



A member of  *The Oberoi Group*

Annual Report 2009-2010

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BOARD

Mr. P. R. S. Oberoi
Chairman & Chief Executive

Mr. S. S. Mukherji
Vice Chairman

Mr. Vikram Oberoi
Joint Managing Director

Mr. Arjun Oberoi
Joint Managing Director

Mr. S. K. Dasgupta

Mr. Anil Nehru

Mr. Rajan Raheja

Mr. L. Ganesh

COMPANY SECRETARY

Mr. Gautam Ganguli

AUDITORS

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

REGISTERED OFFICE

4, Mangoe Lane
Kolkata 700 001

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

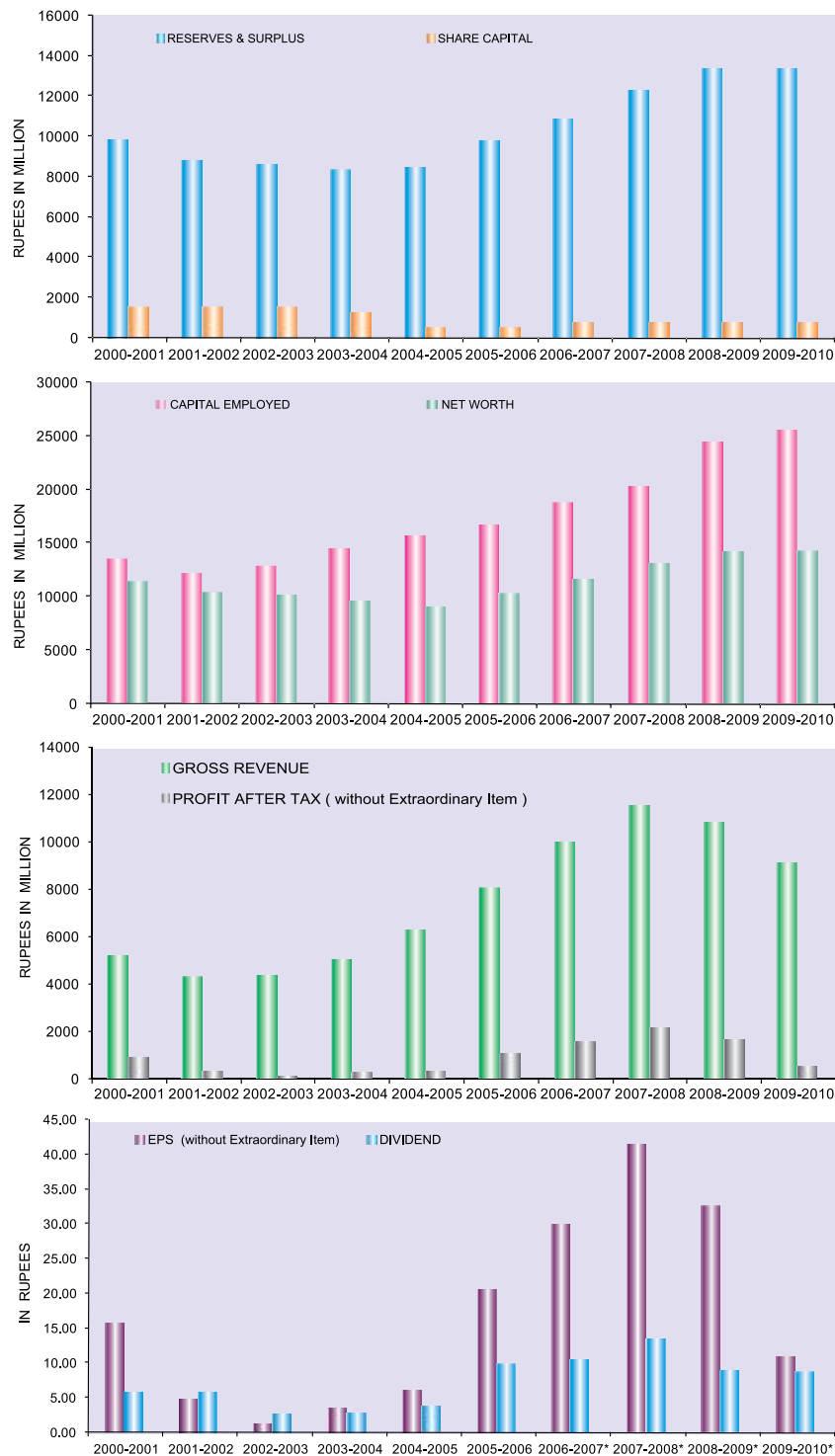
We are committed to the growth, development and welfare of our people upon whom we rely to make this happen.

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.



* based on the number of Equity Shares prior to sub-division of face value and issue of Bonus Shares on 20th September, 2006.

HIGHLIGHTS

Figures in Million except serial nos. 14, 15, 16 & 17

(Conversion Rate : INR 100 = US\$ 2.234)

	2000-2001		2001-2002		2002-2003		2003-2004		2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-2010	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
FOR THE YEAR																				
1. GROSS REVENUE	5183	116	4273	95	4353	97	5045	113	6252	140	8032	179	9952	222	11551	258	10785	241	9073	203
2. PROFIT BEFORE TAX	1040	23	487	11	275	6	415	9	587	13	2607	58	2964	66	3498	78	2733	61	890	20
3. PROFIT AFTER TAX	948	21	356	8	155	3	282	6	331	7	1886	42	2004	45	2172	49	1704	38	572	13
4. PROFIT AFTER TAX WITHOUT EXTRAORDINARY ITEM	948	21	356	8	155	3	282	6	360	8	1078	24	1575	35	2172	49	1704	38	572	13
5. DIVIDEND	406	9	405	9	248	6	236	5	244	5	524	12	550	12	707	16	472	11	472	11
6. RETAINED EARNINGS	766	17	229	5	233	5	405	9	457	10	1697	38	1787	40	1798	40	1696	38	705	16
7. FOREIGN EXCHANGE EARNINGS	3320	74	2543	57	2471	55	2618	58	3431	77	4494	100	5259	117	5973	133	5009	112	3149	70
AT YEAR END																				
8. GROSS FIXED ASSETS	12913	288	14663	328	15769	352	16339	365	16655	372	17273	386	18815	420	21520	481	24158	540	26606	594
9. SHARE CAPITAL	1524	34	1524	34	1524	34	1224	27	524	12	524	12	786	18	786	18	786	18	786	18
10. RESERVES AND SURPLUS	9858	220	8839	197	8621	193	8368	187	8455	189	9776	218	10866	243	12249	274	13390	299	13385	299
11. NET WORTH	11382	254	10363	232	10145	227	9592	214	8979	201	10300	230	11652	260	13035	291	14176	317	14171	317
12. BORROWINGS	3419	76	4648	104	6018	134	7435	166	8091	181	7093	158	7916	177	8129	182	10230	229	12595	281
13. CAPITAL EMPLOYED	13459	301	12106	270	12816	286	14434	322	15599	348	16638	372	18710	418	20153	450	24406	545	25384	567
PER SHARE (Rs.)																				
14. NET WORTH PER EQUITY SHARE	198.16	4.43	178.71	3.99	174.54	3.90	169.71	3.79	171.37	3.83	196.59	4.39	29.65*	0.66	33.17*	0.74	36.08*	0.81	36.06*	0.81
15. EARNINGS PER EQUITY SHARE WITH EXTRAORDINARY ITEM	15.95	0.36	4.87	0.11	1.22	0.03	3.69	0.08	5.58	0.12	36.00	0.80	5.10*	0.11	5.53*	0.12	4.34*	0.10	1.46*	0.03
16. EARNINGS PER EQUITY SHARE WITHOUT EXTRAORDINARY ITEM	15.95	0.36	4.87	0.11	1.22	0.03	3.69	0.08	6.13	0.14	20.57	0.46	4.01*	0.09	5.53*	0.12	4.34*	0.10	1.46*	0.03
17. DIVIDEND PER EQUITY SHARE	6.00	0.13	6.00	0.13	3.00	0.07	3.00	0.07	4.00	0.09	10.00	0.22	1.40*	0.03	1.80*	0.04	1.20*	0.03	1.20*	0.03
RATIO																				
18. DEBT : EQUITY RATIO	0.43 : 1		0.60 : 1		0.77 : 1		0.91 : 1		0.90 : 1		0.69 : 1		0.68 : 1		0.62 : 1		0.72 : 1		0.89 : 1	

* Figures are not comparable due to sub-division of face value of the Equity Shares and issue of Bonus Shares on 20th September, 2006 increasing the number of Equity Shares by 7.5 times.

Notes :

- Serial nos. 8, 10, 11, 13, 14 and 18 are inclusive of Revaluation Reserve balance as at year end.
- Figures have been regrouped/rearranged, wherever necessary.

CHAIRMAN'S REVIEW

Ladies and gentlemen,

The global financial landscape is not encouraging. Global GDP fell by 2.1% in real terms last year with developed economies being the worst affected. The United States is struggling to return to positive growth and unemployment is at high levels. The current Eurozone crisis is disturbing and could have a cascading effect on European markets. The above factors have had a negative effect on foreign visitor arrivals to India. The unexpected volcanic eruption in Iceland severely curtailed European air travel. Travel advisories issued by several countries have also had a negative effect on travel to India.

On a positive note, India has been admired for its financial management and growth. It is predicted that India's GDP will be 7.2% in 2009-2010 and 9% in 2010-2011. Consequently, the Indian stock market ranks amongst the most attractive investment destinations.

According to the 2009 Travel and Tourism Competitiveness Report by the World Economic Forum, India has improved its ranking as an attractive destination to 11th in the Asia – Pacific region and to 14th best tourist destination.

The Indian hospitality industry is projected to grow at a compounded rate of 8.8% over the next five years thus making India the second fastest growing tourism market in the world.

The opening of the Trident, Bandra Kurla, Mumbai and the much anticipated successful re-opening of The Oberoi, Mumbai will ensure that the Company has the requisite inventory of rooms to cater to future demand. The Oberoi, Gurgaon, is expected to open in the latter part of this year and will add over 200 luxury rooms and suites to the National Capital Region.

The current upgrading of airports and air services are key factors in the overall improvement in infrastructure which is necessary to attract more visitors to the country. International airlines have announced more flights to India during the winter months to meet the increased demand.

The Deloitte Report titled "Hospitality 2015" has stated that India and China will be the future key hospitality markets and their combined tourism industries are projected to register year on year growth greater than the United Kingdom, France or Japan.

Employee turnover in the hospitality industry is high. We have strategic plans and incentives to attract and retain talent. We have set high standards in hospitality and guest experience; we must continue to select and train only the best in the Industry.

The leading international travel magazine - Travel + Leisure has in its readers' poll ranked The Oberoi Vanyavilās as the Best Hotel in the World; four Oberoi

Hotels have been ranked as number 1, 2, 3 and 4 Best in Asia and four Oberoi Hotels have been ranked in the first 15 in the world. No hotel company has received such distinctions in the past. The above honours bear testimony to the levels of excellence and service standards we have strived to maintain. I take this opportunity to thank all employees for their dedication and commitment. These awards and accolades are entirely due to the passion of all those who work for the Company.

On 30th June, 2010 EIH International Ltd., a wholly owned subsidiary of EIH Ltd., completed the acquisition of the 45.85% equity interest of Amex Investment Ltd., in its international hotels Joint Venture Company EIH Holdings Ltd., for US \$ 45 million. With this acquisition EIH Holdings Ltd., is now a wholly owned subsidiary of EIH International Ltd.

We have a commitment to bring about technological changes to ensure that we have high environment friendly standards. As I have said in the past, we are looking into several technologies.

Indications are that, in the second year of its new term, the U.P.A. Government will move faster with important economic reforms and continue its stimuli to maintain high growth rates. The Government must look more favourably at measures to boost tourism and hotel infrastructure such as power, water and roads.

In the year 2009, the travel and tourism sector accounted for 6.4% of total employment; it is estimated that the travel and tourism sector will account for 10% total employment by 2014 which will make it the second largest employer in the country.

The last two and a half years have been challenging due to the global financial crisis and the terrorist attack on Mumbai in November 2008. I am confident that we have the trained work force and the commitment to meet the challenges of the future and emerge stronger and more profitable.

In conclusion, I would like to acknowledge the invaluable contribution of the Board and other stakeholders for their support and encouragement.

Thank you.



P.R.S. Oberoi
Chairman
12th July, 2010

DIRECTORS' REPORT

The Board presents the Sixtieth 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	
	2009-2010	2008-2009
Total Revenue	9,072.73	10,784.74
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	2,579.05	4,117.29
Interest and Finance Charges	1,008.85	825.03
Depreciation	680.31	542.40
Exceptional Income/(Expenditure)	Nil	Nil
Other Amortisations	Nil	17.25
Profit before tax	889.89	2,732.61
Current tax	178.10	928.98
Deferred tax	139.52	72.23
Fringe Benefit tax	Nil	26.98
Profit after tax	572.27	1,704.42
Dividend	471.54	471.54
Dividend tax	76.16	78.86
Transfer to General Reserve	100.00	500.00
Balance carried over	3,083.21	3,158.64

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act") and, based upon 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 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;
- the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.