

**EIH** LIMITED

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

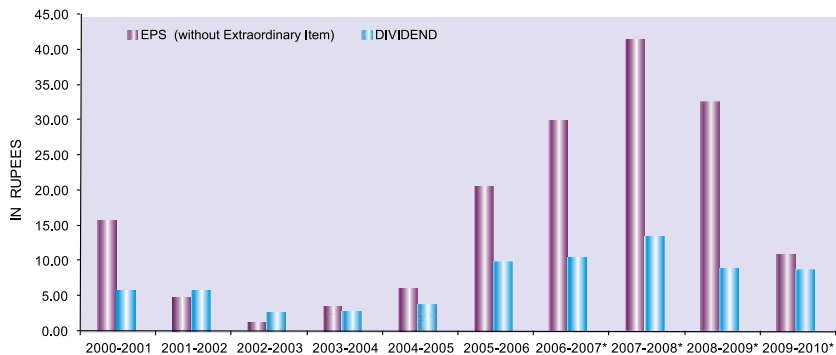
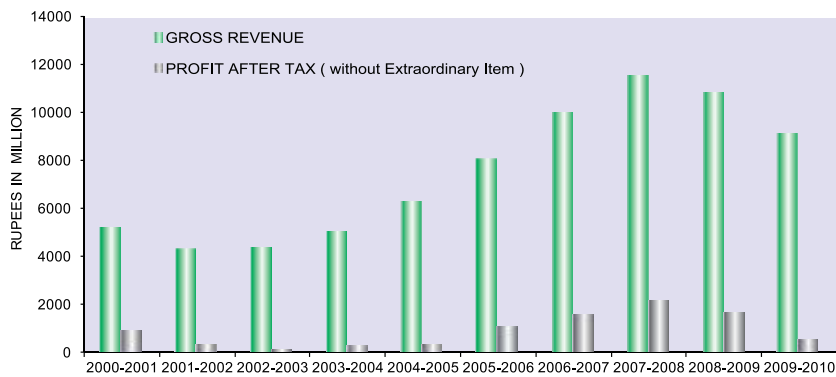
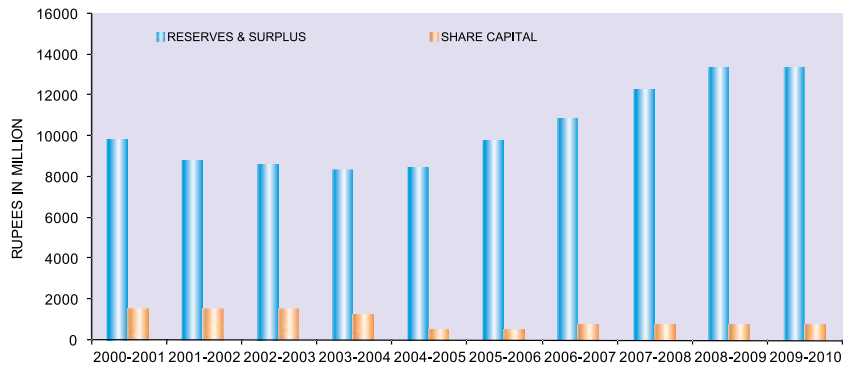
We are committed to the growth, development and welfare of our people upon whom we rely to make this happen.

## 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.	\$	
<b>FOR THE YEAR</b>																					
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	
<b>AT YEAR END</b>																					
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	
<b>PER SHARE (Rs.)</b>																					
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	
<b>RATIO</b>																					
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 :**

- a) Serial nos. 8, 10, 11, 13, 14 and 18 are inclusive of Revaluation Reserve balance as at year end.
- b) 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	<b>9,072.73</b>	10,784.74
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	<b>2,579.05</b>	4,117.29
Interest and Finance Charges	<b>1,008.85</b>	825.03
Depreciation	<b>680.31</b>	542.40
Exceptional Income/(Expenditure)	<b>Nil</b>	Nil
Other Amortisations	<b>Nil</b>	17.25
Profit before tax	<b>889.89</b>	2,732.61
Current tax	<b>178.10</b>	928.98
Deferred tax	<b>139.52</b>	72.23
Fringe Benefit tax	<b>Nil</b>	26.98
Profit after tax	<b>572.27</b>	1,704.42
Dividend	<b>471.54</b>	471.54
Dividend tax	<b>76.16</b>	78.86
Transfer to General Reserve	<b>100.00</b>	500.00
Balance carried over	<b>3,083.21</b>	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:

- a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;
- b) 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;
- c) 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;
- d) 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 2009-10 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. The financial results of Mashobra Resort Limited have been consolidated based on unaudited Annual Financial Statements.
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. 1.20 per share of Rs. 2 in respect of 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 Register of Shareholders of the Company at the close of business on 6th August, 2010. Based on the provisions of the Income Tax Act, 1961, the Tax on Dividend will be borne by the Company.

Energy conservation measures taken during the year include the following:

- installation of more efficient pumps for hot water circulation;
- more efficient controls in hydropneumatic pumps;
- replacement of exhaust fans with higher efficiency fans;
- replacement of the air-conditioning system in bars and restaurants with higher efficiency systems;
- replacement of incandescent lights with higher efficiency compact fluorescent lights in guest rooms and public rooms;
- installation of water flow restrictors to reduce water consumption;
- installation of sensors for power reduction;
- installation of energy recovery wheels on fresh air systems;
- installation of energy savers on lighting panels to economise power consumption;
- increasing the capacity of sewage treatment plants with provision for water recycling;

Further, energy conservation measures that are planned include:

- installation of variable speed drives on ventilation and exhaust fans;
- replacement of boilers with higher efficiency boilers;
- installation of solar water heating systems;
- replacement of incandescent lamps with higher efficiency CFL, LED and IRC lamps in guest rooms and other areas;
- installation of sensors for power saving in guest rooms and public areas;
- installation of advanced evaporative cooling system for comfort cooling.

During the Financial Year 2009-2010, the Foreign Exchange earnings of the Company were Rs. 3,149.09 million as against Rs. 5,009.29 million in the previous year. The expenditure in Foreign Exchange during the Financial Year was Rs. 716.05 million as compared to Rs. 928.09 million in the previous year.

Mr. Arjun Oberoi and Mr. S.K. Dasgupta are due to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Approval has been received from the Central Government under Section 212(8) of the Act, exempting the Company from attaching copies of the Reports and Accounts of its Subsidiary Companies. Accordingly, the Reports and Accounts of the Subsidiary Companies have not been attached to this Report. In granting the exemption, the Central Government has directed that specified information on the Subsidiary Companies be separately disclosed as a part of the Consolidated Financial Statements. This information has been incorporated on page 100 in this Annual Report. Information relating to Mashobra Resort Limited is based on its unaudited Annual Financial Statements.

Subject to prior arrangement, the Audited Annual Accounts of the Subsidiary Companies will be available for inspection by any Shareholder at the Company's Registered Office. Shareholders interested in obtaining a copy of the Audited Annual Accounts of the Subsidiary Companies can write to the Company Secretary at the Registered Office.

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

The information required under Section 217(2A) of the Act together with the Companies (Particulars of Employees) Rules, 1975, forms a part of this Report. However, based on the provisions of Section 219(1)(b) of the Act, the Report and Accounts that are being circulated to Shareholders do not include the Statement of Particulars of Employees under Section 217(2A) of the Act. Any Shareholder interested in obtaining a copy of the above Statement may write to the Company Secretary at the Registered Office of the Company.

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation.

For and on behalf of the Board

Mumbai  
28th May, 2010

S. S. MUKHERJI  
*Vice Chairman*

P. R. S. OBEROI  
*Chairman and Chief Executive*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Developments and Outlook

2009-2010 proved to be yet another difficult year for the hospitality industry worldwide. The economic environment continued to be clouded by the global financial crisis. As per the World Travel and Tourism Council (“WTTC”), global GDP fell by 2.1% in real terms during 2009. Developed economies were most seriously affected. Consequently, there was a decline in the number of foreign visitors to India. The terror attacks on Mumbai in November, 2008, leading to travel advisories by many countries, made a difficult situation worse by restricting travel. These events were further aggravated by the H1N1 pandemic during the first half of the Financial Year 2009-2010.

A sovereign debt crisis may engulf a number of mature economies. Should such crises not be quickly and credibly controlled, the economic repercussions could be wide ranging and severe. For the hospitality industry such crises will inevitably lead to a fall in travel demand. Furthermore, the recent disruptions in air traffic in large parts of Europe owing to a volcanic eruption in Iceland is a new and unforeseen development.

Terrorism and security threats pose a major obstacle to travellers. Elaborate security arrangements to counter such threats are necessary under the present circumstances. The volatility of crude oil prices is a major concern. There is the concern of crude oil prices rising once again; this will adversely impact travel and tourism.

Energy and payroll costs account for over 30% of total revenue. Despite considerable efforts towards energy conservation, price increases in fuel and power continue to have a negative impact on the cost structure. High inflation is also putting pressure on payroll and related costs.

The April 2010 Update of the World Tourism Barometer issued by the United Nations World Tourism Organisation (“UNWTO”), states that international tourism demand is slowly regaining momentum. Preliminary figures compiled by UNWTO for the first few months of 2010 indicate that visitor arrivals are on a slow growth path.

There are signs that the global downturn may be slowly receding. A recent editorial in *The Economist* (April 3rd to April 9th, 2010) predicts that the American economy will grow by around 3% in 2010 after shrinking by 2.4% in 2009.

In India, figures released by the Finance Ministry in its Economic Survey for 2009-2010 indicate that GDP should grow by 7.2% in the Financial Year 2009-2010. The Survey has further forecast a GDP growth of 8.75% in the Financial Year 2010-2011 and over 9% in the Financial Year 2011-2012.

The India growth story has encouraged well established international hotel chains to enter the country. Those already in India are contemplating expanding their presence. The Company welcomes such competition. It believes that healthy competition will raise standards with the guest being the ultimate beneficiary.

WTTC has forecast that travel and tourism in India will grow by 6.7% in 2010. The contribution of the Travel and Tourism Industry to India’s GDP in 2010 will be 8.6%. It is expected that the industry will account for 10% of the total employment in the country by the year end.

Demand is expected to grow as the Financial Year progresses. The opening of the Trident, Bandra Kurla, Mumbai and the reopening of The Oberoi, Mumbai will ensure that the Company has the requisite inventory of rooms to cater to this demand. Room rates which were depressed during the previous Financial Year should also begin to improve during the year. Margins are likely to be under strain due to high inflation.

Barring unforeseen circumstances, with the opening of two hotels in Mumbai, the Company is in an advantageous position to benefit from the expected global recovery.

### **Internal Control Systems and Risk Management**

The efficiency of the internal control systems operating in the Company is tested and monitored on a continuous basis under a structured Internal Audit function. Control systems at each hotel and other business units are consistently re-engineered in line with changing requirements. The Audit Committee periodically reviews the audit process. This ensures reliability of the control systems, legal compliances and efficient operations.

There has been considerable progress in implementing a structured risk management framework in the Company. The framework is now well documented with laid down dissemination procedures; this is updated periodically. The Board is kept apprised of such processes and procedures.

### **Financial and Operating Performance**

During the Financial Year 2009-2010, the Company's Total Revenue was Rs. 9,072.73 million as compared to Rs. 10,784.74 million in the previous year.

The Earnings before Interest, Depreciation, Taxation and other Amortisations (EBIDTA) were Rs. 2,579.05 million as compared to Rs. 4,117.29 million in the previous year.

The Profit before Tax was Rs. 889.89 million as compared to Rs. 2,732.61 million in the previous year.

The Profit after Tax was Rs. 572.27 million as compared to Rs. 1,704.42 million in the previous year.

The Company has recognised Rs. 526.76 million (2008-2009 - Rs. 967.60 million) as income during the Financial Year 2009-2010, on account of insurance claim for losses due to business interruption in respect of Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. Against a total claim of Rs. 1,494.36 million recognised as income by the Company, the insurers have so far paid Rs. 800 million. Final settlement of the claim is pending.

The Company continues to be largely engaged in hospitality and related services. The segment wise results and capital employed are given on page 96 of this Annual Report.

### **Business consolidation**

The Company has signed a Letter of Intent for the acquisition of 45.85% Equity shares of its international hotel Joint Venture Company, EIH Holdings Limited, British Virgin Islands from Amex Investments Limited, Hongkong. The acquisition will be undertaken by the Company, through its Wholly Owned foreign Subsidiary, EIH International Limited.

The Joint Venture currently has the following business interests:

- **Hotel Investments**

Equity Investments in existing Oberoi hotels in Mauritius, Bali Indonesia, Lombok Indonesia and Sahl Hasheesh, Egypt.

- **Hotel Management Contracts**

- (a) Long term hotel management contracts for each of the hotels that it has invested in as well as The Oberoi Zahra, Nile Cruiser in which it has no investment;
- (b) Long term hotel management contracts for new "Oberoi" hotel projects under construction or under planning in Dubai, Morocco, Greece and a second hotel in Mauritius.

Consequent upon the acquisition, these assets will be entirely owned by the Company, through its Wholly Owned foreign Subsidiary, EIH International Limited.

EIH Holdings Limited will enter into new long term global licensing agreement(s) under which it will have exclusive rights to use the "Oberoi" and "Trident" brands throughout the world other than in India where the Company has been licensed on a similar basis for many years.

### **Expansion**

The 440 key Trident at Bandra Kurla, Mumbai opened on 1st December, 2009. The hotel has been well received and occupancies are stabilising. The hotel has three speciality restaurants, each with its own distinctive cuisine and ambience.

The Oberoi, Mumbai which was closed after substantial damage following the terror attacks on 26th November, 2008 reopened on 24th April, 2010. The hotel has been meticulously restored and is now contemporary and luxurious. The number of keys has been reduced from the original 337 to 287 which includes 73 suites. The hotel has contemporary restaurants and a new bar.

The Oberoi, Gurgaon consisting of 202 keys is expected to open during the fourth quarter of the current Financial Year.

Construction of the 103 key Trident hotel at Dehradun is on schedule. The hotel is expected to open in the spring of 2012.

Construction of the 229 key Oberoi hotel at Cyber City, Hyderabad is under way. This is in addition to a 323 key Trident hotel which is also under construction at the adjacent site. Both hotels should open in phases beginning in the summer of 2012.

Construction of the 252 key Oberoi hotel in Dubai located at Business Bay is progressing. The hotel which will be managed by EIH Holdings Limited is expected to begin operations in the last quarter of 2011.

Planning has commenced on the Oberoi hotels in Abu Dhabi and Oman. These hotels will be managed by EIH International Limited.

Planning for The Oberoi, Marrakech, Morocco is under way. This hotel will also be managed by EIH Holdings Limited.

EIH Holdings Limited has signed a Management Contract for a hotel at Scorpio Bay, Greece and a second Oberoi hotel in Mauritius.

The Company's new flight kitchen at Mauritius is expected to be commissioned in July 2010.

The new flight kitchen in Delhi is expected to be operational in March 2011.

A flight kitchen at Cochin is expected to be commissioned in August, 2010 while the Calicut Flight Kitchen is expected to commence operations in early 2011.

The above developments should increase the Company's revenue and profitability in future.

### Awards

Mr. P.R.S. Oberoi, Chairman, was conferred the Lifetime Achievement Award at the first The Economic Times TAAI Travel Awards 2009.

Some other major recognitions received by Oberoi Hotels and Resorts during the Financial Year have been:

<b>Hotel</b>	<b>Award</b>	<b>Awarded By</b>
The Oberoi, New Delhi	Rated the best hotel in New Delhi	<i>Institutional Investor, The World's Best Hotels 2009</i>
	Rated amongst the top 100 hotels in the world	<i>Institutional Investor, The World's Best Hotels 2009</i>
	Rated the best Business Hotel in New Delhi	<i>Business Traveller, Asia-Pacific Travel Awards 2009</i>
The Oberoi Rajvilās, Jaipur	Rated 2nd amongst the top hotels in the world for service	<i>Travel + Leisure, World's Best Service Awards, Readers' Survey 2009</i>
	Rated 2nd amongst the top hotels in Asia for service	<i>Travel + Leisure, World's Best Service Awards, Readers' Survey 2009</i>
	Rated 7th amongst the top 100 hotels in Asia	<i>Condé Nast Traveler, USA, Readers' Choice Awards 2009</i>
	Rated amongst the top 15 resorts in Asia	<i>Travel + Leisure, World's Best Awards, Readers' Survey 2009</i>
	Rated amongst the best hotels in the world for design	<i>Condé Nast Traveler, USA, Gold List 2009</i>
The Oberoi Amarvilās, Agra	Rated 3rd amongst the top hotels in Asia for service	<i>Travel + Leisure, World's Best Service Awards, Readers' Survey 2009</i>
	Rated 6th amongst the top hotels in the world for service	<i>Travel + Leisure, World's Best Service Awards, Readers' Survey 2009</i>
	Rated 4th amongst the top 100 hotels in Asia	<i>Condé Nast Traveler, USA, Readers' Choice Awards 2009</i>
	Rated 5th amongst the top 15 resorts in Asia	<i>Travel + Leisure, World's Best Awards, Readers' Survey 2009</i>



<b>Hotel</b>	<b>Award</b>	<b>Awarded By</b>
The Oberoi Vanyavilās, Ranthambhore	Rated the best resort in Asia	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated 2nd amongst the top 100 hotels in the world	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated 2nd amongst the top 25 resorts in Asia	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated 6th amongst the top 100 hotels in the world	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated amongst the best hotels in the world for service, design, food and activities	<i>Condé Nast Traveler</i> , USA, Gold List 2009
The Oberoi Udaivilās, Udaipur	Rated the best hotel in Asia	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated amongst the top 100 hotels in the world (Ranked 6th)	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated 3rd amongst the top 15 resorts in Asia	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated 8th amongst the top 100 hotels in the world	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated 9th amongst the favourite overseas hotel spas in Asia and the Indian Subcontinent	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010
	Winner of the Sustainable Destinations Award	Hotel Investment Conference Asia Pacific (HICAP) 2009 Sustainable Hotel Awards
Wildflower Hall, Shimla, in the Himalayas	Rated 2nd amongst the favourite overseas hotel spas in Asia and the Indian Subcontinent	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010
	Rated 6th amongst the favourite spas in the world	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010
	Rated the leading spa resort in Asia	World Travel Awards 2009
	Rated 3rd amongst the favourite resort/hotel spas in Asian Subcontinent	<i>Spa</i> , USA, Readers' Choice Awards 2009
	Rated as the top romantic destination in the world	<i>Life</i> magazine's book - "Dream Destinations 100 of the World's Best Vacations"
	Rated 4th amongst the top 25 resorts in Asia	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated amongst the best hotels in the world for location and rooms	<i>Condé Nast Traveler</i> , USA, Gold List 2009
	Rated 7th amongst the best spas in Asia and the Indian Subcontinent	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2009
The Oberoi, Bali, Indonesia	Rated amongst the top 25 resorts in Asia	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
The Oberoi Philae, Nile Cruiser, Egypt	Rated 3rd amongst the best small ships in the world	<i>Condé Nast Traveler</i> , USA, Top Cruise Ships 2009, Readers' Survey
The Oberoi, Sahl Hasheesh, Red Sea, Egypt	Rated the best resort on the Red Sea	Ministry of Tourism, Egypt, 2009
	Rated the favourite resort/hotel spa in Africa and Middle East	<i>Spa</i> , USA, Readers' Choice Awards 2009

<b>Hotel</b>	<b>Award</b>	<b>Awarded By</b>
The Oberoi, Mauritius	Rated 10th amongst the favourite overseas hotel spas in Africa, Middle East and Indian Ocean	<i>Condé Nast Traveller</i> , UK, Readers' Spa Awards 2010
	Rated amongst the best hotels in the world	<i>Ultratravel</i> , UK, Top 100 Awards, Readers' Poll 2009
	Rated the leading hotel in Mauritius	World Travel Awards 2009
The Oberoi Zahra, Luxury Nile Cruiser, Egypt	Rated the best five star cruiser on the Nile	Ministry of Tourism, Egypt, 2009

### **Corporate Social Responsibilities**

The Company is fully committed to environmental conservation and social responsibilities. The hotels operated by the Company are pursuing initiatives for the betterment of the communities located in their vicinity.

Initiatives to reduce the Company's carbon footprint include using efficient systems for the conservation of energy and natural resources; use of environmentally friendly technologies and products; waste reduction and recycling; measures to prevent pollution. For example, The Oberoi Amarvilās, Agra situated near the Taj Mahal uses propane as generator fuel ensuring no added pollution to the environment.

The Oberoi, Bangalore has supported the local unit of The Cheshire Homes, India since 1993.

The Oberoi, New Delhi and The Oberoi Amarvilās, Agra extend assistance to local missions of Mother Teresa's Missionaries of Charity.

The Oberoi Amarvilās, Agra also participates in Wildlife SOS's Sloth Bear Rescue programme by inviting voluntary donations from guests for the Agra Bear Rescue Facility.

The Oberoi Grand, Kolkata contributes to the Sarada Seva Sangh in its efforts to empower rural women.

The Oberoi Udaivilās, Udaipur is involved with the SOS Children's Village and Mother Teresa's Missionaries of Charity. The hotel also helps the local Government preserve and maintain existing lakes in Udaipur.

The Oberoi Vanyavilās, Ranthambhore extends assistance to the Yash Rehabilitation Centre for physically and mentally disabled children. The resort has also initiated several programmes to reward and recognise forest guards and their families. This includes securing personal accident insurance for 180 forest guards. The hotel has instituted a scholarship award for children of forest guards to assist with their higher education.

The Oberoi, Mumbai works with the Consular Corps of Mumbai to support the underprivileged.

Wildflower Hall, Shimla in the Himalayas supports The School for the Blind, Deaf and Dumb Children in Dhalli.

Trident, Gurgaon works with *Pallavanjali* in offering an environment that provides equal opportunities to young adults who are unable to perform optimally in a traditional academic setting. At present, six trainees from *Pallavanjali* are undertaking extensive orientation at the hotel.

### **Developments in Human Resources and Industrial Relations**

Industrial relations remained stable throughout the Financial Year.

The Company firmly believes that its real strength lies in the commitment and quality of its people. The Company's hotels are known worldwide for their impeccable service - a reflection of careful employee selection, training and motivation.

As on 31st March, 2010, the number of people employed by the Group was 9,158.

For and on behalf of the Board

Mumbai  
28th May, 2010

S. S. MUKHERJI  
*Vice Chairman*

P. R. S. OBEROI  
*Chairman and Chief Executive*

## REPORT ON CORPORATE GOVERNANCE

### 1. The Company's Philosophy on Code of Governance

The Company's philosophy on Governance is documented in "The Oberoi Dharma", which is the fundamental Code of Conduct of the Company and in its "Mission Statement".

The texts of "The Oberoi Dharma" and the "Mission Statement" appear on pages 8 and 9 of this Annual Report.

### 2. Board of Directors

As on 31st March, 2010, the Company had eight Directors on the Board. Fifty per cent of the Board comprised of Non-executive Directors. All Non-executive Directors are Independent Directors.

Mr. P.R.S. Oberoi, Chairman and Chief Executive, Mr. S.S. Mukherji, Vice Chairman, Mr. Vikram Oberoi and Mr. Arjun Oberoi, Joint Managing Directors are Executive Directors. The other four are Non-executive Directors.

The Board met five times during the Financial Year on 30th June, 2009, 27th July, 2009, 28th October, 2009, 27th January, 2010 and on 30th March, 2010.

Details of attendance of Directors at Board Meetings during the Financial Year and at the Company's Fifty-ninth Annual General Meeting together with the number of other Directorships and Committee Memberships held by them are as follows:

Name	Designation	Category	Attendance		No. of other Directorships*	No. of Board Committees (other than EIH Limited)
			Board Meetings	Last AGM		
Mr. P.R.S. Oberoi	Chairman and Chief Executive	Executive	5	Yes	11	1**
Mr. S.S. Mukherji	Vice Chairman	Executive	5	Yes	7	2
Mr. Vikram Oberoi	Joint Managing Director	Executive	5	Yes	3	3
Mr. Arjun Oberoi	Joint Managing Director	Executive	5	Yes	2	2
Mr. S.K. Dasgupta	Director	Non-executive Independent	5	Yes	3	2***
Mr. Rajan Raheja	Director	Non-executive Independent	2	No	7	3
Mr. Anil Nehru	Director	Non-executive Independent	5	Yes	3	2**
Mr. L. Ganesh	Director	Non-executive Independent	5	Yes	10	10****

\* Excludes directorships contemplated under Section 278 of the Companies Act, 1956

\*\* Chairman of one Committee

\*\*\* Chairman of two Committees

\*\*\*\* Chairman of three Committees

Mr. Arjun Oberoi and Mr. S.K. Dasgupta retire by rotation at the forthcoming Sixtieth Annual General Meeting. They are eligible for re-appointment.

Their particulars are enclosed as an Appendix to the Notice convening the Sixtieth Annual General Meeting.

All Directors and Members of Senior Management have, as on 31st March, 2010, affirmed their compliance with :-

- *The Oberoi Dharma*, the Fundamental Code of Conduct for all Members of The Oberoi Group;
- the Company's Code of Conduct for Prevention of Insider Trading in its shares.

### **3. Audit Committee**

#### **Composition, Meetings and Attendance thereat**

The Audit Committee consists of four Board Members, *viz.* Mr. S.K. Dasgupta, Mr. Arjun Oberoi, Mr. Rajan Raheja and Mr. Anil Nehru.

All Audit Committee Members, except Mr. Arjun Oberoi, are Non-executive Directors. They are also Independent Directors. The quorum for an Audit Committee Meeting is two Members personally present. Mr. Dasgupta is the Chairman of the Committee. He is a past President of The Institute of Chartered Accountants of India and has expert knowledge in finance and accounting. All other Members of the Committee are financially literate within the meaning of Explanation 1 to Clause 49II(A)(ii) of the Listing Agreement.

The Audit Committee met on five occasions during the Financial Year - on 30th June, 2009, 27th July, 2009, 28th October, 2009, 27th January, 2010 and 30th March, 2010. Mr. S.K. Dasgupta, Mr. Arjun Oberoi and Mr. Anil Nehru attended all five Meetings. Mr. Rajan Raheja attended two Meetings.

The Auditors, the Chief Internal Auditor, the Vice Chairman and the Joint Managing Directors are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

#### **Terms of Reference**

The Terms of Reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

### **4. Investors' Grievances Committee**

#### **Composition, Meetings & Attendance thereat**

The Investors' Grievances Committee consists of the following Directors *viz.* Mr. P.R.S. Oberoi, Mr. S.S. Mukherji, Mr. S.K. Dasgupta, Mr. Vikram Oberoi and Mr. Arjun Oberoi. The Secretary of the Company is the Compliance Officer.

The quorum for a Meeting is two Directors personally present. A Non-executive Director chairs these Meetings.

The Committee met on four occasions during the Financial Year - on 22nd April, 2009, 7th July, 2009, 12th October, 2009 and 13th January, 2010. Mr. S.K. Dasgupta and Mr. S.S. Mukherji attended all four Meetings.

### Terms of Reference

The Committee monitors the Company's response to investor complaints. It has also been authorised to approve the issue of duplicate share certificates in lieu of those lost or destroyed.

In accordance with the provisions of Clause 49IV(G)(iv) of the Listing Agreement, the power to approve transfers, transmissions, etc., of shares in the physical form has been delegated to a Committee of Executives.

As on 31st March, 2010, 28 requests for dematerialisation of shares were pending. These were cleared by the first week of April, 2010. There were no valid physical transfers or rematerialisation requests pending as on 31st March, 2010.

One complaint was received from an investor during the year regarding non-receipt of Annual Accounts, 2009. This was promptly redressed. No complaints were pending as on 31st March, 2010.

## 5. General Body Meetings

### i) Location and time of the last three Annual General Meetings and Special Resolutions passed at these Meetings:

Financial Year	Location	Date	Time	Number of Special Resolutions passed
31st March, 2007	The Oberoi Grand, Kolkata	27th August, 2007	11.30 A.M.	Two. i) Re-appointment of Mr. P.R.S. Oberoi as Chairman and Chief Executive; ii) Alteration of certain Clauses of the Articles of Association.
31st March, 2008	The Oberoi Grand, Kolkata	14th August, 2008	11.30 A.M.	Nil
31st March, 2009	The Oberoi Grand, Kolkata	20th August, 2009	11.30 A.M.	Nil

### ii) Special Resolution passed through Postal Ballot

A Special Resolution under Section 314 of the Companies Act, 1956 was passed by Postal Ballot on 30th July, 2009. The Resolution approved the holding of an Office or Place of Profit under the Company by Ms. Priyanka Mukherjee, a relative of a Director.

The Resolution was passed with 99.80% voting in favour.

### iii) Person who conducted the Postal Ballot exercise

Mr. Salil Banerjee, a Practising Company Secretary, appointed as the Scrutiniser, conducted the Postal Ballot voting process.

### iv) Procedure for Postal Ballot

The Postal Ballot was conducted as per the procedure set out in Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

**v) Whether any Special Resolution is proposed to be conducted through Postal Ballot**

There is no proposal, at present, to pass any Special Resolution by Postal Ballot.

**6. Remuneration of Executive Directors**

**A. Salary and other Benefits**

	<b>Salary Rs./million</b>	<b>Perquisites and Retirement Benefits Rs./million</b>
Mr. P.R.S. Oberoi	Nil	0.84
Mr. S.S. Mukherji	10.02	1.58
Mr. Vikram Oberoi	5.04	2.39
Mr. Arjun Oberoi	5.04	2.28

**B. Commission on Profits (Accrued)**

	<b>Rs.</b>
Mr. P.R.S. Oberoi	24,960,730
Mr. S.S. Mukherji	14,976,440
Mr. Vikram Oberoi	7,488,220
Mr. Arjun Oberoi	7,488,220

Apart from Meeting Fees, no remuneration is paid to Non-executive Directors. Non-executive Directors who attend Board or Committee Meetings are paid Rs. 20,000 per Meeting. During the Financial Year, the total amount paid to Non-executive Directors for attending Board and Committee Meetings amounted to Rs. 640,000.

**7. General Disclosures**

- (i) A summary of transactions with related parties, in the ordinary course of business, is placed before the Audit Committee;
- (ii) there were no material individual transactions with related parties that were not in the ordinary course of business during the Financial Year ended 31st March, 2010;
- (iii) all material transactions during the Financial Year ended 31st March, 2010, either with related parties or others, were at arms length;
- (iv) there were no materially significant transactions during the Financial Year with related parties such as the Promoters, Directors, key managerial personnel, relatives or subsidiaries that could have potential conflict of interest with the Company;
- (v) the mandatory disclosure of transactions with related parties, in compliance with the Accounting Standard (AS-18), is part of this Annual Report and disclosed on pages 94 and 95;
- (vi) none of the Non-executive Directors hold any shares in the Company.

- (vii) in preparing the Annual Accounts in respect of the Financial Year ended 31st March, 2010, no accounting treatment was different from that prescribed in the Accounting Standards;
- (viii) there was no instance of non-compliance on any matter relating to the capital markets during the past three years;
- (ix) the Company has a Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- (x) the Company did not make any public issue, rights issue or preferential issue of any security during the Financial Year ended 31st March, 2010.

## 8. Means of Communication

Annual Reports in respect of each Financial Year are mailed to all Shareholders in June/July of each calendar year. Each Report contains the Annual Accounts of the Company in respect of the Financial Year with the Directors' and Auditor's Reports. Also included in each Annual Report is the Notice convening the Annual General Meeting, the Financial Year's Corporate Governance Report and the Cash Flow Statement together with the corresponding Reports of the Auditors, the Consolidated Accounts and the Auditor's Report thereon.

The Financial Results of the Company were officially released or would be released in accordance with the following schedule:

Sl. No.	Nature of Communication	Media used for Publication	Dates of Publication	Forwarded/to be forwarded to Stock Exchanges on
1	Quarterly Unaudited Financial Statements (First Quarter 2009-2010)	Newspapers	28.07.2009	27.07.2009
2	Half-yearly Unaudited Financial Statements (Second Quarter 2009-2010)	Newspapers	29.10.2009	28.10.2009
3	Quarterly Unaudited Financial Statements (Third Quarter 2009-2010)	Newspapers	28.01.2010	27.01.2010
4	Publication of Annual Audited Results 2009-2010 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges	Newspapers	29.05.2010	28.05.2010

The Financial Results are usually published in The Economic Times, The Times of India, The Financial Express, The Indian Express, Business Line, *Aajkaal* or *Ekdin*.



Filing of corporate information on the Electronic Data Information Filing and Retrieval (“EDIFAR”) system on the Securities and Exchange Board of India (“SEBI”) portal [www.sebi.gov.in](http://www.sebi.gov.in) as per Clause 51 of the Listing Agreement has been discontinued, under SEBI directions, effective 1st April, 2010. A new portal [www.corpfiling.co.in](http://www.corpfiling.co.in) has been installed by the Bombay Stock Exchange and the National Stock Exchange as per Clause 52 of the Listing Agreement. Effective 1st April, 2010, corporate information filed by the Company with the Stock Exchanges are being uploaded on [www.corpfiling.co.in](http://www.corpfiling.co.in) and can be viewed on this portal.

The Management Discussion and Analysis in respect of the Financial Year is a part of the Directors’ Report.

## 9. General Shareholder Information

**a. The Sixtieth Annual General Meeting will be held at 11.30 A.M. on Tuesday, 24th August, 2010, at The Oberoi Grand, Kolkata.**

**b. The tentative Financial Calendar is as follows:**

Audited Annual Accounts for 2009-2010	Friday, 28th May, 2010
Mailing of Annual Report for 2009-2010	Tuesday, 27th July, 2010
Unaudited First Quarter Financial Results 2010-2011	Saturday, 31st July, 2010
Sixtieth Annual General Meeting	Tuesday, 24th August, 2010
Payment of Dividend for 2009-2010	Wednesday, 25th August, 2010
Unaudited Second Quarter Financial Results 2010-2011	Thursday, 28th October, 2010

**c. Register of Shareholders**

The Register of Shareholders will remain closed from Monday, 9th August, 2010 to Tuesday, 24th August, 2010, both days inclusive.

**d. Payment of Dividend**

Dividend in respect of the Financial Year 2009-2010, if declared by the Company at the Sixtieth Annual General Meeting, will be paid on or about Wednesday, 25th August, 2010, to those Shareholders whose names will appear in the Register of Shareholders of the Company at the close of business on Friday, 6th August, 2010.

**e. Listing of Shares on Stock Exchanges**

The Stock Exchanges with their respective Stock Codes are as follows:

Calcutta	05
Bombay	500840
National	EIHOTEL
London	EIHD
(in respect of outstanding Global Depository Receipts)	

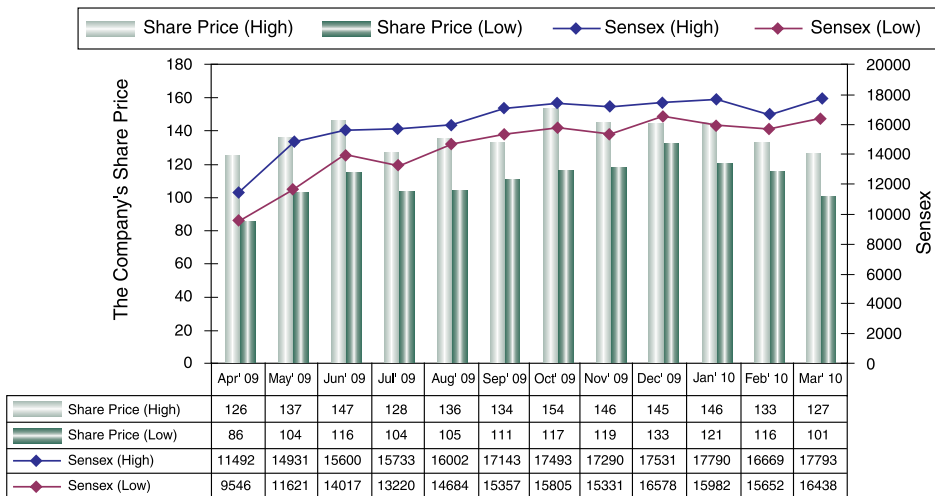
The ISIN Number of the Company’s shares in the dematerialised mode is INE 230A01023.

There are no arrears of Listing Fees.

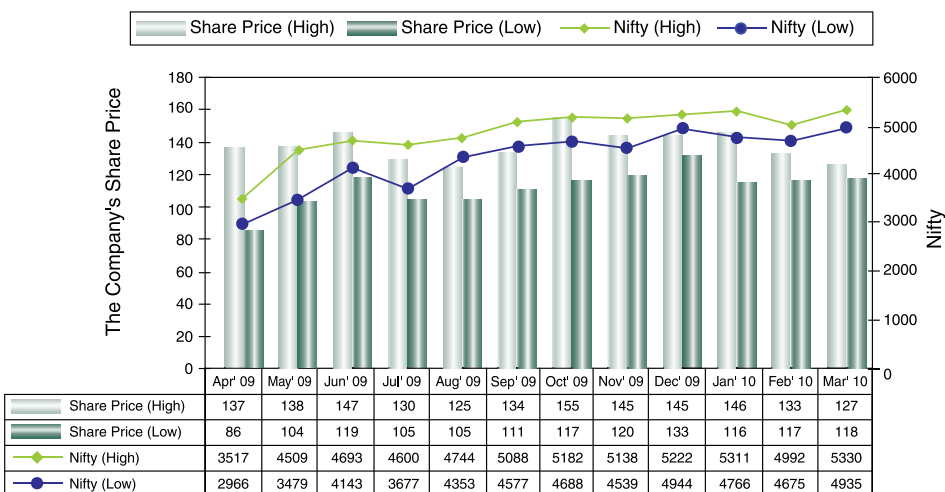
**f. Market Price of the Company's Share vis-à-vis Sensex and Nifty (in Rupees)**

The Company's monthly share price pattern during the Financial Year vis-à-vis the Sensex and the Nifty have been as under :

**A. The Company's Share Price vis-à-vis Sensex**



**B. The Company's Share Price vis-à-vis Nifty**



#### 10. Outstanding Global Depository Receipts

0.40 million shares of the Company were held as Global Depository Receipts as on 31st March, 2010. These constitute 0.10% of the total Paid-up Share Capital of the Company.

#### 11. Share Transfers

The Company is a SEBI recognised Category I Registrar and Share Transfer Agent. Requests for dematerialisation and rematerialisation should be sent to the Company's Investors Services Division, 4, Mangoe Lane, 6th Floor, Kolkata-700 001. The Investors Services Division of the Company is ISO 9001-2008 certified.

The Company's shares are traded on the Stock Exchanges in the dematerialised form. Shareholders are requested to ensure that their Depository Participants ("DPs") promptly send physical documents, i.e., Dematerialisation Request Form ("DRF"), Share Certificates, etc., to the Investors Services Division by giving the Dematerialisation Request Number ("DRN"). Documents of transfer in the physical form, i.e., the Transfer Deeds, Share Certificates, etc., should similarly be sent to the Investors Services Division.

377.96 million shares of the Company, representing 96.19% of the total shares issued, were held in the dematerialised form as on 31st March, 2010. 14.99 million shares representing 3.81% of the total shares were held in the physical form. A total of 46,763 (68.12%) Shareholders have, upto 31st March, 2010, dematerialised their shareholdings while the balance 21,897 (31.88%) Shareholders continue to hold shares in the physical form.

#### 12. Distribution of Shareholding as on 31st March, 2010

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares (in million)	% of Shareholding
Upto 1000	54,853	79.88	15.46	3.93
1001-5000	12,412	18.07	24.45	6.22
5001-10000	910	1.32	6.32	1.61
10001-50000	395	0.58	7.58	1.93
50001-100000	34	0.05	2.56	0.66
100001 and above	68	0.10	336.58	85.65
<b>Total</b>	<b>68,672</b>	<b>100.00</b>	<b>392.95</b>	<b>100.00</b>

**13. Pattern of Shareholding as on 31st March, 2010**

Category	No. of Shares held (in million)	Percentage of Shareholding
<b>A. Promoter Holding</b>	<b>182.45</b>	<b>46.43</b>
<b>B. Non-Promoter Holding</b>		
Institutional Investors		
a. Mutual Funds	2.73	0.70
b. Banks, Financial Institutions and Insurance Companies	50.73	12.92
c. FII	9.43	2.40
<b>Sub Total</b>	<b>62.89</b>	<b>16.02</b>
Others		
a. Private Corporate Bodies	92.97	23.66
b. Indian Public	53.38	13.57
c. NRIs/OCBs	0.86	0.22
d. Other than above	0.40	0.10
<b>Sub Total</b>	<b>147.61</b>	<b>37.55</b>
<b>Total Non-Promoter Holding</b>	<b>210.50</b>	<b>53.57</b>
<b>GRAND TOTAL</b>	<b>392.95</b>	<b>100.00</b>

**14. Unclaimed Dividends**

All unclaimed Dividends upto and including the Financial Year ended 31st March, 2002, have been transferred either to the General Revenue Account of the Central Government or to the Investor Education and Protection Fund ("IEPF") as mandated under law.

Shareholders who have not cashed their Dividend Warrants relating to the Financial Years subsequent to 2002-2003 are reminded by the Investors Services Division from time to time to claim their dividends before transfer to the IEPF. Under law, no claim for uncashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. Therefore, Shareholders who have not yet cashed their Dividend Warrants relating to the Financial Year ended 31st March, 2003 and subsequent years are requested to contact the Investors Services Division.

**15. Location of Hotels**

A list of Hotels and other business units owned as well as managed by the Company appears as an Annexure to this Report.

**16. Address for Correspondence**

The Company's Registered Office and the Investors Services Division are located at 4, Mangoe Lane, Kolkata-700 001.

Correspondence from Shareholders should be addressed to :

The Investors Services Division  
EIH Limited  
4, Mangoe Lane,  
Kolkata-700 001.  
Telephone : 91-33-4000 2200  
Facsimile : 91-33-2248 6785 / 91-33-2242 0957  
E-mail : isdho@oberoigroup.com  
invcom@oberoigroup.com

**17. Compliance with Clause 47(f) of the Listing Agreement**

In compliance with Clause 47(f) of the Listing Agreement, a separate e-mail ID **invcom@oberoigroup.com** operates as a dedicated ID solely for the purpose of registering investor complaints.

**18. Compliance with Non-Mandatory Requirements of Clause 49**

Adoption of non-mandatory requirements is under active consideration of the Company.

**19. Information as per Clause 49IV(G)(i) of the Listing Agreement**

Information pursuant to Clause 49IV(G)(i) of the Listing Agreement pertaining to particulars of Directors to be re-appointed at the forthcoming Annual General Meeting is enclosed as an Appendix to the Notice convening the Annual General Meeting.

**20. Compliance Certificate of the Auditors**

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed.

For and on behalf of the Board

Mumbai  
28th May, 2010

S. S. MUKHERJI  
*Vice Chairman*

P. R. S. OBEROI  
*Chairman and Chief Executive*

### Locations of the Various Hotels and Other Business Units

#### A. Hotels owned and managed by EIH Limited

The Oberoi, Mumbai	The Oberoi Udaivilās, Udaipur
The Oberoi, New Delhi	The Oberoi Vanyavilās, Ranthambhore
The Oberoi, Bangalore	Trident, Nariman Point, Mumbai
The Oberoi Grand, Kolkata	Trident, Bandra Kurla, Mumbai

#### B. Hotels owned through Subsidiary/Associate Companies and managed by EIH Limited

The Oberoi Amarvilās, Agra	Trident, Chennai
The Oberoi Rajvilās, Jaipur	Trident, Agra
Wildflower Hall, Himalayas (An Oberoi Resort)	Trident, Jaipur
The Oberoi Cecil, Shimla	Trident, Udaipur
The Oberoi, Sahl Hasheesh	Trident, Cochin
The Oberoi, Bali	Trident, Bhubaneswar
The Oberoi, Lombok	
The Oberoi, Mauritius	

#### C. Hotels managed by EIH Limited

Trident, Gurgaon

#### D. Other Business Units owned and managed by EIH Limited

Motor Vessel Vrinda, Cochin (A Luxury Cruiser)	Oberoi Flight Services, Mumbai, Delhi, Chennai, Kolkata
Maidens Hotel, Delhi	
Printing Press, Delhi	Oberoi Airport Services, Mumbai, Delhi, Chennai, Kolkata, Cochin, Bangalore

Luxury Car Hire

Business Aircraft Charters

Note:

EIH Limited has strategic/substantial investments in hotels owned by Subsidiary/Associate Companies. Overseas hotels are managed through a foreign subsidiary.

**AUDITOR'S CERTIFICATE**

To  
The Members of  
EIH Limited

We have examined the compliance of conditions of Corporate Governance by EIH Limited for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of

RAY & RAY  
*Chartered Accountants*

A.K. Sharma  
*Partner*

Mumbai  
28th May, 2010

Membership Number 80085  
Firm's Registration Number 301072E

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956**

Name of the Subsidiary	Mercury Car Rentals Ltd.	EIH International Ltd.	Mashobra Resort Ltd.	Mumtaz Hotels Ltd.	EIH Flight Services Ltd. Mauritius	Oberoi Kerala Hotels and Resorts Ltd.	EIH Flight Catering Services Ltd.
Financial year ending of the Subsidiary	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10
Shares held in the Subsidiary Company or by Subsidiary Company in the Sub-subsidiary Company at the end of financial year of the Subsidiary or Sub-subsidiary Company as the case may be - Number (Extent of Holding)	3,277,777 Equity Shares of Rs. 10 each, fully paid-up 66.67%	44,607,800 Ordinary Shares of US\$ 1 each, fully paid-up 100.00%	25,999,995 Equity Shares of Rs. 10 each, fully paid-up 78.79%	12,390,000 Equity Shares of Rs. 10 each, fully paid-up 60.00%	5,386,839 Ordinary Shares of Mauritius Rupee (MUR) 10 each, fully paid-up 100.00%	2,176,000 Equity Shares of Rs. 10 each, fully paid-up 80.00%	50,000 Equity Shares of Rs. 10 each, fully paid-up 100.00%
The net aggregate of Profits/(Losses) of the Subsidiary Company/ Sub-subsidiary Company so far as they concern the Members of the Company							
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2010	Rs. 0.60 Million	Nil	Nil	Rs. 12.39 Million	Nil	Nil	Nil
b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2010	(Rs. 24.99) Million	US\$ 0.22 Million	Rs. 9.48 Million	Rs. 111.91 Million	(MUR 11.71) Million	(Rs. 0.09) Million	(Rs. 0.10) Million
The net aggregate of Profits/(Losses) of the Subsidiary Company/ Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company							
a) Dealt with in the Accounts of the Company upto the year ended 31st March, 2010	Rs. 10.13 Million	Nil	Nil	Rs. 18.59 Million	Nil	Nil	Nil
b) Not dealt with in the Accounts of the Company upto the year ended 31st March, 2010	Rs. 18.45 Million	US\$ 1.47 Million	(Rs. 699.01) Million	Rs. 77.75 Million	(MUR 19.89) Million	(Rs. 6.56) Million	Nil

Mumbai  
28th May, 2010

G. GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman  
Joint Managing Directors  
Directors



## AUDITOR'S REPORT

To  
The Members of  
EIH Limited

1. We have audited the attached Balance Sheet of EIH LIMITED (“the Company”) as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor’s Report) Order, 2003, as amended by the Companies (Auditor’s Report Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956 (‘the Act’), and, on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i) we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - v) on the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 23 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAY & RAY  
*Chartered Accountants*

A. K. Sharma  
*Partner*

Membership Number 80085  
Firm's Registration Number 301072E

Mumbai  
28th May, 2010

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification are being reconciled.
  - (c) During the year the Company has not disposed off any substantial part of its fixed assets, which could affect its continuation as a going concern.
- ii.
  - (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
  - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
  - (b) In view of our comments in paragraph iii(a) above, the provisions of Clauses iii(b), iii(c) and iii(d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
  - (c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
  - (d) In view of our comment in paragraph iii(c) above, clauses iii(f), iii(g) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, there is no continuing failure to correct major weaknesses in internal control system.
- v. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction during the year that need to be entered into the Register maintained under Section 301 of the Act and therefore clauses v(a) and v(b) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- vi. The Company has not accepted any deposit from the public during the year under Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

- viii. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act for the Company.
- ix. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of wealth tax, service tax and cess which have not been deposited on account of any dispute other than disputed income tax, sales tax, customs duty, excise duty and employees' state insurance as indicated below:

Sl.No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rupees in Million)
1.	Income Tax Act, 1961	Income Tax	CIT (Appeals) for Assessment Years 2000-01, 2002-03, 2006-07 & 2007-08	142.82
			ITAT, Kolkata for Assessment Years 2002-03, 2003-04, 2004-05 & 2005-06	429.25
	<b>Total</b>			<b>572.07</b>
2.	Sales Tax Acts of various States	Sales Tax	Maharashtra Sales Tax Tribunal, Mumbai for 1999-2000 to 2004-05	15.26
			Commercial Taxes Appellate & Revisional Board, Kolkata for 2000-01, 2001-02 & 2004-05	4.27
			Deputy Commissioner of Commercial Taxes, Kolkata for 2004-05	1.15
			Sr. Jt. Commissioner of Commercial Taxes, Kolkata for 2005-06	1.38
			Commercial Tax Officer, Chennai for 2005-06	2.58
	<b>Total</b>			<b>24.64</b>
3.	Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeals) for 2008-09	<b>452.50</b>
4.	Central Excise Act, 1944	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal for 2009-10	<b>19.49</b>
5.	Employees' State Insurance Act, 1948	Employees' State Insurance	ESIC Court for 1992-93, 2004-05 & 2005-06	<b>11.12</b>

- x. The Company has no accumulated losses and has not incurred any cash loss during the year covered by our Report and the immediately preceding financial year.
- xi. Based on our audit procedures and, according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xv. The Company has given guarantees for loans taken by its subsidiaries and associate company from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions on which the Company has given guarantees for loans taken from banks and financial institutions are not, *prima-facie*, prejudicial to the interest of the Company.
- xvi. According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. The Company has not raised any money by issue of shares during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xix. The Company has not issued unsecured debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- xxi. During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of material fraud on or by the Company noticed or reported nor have we been informed of any such case by the Management.

For RAY & RAY  
*Chartered Accountants*

A. K. SHARMA  
*Partner*

Mumbai  
28th May, 2010

Membership Number 80085  
Firm's Registration Number 301072E

# Balance Sheet

## as at 31st March, 2010

As at 31st March

SOURCES OF FUNDS	Schedule	Rupees Million	As at 31st March	
			2010 Rupees Million	2009 Rupees Million
<b>SHAREHOLDERS' FUNDS</b>				
CAPITAL	1	785.91		785.91
RESERVES AND SURPLUS	2	13,384.98		13,390.40
			14,170.89	14,176.31
<b>LOAN FUNDS</b>				
SECURED LOANS	3	11,745.37		10,229.73
UNSECURED LOANS	4	850.00		-
			12,595.37	10,229.73
DEFERRED TAX - NET	5		1,328.41	1,188.89
<b>TOTAL</b>			<b>28,094.67</b>	<b>25,594.93</b>
<b>APPLICATIONS OF FUNDS</b>				
<b>FIXED ASSETS</b>				
FIXED ASSETS	6			
GROSS BLOCK		24,860.88		18,289.87
Less : DEPRECIATION		4,880.54		4,329.21
NET BLOCK		19,980.34		13,960.66
CAPITAL WORK-IN-PROGRESS		1,744.64		5,868.52
			21,724.98	19,829.18
INVESTMENTS	7		3,782.37	3,498.12
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
INTEREST ACCRUED		3.27		2.83
INVENTORIES	8	300.61		303.63
SUNDRY DEBTORS	9	992.19		922.02
CASH AND BANK BALANCES	10	137.72		421.18
LOANS AND ADVANCES	11	3,693.15		3,555.39
		5,126.94		5,205.05
Less : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES	12	1,870.19		2,260.30
PROVISIONS	13	669.43		677.12
		2,539.62		2,937.42
NET CURRENT ASSETS			2,587.32	2,267.63
<b>TOTAL</b>			<b>28,094.67</b>	<b>25,594.93</b>
SIGNIFICANT ACCOUNTING POLICIES	22			
NOTES TO THE ACCOUNTS	23			

Schedules 1 to 13, 22 & 23 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E  
Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman

Joint Managing Directors

Directors

## Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>INCOME</b>			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	14	7,741.31	8,941.05
OTHER INCOME	15	1,331.42	1,843.69
		<u>9,072.73</u>	<u>10,784.74</u>
<b>EXPENDITURE</b>			
CONSUMPTION OF PROVISIONS, STORES, WINES & OTHERS	16	1,190.15	1,090.85
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	17	2,448.02	2,506.01
UPKEEP & SERVICE COST	18	1,203.10	1,329.24
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	19	1,652.41	1,741.35
INTEREST AND FINANCE CHARGES (Note 15)	20	1,008.85	825.03
MISCELLANEOUS EXPENDITURE AMORTISED (Note 16)		-	17.25
DEPRECIATION (Note 9b)		680.31	542.40
		<u>8,182.84</u>	<u>8,052.13</u>
PROFIT BEFORE TAX		889.89	2,732.61
TAX	21	317.62	1,028.19
PROFIT AFTER TAX		572.27	1,704.42
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		3,158.64	2,494.02
FOREIGN EXCHANGE EARNINGS RESERVE WRITTEN BACK		-	10.60
		<u>3,730.91</u>	<u>4,209.04</u>
<b>APPROPRIATIONS</b>			
GENERAL RESERVE		100.00	500.00
PROPOSED DIVIDEND ON			
EQUITY SHARES		471.54	471.54
TAX ON DIVIDEND		76.16	78.86
BALANCE CARRIED TO BALANCE SHEET		3,083.21	3,158.64
		<u>3,730.91</u>	<u>4,209.04</u>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value Rs. 2 (Note 18)		1.46	4.34
NUMBER OF EQUITY SHARES		392,953,972	392,953,972

Schedules 14 to 23 referred to above  
form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred  
to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E  
Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman

Joint Managing Directors

Directors

# Cash Flow Statement

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	889.89	2,732.61
Adjustments for :		
Miscellaneous Expenditure Amortised	–	17.25
Depreciation	680.31	542.40
(Profit)/Loss on Sale of Fixed Assets (Net)	25.80	29.76
Provision for diminution in value of investments	–	0.75
Interest Received	(50.71)	(139.44)
Dividend Received	(23.83)	(25.25)
Interest Paid	1,008.85	825.03
Operating Profit before Working Capital Changes	2,530.31	3,983.11
Adjustments for :		
Trade & Other Receivables	(330.09)	(1,148.98)
Inventories	3.02	28.93
Trade Payables	(400.93)	410.07
Cash Generated from Operations	1,802.31	3,273.13
Interest Paid	(990.03)	(830.79)
Payment of Direct Taxes	(262.98)	(1,005.45)
Net cash from Operating Activities	549.30	1,436.89
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,656.99)	(2,857.63)
Sale of Fixed Assets	25.08	40.33
Purchase of Investments	(284.25)	(0.01)
Sale of Investments	–	89.21
Interest Received	178.46	62.44
Dividend Received	23.83	25.25
Cash used in Investing Activities	(2,713.87)	(2,640.41)



## Cash Flow Statement — *Contd.*

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
Term Loans	2,400.00	3,750.00
Cash Credit	532.44	–
Unsecured Loan	850.00	–
Repayment of		
Term Loan	(1,431.70)	(675.00)
Cash Credit	–	(890.41)
Unsecured Loans	–	(120.00)
Dividend Paid	(469.63)	(704.13)
Net Cash used in Financing Activities	1,881.11	1,360.46
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(283.46)	156.94
Cash and Cash Equivalents at the beginning of the year	421.18	264.24
Cash and Cash Equivalents at the end of the year	137.72	421.18

**Notes :**

- The Cash Flow Statement has been prepared in indirect method except in case of dividend income, purchase and sale of investments which have been considered on the basis of actual cash movement, with corresponding adjustments in Assets and Liabilities.
- Cash and Cash Equivalents represent Cash and Bank balances.
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the year and are treated as part of Investing Activities.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E

Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI

S. S. MUKHERJI

VIKRAM OBEROI

ARJUN OBEROI

S. K. DASGUPTA

ANIL NEHRU

Chairman and Chief Executive

Vice Chairman

Joint Managing Directors

Directors

## Schedules to Accounts

		As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>1</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
1,500,000,000	Equity Shares of Rs. 2 each	3,000.00	3,000.00
(2009 - 1,500,000,000)			
		<b>3,000.00</b>	<b>3,000.00</b>
ISSUED, SUBSCRIBED, CALLED & PAID UP			
392,953,972	Equity Shares of Rs. 2 each, fully paid up	785.91	785.91
(2009 - 392,953,972)			
		<b>785.91</b>	<b>785.91</b>

### NOTES :

Out of the above the following were allotted :

- (a) as fully paid up shares -
- (i) 3,219,125 (2009 - 3,219,125) of Rs. 2 each in 1965-66 as fully paid up pursuant to a contract without payments being received in cash.
  - (ii) 181,720 (2009 - 181,720) of Rs. 2 each in 1968-69 in terms of the Order of the Calcutta High Court dated 9th September, 1968 under the Scheme of Compromise/ Arrangement without payments being received in cash.
- (b) as fully paid up Bonus Shares -
- (i) 6,688,725 (2009 - 6,688,725) of Rs. 2 each in 1979-80 by capitalisation of General Reserve.
  - (ii) 24,765,655 (2009 - 24,765,655) of Rs. 2 each in 1984-85 by capitalisation of General Reserve.
  - (iii) 23,603,520 (2009 - 23,603,520) of Rs. 2 each in 1992-93 by capitalisation of Securities Premium Account.
  - (iv) 87,321,495 (2009 - 87,321,495) of Rs. 2 each in 1996-97 by capitalisation of Securities Premium Account.
  - (v) 130,984,657 (2009 - 130,984,657) of Rs. 2 each in 2006-07 by capitalisation of Securities Premium Account.

## Schedules to Accounts — *Contd.*

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL REDEMPTION RESERVE</b>			
As per last Account		<b>1,024.21</b>	1,024.21
<b>SECURITIES PREMIUM ACCOUNT</b>			
As per last Account		<b>1,053.16</b>	1,053.16
<b>REVALUATION RESERVE (Note 8a)</b>			
As per last Account	<b>2,382.47</b>		2,412.46
<i>Less</i> : Adjustment for Depreciation (Note 9b)	<b>29.99</b>		29.99
		<b>2,352.48</b>	2,382.47
<b>FOREIGN EXCHANGE EARNINGS RESERVE</b>			
As per last Account	–		10.60
<i>Less</i> : Transfer to Profit & Loss Account	–		10.60
		–	–
<b>GENERAL RESERVE</b>			
As per last Account	<b>5,771.92</b>		5,271.92
<i>Add</i> : Transfer from Profit & Loss Account	<b>100.00</b>		500.00
		<b>5,871.92</b>	5,771.92
<b>PROFIT AND LOSS ACCOUNT</b>			
As per annexed Account		<b>3,083.21</b>	3,158.64
		<b>13,384.98</b>	13,390.40

## Schedules to Accounts — *Contd.*

	As at 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>3</b>		
<b>SECURED LOANS</b>		
TERM LOAN FROM BANKS	11,212.93	10,229.73
CASH CREDIT FROM BANKS	532.44	—
	<b>11,745.37</b>	<b>10,229.73</b>
<b>PARTICULARS OF SECURITIES</b>		
TERM LOANS FROM BANKS		
STATE BANK OF INDIA - T/L I Rs. 450 Million (2009-Rs. 225 Million) repayable within one year	1,050.00	1,275.00
STATE BANK OF INDIA - T/L II Rs. 600 Million (2009-Rs. 100 Million) repayable within one year	4,400.00	4,500.00
UNITED BANK OF INDIA - T/L I Rs. 720 Million (2009-Rs. 540 Million) repayable within one year	720.00	1,260.00
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L I	25.77	36.43
UNITED BANK OF INDIA - T/L II Rs. 83.30 Million (2009-Rs. Nil) repayable within one year	1,000.00	500.00
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L II	25.56	—
AXIS BANK LIMITED Rs. 425 Million (2009-Rs. 425 Million) repayable within one year	425.00	425.00
STATE BANK OF HYDERABAD - T/L I Rs. 500 Million (2009-Rs. 200 Million) repayable within one year	1,300.00	1,500.00
STATE BANK OF HYDERABAD - T/L II Rs. 366.60 Million (2009-Rs. 366.70 Million) repayable within one year	366.60	733.30
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED (HSBC)	1,000.00	—
HDFC BANK LIMITED	900.00	—
	<b>11,212.93</b>	<b>10,229.73</b>

Term Loans from State Bank of India (T/L I) and HDFC Bank Limited are secured by way of equitable mortgage by deposit of title deeds in respect of the Company's hotel in Mumbai known as Trident, Nariman Point, ranking *pari passu*. Creation of equitable mortgage in favour of HDFC Bank Limited, ranking *pari passu*, is in progress.

Term Loan from State Bank of India (T/L II) is secured by way of first charge on movable fixed assets of the Company's hotel in Mumbai known as Trident, Bandra Kurla, both present and future and by way of equitable mortgage by deposit of title deeds of the said hotel property.

Term Loans from United Bank of India (T/L I) and State Bank of Hyderabad (T/L I) are secured by way of equitable mortgage by deposit of title deeds of the Company's hotel in Kolkata known as The Oberoi Grand, ranking *pari passu*.

Term Loans from AXIS Bank Limited, United Bank of India (T/L II) and HSBC are secured by way of equitable mortgage by deposit of title deeds in respect of the Company's hotel in Delhi known as Maidens Hotel, ranking *pari passu*.

Term Loan from State Bank of Hyderabad (T/L II) is secured by hypothecation of an Aircraft and the Plant and Machinery of EIH Printing Press at Manesar, Gurgaon and by way of equitable mortgage by deposit of title deeds of EIH Printing Press at Manesar.

	Rupees Million	Rupees Million
CASH CREDIT FROM BANKS		
UNITED BANK OF INDIA	509.06	—
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	23.38	—
	<b>532.44</b>	<b>—</b>

Cash Credit arrangements are secured by way of hypothecation of all stocks of Inventories, Book Debts and other Current Assets of the Company, both present and future, ranking *pari passu*. Cash credit with United Bank of India is additionally secured by way of second charge in respect of the Company's hotel in Kolkata known as The Oberoi Grand.

## Schedules to Accounts — *Contd.*

		As at 31st March	
	Rupees Million	2010 Rupees Million	2009 Rupees Million
<b>4</b>			
<b>UNSECURED LOANS</b>			
SHORT TERM LOANS FROM BANKS			
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - repayable within one year		100.00	—
THE ROYAL BANK OF SCOTLAND N.V. - repayable within one year		750.00	—
		<u>850.00</u>	<u>—</u>
<b>5</b>			
<b>DEFERRED TAX - NET</b>			
DEFERRED TAX LIABILITIES			
DEPRECIATION		1,481.08	1,329.45
DEFERRED TAX ASSETS			
ACCRUED EXPENSES DEDUCTIBLE ON PAYMENT	74.14		61.86
LEAVE ENCASHMENT	7.84		9.55
PROVISION FOR DEBTS AND ADVANCES	70.69		69.15
		<u>152.67</u>	<u>140.56</u>
DEFERRED TAX LIABILITIES (NET)		<u>1,328.41</u>	<u>1,188.89</u>

## Schedules to Accounts — Contd.

	Rupees in Million											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Original Cost/ Revaluation as at 31st March, 2009	Additions	Sales/ Adjustments	Original Cost/ Revaluation as at 31st March, 2010	As at 31st March, 2009	For the Year	Less: Sales/ Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
<b>6 FIXED ASSETS</b>												
Business Rights (Intangible Assets)	78.72	-	-	78.72	78.72	-	-	78.72	-	-	-	
Freehold Land including development cost	1,514.88	-	0.12	1,514.76	-	-	-	-	1,514.76	-	1,514.88	
Leasehold Land	2,064.76	571.86	-	2,636.62	1.91	9.12	-	11.03	2,625.59	2,062.85	2,062.85	
Buildings (Note 8b)	6,531.11	3,597.02	10.59	10,117.54	1,522.62	156.19	3.36	1,675.45	8,442.09	5,008.49	5,008.49	
Sanitary Installation	307.46	298.32	14.01	591.77	63.74	9.39	4.85	68.28	523.49	243.72	243.72	
Plant & Machinery	5,835.11	1,778.14	105.13	7,508.12	1,927.80	374.85	81.75	2,220.90	5,287.22	3,907.31	3,907.31	
Leased Machinery (Note 10)	239.43	-	-	239.43	0.83	17.76	-	18.59	220.84	238.60	238.60	
Furniture & Fittings	717.40	490.06	33.98	1,173.48	481.83	60.44	30.77	511.50	661.98	235.57	235.57	
Vehicles	255.64	13.09	15.41	253.32	110.53	23.19	13.04	120.68	132.64	145.11	145.11	
Leased Vehicles (Note 10)	105.58	32.39	30.63	107.34	48.53	24.32	25.20	47.65	59.69	57.05	57.05	
Boats	49.51	-	-	49.51	8.73	1.98	-	10.71	38.80	40.78	40.78	
Aircrafts	590.27	-	-	590.27	83.97	33.06	-	117.03	473.24	506.30	506.30	
	18,289.87	6,780.88	209.87	24,860.88	4,329.21	710.30	158.97	4,880.54	19,980.34	13,960.66	13,960.66	
Capital Work-in-Progress including												
Capital advances considered good	5,868.52	1,969.13	6,093.01	1,744.64	-	-	-	-	1,744.64	5,868.52	5,868.52	
Rs. 42.70 Million (2009-Rs. 15.25 Million)	24,158.39	8,750.01	6,302.88	26,605.52	4,329.21	710.30	158.97	4,880.54	21,724.98	19,829.18	19,829.18	
Previous year	21,520.30	4,275.28	1,637.19	24,158.39	3,906.26	572.39	149.44	4,329.21	19,829.18			

## Schedules to Accounts — *Contd.*

	As at 31st March	
	2010 Rupees Million	2009 Rupees Million
7		
<b>INVESTMENTS (Note 12)</b>		
<b>Long Term Investments</b>		
<b>Trade Investments</b>		
<b>Quoted –</b>		
7,071,333 (2009 - 7,071,333) Equity Shares of Rs. 10 each of EIH Associated Hotels Limited fully paid	596.34	596.34
200,000 (2009 - 200,000) Equity Shares of Rs. 10 each of Royale Manor Hotels and Industries Limited fully paid	2.00	2.00
25,000 (2009 - 25,000) Equity Shares of Rs. 10 each of Tourism Finance Corporation of India Limited fully paid	0.50	0.50
<b>Unquoted –</b>		
18,720,000 (2009 - 18,720,000) Equity Shares of Rs. 10 each of L&T Bangalore Airport Hotel Limited fully paid	187.20	187.20
25,950,000 (2009 - 4,800,000) Equity Shares of Rs. 10 each of Golden Jubilee Hotels Limited fully paid	259.50	48.00
<b>Subsidiary Companies</b>		
<b>Unquoted</b>		
44,607,800 (2009 - 44,607,800) Equity Shares of \$1 each of EIH International Limited fully paid	1,908.74	1,908.74
25,999,995 (2009 - 25,999,995) Equity Shares of Rs. 10 each of Mashobra Resort Limited fully paid	260.04	260.04
2,176,000 (2009 - 2,176,000) Equity Shares of Rs. 10 each of Oberoi Kerala Hotels and Resorts Limited fully paid	21.76	21.76
12,390,000 (2009 - 12,390,000) Equity Shares of Rs. 10 each of Mumtaz Hotels Limited fully paid	394.72	394.72
3,277,777 (2009 - 500,000) Equity Shares of Rs. 10 each of Mercury Car Rentals Limited fully paid		
2,777,777 Shares acquired during the year at a premium, of which 555,555 shares are acquired by conversion of 100,000 Cumulative Redeemable Preference Shares of Rs. 100 each fully paid	55.00	5.00
5,386,839 (2009 - 3,300,000) Equity Shares of Mauritius Rupees 10 each of EIH Flight Services Limited, Mauritius fully paid	77.17	44.99
Nil (2009 - 100,000) 6% Cumulative Redeemable Preference Shares of Rs. 100 each of Mercury Car Rentals Limited fully paid		
100,000 Cumulative Redeemable Preference Shares of Rs. 100 each converted during the year into 555,555 Equity Shares of Rs. 10 each fully paid	–	10.00
50,000 (2009 - Nil) Equity Shares of Rs. 10 each of EIH Flight Catering Services Limited fully paid	0.50	–

## Schedules to Accounts — *Contd.*

	As at 31st March		
	Rupees Million	2010 Rupees Million	2009 Rupees Million
7			
<b>INVESTMENTS (Note 12) - <i>Contd.</i></b>			
<b>Others - Investments</b>			
<b>– in Shares (Unquoted)</b>			
849,575 (2009 - 849,575) Equity Shares of Rs. 10 each of Mercury Travels Limited fully paid		18.69	18.69
75,000 (2009 - 75,000) Equity Shares of Rs. 10 each of CCA Leisure Services Private Limited fully paid	0.75		0.75
<i>Less</i> : Provision for diminution in value of Investments	0.75		0.75
		–	–
<b>– in Government Securities (Unquoted)</b>			
7 year National Savings Certificate (Note 6)		0.21	0.14
		<u>3,782.37</u>	<u>3,498.12</u>
		Book Value Rupees Million	Market Value Rupees Million
Quoted		598.84 (598.84)	926.13 (376.05)
Unquoted		3,183.53 (2,899.28)	–
		<u>3,782.37</u> (3,498.12)	

(Figures in brackets represent figures for 2009)

During the year, the following current investments were purchased and sold:

6,525,391.931 Units of HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest at cost and sale price of Rs. 80.00 Million.



## Schedules to Accounts — *Contd.*

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>8</b>			
<b>INVENTORIES (Note 13)</b>			
Provisions, Wines & Others (Notes 20, 23(a))		128.50	157.14
Stores & Operating Supplies		172.11	146.49
		<b>300.61</b>	<b>303.63</b>
<b>9</b>			
<b>SUNDRY DEBTORS (Unsecured)</b>			
Debts outstanding for a period exceeding six months			
Considered good	30.68		29.27
Considered doubtful	26.13		22.25
	<b>56.81</b>		<b>51.52</b>
Other Debts			
Considered good	961.51		892.75
		<b>1,018.32</b>	<b>944.27</b>
<i>Less</i> : Provision for Doubtful Debts		26.13	22.25
		<b>992.19</b>	<b>922.02</b>
<b>Note:</b>			
Amounts due from Subsidiary Companies (Considered good)			
– For a period exceeding six months		–	–
– Other Debts			
Mashobra Resort Limited		0.60	0.15
Mumtaz Hotels Limited		24.01	12.33
Oberoi Kerala Hotels & Resorts Limited		0.01	0.07

## Schedules to Accounts — *Contd.*

10	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>CASH &amp; BANK BALANCES</b>			
Cash in hand including cheques in hand Rs. 25.32 Million (2009 - Rs. 15.60 Million)		<b>44.92</b>	34.92
Bank Balances :			
With Scheduled Banks :			
Current Accounts	<b>25.40</b>		172.95
Fixed Deposits (Note 6)	<b>31.96</b>		181.13
Unpaid Dividend Accounts	<b>25.24</b>		23.33
Margin Accounts	<b>1.90</b>		0.71
Escrow Accounts / Fractional Share sale proceeds	<b>0.21</b>		0.21
		<b>84.71</b>	
With Others :			
Fixed Deposits with Mashreqbank, Dubai (Maximum Balance during the year Rs. 0.70 Million; 2009 - Rs. 0.70 Million)		<b>0.61</b>	0.70
Current Accounts with :			
Citibank, New York (Maximum Balance during the year Rs. 6.00 Million; 2009 - Rs. 5.73 Million)		<b>0.11</b>	0.01
The Hongkong and Shanghai Banking Corporation Limited, Singapore (Maximum Balance during the year Rs. 3.58 Million; 2009 - Rs. 3.01 Million)		<b>0.08</b>	0.76
Hongkong Bank of Australia Limited, Sydney (Maximum Balance during the year Rs. 3.31 Million; 2009 - Rs. 3.37 Million)		<b>0.06</b>	0.22
The Hongkong and Shanghai Banking Corporation Limited, London (Maximum Balance during the year Rs. 8.93 Million; 2009 - Rs. 12.39 Million)		<b>6.51</b>	5.83
Mashreqbank, Dubai (Maximum Balance during the year Rs. 2.22 Million; 2009 - Rs. 2.48 Million)		<b>0.72</b>	0.41
		<b>137.72</b>	<b>421.18</b>

## Schedules to Accounts — *Contd.*

11	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>LOANS AND ADVANCES (Unsecured)</b> (Considered good, unless otherwise stated)			
Loans to Subsidiary Company : (Note 14)			
Mashobra Resort Limited (Maximum Balance during the year Rs. 1,087.63 Million; 2009 - Rs. 1,005.63 Million)		1,083.63	1,005.63
Advances towards Equity in : Subsidiary Companies :			
Mashobra Resort Limited (Note 14)	130.00		130.00
Oberoi Kerala Hotels and Resorts Limited	1.60		1.60
Mercury Car Rentals Limited	—		40.00
EIH Flight Services Limited, Mauritius	167.43		32.18
		299.03	
Advances towards Equity in : Private Limited Companies in which two of the Directors are Directors :			
CCA Leisure Services Private Limited - considered doubtful		0.31	0.31
Other Companies :			
Mara Hotels Limited - considered doubtful	2.50		2.50
Golden Jubilee Hotels Limited	—		91.50
		2.50	
Advances recoverable in cash or in kind or for value to be received :			
Considered good	283.67		510.69
Considered doubtful	179.04		180.88
		462.71	
Loan to Associate: EIH Associated Hotels Limited (repayable on demand) (Maximum Balance during the year Rs. 320.00 Million; 2009 - Rs. 320.00 Million)		320.00	320.00
Insurance Claim Receivable (Note 4)		694.36	740.81
Prepaid Expenses		85.50	65.05
Sundry Deposits		559.77	259.70
Fringe Benefit Tax (net of Provision)		7.70	7.70
Income Tax Advance/Refund (net of Provision)		359.49	348.02
		3,875.00	3,736.57
Less : Provision for Doubtful Advances		181.85	181.18
		3,693.15	3,555.39

## Schedules to Accounts — *Contd.*

12	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>CURRENT LIABILITIES</b>			
Sundry Creditors			
Total outstanding dues of Micro Enterprises and Small Enterprises (Note 5)	-		-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises (including amount due to Mercury Car Rentals Limited - Subsidiary Company Rs. 10.01 Million (2009 - Rs. 8.01 Million)	<u>955.36</u>	955.36	<u>1,436.57</u>
		955.36	1,436.57
Contribution towards Gratuity		17.44	1.61
Security Deposits		146.26	147.03
Liability for Leased Assets (Note 10)		254.21	291.00
Interest accrued but not due		3.91	-
Other Liabilities		463.08	355.06
Unclaimed Fractional Share sale proceeds		0.21	0.21
Unclaimed Dividend		25.24	23.33
Investor Education and Protection Fund :			
Interest on Unclaimed Deposits		0.23	0.23
Unclaimed Cheques and Warrants - Fixed Deposits		4.25	5.26
		<u>1,870.19</u>	<u>2,260.30</u>
<b>13</b>			
<b>PROVISIONS</b>			
Proposed Dividend on Equity Shares		471.54	471.54
Tax on Dividend		76.16	78.86
Wealth Tax (net of Advance)		4.85	4.80
Leave Encashment		116.88	121.92
		<u>669.43</u>	<u>677.12</u>

## Schedules to Accounts — *Contd.*

	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>14</b>			
<b>INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS &amp; BANQUETS, ETC. (Note 20)</b>			
Rooms		3,238.28	4,220.82
Food and Beverage		2,996.53	3,330.04
Other Services		1,506.50	1,390.19
		<u>7,741.31</u>	<u>8,941.05</u>
<b>15</b>			
<b>OTHER INCOME</b>			
Interest (Gross)			
Tax Free Bonds - Long-term Investments (Non-trade)	-		1.00
Loans	30.40		103.12
Banks	7.28		14.48
Others	2.25		2.25
Income-tax Refund	10.78		18.59
(Tax at source Rs. 5.45 Million; 2009 - Rs. 26.83 Million)		50.71	
Dividend (Gross)			
From Subsidiary Companies - Long-term		12.99	7.54
From Long-term Investments (Trade)		10.60	17.68
From Long-term Investments (Non-trade)		0.02	0.02
From Current Investments - Mutual Fund (Non-trade)		0.22	-
Sale of Printing Materials (Note 21)		492.71	491.83
Miscellaneous Income		237.41	214.41
Insurance Claim - Business Interruption Loss (Note 4)		526.76	967.60
Gain on Exchange		-	5.17
		<u>1,331.42</u>	<u>1,843.69</u>
<b>16</b>			
<b>CONSUMPTION OF PROVISIONS, STORES, WINES &amp; OTHERS (Notes 20, 23(b))</b>			
Opening Stock		157.14	196.75
Add : Purchases		1,161.51	1,051.24
		<u>1,318.65</u>	<u>1,247.99</u>
Less : Closing Stock		128.50	157.14
		<u>1,190.15</u>	<u>1,090.85</u>
<b>17</b>			
<b>EMPLOYEES' REMUNERATION &amp; WELFARE EXPENSES</b>			
Salaries, Wages & Bonus		2,109.39	2,141.22
Contribution to Provident Fund		87.17	82.97
Workmen & Staff Welfare Expenses		163.60	151.16
Commission to Directors (Note 19)		54.91	113.22
Gratuity		32.95	17.44
		<u>2,448.02</u>	<u>2,506.01</u>

## Schedules to Accounts — *Contd.*

18	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>UPKEEP &amp; SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		23.88	23.48
Expenses on Apartment & Board		119.44	111.38
Power & Fuel		594.48	636.73
Renewals & Replacement		80.06	65.52
Repairs :			
Buildings	107.98		172.91
Plant & Machinery	214.58		190.56
Others	62.68		128.66
		385.24	
		<u>1,203.10</u>	<u>1,329.24</u>
<b>19</b>			
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>			
Rent (Note 11)		253.75	272.52
Royalty, Franchise Fees & Membership Fees		79.79	95.67
Advertisement, Publicity & Other Promotional Expenses		219.22	273.98
Commission to Travel Agents & others		129.60	179.21
Rates & Taxes		229.65	187.36
Insurance		47.84	42.24
Passage & Travelling		248.57	250.82
Postage, Telephone, etc.		99.19	117.24
Musical, Banquet & Kitchen Expenses		44.25	48.10
Directors' Fees		0.64	0.64
Loss on Sale/Discard of Assets (Net)		25.80	29.76
Loss on exchange		0.59	–
Provision/write off : Debts & Advances		8.32	15.10
Provision for diminution in value of investments		–	0.75
Auditor's Remuneration (Note 17)		8.88	8.61
Miscellaneous Expenses		256.32	219.35
		<u>1,652.41</u>	<u>1,741.35</u>
<b>20</b>			
<b>INTEREST AND FINANCE CHARGES (Note 15)</b>			
On Fixed Loans		959.79	792.26
On Others		49.06	32.77
		<u>1,008.85</u>	<u>825.03</u>
<b>21</b>			
<b>TAX</b>			
Income Tax		171.00	920.00
Wealth Tax		4.10	4.00
Deferred Tax		139.52	72.23
Fringe Benefit Tax		–	26.98
		314.62	1,023.21
Tax adjustment relating to earlier year		3.00	4.98
		<u>317.62</u>	<u>1,028.19</u>

## Schedules to Accounts — *Contd.*

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### SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention (except where impairment is made and revaluation is carried out) on the basis of going concern and is in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956 and on accrual basis.

#### USE OF ESTIMATES

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

#### PRIOR PERIOD ADJUSTMENTS, EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, exceptional items, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

#### FIXED ASSETS

Fixed Assets are stated at cost of acquisition or construction and in case of revaluation of assets at revalued amounts net of impairment loss if any, less depreciation/amortisation. Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

Assets acquired on lease basis are stated at their cash values less depreciation/amortisation.

Capital Work-in-Progress comprises outstanding advances paid/payable to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

#### DEPRECIATION

Depreciation on fixed assets other than land, certain buildings on leasehold lands and leased vehicles is provided on "Straight Line Method" at the rates which are in conformity with the requirements of the Companies Act, 1956. Certain fixed assets including leased vehicles, building installed on leasehold land (other than on perpetual lease) are depreciated over the lives of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Vehicles acquired on lease are depreciated over their respective lease period or sixty months from the date of acquisition, whichever is earlier. Long term leasehold land (other than on perpetual lease) are depreciated over the balance period of lease, commencing from the date the land is put to use for commercial purposes. The additional depreciation on the increase in the value of assets due to revaluation is adjusted against Revaluation Reserve.

#### REVENUE RECOGNITION

- Revenue from hospitality services is recognised when the services are rendered and the same becomes chargeable. Revenue from sale of printing and other materials is recognised on despatch of materials.
- Revenue from interest is accrued and recognised on time basis and determined by contractual rate of interest.
- Dividend income is stated at gross and is recognised when rights to receive payment is established.
- Revenue from Shop Licence Fee, Management and Marketing Fee included under "Other Income" is recognised on accrual basis as per terms of contract.

#### IMPAIRMENT OF ASSETS

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

#### FINANCE LEASES

In respect of assets acquired on or after 1st April, 2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the interest charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest component is charged to the Profit and Loss Account under Interest and Finance charges.

#### INVESTMENTS

Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value where provision for diminution is made on individual investment basis. Current investments are valued at cost or market price or fair value, whichever is lower. Earnings on investments are accounted for on accrual basis.

## Schedules to Accounts — *Contd.*

### **INVENTORIES**

Inventories are valued at cost which is based on First-In-First-Out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Profit and Loss Account.

### **TRANSACTIONS IN FOREIGN CURRENCY**

Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuations in exchange rate is accounted for on realisation.

Payments made in foreign currency including for acquiring investments are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year. Monetary items denominated in foreign currency are converted at the exchange rate prevailing at the end of the year.

Revenue expenditure of all the overseas Sales Offices are converted at the average exchange rate for the year. Assets and Liabilities other than Fixed Assets are converted at the exchange rate prevailing at the close of the accounting year and Fixed Assets are converted at the month-end exchange rate of the month of acquisition.

Foreign currency loans covered by forward contracts are realigned at the forward contract rates, while those not covered by forward contracts are realigned at the rates ruling at the year end. The differences on realignment are accounted for in the Profit and Loss Account.

### **EMPLOYEE BENEFITS**

Short Term Employee Benefit is recognised as an expense in the Profit and Loss Account of the year in which related service is rendered.

Post employment and other Long Term Employee Benefits are provided for in the Accounts in the following manner :

- (i) Gratuity - Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per Company's Scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following Projected Unit Credit Method and is treated as liability.
- (ii) Leave encashment on termination of service - As per actuarial valuation as at the Balance Sheet date following projected Unit Credit Method.
- (iii) Provident Fund : Provident Fund for most of the employees is a Defined Contribution Scheme, where the contribution is made to a Fund administered by the Government Provident Fund Authority.

For a few employees, Provident Fund, administered by a Recognised Trust, is a Defined Benefit Plan wherein the employee and the Company make monthly contributions. Pending the issuance of Guidance Note from the Actuarial Society of India, actuarial valuation is not carried out and the Company provides for required liability at year end, in respect of the shortfall, if any, upon confirmation from the Trustees of such Fund.

### **BORROWING COST**

Borrowing cost that is attributable to the acquisition/construction of fixed assets are capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

### **SHARE ISSUE EXPENSES**

Share issue expenses are charged to the Profit and Loss Account.

### **TAXES ON INCOME**

Income-tax is accounted for in accordance with Accounting Standard on 'Accounting for taxes on income' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential considerations. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

### **PROPOSED DIVIDEND**

Dividend recommended by the Board of Directors is provided for in the Accounts pending Shareholders' approval.

### **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the Financial Statements.



## Schedules to Accounts — *Contd.*

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### NOTES TO THE ACCOUNTS

1. (a) The Oberoi, Mumbai was operational in the previous year upto 25th November, 2008. The hotel remained out of operation throughout the financial year ended 31st March, 2010.  
(b) Trident, Bandra Kurla, Mumbai started operation from 1st December, 2009.  
(c) Trident, Nariman Point, Mumbai remained out of operation from 26th November, 2008 upto 20th December, 2008.
2. The estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 597.03 Million (2009-Rs. 423.65 Million).
3. Contingent Liabilities not provided for in respect of -
  - (i) Claims against the Company pending appellate/judicial decisions :
    - (a) Sales Tax Rs. 24.64 Million (2009-Rs. 24.52 Million)
    - (b) Income-tax Rs. 572.07 Million (2009-Rs. 394.50 Million)
    - (c) Property Tax Rs. 170.64 Million (2009-Rs. 217.58 Million)
    - (d) Entertainment Tax Rs. 9.65 Million (2009-Rs. 9.13 Million)
    - (e) Customs Duty Rs. 452.50 Million (2009-Rs. 452.50 Million)
    - (f) ESI claims Rs. 11.12 Million (2009-Rs. 3.13 Million)
    - (g) Excise Duty Rs. 19.49 Million (2009-Rs. 9.86 Million)
    - (h) Others Rs. 21.47 Million (2009-Rs. 14.59 Million)
  - (ii) Guarantees given to Banks & Financial Institutions for Rs. 2,249.50 Million (2009-Rs. 1,349.50 Million) against financial facilities availed of by the subsidiary, joint venture and associate companies.
4. The Company is adequately insured against damage caused by terrorist attack on its two Mumbai Hotels, i.e., Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. The insurance coverage is on replacement value basis. No final adjustment has been made in the books of account in respect of damage to the properties pending settlement of claim.  
  
The Company has recognised Rs. 526.76 Million (2009-Rs. 967.60 Million) as income during the financial year on account of insurance claim for losses due to business interruption in respect of Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. Against the total claim of Rs. 1,494.36 Million recognised as income by the Company, the insurance company has paid Rs. 800 Million. Final settlement of the claim is pending.
5. There are no reportable amount of dues on account of principal and interest or any such payments during the year as required by Micro, Small and Medium Enterprises Development Act, 2006, in respect of Micro Enterprises and Small Enterprises as defined in the Act. This is based on information made available to the Company by such enterprises.
6. Fixed Deposits & 7 Year National Savings Certificate aggregating to Rs. 20.17 Million (2009-Rs. 23.13 Million) have been lodged with the Banks/Government Authorities for obtaining guarantees or as Security Deposits.

## Schedules to Accounts — *Contd.*

7. Defined Benefit Plans/Long Term Compensated Absences on 31st March, 2010 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

(Rupees in Million)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>I Components of Employer Expenses</b>				
1 Current Service Cost	15.52	37.75	15.83	23.74
2 Interest Cost	22.54	9.75	22.11	9.01
3 Expected return on Plan Assets	(27.33)	-	(26.49)	-
4 Curtailment Cost/(Credit)	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-
6 Past Service Cost	-	-	-	-
7 Actuarial Losses/(Gains)	22.23	(21.45)	5.99	(2.92)
8 <b>Total expenses recognised in the Statement of Profit and Loss Account</b>	<b>32.96</b>	<b>26.05</b>	<b>17.44</b>	<b>29.83</b>
The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 17.				
<b>II Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2010</b>				
1 Present Value of Defined Benefit Obligation	311.55	116.88	281.79	121.92
2 Fair Value on Plan Assets	294.11	-	280.18	-
3 Status [Surplus/(Deficit)]	(17.44)	(116.88)	(1.61)	(121.92)
4 Unrecognised Past Service Cost	-	-	-	-
5 <b>Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(17.44)</b>	<b>(116.88)</b>	<b>(1.61)</b>	<b>(121.92)</b>
<b>III Change in Defined Benefit Obligation (DBO) during the year ended 31st March, 2010</b>				
1 Present Value of DBO at the beginning of year	281.79	121.92	276.42	109.24
2 Current Service Cost	15.52	37.75	15.84	23.74
3 Interest Cost	22.54	9.75	22.11	9.01
4 Curtailment Cost/(Credit)	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-
6 Plan Amendments	-	-	-	-
7 Acquisitions	-	-	-	-
8 Actuarial (Gains)/Losses	22.23	(21.46)	5.99	(2.92)
9 Benefits Paid	(30.53)	(31.08)	(38.57)	(17.15)
10 <b>Present Value of DBO at the end of year</b>	<b>311.55</b>	<b>116.88</b>	<b>281.79</b>	<b>121.92</b>
<b>IV Change in Fair Value of Assets during the year ended 31st March, 2010</b>				
1 Plan Assets at the beginning of year	280.18	-	262.81	-
2 Acquisition Adjustment	-	-	-	-
3 Actuarial Return on Plan Assets	27.33	-	26.49	-
4 Actuarial Gains/(Losses)	-	-	-	-
5 Actual Company Contribution	17.13	-	29.45	-
6 Benefits Paid	(30.53)	-	(38.57)	-
7 <b>Plan Assets at the end of year</b>	<b>294.11</b>	<b>-</b>	<b>280.18</b>	<b>-</b>
<b>V Investments Details</b>				
Invested with LIC in Group Gratuity Scheme	100%		100%	
<b>VI Actuarial Assumptions</b>				
1 Discount Rate (%)	8%	8%	8%	8%
2 Expected rate of return	9.40%	-	9.40%	-
3 Salary Escalation (%)	3%	3%	3.5%	3%
4 Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate	

## Schedules to Accounts — *Contd.*

8. (a) Freehold/Leasehold Land of perpetual nature and Buildings at some locations were revalued on 31st March, 1982 and 31st March, 1993 resulting in a surplus of Rs. 2,863.88 Million which is included in the original cost. The valuation was carried out by an approved valuer on the basis of depreciated replacement cost. The nature of indices was not mentioned in the report. The surplus was transferred to Revaluation Reserve.
- (b) Buildings include construction cost of 850 car parking spaces amounting to Rs. 292.81 Million which as per the lease agreement dated 4th May, 2001 with MMRD Authority will have to be transferred to the said Authority through a licence agreement for a licence fee of Re. 1 per annum.
9. (a) Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets which are depreciated over the useful lives of the assets, which are not less than those prescribed under the Companies Act, 1956.
- (b) Depreciation for the year as per the Fixed Assets Schedule (Schedule-6) includes Rs. 29.99 Million (2009-Rs. 29.99 Million) being depreciation on the increased value of building due to the effect of revaluation and, accordingly, the same has been adjusted from the Revaluation Reserve Account.
10. Fixed Assets acquired under finance lease amounted to Rs. 346.77 Million (2009-Rs. 345.01 Million) being the assets acquired between 1st April, 2001 to 31st March, 2010. These include an amount of Rs. 32.39 Million (2009-Rs. 272.68 Million) being assets acquired during the year under finance lease and capitalised in line with the requirements of Accounting Standard (AS-19). Depreciation for the year includes an amount of Rs. 42.08 Million (2009-Rs. 23.64 Million) being depreciation charged on these assets.

The year-wise break-up of the outstandings as on 31st March, 2010 in respect of these assets are as under:

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
<b>Assets taken on lease</b>		
Total Minimum Lease Payments at the year end	293.49	339.91
Present value of Minimum Lease Payments	254.22	291.00
<b>Not later than one year</b>		
Minimum Lease Payments	82.40	81.83
Present value	64.63	62.39
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	211.09	258.08
Present value	189.59	228.61
<b>Later than five years</b>		
Minimum Lease Payments	-	-
Present value	-	-
(a) Contingent rents recognised as expense in the Statement of Profit and Loss for the year	-	-
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date	-	-

11. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.
- (a) General description of the Company's operating lease arrangements :
- The Company has entered into operating lease arrangements primarily for office premises, site offices, airport/flight services and residential premises for its employees. Some of the significant terms and conditions of the arrangements are :
- agreements may generally be terminated by either party by serving a notice;
  - the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement;
  - the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.
- (b) Rent in respect of the above are charged to the Profit and Loss Account.

## Schedules to Accounts — *Contd.*

12. Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value where provision for diminution is made on individual investment basis. Earnings on investments are accounted for on accrual basis.
13. Inventories are valued at cost which is based on First-In-First-Out method or net realisable value, whichever is lower. Unserviceable / damaged / discarded stocks and shortages are charged to the Profit and Loss Account.
14. In the case of Mashobra Resort Limited (“MRL”), several disputes with the Government of Himachal Pradesh, the joint venture partner, were referred by the High Court of Himachal Pradesh on 17th December, 2003 to an arbitral tribunal consisting of a single arbitrator whose award has been challenged by both the Company and MRL, amongst others. The operation of the arbitration award has been stayed pending substantive hearing of the applications by the High Court. Consequently, the *status quo ante* of the entire matter stands restored to the position as on 17th December, 2003 and the hotel is being operated by MRL accordingly. The Company, by its letter dated 15th June, 2009, requested MRL to convert Rs. 1,005.63 Million of loans provided by the Company to MRL into its equity. MRL is in the process of holding the meeting of the Board of Directors for which it has requested the nominees of Himachal Pradesh Government on the Board, for a suitable date for holding the meeting which is still awaited. The Company has now been legally advised to take necessary steps in this matter. In view of the above and the proposed conversion of loan into equity, loan to MRL has been considered good as the net worth of MRL will become positive on conversion.
15. Interest debited to the Profit and Loss Account is net of interest capitalised amounting to Rs. 253.14 Million (2009-Rs. 218.34 Million).
16. Miscellaneous Expenditure amortised during the year Rs. Nil (2009-Rs. 17.25 Million) represents Voluntary Separation Cost.

	Year ended 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
17. Auditor’s Remuneration (excluding Service tax)		
As Auditor	7.59	6.62
For Tax Audit	0.17	0.15
For Taxation Matters	0.60	0.56
For Other Matters (Certification)	0.52	1.28
	<u>8.88</u>	<u>8.61</u>
18. Earnings per Equity Share :		
Profit computation for both Basic and Diluted earnings per share of Rs. 2 each		
Net Profit after Taxation as per Profit and Loss Account	572.27	1,704.42
Weighted average number of Equity Shares outstanding	392,953,972	392,953,972
Basic and Diluted earnings per Equity Share of face value Rs. 2 (in Rupees)	1.46	4.34
19. Directors’ Remuneration		
Salaries	20.10	20.10
Contribution to Provident Fund	2.41	2.41
Monetary Value of Perquisites	4.68	5.07
Commission to Directors	54.91	113.22
Sitting fees to other Directors	0.64	0.64
	<u>82.74</u>	<u>141.44</u>

As the future liability for Gratuity and Leave Encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and not included above.

## Schedules to Accounts — *Contd.*

	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 :</b>			
Profit before Taxation		889.89	2,732.61
<i>Add:</i> Directors' Remuneration	82.74		141.44
Miscellaneous Expenditure Amortised	–		17.25
Loss on Sale/Discard of Fixed Assets (Net)	25.80		29.76
Provision for diminution in value of Investments	–		0.75
Depreciation charged to Accounts	680.31		542.40
		788.85	
		1,678.74	3,464.21
<i>Less:</i> Depreciation under Section 350 of the Companies Act, 1956		680.31	542.40
Profit for the purpose of Directors' Commission		998.43	2,921.81
Commission to:			
Chairman @ 2.5% of Profit		24.95	58.44
Vice Chairman @ 1.5% of Profit		14.98	32.87
Two Joint Managing Directors each @ 0.75% of Profit		14.98	21.91
		54.91	113.22

20. Since it is not practicable to give the quantity-wise details in respect of purchase, consumption, turnover, stock, etc., the Ministry of Corporate Affairs, in exercise of its powers under Section 211(4) of the Companies Act, 1956, by its Order No. 46/81/2008-CL-III dated 30th May, 2008, has exempted the Company from giving such details.

21. In respect of printing business, the installed printing capacity as on 31st March, 2010 was 850 Million standard impressions (2009-525 Million). The actual production during the year was 575 Million standard impressions (2009-320 Million). The installed printing capacity and actual production have been certified by the Management and accepted by the Auditors, being a technical matter.

22. Value of Imports calculated on C.I.F. basis in respect of :

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
(i) Provisions, Wines & Others	68.15	81.02
(ii) Components & Spares	178.52	30.86
(iii) Capital Goods	114.51	395.35
	361.18	507.23

23. (a) Inventory of Provision, Wines & Others includes Stock of Paper, Ink etc. Rs. 50.87 Million (2009-Rs. 83.67 Million)

(b) Consumption of Provisions, Wines and Others includes consumption of Paper, Ink etc. Rs. 402.27 Million (2009-Rs. 315.96 Million)

## Schedules to Accounts — *Contd.*

		Year ended 31st March	
		2010	2009
		Rupees	Rupees
		Million	Million
24.	(a) Expenditure in foreign currencies :		
	(i) Professional, Consultancy & Other Matters	208.87	224.15
	(ii) Foreign Sales Office Expenses	146.00	196.71
	(b) Earnings in foreign currencies :		
	(i) On Sales (as per return submitted to DGFT)	3,092.89	4,975.72
	(ii) Consultation fees	12.94	20.22
	(iii) Sale of printing materials	43.26	13.55
25.	Foreign Exchange :		
		As at	As at
		31st March, 2010	31st March, 2009
		Rupees	Rupees
		Million	Million
(a)	Derivative Instrument outstanding:		
	Interest Rate and Currency Swap for hedging FCNR Loan from HSBC	1,000.00	Nil
(b)	Unhedged Foreign Currency exposure outstanding as on 31st March, 2010	109.31	54.53

## Schedules to Accounts — *Contd.*

26. The details of transactions entered into with Related Parties during the year are as follows:

**(A) Name of the Related Parties**

**(I) Subsidiary Companies**

- (i) Mercury Car Rentals Limited
- (ii) Mashobra Resort Limited
- (iii) Oberoi Kerala Hotels and Resorts Limited
- (iv) Mumtaz Hotels Limited
- (v) EIH International Ltd.
- (vi) EIH Flight Services Limited, Mauritius
- (vii) EIH Flight Catering Services Limited

**(II) Associates & Joint Ventures**

- (i) EIH Associated Hotels Limited
- (ii) L&T Bangalore Airport Hotel Limited
- (iii) Golden Jubilee Hotels Limited

**(III) Enterprises in which Key Management Personnel have significant influence**

- (i) Oberoi Hotels Private Limited
- (ii) Oberoi Properties Private Limited
- (iii) Oberoi Holdings Private Limited
- (iv) Oberoi Investments Private Limited
- (v) Oberoi Buildings and Investments Private Limited
- (vi) Oberoi Plaza Private Limited
- (vii) Bombay Plaza Private Limited
- (viii) Oberoi Leasing & Finance Company Private Limited
- (ix) Aravali Polymers Private Limited
- (x) Island Hotel Maharaj Limited

**(IV) Key Management Personnel**

- (i) Mr. P.R.S. Oberoi – Chairman & Chief Executive
- (ii) Mr. S.S. Mukherji – Vice Chairman
- (iii) Mr. V.S. Oberoi – Joint Managing Director
- (iv) Mr. A.S. Oberoi – Joint Managing Director

## Schedules to Accounts — *Contd.*

**(B)**  
**Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31.03.2010**

NATURE OF TRANSACTIONS	Subsidiaries		Associates & Joint Ventures		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
	2010 Rupees Million	2009	2010 Rupees Million	2009	2010 Rupees Million	2009	2010 Rupees Million	2009
<b>PURCHASES</b>								
<b>Purchase of Goods &amp; Services</b>								
Mercury Car Rentals Limited	47.04	60.99	-	-	-	-	-	-
Mashobra Resort Limited	0.40	0.15	-	-	-	-	-	-
Mumtaz Hotels Limited	0.17	0.53	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	1.81	4.62	-	-	-	-
L & T Bangalore Airport Hotel Limited	-	-	-	-	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.98	0.78	-	-
<b>Total</b>	<b>47.61</b>	<b>61.67</b>	<b>1.81</b>	<b>4.62</b>	<b>0.98</b>	<b>0.78</b>	-	-
<b>Purchase of Fixed Assets</b>								
EIH Associated Hotels Limited	-	-	0.05	-	-	-	-	-
<b>Total</b>	-	-	<b>0.05</b>	-	-	-	-	-
<b>EXPENSES</b>								
<b>Rent</b>								
Mercury Car Rentals Limited	-	0.13	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	0.36	0.36	-	-
<b>Total</b>	-	<b>0.13</b>	-	-	<b>0.36</b>	<b>0.36</b>	-	-
<b>Royalty</b>								
Oberoi Hotels Private Limited	-	-	-	-	79.79	95.67	-	-
<b>Total</b>	-	-	-	-	<b>79.79</b>	<b>95.67</b>	-	-
<b>Salary</b>								
Mr. P.R.S. Oberoi	-	-	-	-	-	-	25.80	58.44
Mr. S.S. Mukherji	-	-	-	-	-	-	26.58	44.94
Mr. V.S. Oberoi	-	-	-	-	-	-	14.91	18.16
Mr. A.S. Oberoi	-	-	-	-	-	-	14.81	19.26
<b>Total</b>	-	-	-	-	-	-	<b>82.10</b>	<b>140.80</b>
<b>SALES</b>								
<b>Sale of Goods and Services</b>								
Mercury Car Rentals Limited	1.96	3.66	-	-	-	-	-	-
Mashobra Resort Limited	2.31	4.05	-	-	-	-	-	-
Mumtaz Hotels Limited	15.43	24.67	-	-	-	-	-	-
Oberoi Kerala Hotels and Resorts Limited	-	0.14	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	1.51	-	-	-	-	-
EIH Associated Hotels Limited	-	-	42.38	50.70	-	-	-	-
L & T Bangalore Airport Hotel Limited	-	-	0.73	0.14	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.68	1.40	-	-
<b>Total</b>	<b>19.70</b>	<b>32.52</b>	<b>44.62</b>	<b>50.84</b>	<b>0.68</b>	<b>1.40</b>	-	-
<b>Sale of Fixed Assets</b>								
Mercury Car Rentals Limited	-	1.01	-	-	-	-	-	-
Mashobra Resort Limited	-	0.99	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	0.65	0.81	-	-	-	-
<b>Total</b>	-	<b>2.00</b>	<b>0.65</b>	<b>0.81</b>	-	-	-	-
<b>INCOME</b>								
<b>License Agreement</b>								
Mercury Car Rentals Limited	0.77	1.36	-	-	-	-	-	-
Oberoi Holdings Private Limited	-	-	-	-	0.69	0.71	-	-
Oberoi Investments Private Limited	-	-	-	-	0.13	0.13	-	-
Oberoi Buildings & Investments Private Limited	-	-	-	-	1.17	1.19	-	-
Oberoi Plaza Private Limited	-	-	-	-	2.41	3.89	-	-
Bombay Plaza Private Limited	-	-	-	-	1.87	2.94	-	-
<b>Total</b>	<b>0.77</b>	<b>1.36</b>	-	-	<b>6.27</b>	<b>8.86</b>	-	-
<b>Management/Technical fees</b>								
Mumtaz Hotels Limited	38.86	33.17	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	8.75	-	-	-	-	-
EIH Associated Hotels Limited	-	-	97.77	101.12	-	-	-	-
L & T Bangalore Airport Hotel Limited	-	-	3.75	-	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	2.01	2.62	-	-
<b>Total</b>	<b>38.86</b>	<b>33.17</b>	<b>110.27</b>	<b>101.12</b>	<b>2.01</b>	<b>2.62</b>	-	-
<b>Interest Received</b>								
Mashobra Resort Limited	-	72.38	-	-	-	-	-	-
Mumtaz Hotels Limited	-	0.34	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	30.40	30.40	-	-	-	-
<b>Total</b>	-	<b>72.72</b>	<b>30.40</b>	<b>30.40</b>	-	-	-	-
<b>Dividend Received</b>								
Mercury Car Rentals Limited	0.60	1.34	-	-	-	-	-	-
Mashobra Resort Limited	-	-	-	-	-	-	-	-
Mumtaz Hotels Limited	12.39	6.20	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	10.60	17.68	-	-	-	-
<b>Total</b>	<b>12.99</b>	<b>7.54</b>	<b>10.60</b>	<b>17.68</b>	-	-	-	-



## Schedules to Accounts — *Contd.*

NATURE OF TRANSACTIONS	Subsidiaries		Associates & Joint Ventures		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
	2010 Rupees Million	2009 Rupees Million	2010 Rupees Million	2009 Rupees Million	2010 Rupees Million	2009 Rupees Million	2010 Rupees Million	2009 Rupees Million
<b>FINANCE</b>								
<b>PAYMENTS</b>								
<b>Loans &amp; Advances</b>								
Mashobra Resort Limited	82.00	110.66	-	-	-	-	-	-
Mumtaz Hotels Limited	-	25.00	-	-	-	-	-	-
<b>Total</b>	<b>82.00</b>	<b>135.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Advance against Equity Shares</b>								
Mercury Car Rentals Limited	-	40.00	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	167.43	30.20	-	-	-	-	-	-
<b>Total</b>	<b>167.43</b>	<b>70.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment in Equity Shares</b>								
Mercury Car Rentals Limited *	50.00	-	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	32.18	-	-	-	-	-	-	-
EIH Flight Catering Services Limited	0.50	-	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	211.50	-	-	-	-	-
<b>Total</b>	<b>82.68</b>	<b>-</b>	<b>211.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RECEIPTS</b>								
<b>Loans &amp; Advances received back</b>								
Mumtaz Hotels Limited	-	25.00	-	-	-	-	-	-
Mashobra Resort Limited	4.00	-	-	-	-	-	-	-
<b>Total</b>	<b>4.00</b>	<b>25.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GUARANTEE ISSUED</b>								
Mercury Car Rentals Limited	40.00	-	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	860.00	-	-	-	-	-	-	-
<b>Total</b>	<b>900.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OUTSTANDING BALANCES</b>								
<b>Payables</b>								
<b>For Goods &amp; Services</b>								
Mercury Car Rentals Limited	10.01	8.01	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	0.65	0.80	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.89	0.85	-	-
<b>Total</b>	<b>10.01</b>	<b>8.01</b>	<b>0.65</b>	<b>0.80</b>	<b>0.89</b>	<b>0.85</b>	<b>-</b>	<b>-</b>
<b>Royalty</b>								
Oberoi Hotels Private Limited	-	-	-	-	-	13.38	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.38</b>	<b>-</b>	<b>-</b>
<b>Security Deposit</b>								
Bombay Plaza Private Limited	-	-	-	-	0.50	0.50	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>0.50</b>	<b>-</b>	<b>-</b>
<b>Loans &amp; Advances and Receivables</b>								
<b>For Goods &amp; Services</b>								
Mashobra Resort Limited	0.60	0.15	-	-	-	-	-	-
Mumtaz Hotels Limited	24.01	12.33	-	-	-	-	-	-
Oberoi Kerala Hotels and Resorts Limited	0.01	0.07	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	0.01	-	-	-	-	-
EIH Associated Hotels Limited	-	-	6.34	5.96	-	-	-	-
L & T Bangalore Airport Hotel Limited	-	-	0.39	-	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	1.40	0.94	-	-
<b>Total</b>	<b>24.62</b>	<b>12.55</b>	<b>6.74</b>	<b>5.96</b>	<b>1.40</b>	<b>0.94</b>	<b>-</b>	<b>-</b>
<b>Advance against Equity Shares</b>								
Mashobra Resort Limited	130.00	130.00	-	-	-	-	-	-
Mercury Car Rentals Limited	-	40.00	-	-	-	-	-	-
Oberoi Kerala Hotels and Resorts Limited	1.60	1.60	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	167.43	32.18	-	-	-	-	-	-
<b>Total</b>	<b>299.03</b>	<b>203.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans &amp; Advances</b>								
Mashobra Resort Limited	1,083.63	1,005.63	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	320.00	320.00	-	-	-	-
<b>Total</b>	<b>1,083.63</b>	<b>1,005.63</b>	<b>320.00</b>	<b>320.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Management/Technical fees</b>								
EIH Associated Hotels Limited	-	-	43.62	24.50	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.70	0.28	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>43.62</b>	<b>24.50</b>	<b>0.70</b>	<b>0.28</b>	<b>-</b>	<b>-</b>
<b>Outstanding Financial Facilities</b>								
<b>Against Corporate Guarantees</b>								
Mashobra Resort Limited	176.79	255.36	-	-	-	-	-	-
Mumtaz Hotels Limited	121.03	185.14	-	-	-	-	-	-
Mercury Car Rentals Limited	32.82	50.00	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	613.23	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	104.00	104.00	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	135.50	135.50	-	-
<b>Total</b>	<b>943.87</b>	<b>490.50</b>	<b>104.00</b>	<b>104.00</b>	<b>135.50</b>	<b>135.50</b>	<b>-</b>	<b>-</b>

\* Allotted against advance against Equity and conversion of Redeemable Preference Shares.

## Schedules to Accounts — *Contd.*

27. Segment wise Revenue, Results, Assets and Liabilities are as follows :

	Year Ended 31.3.2010	Year Ended 31.3.2009
	Rupees Million	Rupees Million
<b>Segment Revenue</b>		
a. Hotels	8,568.31	10,282.30
b. Others	504.42	502.44
Total	9,072.73	10,784.74
Less : Inter segment revenue	-	-
Net Sales/Income from Operations	9,072.73	10,784.74
<b>Segment Results</b>		
Profit before Interest and Tax from each segment :		
a. Hotels	3,596.84	5,114.73
b. Others	(264.13)	(96.02)
Total	3,332.71	5,018.71
Less :		
i. Interest	1,008.85	825.03
ii. Other unallocable expenditure	1,433.97	1,461.07
Profit before Tax	889.89	2,732.61
<b>Segment Assets</b>		
Hotels	25,281.88	22,892.35
Others	2,999.92	3,257.53
Total	28,281.80	26,149.88
<b>Segment Liabilities</b>		
Hotels	4,839.78	3,599.43
Others	410.70	526.89
Total	5,250.48	4,126.32

## Schedules to Accounts — *Contd.*

**28. Financial Reporting of Interest in Joint Ventures :**

Disclosure pursuant to para 51, 52, 53 &amp; 54 of Accounting Standard (AS-27) is given below:

Rupees Million

Names of the Jointly Controlled Entities	Proportion of Ownership Interest (%)	Description of Interest	Aggregate amount relating to EIH Limited's interest in jointly controlled entities			
			Total Assets	Total Liabilities	Total Income	Total Expenses
Oberoi Kerala Hotels & Resorts Limited	80.00	Jointly Controlled Entity	16.59	0.21	0.17	0.27
Mashobra Resort Limited*	78.79	-do-	692.83	227.70	144.69	135.22
Mumtaz Hotels Limited	60.00	-do-	741.82	266.62	352.13	240.22
Golden Jubilee Hotels Limited	16.00	-do-	348.78	100.41	1.03	2.69
L&T Bangalore Airport Hotel Limited	26.00	-do-	565.41	378.53	0.45	0.67
Mercury Car Rentals Limited	66.67	-do-	359.34	301.19	504.43	529.42

(\*Figures are as per unaudited accounts)

- a) Contingent liability that EIH Limited has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers :-  
 Guarantees given to Banks and Financial Institutions for Rs. 1,150.00 Million (2009-Rs. 1,110.00 Million) against financial facilities availed of by jointly controlled entities.
- b) EIH Limited's share of the contingent liabilities of the joint ventures themselves : Rs. 11.87 Million (2009-Rs. 27.61 Million).
- c) EIH Limited is not liable for the liabilities of the other venturers of any joint venture.
- d) There are no capital commitments of EIH Limited in relation to its interest in joint ventures and there are no capital commitments that have been incurred jointly with other venturers.
- e) EIH Limited's share of capital commitments of the joint ventures themselves amounts to Rs. 209.42 Million (2009-Rs. 295.41 Million).
- f) CCA Leisure Services Private Limited has ceased to be a jointly controlled entity during the year.

29. The previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

## Schedules to Accounts — *Contd.*

### 30. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet abstract and Company's General Business Profile :

#### (I) Registration Details

Registration Number	17981
State Code	21
Balance Sheet Date	31.03.2010

#### (II) Capital raised during the year *(Rupees in Million)*

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

#### (III) Position of mobilisation and deployment of funds *(Rupees in Million)*

Total Liabilities	30,634.29
Total Assets	30,634.29

##### Sources of Funds

Paid-up Capital	785.91
Reserves & Surplus	13,384.98
Secured Loans	11,745.37
Unsecured Loans	850.00
Deferred Tax Liabilities	1,328.41

##### Applications of Funds

Net Fixed Assets including Capital Work-in-Progress	21,724.98
Investments	3,782.37
Net Current Assets	2,587.32
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

#### (IV) Performance of the Company *(Rupees in Million)*

Turnover (including Other Income)	9,072.73
Total Expenditure	8,182.84
Profit (+)/Loss(-) before Tax	889.89
Profit (+)/Loss(-) after Tax including Deferred Tax	572.27
Basic and Diluted Earnings per Equity Share (in Rupees)	1.46
Dividend (on Equity Shares) Rate (%)	60

#### (V) Generic Names of Principal products/services of the Company as per monetary terms

Item Code No. (ITC Code)	591001006
Product Description	HOTELS
Item Code No. (ITC Code)	390001002
Product Description	RESTAURANTS

**EIH Limited**  
CONSOLIDATED FINANCIAL STATEMENTS

**DISCLOSURE PURSUANT TO APPROVAL NO. 47/276/2010-CL-III  
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

**For the year ended on 31.03.2010**

**(Amount in Rs. Million)**

Particulars	Mercury Car Rentals Limited	EIH International Limited	EIH Flight Services Limited	Oberoi Kerala Hotels and Resorts Limited	Mashobra Resort Limited	Mumtaz Hotels Limited	EIH Flight Catering Services Limited
Capital	49.17	1,996.65	74.88	27.20	330.00	206.50	0.50
Reserves	47.85	75.52	-	-	-	585.52	-
Total Assets	548.81	2,072.17	857.22	29.07	1,754.63	1,236.35	0.52
Total Liabilities	548.81	2,072.17	857.22	29.07	1,754.63	1,236.35	0.52
Details of investment (except in case of investment in subsidiaries)							
EIH Holdings Ltd., Oberoi Mauritius Ltd., PT Widja Putra Karya, PT Waka Oberoi Indonesia, Tourism Investment Company at Sahl Hasheesh (formerly Oberoi Hurghada Co. Ltd.) and J&W Hongkong Limited	-	1,616.19	-	-	-	-	-
<b>Total</b>	-	<b>1,616.19</b>	-	-	-	-	-
Turnover	756.65	15.05	-	0.21	183.65	586.88	-
Profit before Taxation	(37.05)	10.29	(18.62)	(0.05)	13.06	214.29	(0.11)
Provision for Taxation	0.43	-	-	0.07	1.03	27.78	-
Profit after Taxation	(37.48)	10.29	(18.62)	(0.12)	12.03	186.51	(0.11)
Proposed Dividend	-	-	-	-	-	20.65	-

## AUDITOR'S REPORT on Consolidated Financial Statements

To  
The Board of Directors,  
EIH Limited

We have examined the attached Consolidated Balance Sheet of EIH Limited ("the Company") and its subsidiaries/associates/jointly controlled entities as at 31st March, 2010, the Consolidated Profit and Loss Account for the year then ended annexed thereto and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We did not audit the Financial Statements of three Subsidiaries and two Joint Ventures, whose Financial Statements reflect total assets of Rs. 8,233.78 million as at 31st March, 2010 and total revenues of Rs. 615.05 million for the year then ended. These Financial Statements have been audited by other auditors whose audit reports have been furnished to us and, in our opinion, in so far as it relates to the amounts included in respect of these Subsidiaries and Joint Ventures, is based solely on the report of the other auditors.
2. We have relied on the unaudited Financial Statements of one subsidiary – Mashobra Resort Limited whose Financial Statements reflect total assets of Rs. 879.37 million as at 31st March, 2010 and total revenue of Rs. 183.65 million for the year then ended. Since the Financial Statements which are compiled by the Management of the Company, are not audited, any adjustments to their balances would have consequential effect on the Consolidated Financial Statements.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21), – "Consolidated Financial Statements", read with Accounting Standard (AS-23), – "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS-27), – "Financial Reporting of Interests in Joint Ventures" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its subsidiaries, associates and jointly controlled entities, included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its subsidiaries, associates and jointly controlled entities, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Schedules 1 to 24 give a true and fair view and are in conformity with the accounting principles generally accepted in India:
  - a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries, associates and jointly controlled entities as at 31st March, 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries, associates and jointly controlled entities for the year then ended; and
  - c) in the case of the Consolidated Cash Flow Statement of the cash flows of the Company and its subsidiaries, associates and jointly controlled entities for the year then ended.

For RAY & RAY  
*Chartered Accountants*

A. K. SHARMA  
*Partner*

Mumbai  
28th May, 2010

Membership Number 80085  
Firm's Registration Number 301072E

# Balance Sheet

## as at 31st March, 2010

SOURCES OF FUNDS	Schedule	Rupees Million	As at 31st March	
			2010 Rupees Million	2009 Rupees Million
<b>SHAREHOLDERS' FUNDS</b>				
CAPITAL	1	785.91		785.91
RESERVES AND SURPLUS	2	13,161.58		13,339.04
			13,947.49	14,124.95
MINORITY INTEREST			349.66	272.18
<b>LOAN FUNDS</b>				
SECURED LOANS	3	13,501.50		11,435.70
UNSECURED LOANS	4	855.00		9.55
			14,356.50	11,445.25
DEFERRED TAX - NET	5		1,385.46	1,209.68
<b>TOTAL</b>			<b>30,039.11</b>	<b>27,052.06</b>
<b>APPLICATIONS OF FUNDS</b>				
GOODWILL (ON CONSOLIDATION)			224.56	185.88
FIXED ASSETS	6			
GROSS BLOCK		27,687.32		21,101.49
Less : DEPRECIATION		5,852.32		5,241.10
NET BLOCK		21,835.00		15,860.39
CAPITAL WORK-IN-PROGRESS		3,031.12		6,145.54
		24,866.12		22,005.93
PRE-OPERATIVE EXPENSES	6a	62.61		25.62
			24,928.73	22,031.55
<b>INVESTMENTS</b>				
IN ASSOCIATES	7a	768.88		759.91
IN OTHERS	7b	1,642.40		1,898.91
			2,411.28	2,658.82
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
INTEREST ACCRUED		3.50		3.16
INVENTORIES	8	337.19		344.93
SUNDRY DEBTORS	9	1,159.16		1,062.03
CASH AND BANK BALANCES	10	648.06		787.43
LOANS AND ADVANCES	11	3,109.60		3,161.93
		5,257.51		5,359.48
Less : CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES	12	2,100.91		2,484.68
PROVISIONS	13	691.53		698.99
		2,792.44		3,183.67
NET CURRENT ASSETS			2,465.07	2,175.81
MISCELLANEOUS EXPENDITURE (to the extent not amortised or adjusted)	14		9.47	-
<b>TOTAL</b>			<b>30,039.11</b>	<b>27,052.06</b>
SIGNIFICANT ACCOUNTING POLICIES	23			
NOTES TO THE ACCOUNTS	24			

Schedules 1 to 14, 23 & 24 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E  
Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman

Joint Managing Directors

Directors



## Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>INCOME</b>			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	15	8,450.82	9,678.64
OTHER INCOME	16	2,026.55	2,471.27
		<b>10,477.37</b>	<b>12,149.91</b>
<b>EXPENDITURE</b>			
CONSUMPTION OF PROVISIONS, STORES, WINES & OTHERS	17	1,236.30	1,137.80
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	18	2,658.00	2,726.33
UPKEEP & SERVICE COST	19	1,470.59	1,621.19
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	20	2,073.88	2,176.54
INTEREST AND FINANCE CHARGES (Note 14)	21	1,103.13	952.91
MISCELLANEOUS EXPENDITURE AMORTISED		0.14	17.39
DEPRECIATION (Note 8)		877.57	749.12
		<b>9,419.61</b>	<b>9,381.28</b>
PROFIT BEFORE TAX		1,057.76	2,768.63
TAX	22	347.88	1,073.65
PROFIT AFTER TAX BEFORE MINORITY'S SHARE		709.88	1,694.98
Less : MINORITY'S SHARE IN PROFIT AFTER TAX		55.80	22.30
EIH'S SHARE IN PROFIT AFTER TAX		654.08	1,672.68
Add : SHARE IN PROFIT OF ASSOCIATES		8.97	26.87
		<b>663.05</b>	<b>1,699.55</b>
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		2,600.71	1,952.81
Add : Adjustment of earlier loss on account of cessation of Jointly Controlled Entity		0.65	0.02
		<b>2,601.36</b>	<b>1,952.83</b>
FOREIGN EXCHANGE EARNINGS RESERVE WRITTEN BACK		-	10.60
		<b>3,264.41</b>	<b>3,662.98</b>
<b>APPROPRIATIONS</b>			
GENERAL RESERVE		89.90	500.00
PROPOSED DIVIDEND ON EQUITY SHARES		479.80	479.80
TAX ON DIVIDEND		79.59	82.47
BALANCE CARRIED TO BALANCE SHEET		2,615.12	2,600.71
		<b>3,264.41</b>	<b>3,662.98</b>
SIGNIFICANT ACCOUNTING POLICIES	23		
NOTES TO THE ACCOUNTS	24		
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value Rs. 2 (Note 18)		1.69	4.33

Schedules 15 to 24 referred to above  
form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred  
to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E  
Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman

Joint Managing Directors

Directors

# Cash Flow Statement

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	1,057.76	2,768.63
Adjustments for :		
Miscellaneous Expenditure Amortised	0.14	17.39
Depreciation	877.57	749.12
Non-cash miscellaneous expenses	2.24	(2.36)
Effect of Rate Exchange	(290.43)	508.73
(Profit)/Loss on Sale of Fixed Assets (Net)	5.01	21.16
Interest Received	(82.77)	(92.39)
Dividend Received	(11.58)	(17.70)
Interest Paid	1,103.13	952.91
Operating Profit before Working Capital Changes	2,661.07	4,905.49
Adjustments for :		
Trade & Other Receivables	(4.96)	(1,054.96)
Inventories	7.74	28.84
Trade Payables	(497.50)	437.16
Cash Generated from Operations	2,166.35	4,316.53
Interest Paid	(1,089.83)	(984.03)
Payment of Direct Taxes	(294.93)	(1,046.66)
Net cash from Operating Activities	781.59	2,285.84
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,761.82)	(3,177.24)
Sale of Fixed Assets	95.56	79.77
Purchase of Investments	(183.17)	(398.64)
Sale of Investments	213.40	89.21
Interest Received	208.19	88.74
Dividend Received	11.58	17.70
Cash used in Investing Activities	(3,416.26)	(3,300.46)

## Cash Flow Statement — Contd.

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
Term Loans	3,332.08	4,047.98
Cash Credit from Banks	548.62	–
Unsecured Loans	850.00	–
Loan from Finance Companies	42.11	87.97
Proceeds from Unsecured Loans	–	4.55
Proceeds from issue of shares (Minority Interest)	25.00	–
Repayment of		
Term Loans from Banks	(1,770.62)	(923.10)
Cash Credit from Banks	(59.83)	(890.41)
Unsecured Loans	(4.55)	(120.00)
Loan from Finance Companies	(22.57)	(151.74)
Housing Loans	(4.00)	(4.00)
Loan syndication fees and upfront fees	(9.33)	–
Dividend Paid	(481.50)	(708.92)
Net Cash used in Financing Activities	2,445.41	1,342.33
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(189.26)	327.71
Cash and Cash Equivalents at beginning of year	787.43	459.61
Less : Adjustment on account of cessation as Jointly Controlled Entity	–	0.01
Add : Adjustment on account of inclusion as Jointly Controlled Entity	49.89	0.12
Cash and Cash Equivalents at end of year	648.06	787.43

**Notes :**

- The Cash Flow Statement has been prepared in indirect method except in case of dividend income, purchase and sale of investments which have been considered on the basis of actual cash movement, with corresponding adjustments in Assets and Liabilities.
- Cash and Cash Equivalents represent Cash and Bank Balances.
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the year and are treated as part of Investing Activities.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY  
Chartered Accountants

A.K. SHARMA  
Partner

Membership Number 80085  
Firm's Registration Number 301072E  
Mumbai, 28th May, 2010

GAUTAM GANGULI  
Company Secretary

P. R. S. OBEROI  
S. S. MUKHERJI  
VIKRAM OBEROI  
ARJUN OBEROI  
S. K. DASGUPTA  
ANIL NEHRU

Chairman and Chief Executive  
Vice Chairman

Joint Managing Directors

Directors

## Schedules to Accounts

		As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>1</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
1,500,000,000	Equity Shares of Rs. 2 each	3,000.00	3,000.00
(2009-1,500,000,000)			
		<b>3,000.00</b>	<b>3,000.00</b>
ISSUED, SUBSCRIBED, CALLED & FULLY PAID UP			
392,953,972	Equity Shares of Rs. 2 each	785.91	785.91
(2009-392,953,972)			
		<b>785.91</b>	<b>785.91</b>

**NOTES :**

Out of the above the following were allotted :

- (a) as fully paid up shares -
- (i) 3,219,125 (2009-3,219,125) of Rs. 2 each in 1965-66 as fully paid up pursuant to a contract without payments being received in cash.
  - (ii) 181,720 (2009-181,720) of Rs. 2 each in 1968-69 in terms of the Order of the Calcutta High Court dated 9th September, 1968 under the Scheme of Compromise / Arrangement without payments being received in cash.
- (b) as fully paid up Bonus Shares -
- (i) 6,688,725 (2009-6,688,725) of Rs. 2 each in 1979-80 by capitalisation of General Reserve.
  - (ii) 24,765,655 (2009-24,765,655) of Rs. 2 each in 1984-85 by capitalisation of General Reserve.
  - (iii) 23,603,520 (2009-23,603,520) of Rs. 2 each in 1992-93 by capitalisation of Securities Premium Account.
  - (iv) 87,321,495 (2009-87,321,495) of Rs. 2 each in 1996-97 by capitalisation of Securities Premium Account.
  - (v) 130,984,657 (2009-130,984,657) of Rs. 2 each in 2006-07 by capitalisation of Securities Premium Account.

## Schedules to Accounts — *Contd.*

		As at 31st March	
	Rupees Million	2010 Rupees Million	2009 Rupees Million
<b>2</b>			
<b>RESERVES AND SURPLUS</b>			
EXCHANGE FLUCTUATION RESERVE		213.71	504.14
CAPITAL REDEMPTION RESERVE			
As per last Account		1,024.21	1,024.21
SECURITIES PREMIUM ACCOUNT			
As per last Account	1,361.18		1,361.18
Add : Addition during the year	33.33		–
		1,394.51	1,361.18
REVALUATION RESERVE (Note 7(a))			
As per last Account	2,382.48		2,412.47
Less : Adjustment for Depreciation (Note 8(b))	29.99		29.99
		2,352.49	2,382.48
FOREIGN EXCHANGE EARNINGS RESERVE			
As per last Account	–		10.60
Less: Transfer to Profit & Loss Account	–		10.60
		–	–
GENERAL RESERVE			
As per last Account	5,782.02		5,282.02
Add : Transfer from Profit & Loss Account	89.90		500.00
		5,871.92	5,782.02
PROFIT AND LOSS ACCOUNT			
As per Annexed Account		2,615.12	2,600.71
		13,471.96	13,654.74
Less : Adjustment on acquisition		211.80	224.86
Less : Minority Interest		98.58	90.84
		13,161.58	13,339.04
<b>3</b>			
<b>SECURED LOANS</b>			
TERM LOAN FROM BANKS		12,833.20	11,271.74
HOUSING LOAN FROM ICICI HOME FINANCE LIMITED – Rs. 4 Million (2009-Rs. 4 Million) repayable within one year		6.00	10.00
LOAN FROM FINANCING COMPANIES :			
– KOTAK MAHINDRA PRIMUS LIMITED Rs. 20.24 Million (2009-Rs. 10.64 Million) repayable within one year		56.50	14.39
– RELIANCE CAPITAL LIMITED Rs. 28.51 Million (2009-Rs. 20.71 Million) repayable within one year		56.81	79.37
CASH CREDIT FROM BANKS :			
– UNITED BANK OF INDIA		509.06	–
– HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED		23.38	–
– HDFC BANK LIMITED		16.18	–
– IDBI BANK LIMITED		0.37	60.20
		13,501.50	11,435.70

## Schedules to Accounts — *Contd.*

	As at 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>3</b>		
<b>SECURED LOANS – <i>Contd.</i></b>		
<b>PARTICULARS OF SECURITIES</b>		
TERM LOAN FROM BANKS		
STATE BANK OF INDIA - T/L I Rs. 450 Million (2009-Rs. 225 Million) repayable within one year	1,050.00	1,275.00
STATE BANK OF INDIA - T/L II Rs. 600 Million (2009-Rs. 100 Million) repayable within one year	4,400.00	4,500.00
STATE BANK OF INDIA - T/L III Rs. 80 Million (2009-Rs. 80 Million) repayable within one year	150.00	230.00
UNITED BANK OF INDIA - T/L I Rs. 720 Million (2009-Rs. 540 Million) repayable within one year	720.00	1,260.00
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L I	25.78	36.43
UNITED BANK OF INDIA - T/L II Rs. 83.3 Million (2009-Nil) repayable within one year	1,000.00	500.00
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L II	25.56	–
UNITED BANK OF INDIA - T/L III	112.65	90.33
AXIS BANK LIMITED Rs. 425 Million (2009-Rs. 425 Million) repayable within one year	425.00	425.00
STATE BANK OF HYDERABAD - T/L I Rs. 500 Million (2009-Rs. 200 Million) repayable within one year	1,300.00	1,500.00
STATE BANK OF HYDERABAD - T/L II Rs. 366.60 Million (2009-Rs. 366.70 Million) repayable within one year	366.60	733.30
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED (HSBC)	1,000.00	–
ICICI BANK LIMITED - T/L I Rs. 22.86 Million (2009-Rs. 89.52 Million) repayable within one year	45.72	68.57
ICICI BANK LIMITED - T/L II Rs. 78.57 Million (2009-Rs. 78.57 Million) repayable within one year	176.79	255.36
ICICI BANK LIMITED - T/L III Rs. 11.55 Million (2009-Rs. 26.80 Million) repayable within one year	16.25	43.01
BANK OF PUNJAB LIMITED Rs. Nil (2009-Rs. 0.45 Million) repayable within one year	–	0.44
HDFC BANK LIMITED - T/L I	900.00	–
HDFC BANK LIMITED - T/L II Rs. 63.32 Million (2009-Rs. 65.46 Million) repayable within one year	190.19	149.00
ORIENTAL BANK OF COMMERCE	127.97	102.65
UCO BANK	128.02	102.65
STATE BANK OF MAURITIUS Rs. 34.80 Million (2009-Rs. Nil) repayable within one year	587.86	–
OTHERS	84.81	–
	<b>12,833.20</b>	<b>11,271.74</b>

Term Loans from State Bank of India (T/L I) and HDFC Bank Limited - T/L I are secured by way of equitable mortgage by deposit of title deeds in respect of the Company's hotel in Mumbai known as Trident, Nariman Point, ranking *pari passu*. Creation of equitable mortgage in favour of HDFC Bank Limited, ranking *pari passu*, is in progress.

Term Loan from State Bank of India (T/L II) is secured by way of first charge on movable fixed assets of the Company's hotel in Mumbai known as Trident, Bandra Kurla, both present and future and by way of equitable mortgage by deposit of title deeds of the said hotel property.

Term Loans from United Bank of India (T/L I) and State Bank of Hyderabad (T/L I) are secured by way of equitable mortgage by deposit of title deeds of the Company's hotel in Kolkata known as The Oberoi Grand, ranking *pari passu*.

Term Loans from AXIS Bank Limited, United Bank of India (T/L II) and HSBC are secured by way of equitable mortgage by deposit of title deeds in respect of the Company's hotel in Delhi known as Maidens Hotel, ranking *pari passu*.

## Schedules to Accounts — *Contd.*

Term Loan from State Bank of Hyderabad (T/L II) is secured by hypothecation of an Aircraft and the Plant and Machinery of EIH Printing Press at Manesar, Gurgaon and by way of equitable mortgage by deposit of title deeds of EIH Printing Press at Manesar.

Term Loan from State Bank of India (T/L III) and ICICI Bank Limited (T/L I) in case of Mumtaz Hotels Limited are secured by joint charge on fixed and movable assets, present and future, other than Residential Complex. The term loans are additionally secured by corporate guarantee of EIH Limited - the Holding Company and personal guarantees of three Directors.

Housing Loan from ICICI Home Finance Limited in case of Mumtaz Hotels Limited is secured by first mortgage of Land & Building of Residential Complex; corporate guarantee of EIH Limited - the Holding Company and personal guarantees of two Directors.

Term Loan from ICICI Bank Limited (T/L II) in case of Mashobra Resort Limited is secured by a charge on its immovable properties by deposit of title deeds and hypothecation of movable properties including movable plant & machinery, both present & future (save & except book debts), whether installed or not.

Term Loan from ICICI Bank Limited (T/L III) and HDFC Bank Limited (T/L II) against Hire Purchase arrangement in case of Mercury Car Rentals Limited are secured by hypothecation of vehicles.

Loans from Finance Companies against Hire Purchase arrangements in case of Mercury Car Rentals Limited are secured by hypothecation of vehicles.

Cash Credit arrangements with United Bank of India and The Hongkong and Shanghai Banking Corporation Limited relate to EIH Limited and are secured by way of hypothecation of all stocks of Inventories, Book Debts and other Current Assets of the Company, both present and future, ranking *pari passu*. Cash credit with United Bank of India is additionally secured by way of second charge in respect of the Company's hotel in Kolkata known as The Oberoi Grand.

Cash Credit from IDBI Bank Limited relates to Mercury Car Rentals Limited and is secured by hypothecation of all present and future goods (other than vehicles) and other movable assets and book debts. The loan is additionally secured by means of a corporate guarantee by EIH Limited - the Holding Company.

Cash Credit from HDFC Bank Limited relates to Mercury Car Rentals Limited and is to be secured by hypothecation of all present and future Current Assets. Relevant documentation are being done. The loan is additionally secured by means of a corporate guarantee by EIH Limited - the Holding Company.

Term Loans from Oriental Bank of Commerce, UCO Bank and United Bank of India (T/L III) in case of L&T Bangalore Airport Hotel Limited are secured by *pari passu* charge on the entire fixed assets purchased out of the loan, hypothecation of movable assets, all receivables and mortgage of land leasehold rights.

Term Loan from State Bank of Mauritius in case of EIH Flight Services Limited, Mauritius, is secured by a charge on the entire immovable and movable assets of the Company, present and future. The loan is additionally secured by assignment of leasehold rights on land taken on lease from Airports of Mauritius Limited in favour of the Bank and by corporate guarantee of EIH Limited - the Holding Company.

Term Loans from Banks (Others) in case of Golden Jubilee Hotels Limited is secured by a first mortgage and charge on *pari passu* basis on all the immovable and movable assets relating to the project excluding current assets created out of any working capital facilities that may be availed by the Company. The loans are additionally secured by corporate guarantee of Core Hotels Ventures Private Limited - its Holding Company and a first charge in favour of the lenders on the profits of the Company, after provision for taxation and dividend, if any.

## Schedules to Accounts — *Contd.*

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>4</b>			
<b>UNSECURED LOANS</b>			
SHORT TERM LOANS			
FROM BANKS - Citibank (2009 - repayable within one year)		-	4.55
- The Hongkong and Shanghai Banking Corporation Limited (repayable within one year)		100.00	-
- THE ROYAL BANK OF SCOTLAND N.V. (repayable within one year)		750.00	-
OTHER LOANS AND ADVANCES			
FROM OTHERS -			
FROM GOVERNMENT OF HIMACHAL PRADESH		5.00	5.00
		<u>855.00</u>	<u>9.55</u>
<b>5</b>			
<b>DEFERRED TAX - NET</b>			
DEFERRED TAX LIABILITIES			
DEPRECIATION	1,759.11		1,608.02
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT AMORTISED	0.02		0.05
		1,759.13	1,608.07
DEFERRED TAX ASSETS			
ACCRUED EXPENSES DEDUCTIBLE ON PAYMENT	78.25		64.07
LEAVE ENCASHMENT	10.56		11.16
PROVISION FOR DEBTS AND ADVANCES	71.09		70.07
UNABSORBED DEPRECIATION CARRIED FORWARD UNDER INCOME TAX ACT	213.77		253.09
		373.67	398.39
DEFERRED TAX LIABILITIES (NET)		<u>1,385.46</u>	<u>1,209.68</u>



## Schedules to Accounts — Contd.

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Original Cost/ Revaluation as at 31st March, 2009	Less: adjustment on account of cessation of Jointly Controlled Entity	Add: adjustment on account of inclusion of Jointly Controlled Entity	Additions	Deductions	Original Cost/ Revaluation as at 31st March, 2010	As at 31st March, 2009	For the Year	Deductions	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land including development cost	1,664.35	-	-	2.25	0.12	1,666.48	-	-	-	-	1,666.48	1,664.35
Leasehold Land	2,064.76	-	0.48	597.68	-	2,662.92	1.91	11.34	-	13.25	2,649.67	2,062.85
Buildings	7,677.81	-	-	3,597.04	10.59	11,264.26	1,669.02	174.89	3.36	1,840.55	9,423.71	6,008.79
Sanitary Installation	339.60	-	-	298.33	14.01	623.92	67.82	9.93	4.85	72.90	551.02	271.78
Plant & Machinery including Computers	6,546.96	0.01	0.62	1,782.94	107.10	8,223.41	2,301.08	423.40	83.43	2,641.05	5,582.36	4,245.88
Furniture & Fittings	881.19	-	0.09	500.07	34.63	1,346.72	593.90	76.56	31.26	639.20	707.52	287.29
Vehicles	830.24	-	0.18	167.24	199.82	797.84	357.08	133.62	149.42	341.28	456.56	473.16
Aircrafts	590.27	-	-	-	-	590.27	83.98	33.05	-	117.03	473.24	506.29
Leased Vehicles (Note 9)	112.86	-	-	37.07	32.89	117.04	53.38	26.03	26.25	53.16	63.88	59.48
Leased Machinery (Note 9)	239.43	-	-	-	-	239.43	0.83	17.76	-	18.59	220.84	238.60
Boats	49.51	-	-	-	-	49.51	8.74	1.97	-	10.71	38.80	40.77
Intangible Assets -												
Business Rights	78.72	-	-	-	-	78.72	78.72	-	-	78.72	-	-
Trademarks	22.60	-	-	-	-	22.60	21.85	0.75	-	22.60	-	0.75
Licensed Software	3.19	-	-	1.01	-	4.20	2.79	0.49	-	3.28	0.92	0.40
Capital Work-in-Progress including project advances-considered good	21,101.49	0.01	1.37	6,983.63	399.16	27,687.32	5,241.10	909.79	298.57	5,852.32	21,835.00	15,860.39
Previous year	6,145.54	-	129.05	2,857.31	6,100.78	3,031.12	-	-	-	-	3,031.12	6,145.54
	27,247.03	0.01	130.42	9,840.94	6,499.94	30,718.44	5,241.10	909.79	298.57	5,852.32	24,866.12	22,005.93
	24,376.79	0.34	38.27	4,579.77	1,747.46	27,247.03	4,690.58	779.15	228.63	5,241.10	22,005.93	

Depreciation for the year Rs. 909.79 Million has been adjusted with Revaluation Reserve and Rs. 0.05 Million has been transferred to Pre-operative Expenses (Refer Schedule 6a), Rs. 2.18 Million has been transferred to Capital Work-in-Progress (refer Schedule 6), balance Rs. 877.57 Million has been charged to the Profit and Loss Account.

## Schedules to Accounts — *Contd.*

6a	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>PRE-OPERATIVE EXPENSES</b>			
As per last Account		25.62	—
Add : Adjustment on account of inclusion of Jointly Controlled Entity		—	4.88
		<u>25.62</u>	<u>4.88</u>
Add : Incurred during the year		36.99	20.74
		<u>62.61</u>	<u>25.62</u>
<b>7a</b>			
<b>INVESTMENTS</b>			
<b>- IN ASSOCIATES (Note 2)</b>			
<b>Long Term Investments</b>			
<b>Trade Investments :</b>			
<b>Quoted</b>			
7,071,333 (2009-7,071,333) Equity Shares of Rs. 10 each of EIH Associated Hotels Limited fully paid		768.88	759.91
		<u>768.88</u>	<u>759.91</u>
<b>7b</b>			
<b>INVESTMENTS</b>			
<b>- IN OTHERS</b>			
<b>Long Term Investments</b>			
<b>Trade Investments :</b>			
<b>Shares - Quoted</b>			
200,000 (2009-200,000) Equity Shares of Rs. 10 each of Royale Manor Hotels and Industries Limited fully paid		2.00	2.00
25,000 (2009-25,000) Equity Shares of Rs. 10 each of Tourism Finance Corporation of India Limited fully paid		0.50	0.50
<b>Shares - Unquoted</b>			
Nil (2009-4,800,000) Equity Shares of Rs. 10 each of Golden Jubilee Hotels Limited fully paid (became Jointly Controlled Entity during the year)		—	48.00
<b>Other Investments -</b>			
<b>(a) Shares - Unquoted</b>			
75,000 Equity Shares of Rs. 10 each of CCA Leisure Services Private Limited	0.75		—
Less : Provision for diminution in values of Investments	(0.75)	—	—
849,575 (2009-849,575) Equity Shares of Rs. 10 each of Mercury Travels Limited fully paid		18.70	18.70
<b>(b) Government Securities - Unquoted</b>			
7 year National Savings Certificate		0.21	0.13
<b>Long Term Investments of Subsidiaries - Unquoted</b>			
EIH Holdings Ltd., Oberoi Mauritius Ltd., PT Widja Putra Karya, PT Waka Oberoi Indonesia, Tourism Investment Company at Sahl Hasheesh (formerly Oberoi Hurgghada Co. Ltd.), J&W Hongkong Limited and EIH Marrakech Limited		1,616.19	1,829.58
<b>Current Investments of Jointly Controlled Entities - Quoted</b>			
Baroda Pioneer Treasury Advantage Fund-Institutional Daily Dividend Plan (2,997,272.482 units)		4.80	—
		<u>1,642.40</u>	<u>1,898.91</u>
<b>Total : 7(a) + 7(b)</b>		<u>2,411.28</u>	<u>2,658.82</u>

## Schedules to Accounts — *Contd.*

	Book Value Rupees Million	Market Value Rupees Million
Quoted	776.18 (762.41)	930.93 (376.05)
Unquoted	1,635.10 (1,896.41)	
	<u>2,411.28</u> (2,658.82)	

(Figures in brackets represent figures for 2009)

During the year, the following current investments were purchased and sold:

6,525,391.931 Units of HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest at cost and sale price of Rs. 80.00 Million.

8	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>INVENTORIES (Note 13)</b>			
Provisions, Wines & Others (Note 12(a))		137.62	167.19
Stores & Operating Supplies		199.57	177.74
		<u>337.19</u>	<u>344.93</u>
<b>9</b>			
<b>SUNDRY DEBTORS (Unsecured)</b>			
Debts outstanding over six months			
Considered good	77.45		34.79
Considered doubtful	27.23		23.30
	<u>104.68</u>		<u>58.09</u>
Other Debts			
Considered good	1,081.71		1,027.24
		<u>1,186.39</u>	<u>1,085.33</u>
<i>Less</i> : Provision for Doubtful Debts		27.23	23.30
		<u>1,159.16</u>	<u>1,062.03</u>

## Schedules to Accounts — *Contd.*

10	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>CASH &amp; BANK BALANCES</b>			
Cash in hand including cheques in hand Rs. 25.37 Million (2009-Rs. 15.69 Million)		49.54	37.42
Bank Balances :			
With Scheduled Banks :			
Current Accounts	103.16		237.38
Fixed Deposits	370.78		434.09
Unpaid Dividend Accounts	25.24		23.33
Margin Accounts	7.18		1.07
Escrow Accounts / Fractional Share sale proceeds	0.21		0.21
		506.57	
With Others :			
Fixed Deposits with Mashreqbank, Dubai (Maximum Balance during the year Rs. 0.70 Million; 2009-Rs. 0.70 Million)		0.61	0.70
Current Accounts with :			
Citibank, New York (Maximum Balance during the year Rs. 6.00 Million; 2009-Rs. 5.73 Million)		0.11	0.01
The Hongkong and Shanghai Banking Corporation Limited, Singapore (Maximum Balance during the year Rs. 3.58 Million; 2009-Rs. 3.01 Million)		0.08	0.76
Hongkong Bank of Australia Limited, Sydney (Maximum Balance during the year Rs. 3.31 Million; 2009-Rs. 3.37 Million)		0.06	0.22
The Hongkong and Shanghai Banking Corporation Limited, London (Maximum Balance during the year Rs. 8.93 Million; 2009-Rs. 12.39 Million)		6.51	5.83
Mashreqbank, Dubai (Maximum Balance during the year Rs. 2.22 Million; 2009-Rs. 2.48 Million)		0.73	0.41
Cash & Bank Balances of Overseas Subsidiaries		83.85	46.00
		648.06	787.43

## Schedules to Accounts — *Contd.*

11	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>LOANS AND ADVANCES (Unsecured)</b> (Considered good, unless otherwise stated)			
Advances towards Equity in : Private Limited Companies in which two of the Directors are Directors – CCA Leisure Services Private Limited - considered doubtful		0.31	0.31
Advance towards Equity to : Mara Hotels Limited - considered doubtful	2.50		2.50
Golden Jubilee Hotels Limited (became jointly controlled entity during the year)	–		91.50
		<b>2.50</b>	
Advances recoverable in cash or in kind or for value to be received :			
Considered good		917.25	1,194.48
Considered doubtful		179.12	182.56
		<b>1,099.18</b>	1,471.35
<i>Less</i> : Provision for Doubtful Advances		181.93	182.87
		<b>917.25</b>	1,288.48
Loan to Associate: EIH Associated Hotels Limited (repayable on demand) (Maximum Balance during the year Rs. 320.00 Million; 2009-Rs. 320.00 Million)		320.00	320.00
Insurance Claim Receivable (Note 5)		694.36	740.81
Prepaid Expenses		97.15	77.01
Sundry Deposits		571.51	276.10
Fringe Benefit Tax (net of Provision)		7.74	7.51
MAT Credit Entitlement		90.84	45.77
Income Tax Advance/Refund (net of Provision)		410.75	406.25
		<b>3,109.60</b>	3,161.93
<b>12</b>			
<b>CURRENT LIABILITIES</b>			
Sundry Creditors			
Total outstanding dues of Micro Enterprises and Small Enterprises (Note 6)	–		–
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,096.60		1,546.82
		<b>1,096.60</b>	1,546.82
Contribution towards Gratuity		17.44	1.61
Security Deposits		147.95	148.72
Liability for Leased Assets (Note 9)		258.87	293.84
Unclaimed Dividend		25.24	23.33
Other Liabilities		536.38	451.17
Unclaimed Fractional Share sale proceeds		0.21	0.21
Interest accrued but not due		13.74	13.49
Investor Education and Protection Fund :			
Interest on Unclaimed Deposits		0.23	0.23
Unclaimed Cheques and Warrants - Fixed Deposits		4.25	5.26
		<b>2,100.91</b>	2,484.68

## Schedules to Accounts — *Contd.*

13	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>PROVISIONS</b>			
Wealth Tax (net of payment)		4.85	4.80
Gratuity		3.01	2.89
Leave Encashment (net of payment)		124.28	129.02
Proposed Dividend on Equity Shares		479.80	479.81
Tax on Dividend		79.59	82.47
		<u>691.53</u>	<u>698.99</u>
<b>14</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(to the extent not amortised or adjusted)			
<b>As per last Account</b>			
Voluntary Separation Cost	–		17.25
Preliminary expenses	<u>0.23</u>		<u>0.37</u>
		0.23	17.62
<b>Add : Adjustment on account of inclusion of jointly controlled entity</b>			
Deferred borrowing cost		0.59	–
<b>Add : Amount paid during the year</b>			
Deferred borrowing cost		9.33	–
<b>Less : Amortised during the year</b>			
Voluntary Separation Cost	–		17.25
Deferred borrowing cost	<u>0.45</u>		–
Preliminary expenses	<u>0.14</u>		<u>0.14</u>
		0.59	17.39
<b>Balance</b>		<u>9.56</u>	<u>0.23</u>
<i>Less</i> : Adjustment on acquisition		0.06	0.16
<i>Less</i> : Minority Interest		0.03	0.07
Balance carried to Balance Sheet		<u>9.47</u>	–
<b>Details of Closing Balance</b>			
Deferred borrowing cost		<u>9.47</u>	–
		<u>9.47</u>	–

## Schedules to Accounts — *Contd.*

15	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS &amp; BANQUETS, ETC.</b>			
Rooms		3,739.99	4,738.27
Food and Beverage		3,188.44	3,521.67
Other Services		1,522.39	1,418.70
		<u>8,450.82</u>	<u>9,678.64</u>
<b>16 OTHER INCOME</b>			
Interest (Gross)			
Tax Free Bonds - Long-term Investments (Non-trade)	-		1.00
Banks	24.15		14.48
Loans	45.45		56.07
Others	2.25		2.25
On Income-tax Refund	10.92		18.59
(Tax at source Rs. 5.91 Million; 2009-Rs. 28.48 Million)		82.77	92.39
Dividend (Gross)			
From Long-term Investments (Trade)		10.61	17.68
From Long-term Investments (Non-trade)		0.02	0.02
From Current Investments - Mutual Fund (Non-trade)		0.95	-
Sale of Printing Materials		489.18	485.94
Miscellaneous Income		239.16	209.81
Transport & Car Hire Charges		670.99	685.13
Insurance Claim - Business Interruption Loss (Note 5)		526.75	967.60
Gain on Exchange		-	4.89
Liabilities written back / Bad Debts recovered		6.12	7.81
		<u>2,026.55</u>	<u>2,471.27</u>
<b>17 CONSUMPTION OF PROVISIONS, STORES, WINES &amp; OTHERS (Note 12(b))</b>			
Opening Stock		167.19	210.93
Add : Purchases		1,206.73	1,094.06
		<u>1,373.92</u>	<u>1,304.99</u>
Less : Closing Stock		137.62	167.19
		<u>1,236.30</u>	<u>1,137.80</u>

## Schedules to Accounts — *Contd.*

	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
<b>18</b>			
<b>EMPLOYEES' REMUNERATION &amp; WELFARE EXPENSES</b>			
Salaries, Wages & Bonus		2,286.18	2,321.73
Contribution to Provident Fund		94.01	90.70
Workmen & Staff Welfare Expenses		189.65	182.70
Commission to Directors		54.91	113.22
Gratuity		33.25	17.98
		<u>2,658.00</u>	<u>2,726.33</u>
<b>19</b>			
<b>UPKEEP &amp; SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		25.07	24.89
Expenses on Apartment & Board		133.91	125.47
Power & Fuel		647.64	699.72
Renewals & Replacement		85.78	71.12
Repairs & Maintenance Expenses :			
Buildings	122.61		183.87
Plant & Machinery (Note 16)	378.49		372.33
Others	77.09		143.79
		<u>578.19</u>	<u>—</u>
		<u>1,470.59</u>	<u>1,621.19</u>
<b>20</b>			
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>			
Rent (Note 10)		304.33	330.28
Royalty, Franchise Fees & Membership Fees		111.87	128.27
Advertisement, Publicity & Other Promotional Expenses		238.59	292.13
Commission to Travel Agents & others		164.54	218.25
Rates & Taxes		241.81	200.58
Insurance		62.26	61.70
Passage & Travelling		214.13	203.62
Vehicle Operating Fees		145.41	135.34
Postage, Telephone, etc.		115.56	136.86
Musical, Banquet & Kitchen Expenses		48.41	51.69
Directors' Fees		0.64	1.07
Loss on Sale/Discard of Assets (Net)		5.01	21.16
Provision/write off : Debts & Advances		8.32	15.10
Auditor's Remuneration		10.65	10.20
Miscellaneous Expenses		401.65	370.29
Loss on exchange (Net)		0.70	—
		<u>2,073.88</u>	<u>2,176.54</u>



## Schedules to Accounts — *Contd.*

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
<b>21</b>		
<b>INTEREST AND FINANCE CHARGES (Note 14)</b>		
On Fixed Loans	1,049.79	913.91
On Others	53.34	39.00
	<u>1,103.13</u>	<u>952.91</u>
<b>22</b>		
<b>TAX</b>		
Income Tax	163.50	920.31
Wealth Tax	4.12	4.05
Deferred Tax	175.78	107.75
Fringe Benefit Tax	—	30.78
	<u>343.40</u>	<u>1,062.89</u>
Tax adjustment relating to earlier year	4.48	10.76
	<u>347.88</u>	<u>1,073.65</u>

## Schedules to Accounts — *Contd.*

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### **SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

#### **1. Principles of consolidation**

The Consolidated Financial Statements relate to EIH Limited ('the Company'), its subsidiary companies, jointly controlled entities and associates. The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of the Company, its subsidiary companies and jointly controlled entities are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard on "Consolidated Financial Statements" (AS-21) read with Accounting Standard on "Financial Reporting of Interests in Joint Ventures" (AS-27) notified pursuant to the Companies (Accounting Standards) Rules, 2006.
- (ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- (iii) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of shares in the subsidiaries and jointly controlled entities is recognised in the Financial Statements as Goodwill or Capital Reserve, as the case may be.
- (iv) In case of associates which are not jointly controlled entities as per Accounting Standard on "Financial Reporting of Interests in Joint Ventures" (AS-27), where EIH Limited holds more than 20% and upto 50% of voting power, Investments in such associates are accounted for using the equity method in accordance with Accounting Standard on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) notified pursuant to the Companies (Accounting Standards) Rules, 2006.
- (v) The Company accounts for its share in the post-acquisition change in net assets of the associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates, to the extent of its share, through its Profit and Loss Account to the extent such change is attributable to the associates' Profit and Loss Account and through its Reserves for the balance, based on available information.
- (vi) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the Financial Statements as Goodwill or Capital Reserve, as the case may be.
- (vii) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

2. Investments other than in subsidiaries, associates and jointly controlled entities have been accounted for as per Accounting Standard on "Accounting for Investments" (AS-13).

#### 3. Other Significant Accounting Policies :

These are set out under "Significant Accounting Policies" as given in the respective Financial Statements of EIH Limited and its subsidiaries, associates and jointly controlled entities.

## Schedules to Accounts — *Contd.*

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### NOTES TO THE ACCOUNTS

1. (A) Details of subsidiaries whose audited Financial Statements have been consolidated in pursuance of Accounting Standard on “Consolidated Financial Statements” (AS-21) except Mashobra Resort Limited whose unaudited Financial Statements have been considered for consolidation:

Name of Subsidiary Company	Country of Incorporation	Proportion of Ownership Interest
i) EIH International Limited	British Virgin Islands	100.00%
ii) EIH Flight Services Limited	Mauritius	100.00%
iii) Oberoi Kerala Hotels & Resorts Limited	India	80.00%
iv) Mashobra Resort Limited	India	78.79%
v) Mercury Car Rentals Limited	India	66.67%
vi) Mumtaz Hotels Limited	India	60.00%
vii) EIH Flight Catering Services Limited	India	100.00%

Out of the above Subsidiary Companies, Oberoi Kerala Hotels & Resorts Limited, Mashobra Resort Limited, Mercury Car Rentals Limited and Mumtaz Hotels Limited are also Jointly Controlled Entities.

- (B) The Jointly Controlled Entities consolidated in pursuance of the Accounting Standard on “Financial Reporting of Interests in Joint Ventures” (AS-27) are:

Name of the Jointly Controlled Entities	Description of Interest	Country of Incorporation	Proportion of Ownership Interest
L&T Bangalore Airport Hotel Limited	Jointly Controlled Entity	India	26.00%
Golden Jubilee Hotels Limited	-do-	India	16.00%

CCA Leisure Services Private Limited has ceased to be a Jointly Controlled Entity during the year.

- (C) The Associate Company considered in the Financial Statements in pursuance of Accounting Standard on “Accounting for Investments in Associates” (AS-23) is :

	Country of Incorporation	Proportion of Ownership
EIH Associated Hotels Limited	India	36.10%

2. The carrying amount of investments includes goodwill (net) arising on acquisition in the Associate – EIH Associated Hotels Limited of Rs. 124.42 Million (2009-Rs. 124.42 Million) computed as per Accounting Standard on “Accounting for Investments in Associates” (AS-23) in the Consolidated Financial Statements.
3. The estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 807.10 Million (2009-Rs. 719.15 Million).

## Schedules to Accounts — *Contd.*

4. Contingent Liabilities not provided for in respect of :
- (i) Claims against the Company/Companies pending appellate/judicial decisions :
    - (a) Sales Tax Rs. 24.64 Million (2009-Rs. 24.52 Million)
    - (b) Income-tax Rs. 578.48 Million (2009-Rs. 397.35 Million)
    - (c) Property Tax Rs. 170.64 Million (2009-Rs. 249.44 Million)
    - (d) Entertainment Tax Rs. 9.65 Million (2009-Rs. 9.12 Million)
    - (e) ESI Claim Rs. 11.12 Million (2009-Rs. 3.13 Million)
    - (f) Stamp Duty Rs. 10.23 Million (2009-Rs. 10.23 Million)
    - (g) Entry Tax Rs. 0.66 Million (2009-Rs. 0.66 Million)
    - (h) Expenditure Tax Rs. 0.10 Million (2009-Rs. 0.10 Million)
    - (i) Customs Duty Rs. 452.50 Million (2009-Rs. 452.50 Million)
    - (j) Excise Duty Rs. 19.79 Million (2009-Rs. 9.86 Million)
    - (k) Others Rs. 27.06 Million (2009-Rs. 14.59 Million)
  - (ii) Guarantees given to Banks and Financial Institutions for Rs. 239.50 Million (2009-Rs. 239.50 Million) against financial facilities availed of by other Companies.
5. The Company is adequately insured against damage caused by terrorist attack on its two Mumbai Hotels, i.e., Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. The insurance coverage is on replacement value basis. No final adjustment has been made in the books of account in respect of damage to the properties pending settlement of claim.
- The Company has recognised Rs. 526.76 Million (2009 - Rs. 967.60 Million) as income during the financial year on account of insurance claim for losses due to business interruption in respect of Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. Against the total claim of Rs. 1,494.36 Million recognised as income by the Company, the insurance company has paid Rs. 800 Million. Final settlement of the claim is pending.
6. There are no reportable amount of dues on account of principal and interest or any such payments during the year as required by Micro, Small and Medium Enterprises Development Act, 2006, in respect of Micro Enterprises and Small Enterprises as defined in the Act. This is based on information made available to the respective Companies other than foreign subsidiaries by such enterprises.
7. (a) Freehold/Leasehold Land of perpetual nature and Buildings at some locations of EIH Limited were revalued on 31st March, 1982 and 31st March, 1993 resulting in a surplus of Rs. 2,863.88 Million which is included in the original cost. The valuation was carried out by an approved valuer on the basis of depreciated replacement cost. The nature of indices was not mentioned in the report. The surplus was transferred to Revaluation Reserve.
- (b) Buildings of EIH Limited include construction cost of 850 car parking spaces amounting to Rs. 292.81 Million which as per the lease agreement dated 4th May, 2001 with MMRD Authority will have to be transferred to the said Authority through a licence agreement for a licence fee of Re. 1 per annum.
8. (a) Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets which are depreciated over the useful lives of the assets, which are not less than those prescribed under the Companies Act, 1956.
- (b) The depreciation for the year as per the Fixed Assets Schedule (Schedule-6) includes Rs. 29.99 Million (2009-Rs. 29.99 Million) being depreciation on the increased value of building due to the effect of revaluation and, accordingly, the same has been adjusted from the Revaluation Reserve Account in respect of EIH Limited.
- (c) In case of Mercury Car Rentals Limited, certain vehicles acquired under repurchase arrangement with the suppliers are depreciated over the period of arrangement and the amounts provided are not less than the amount required as per Companies Act, 1956. Trademarks, Licensed Software, being intangible assets, are amortised over a period of one hundred and twenty months and sixty months respectively. Prefabricated/Porta Cabin/renovation of leased premises – Furniture & Fixture are amortised over that useful life of sixty months or lease period and the amounts provided are not less than the amount required as per the Companies Act, 1956.

## Schedules to Accounts — *Contd.*

9. Fixed Assets acquired under finance lease amounted to Rs. 356.47 Million (2009-Rs. 352.29 Million) being the assets acquired between 1st April, 2001 and 31st March, 2010. These include an amount of Rs. 37.07 Million (2009-Rs. 273.43 Million) being assets acquired during the year under finance lease and capitalised in line with the requirements of Accounting Standard (AS-19). Depreciation for the year includes an amount of Rs. 43.79 Million (2009-Rs. 25.27 Million) being depreciation charged on these assets.

The year-wise break-up of the outstanding lease obligations as on 31st March, 2010 in respect of these assets are as under:

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
<b>Assets taken on lease</b>		
Total Minimum Lease Payments at the year end	299.42	343.26
Present value of Minimum Lease Payments	258.87	293.84
<b>Not later than one year</b>		
Minimum Lease Payments	84.50	83.37
Present value	66.14	63.60
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	214.92	259.89
Present value	192.73	230.24
<b>Later than five years</b>		
Minimum Lease Payments	-	-
Present value	-	-
(a) Contingent rents recognised as expense in the Statement of Profit and Loss for the year	-	-
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date	-	-
<b>10. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.</b>		
(a) General description of the Company's operating lease arrangements :		
The Company has entered into operating lease arrangements primarily for office premises, site offices, airport/flight services and residential premises for its employees. Some of the significant terms and conditions of the arrangements are :		
- agreements may generally be terminated by either party by serving a notice;		
- the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement;		
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.		
(b) Rent in respect of the above is charged to the Profit and Loss Account.		
<b>11. The Group has adopted Accounting Standard 15 (AS-15) (revised 2005) on "Employee Benefits". These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation / provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.</b>		
<b>12. (a) Inventory of Provision, Wines &amp; Others includes Stock of Paper, Ink etc. Rs. 50.87 Million (2009-Rs. 83.67 Million).</b>		
<b>(b) Consumption of Provisions, Wines and Others includes consumption of Paper, Ink etc. Rs. 402.27 Million (2009-Rs. 315.96 Million).</b>		
<b>13. Inventories are valued at cost which is based on First-In-First-Out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Profit and Loss Account.</b>		
<b>14. Interest debited to Profit and Loss Account is net of interest capitalised amounting to Rs. 285.23 Million (2009-Rs. 236.33 Million).</b>		

## Schedules to Accounts — *Contd.*

15. Oberoi Kerala Hotels & Resorts Limited has approached the Government of Kerala for sale of freehold land at Thekkady, the cost of which is Rs.17.18 Million. Necessary approvals are still awaited.
16. Repairs & Maintenance – Plant & Machinery includes vehicle running, maintenance and tax expenses of Mercury Car Rentals Limited Rs. 144.76 Million (2009-Rs. 162.69 Million).
17. In the case of Mashobra Resort Limited (“MRL”), several disputes with the Government of Himachal Pradesh, the joint venture partner, were referred by the High Court of Himachal Pradesh on 17th December, 2003 to an arbitral tribunal consisting of a single arbitrator whose award has been challenged by both the Company and MRL, amongst others. The operation of the arbitration award has been stayed pending substantive hearing of the applications by the High Court. Consequently, the *status quo ante* of the entire matter stands restored to the position as on 17th December, 2003 and the hotel is being operated by MRL accordingly. The Company, by its letter dated 15th June, 2009, requested Mashobra Resort Limited (MRL) to convert Rs. 1,005.63 Million of loans provided by the Company to MRL into its equity. MRL is in the process of holding the meeting of the Board of Directors for which it has requested the nominees of Himachal Pradesh Government on the Board, for a suitable date for holding the meeting which is still awaited. The Company has now been legally advised to take necessary steps in this matter. In view of the above and the proposed conversion of loan into equity, loan to MRL has been considered good as the net worth of MRL will become positive on conversion.

18. Earnings per Equity share :	Year ended 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
Profit computation for both Basic and Diluted earnings per share of Rs. 2 each		
Net Profit after Taxation as per Profit and Loss Account	663.05	1,699.55
Weighted average number of Equity Shares outstanding	392,953,972	392,953,972
Basic and Diluted earnings per Equity Share of face value Rs. 2 (in Rupees)	1.69	4.33

## Schedules to Accounts — *Contd.*

19. The details of transactions entered into with Related Parties during the year are as follows :

**(A) Name of the Related Parties**

**(I) Associate**

- (i) EIH Associated Hotels Limited

**(II) Enterprises in which Key Management Personnel have significant influence**

- (i) Oberoi Hotels Private Limited
- (ii) Oberoi Properties Private Limited
- (iii) Oberoi Holdings Private Limited
- (iv) Oberoi Investments Private Limited
- (v) Oberoi Buildings and Investments Private Limited
- (vi) Oberoi Plaza Private Limited
- (vii) Bombay Plaza Private Limited
- (viii) Oberoi Leasing & Finance Company Private Limited
- (ix) Aravali Polymers Private Limited
- (x) Island Hotel Maharaj Limited

**(III) Key Management Personnel**

- (i) Mr. P.R.S. Oberoi – Chairman & Chief Executive
- (ii) Mr. S.S. Mukherji – Vice Chairman
- (iii) Mr. V.S. Oberoi – Joint Managing Director
- (iv) Mr. A.S. Oberoi – Joint Managing Director

## Schedules to Accounts — Contd.

(B)

Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31.03.2010

NATURE OF TRANSACTIONS

	Associate		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
	2010 Rupees Million	2009 Rupees Million	2010 Rupees Million	2009 Rupees Million	2010 Rupees Million	2009 Rupees Million
<b>PURCHASES</b>						
<b>Purchases of Goods &amp; Services</b>						
EIH Associated Hotels Limited	1.81	4.62	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.98	0.78	-	-
<b>Total</b>	<b>1.81</b>	<b>4.62</b>	<b>0.98</b>	<b>0.78</b>	<b>-</b>	<b>-</b>
<b>Purchase of Fixed Assets</b>						
EIH Associated Hotels Limited	0.05	-	-	-	-	-
<b>Total</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENSES</b>						
<b>Rent</b>						
Oberoi Hotels Private Limited	-	-	0.36	0.36	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.36</b>	<b>0.36</b>	<b>-</b>	<b>-</b>
<b>Royalty</b>						
Oberoi Hotels Private Limited	-	-	79.79	95.67	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>79.79</b>	<b>95.67</b>	<b>-</b>	<b>-</b>
<b>Salary</b>						
Mr. P.R.S. Oberoi	-	-	-	-	25.80	58.44
Mr. S.S. Mukherji	-	-	-	-	26.58	44.94
Mr. V.S. Oberoi	-	-	-	-	14.91	18.16
Mr. A.S. Oberoi	-	-	-	-	14.81	19.26
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82.10</b>	<b>140.80</b>
<b>SALES</b>						
<b>Sale of Goods and Services</b>						
EIH Associated Hotels Limited	42.38	50.70	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.68	1.40	-	-
<b>Total</b>	<b>42.38</b>	<b>50.70</b>	<b>0.68</b>	<b>1.40</b>	<b>-</b>	<b>-</b>
<b>Sale of Fixed Assets</b>						
EIH Associated Hotels Limited	0.65	0.81	-	-	-	-
<b>Total</b>	<b>0.65</b>	<b>0.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME</b>						
<b>License Agreement</b>						
Oberoi Holdings Private Limited	-	-	0.69	0.71	-	-
Oberoi Investments Private Limited	-	-	0.13	0.13	-	-
Oberoi Buildings & Investments Private Limited	-	-	1.17	1.19	-	-
Oberoi Plaza Private Limited	-	-	2.41	3.89	-	-
Bombay Plaza Private Limited	-	-	1.87	2.94	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6.27</b>	<b>8.86</b>	<b>-</b>	<b>-</b>
<b>Management/Technical fees</b>						
EIH Associated Hotels Limited	97.77	101.12	-	-	-	-
Island Hotel Maharaj Limited	-	-	2.01	2.62	-	-
<b>Total</b>	<b>97.77</b>	<b>101.12</b>	<b>2.01</b>	<b>2.62</b>	<b>-</b>	<b>-</b>
<b>Interest Received</b>						
EIH Associated Hotels Limited	30.40	30.40	-	-	-	-
<b>Total</b>	<b>30.40</b>	<b>30.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dividend Received</b>						
EIH Associated Hotels Limited	10.60	17.68	-	-	-	-
<b>Total</b>	<b>10.60</b>	<b>17.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OUTSTANDING BALANCES</b>						
<b>Payables</b>						
<b>For Goods &amp; Services</b>						
EIH Associated Hotels Limited	0.65	0.80	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.89	0.85	-	-
<b>Total</b>	<b>0.65</b>	<b>0.80</b>	<b>0.89</b>	<b>0.85</b>	<b>-</b>	<b>-</b>
<b>Royalty</b>						
Oberoi Hotels Private Limited	-	-	-	13.38	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.38</b>	<b>-</b>	<b>-</b>
<b>Security Deposit</b>						
Bombay Plaza Private Limited	-	-	0.50	0.50	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>0.50</b>	<b>-</b>	<b>-</b>
<b>Loans &amp; Advances and Receivables</b>						
<b>For Goods &amp; Services</b>						
EIH Associated Hotels Limited	6.34	5.96	-	-	-	-
Island Hotel Maharaj Limited	-	-	1.40	0.94	-	-
<b>Total</b>	<b>6.34</b>	<b>5.96</b>	<b>1.40</b>	<b>0.94</b>	<b>-</b>	<b>-</b>
<b>Loans &amp; Advances</b>						
EIH Associated Hotels Limited	320.00	320.00	-	-	-	-
<b>Total</b>	<b>320.00</b>	<b>320.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Management/Technical fees</b>						
EIH Associated Hotels Limited	43.62	24.50	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.70	0.28	-	-
<b>Total</b>	<b>43.62</b>	<b>24.50</b>	<b>0.70</b>	<b>0.28</b>	<b>-</b>	<b>-</b>
<b>Outstanding Financial Facilities</b>						
<b>Against Corporate Guarantees</b>						
EIH Associated Hotels Limited	104.00	104.00	-	-	-	-
Island Hotel Maharaj Limited	-	-	135.50	135.50	-	-
<b>Total</b>	<b>104.00</b>	<b>104.00</b>	<b>135.50</b>	<b>135.50</b>	<b>-</b>	<b>-</b>



## Schedules to Accounts — *Contd.*

20. Segment wise Revenue, Assets and Liabilities are as follows :

	<b>Year Ended 31.3.2010 Rupees Million</b>	Year Ended 31.3.2009 Rupees Million
<b>Segment Revenue</b>		
a. Hotels	9,269.29	10,945.86
b. Others	1,208.08	1,204.05
Total	10,477.37	12,149.91
<i>Less : Inter segment revenue</i>	-	-
Net Sales/Income from Operations	10,477.37	12,149.91
<b>Segment Results</b>		
Profit before Interest and Tax from each segment :		
a. Hotels	3,893.40	5,356.81
b. Others	(298.53)	(174.19)
Total	3,594.87	5,182.62
<i>Less :</i>		
i. Interest	1,103.13	952.91
ii. Other unallocable expenditure	1,433.98	1,461.08
Profit before Tax	1,057.76	2,768.63
<b>Segment Assets</b>		
Hotels	24,643.96	20,990.80
Others	5,601.08	6,671.77
	30,245.04	27,662.57
<b>Total Liabilities</b>		
Hotels	5,039.17	3,721.20
Others	542.73	737.10
	5,581.90	4,458.30

## Schedules to Accounts — *Contd.*

**21. Financial Reporting of Interest in Joint Ventures :**

Disclosure pursuant to para 51, 52, 53 &amp; 54 of Accounting Standard (AS-27) is given below:

Rupees Million

Names of the Jointly Controlled Entities	Proportion of Ownership Interest (%)	Description of Interest	Aggregate amount relating to EIH Limited's interest in jointly controlled entities			
			Total Assets	Total Liabilities	Total Income	Total Expenses
Oberoi Kerala Hotels & Resorts Limited	80.00	Jointly Controlled Entity	16.59	0.21	0.17	0.27
Mashobra Resort Limited*	78.79	-do-	692.83	227.70	144.69	135.22
Mumtaz Hotels Limited	60.00	-do-	741.82	266.62	352.13	240.22
Golden Jubilee Hotels Limited	16.00	-do-	348.78	100.41	1.03	2.69
L&T Bangalore Airport Hotel Limited	26.00	-do-	565.41	378.53	0.45	0.67
Mercury Car Rentals Limited	66.67	-do-	359.34	301.19	504.43	529.42

(\*Figures are as per unaudited accounts)

- a) Contingent liability that EIH Limited has incurred in relation to its interest in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers :-  
 Guarantees given to Banks and Financial Institutions for Rs. 1,150.00 Million (2009-Rs. 1,110.00 Million) against financial facilities availed of by the jointly controlled entities.
- b) EIH Limited's share of the contingent liabilities of the joint ventures themselves : Rs. 11.87 Million (2009-Rs. 27.61 Million).
- c) EIH Limited is not liable for the liabilities of the other venturers of any joint venture.
- d) There are no capital commitments of EIH Limited in relation to its interest in joint ventures and there are no capital commitments that have been incurred jointly with other venturers.
- e) EIH Limited's share of capital commitments of the joint ventures themselves amounts to Rs. 209.42 Million (2009-Rs. 295.41 Million).
- f) CCA Leisure Services Private Limited has ceased to be a jointly controlled entity during the year.

22. The previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.



## OBEROI HOTELS & RESORTS

### INDIA

Agra	The Oberoi Amarvilās
Bangalore	The Oberoi
Jaipur	The Oberoi Rajvilās
Kolkata	The Oberoi Grand
Shimla in the Himalayas	Wildflower Hall
Mumbai	The Oberoi
New Delhi	The Oberoi
Ranthambhore	The Oberoi Vanyavilās
Shimla	The Oberoi Cecil
Udaipur	The Oberoi Udaivilās
Cochin	Motor Vessel Vrinda (A luxury backwater cruiser)

### EGYPT

Cairo	Mena House Oberoi
Sahl Hasheesh	The Oberoi
Aswan-Luxor	The Oberoi Zahra <i>Luxury Nile Cruiser</i>
	The Oberoi Philae <i>Nile Cruiser</i>

### INDONESIA

Bali	The Oberoi
Lombok	The Oberoi

### MAURITIUS

Mauritius	The Oberoi
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### SAUDI ARABIA

Madina	Madina Oberoi
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## TRIDENT HOTELS

Agra	Trident
Bhubaneswar	Trident
Chennai	Trident
Cochin	Trident
Gurgaon	Trident
Jaipur	Trident
Mumbai	Trident, Nariman Point Trident, Bandra Kurla
Udaipur	Trident

## OTHER BUSINESS UNITS

Delhi	EIH Printing Press
Mumbai, Delhi, Chennai, Kolkata and Cochin	Oberoi Flight Services
Mumbai, Delhi, Chennai, Kolkata, Cochin and Bangalore	Oberoi Airport Services
	Luxury Car Hire
	Business Aircraft Charters



## PROJECTS UNDER CONSTRUCTION AND DEVELOPMENT

Dubai	The Oberoi
Al Raha, Abu Dhabi	The Oberoi
Al Yas Island Resort, Abu Dhabi	The Oberoi
Muscat	The Oberoi
Marrakech, Morocco	The Oberoi
INDIA	
Gurgaon National Capital Region	The Oberoi ( <i>opening late 2010</i> )
Rajgarh, Madhya Pradesh	The Oberoi Rajgarh Palace
Hyderabad	The Oberoi Trident
Dehradun	Trident