract of the Agreement to be entered into between the Company and Mr. Oberoi.

The draft Agreement referred to above will be available for inspection at the Registered Office of the Company between 11 A.M. and 1 P.M. on any working day (excluding Saturdays) and at the Meeting.

Particulars of Mr. P.R.S. Oberoi, as required under the provisions of Clause 49(IV)(G)(i) of the Listing Agreement, are enclosed in the Appendix to this Notice.

The Board recommends the Resolution for acceptance.

Item No. 6

The period of appointment of Mr. S.S. Mukherji ("Mr. Mukherji") as Vice Chairman and Managing Director of the Company expires on 26th June, 2007. The Board, at its Meeting held on 15th June, 2007, has re-appointed him as Vice Chairman for a fresh term of five years, effective 27th June, 2007, subject to the approval of Shareholders at the forthcoming Annual General Meeting on the following terms:

1. Remuneration:
 - (a) Base Salary
He will receive a base salary of Rs. 8,35,000 per month.
 - (b) Commission
He will receive a Commission @1.5% of the Net Profits of the Company computed in the manner laid down in Section 309(5) of the Act.
 - (c) Contribution to Provident Fund and Gratuity Fund as per Rules of the Company.

- (d) Perquisites, allowances and benefits will consist of the following:
- (i) Company owned/leased accommodation or reasonable house rent for comparable accommodation and reimbursement of actual house maintenance expenses along with other expenses on gas, electricity, water, furnishings for the accommodation, including maintenance and repairing thereof, whether residing in own accommodation or Company owned/leased accommodation;
 - (ii) Reimbursement of all medical expenses for self and family, including premium for medical insurance;
 - (iii) First Class Air fare or First Class Air Conditioned Railway fare for self and family to and from any destination in India and abroad plus all other travel related expenses;
 - (iv) Reimbursement of club fees including entrance fees, Personal Accident Insurance, car with chauffeur, telephone, facsimile, internet connection, servants, security, etc.;
 - (v) Entitlement to one month's leave with the above benefits as per Rules of the Company for every eleven months of his service.
2. Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any Financial Year, he shall be entitled to remuneration in accordance with the provisions of Section II, Part-II of Schedule XIII of the Act, as amended, modified or re-enacted from time to time.
 3. Powers of Management: Mr. Mukherji shall exercise such powers and perform such duties as may from time to time be entrusted to and conferred upon him by the Board.
 4. Termination: Mr. Mukherji may terminate the appointment upon giving the Company six months notice in writing. The Company may likewise terminate the appointment upon giving Mr. Mukherji six months notice in writing. A termination by the Company would, however, be subject to the provisions of Section 318 of the Act, as amended, modified or re-enacted.
 5. Other Terms: Other terms of the appointment with Mr. Mukherji are such as are customarily contained in appointments of a similar nature.

No Director, other than Mr. Mukherji, may be deemed concerned or interested in the Resolution.

This Explanatory Statement is and should be treated under Section 302 of the Act as an abstract of the Agreement to be entered into between the Company and Mr. Mukherji.

The draft Agreement referred to above will be available for inspection at the Registered Office between 11 A.M. and 1 P.M. on any working day (excluding Saturdays) and at the Meeting.

Particulars of Mr. Mukherji, as required under the provisions of Clause 49(IV)(G)(i) of the Listing Agreement, are enclosed in the Appendix to this Notice.

The Board recommends the Resolution for acceptance.

Item Nos. 7 & 8

The Board, at its Meeting held on 30th June, 2004, appointed Mr. Vikram Oberoi and Mr. Arjun Oberoi as Deputy Managing Directors of the Company for five years, effective 1st July, 2004. These appointments were approved by Shareholders at the Company's Fifty-fourth Annual General Meeting held on 18th August, 2004.

The Board, at its 15th June, 2007 Meeting, has decided to re-designate them as Joint Managing Directors, effective 27th June, 2007, for the remainder of their term subject to the liberty of the Board to further vary their designations from time to time. Their remuneration is also being increased, effective 27th June, 2007, as follows :-

Base Salary of Rs. 4,20,000 per month to each of them, as against the existing Base Salary of Rs. 2,20,000 per month being paid to each.

Except for consequential increases in perquisites, allowances and benefits, as are linked to base salary, all other terms of their appointment as approved by Shareholders at the Fifty-fourth Annual General Meeting remain unchanged.

Mr. Vikram Oberoi and Mr. Arjun Oberoi are Managing Directors of EIH Associated Hotels Limited and Mashobra Resort Limited respectively. They do not draw any remuneration from these Companies. This position will continue.

Mr. Vikram Oberoi and Mr. Arjun Oberoi should be deemed interested in their respective Resolutions. Mr. P.R.S. Oberoi should also be deemed interested in Mr. Vikram Oberoi's Resolution. No other Director has any concern or interest in the Resolutions.

This Explanatory Statement is and should be treated as an abstract under Section 302 of the Act of the Supplemental Agreements to be entered into between the Company and Mr. Vikram Oberoi and Mr. Arjun Oberoi.

The draft Supplemental Agreements referred to above would be available for inspection at the Registered Office of the Company between 11 A.M. to 1 P.M. on each working day (excluding Saturday) and at the Meeting.

The Board recommends the Resolutions for acceptance.

Item No. 9

The provisions of Section 293(1)(d) of the Act prescribes that the Board cannot, except with the prior consent of Shareholders, borrow monies, apart from temporary loans obtained from its bankers in the ordinary course of business, in excess of the aggregate of the Paid-up Capital and Free Reserves, i.e. Reserves not set apart for any specific purpose.

Shareholders had, at the Company's Fifty-fourth Annual General Meeting held on 18th August, 2004, authorised the Board, pursuant to Section 293(1)(d) of the Act, to borrow monies in excess of the Paid-up Capital and Free Reserves, subject to a ceiling of Rs. 1000 crores.

It is important to ensure that ceilings set by Shareholders on such borrowings are reviewed periodically in line with growth plans of the Company.