

EIH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2009-2010

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BOARD

Mr. P.R.S. Oberoi
Chairman

Mr. Vikram Oberoi
Managing Director

Mr. S.S. Mukherji
Mr. L. Ganesh

Mr. Rajan Raheja

Mr. Anil Nehru

Mr. Sudipto Sarkar

Mr. Rajesh Kapadia

COMPANY SECRETARY

Ms. Indrani Ray

REGISTRAR AND SHARE TRANSFER AGENT

EIH Limited
4, Mangoe Lane
Kolkata 700 001

AUDITORS

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

REGISTERED OFFICE

1/24, G.S.T. Road
Meenambakkam
Chennai 600 027

The Oberoi Dharma

FUNDAMENTAL CODE OF CONDUCT

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

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

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

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

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

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

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

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

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

The Oberoi Group Mission

OUR GUESTS

We are committed to meeting and exceeding the expectations of our guests through our 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.

HIGHLIGHTS

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

DIRECTORS' REPORT

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

The financial highlights are set out below :

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

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act"), and based on representations from the Management, the Board states that:

- 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, to the best of their knowledge and ability, to maintain adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 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 under review as well as the future outlook.

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

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

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

Energy conservation measures include the following :

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

Further energy conservation measures that are planned include:

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

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

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

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

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

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

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

Mr. Rajan Raheja and Mr. L. Ganesh, Directors, are due to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

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

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed.

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

For and on behalf of the Board

Mumbai
27th May, 2010

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010
A. Employed throughout the year and were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 2,400,000

<i>Name of the Employee</i>	<i>Age</i>	<i>Designation/ Nature of Duties</i>	<i>Gross Remuneration (Rs.)</i>	<i>Qualification(s)/ Experience (Years)</i>	<i>Date of Commencement of Employment</i>	<i>Particulars of Previous Employment</i>
1	2	3	4	5	6	7
DENTON M.O.*	40	General Manager, The Oberoi Rajvilas, Jaipur	8,174,329	Diploma from Ecole Hoteliere De Lassoue (13)	August, 2008	The Oberoi, Bali
MELLOR A.P.*	41	Executive Chef, The Oberoi Rajvilas, Jaipur	5,337,646	Tameside College of Technology, Ashton Under Lyne (20)	February, 2008	Aman Resorts, Sri Lanka
PURI S.	39	General Manager, Trident, Chennai	4,034,853	Hotel Management from OCLD (13)	November, 2007	Trident, Nariman Point, Mumbai
SHAIKH R.	35	General Manager, Trident, Bhubaneswar	2,402,555	Hotel Management (15)	April, 2005	Taj Exotica, Goa
SUDARSHAN S.R.	49	Executive Chef, Trident, Chennai	2,472,017	Certificate Course in Management (US) IHMCT, MAA (27)	May, 1998	The Oberoi, New Delhi

B. Employed for a part of the year and was in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 200,000 per month

<i>Name of the Employee</i>	<i>Age</i>	<i>Designation/ Nature of Duties</i>	<i>Gross Remuneration (Rs.)</i>	<i>Qualification(s)/ Experience (Years)</i>	<i>Date of Commencement of Employment</i>	<i>Particulars of Previous Employment</i>
1	2	3	4	5	6	7
MUKHERJEE S.	36	Financial Controller, The Oberoi Rajvilas, Jaipur	1,017,098	A.C.A. (12)	October, 2006	Tata Tea Limited, Kolkata

NOTES :

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

For and on behalf of the Board

Mumbai
27th May, 2010

Vikram Oberoi
Managing Director

P.R.S. Oberoi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Developments and Outlook

Globally, the hospitality industry went through yet another difficult year in 2009-2010. The economic environment continued to remain clouded by the global financial crisis. As per the March, 2010 Update on “Hotels” by CRISIL Research, Revenue Per Available Room (“RevPAR”) in India during the Financial Year 2009-2010 declined by 30%. 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.

The recent disruptions in air traffic movements in large parts of Europe owing to a volcanic eruption in Iceland is a new and unforeseen development.

Threats of terrorism 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. 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 because of the continuing inflation.

Internal Control Systems and Risk Management

The efficiency of the internal control systems in the Company is tested and monitored on a continuous basis under a structured Internal Audit function. Control systems at each hotel 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 more 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. 1,489.96 million as compared to Rs. 1,604.89 million in the previous year.

The Earnings before Interest, Depreciation, Taxation and other Amortisations (EBIDTA) were Rs. 472.21 million as compared to Rs. 530.81 million in the previous year.

The Profit before Tax was Rs. 81.92 million as compared to Rs. 142.77 million in the previous year.

The Profit after Tax was Rs. 52.88 million as compared to Rs. 98.98 million in the previous year.

The Company's business activity is limited to hotels.

Awards

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

Hotel	Award	Awarded By
The Oberoi Rajvilās, Jaipur	Rated 2nd amongst the top hotels in the world for service	<i>Travel + Leisure</i> , World's Best Service Awards, Readers' Survey 2009
	Rated 2nd amongst the top hotels in Asia for service	<i>Travel + Leisure</i> , World's Best Service Awards, Readers' Survey 2009
	Rated 7th amongst the top 100 hotels in Asia	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated amongst the top 100 hotels in the world	<i>Condé Nast Traveler</i> , USA, Readers' Choice Awards 2009
	Rated amongst the top 15 resorts in Asia	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated amongst the top 100 hotels in the world	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2009
	Rated amongst the best hotels and resorts in the world	<i>Forbes Traveler 400</i> , The World's Best Hotels and Resorts 2009
	Rated amongst the best hotels in the world for design	<i>Condé Nast Traveler</i> , USA, Gold List 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, recycling and measures to prevent pollution.

The Oberoi, Rajvilās, Jaipur extends assistance to the local mission of Mother Teresa's Missionaries of Charity and the SOS Children's Village. Staff from the hotel visit schools in nearby villages to spread the awareness of environmental conservation, hygiene and wellness.

The Oberoi, Cecil extends its support to the Sarvodaya Bal Ashram for orphaned children in Shimla.

Trident hotels in Agra and Udaipur support the local mission of Mother Teresa's Missionaries of Charity. Trident, Agra also participates in Wildlife SOS's Sloth Bear Rescue programme by inviting voluntary donations from guests for the Agra Bear Rescue Facility.

Development 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 Company was 732.

For and on behalf of the Board

Mumbai
27th May, 2010

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

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 "Mission Statement" appear on pages 4 and 5 of this Annual Report.

2. Board of Directors

As on 31st March, 2010, the Company had eight Directors on the Board. Mr. Vikram Oberoi, Managing Director, is a Wholetime Director. Of the seven Non-executive Directors, four are Independent Directors.

The Board met six times during the Financial Year on 29th June, 2009, 28th July, 2009, 24th August, 2009, 29th October, 2009, 28th January, 2010 and 31st March, 2010.

Details of attendance of Directors at Board Meetings during the Financial Year and at the Company's Twenty-sixth 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 Associated Hotels Limited)
			Board Meetings	Last AGM		
Mr. P.R.S. Oberoi	Chairman	Non-executive Non-Independent	5	Yes	11	1
Mr. Vikram Oberoi	Managing Director	Executive	6	Yes	3	3
Mr. S.S. Mukherji	Director	Non-executive Non-Independent	5	Yes	7	2
Mr. Rajan Raheja	Director	Non-executive Non-Independent	2	No	7	3
Mr. L. Ganesh	Director	Non-executive Independent	6	Yes	10	9*
Mr. Anil Nehru	Director	Non-executive Independent	6	Yes	3	2*
Mr. Sudipto Sarkar	Director	Non-executive Independent	5	Yes	6	2
Mr. Rajesh Kapadia	Director	Non-executive Independent	3	No	8	6**

[®] Excludes Directorships contemplated under Section 278 of the Companies Act, 1956

* Chairman of one Committee

** Chairman of five Committees

Mr. Rajan Raheja and Mr. L. Ganesh retire by rotation at the forthcoming Twenty-seventh Annual General Meeting and are eligible for re-appointment. Their particulars are enclosed as an Appendix to the Notice convening the Twenty-seventh 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 five Board Members, *viz.* Mr. L. Ganesh, Mr. Rajan Raheja, Mr. Anil Nehru, Mr. Sudipto Sarkar and Mr. Rajesh Kapadia.

All the Audit Committee Members are Non-executive Directors. Four of the Members are Independent Directors. The quorum for an Audit Committee Meeting is two Members personally present. Mr. L. Ganesh is the Chairman of the Committee. An eminent industrialist, Mr. Ganesh has vast business experience. He is also a Chartered Accountant. All the 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 29th June, 2009, 28th July, 2009, 29th October, 2009, 28th January, 2010 and 31st March, 2010. Mr. L. Ganesh and Mr. Anil Nehru attended all five Meetings. Mr. Sudipto Sarkar, Mr. Rajesh Kapadia and Mr. Rajan Raheja attended four, three and two Meetings respectively.

The Auditors, the Chief Internal Auditor, EIH Limited and the Managing Director are invitees to the Audit Committee Meetings.

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 and Attendance thereat

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

The quorum for a Meeting is two Directors personally present.

The Committee met on five occasions during the Financial Year on 28th June, 2009, 28th July, 2009, 28th October, 2009, 27th January, 2010 and 30th March, 2010. Mr. P.R.S. Oberoi, a Non-executive Director and Chairman of the Board, chaired all five Meetings. Mr. Vikram Oberoi also attended all five Meetings. Mr. S.S. Mukherji attended four Meetings.

Terms of Reference

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

The power to approve transfers, transmissions, etc., of shares in the physical form has been delegated to the Registrar and Share Transfer Agent (RTA).

As on 31st March, 2010, the RTA had no requests for dematerialisation pending. No physical transfer or rematerialisation requests were pending as on 31st March, 2010.

No complaints were received from any Shareholder during the year. 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	Trident, Chennai	30th August, 2007	3.00 p.m.	Two (i) Under Section 81(1A) of the Companies Act, 1956, to offer and issue securities, including equity shares, to raise funds not exceeding Rs. 1500 million. (Not acted upon) (ii) Alteration of the Company's Articles of Association to issue shares with differential rights.
31st March, 2008	Trident, Chennai	18th August, 2008	3.00 p.m.	None
31st March, 2009	Trident, Chennai	24th August, 2009	3.00 p.m.	None

ii) Special Resolution passed through Postal Ballot

No Special Resolution was passed by Postal Ballot during the Financial Year.

iii) 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 Directors

Apart from Meeting Fees, no remuneration is paid to the Directors. Directors who attend Board or Committee Meetings are paid Rs. 10,000 per Meeting. During the Financial Year, the total amount paid to the Directors for attending the Board and Committee Meetings was Rs. 710,000.

7. General Disclosures

- (i) A summary of transactions with related parties, in the ordinary course of business, is periodically placed before the Audit Committee;
- (ii) there were no material individual transactions with related parties, that were not in the ordinary course of business;
- (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 subsidiary 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 page 51;
- (vi) the number of Shares held by Non-executive Directors of the Company are as follows:

	No. of Shares
Mr. P.R.S. Oberoi	32,670
Mr. S.S. Mukherji	3,370
Mr. Rajan Raheja	30,000

None of the other Non-executive Directors hold any share 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 or rights 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, usually in June/July of each calendar year. The Report contains the Annual Accounts of the Company in respect of the Financial Year along with the Directors' and Auditor's Reports. Also included in each Report is the Notice convening the Annual General Meeting, the Financial Year's Report on Corporate Governance and the Cash Flow Statement together with the corresponding Reports of the Auditors, the Consolidated Accounts and the Auditor's Report.

The Financial Results of the Company were officially released/would be released as per 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 2009-10)	Newspapers	29.07.2009	28.07.2009
2.	Half-yearly Unaudited Financial Statements (Second Quarter 2009-10)	Newspapers	30.10.2009	29.10.2009
3.	Quarterly Unaudited Financial Statements (Third Quarter 2009-10)	Newspapers	29.01.2010	28.01.2010
4.	Publication of Annual Audited Results 2009-10 in accordance with Clause 41 of the Listing Agreement with the Stock Exchanges	Newspapers	28.05.2010	27.05.2010

The Financial Results are usually published in The Economic Times, Business Standard, The Hindu Business Line, The Times of India and *Makkal Kural*.

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 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 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 and can be viewed on this portal.

The Management Discussion and Analysis in respect of the Financial Year 2009-10 is a part of the Directors' Report.

9. General Shareholder Information

a. **The Twenty-seventh Annual General Meeting will be held at 3.00 P.M. on Friday, 30th July, 2010, at Trident, Chennai.**

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

Audited Annual Accounts 2009-10	Thursday, 27th May, 2010
Mailing of Annual Report for 2009-10	Friday, 2nd July, 2010
Unaudited First Quarter Financial Results 2010-11	Friday, 30th July, 2010
Twenty-seventh Annual General Meeting	Friday, 30th July, 2010
Payment of Dividend for 2009-10	Monday, 2nd August, 2010
Unaudited Second Quarter Financial Results 2010-11	Friday, 29th October, 2010

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Monday, 12th July, 2010 to Friday, 30th July, 2010, both days inclusive.

d. **Payment of Dividend**

Dividend in respect of the Financial Year 2009-10, if declared by the Company at the Twenty-seventh Annual General Meeting, will be paid on or about Monday, 2nd August, 2010, to those Shareholders whose names will appear in the Register of Shareholders of the Company as at close of business on Friday, 9th July 2010.

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

As on 31st March, 2010, the shares of the Company were listed on Bombay Stock Exchange Limited, Mumbai, Madras Stock Exchange Limited, Chennai and The National Stock Exchange of India Limited.

The respective Stock Codes of the above Stock Exchanges are as follows :

Bombay	523127
Madras	EIHASSOHOT
National	EIHAHOTELS

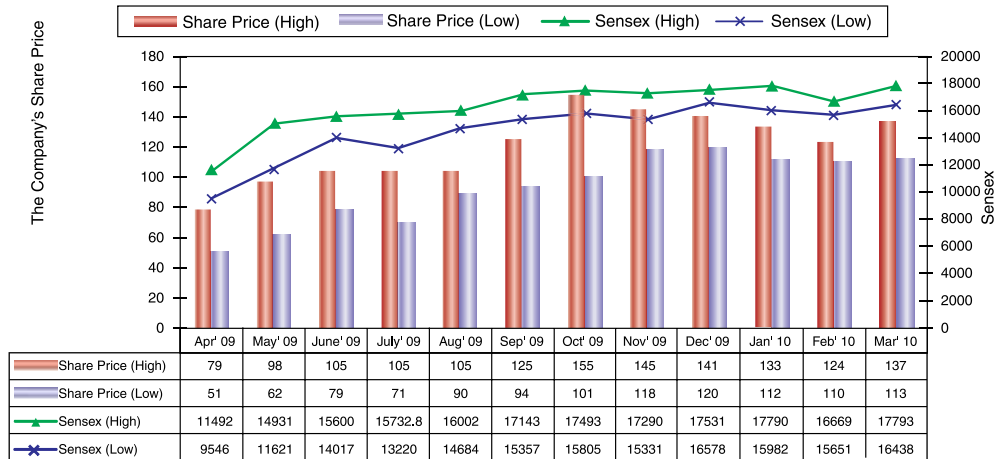
The ISIN Number of the Company's shares in the dematerialised form is INE276C01014.

There are no arrears of Listing Fees.

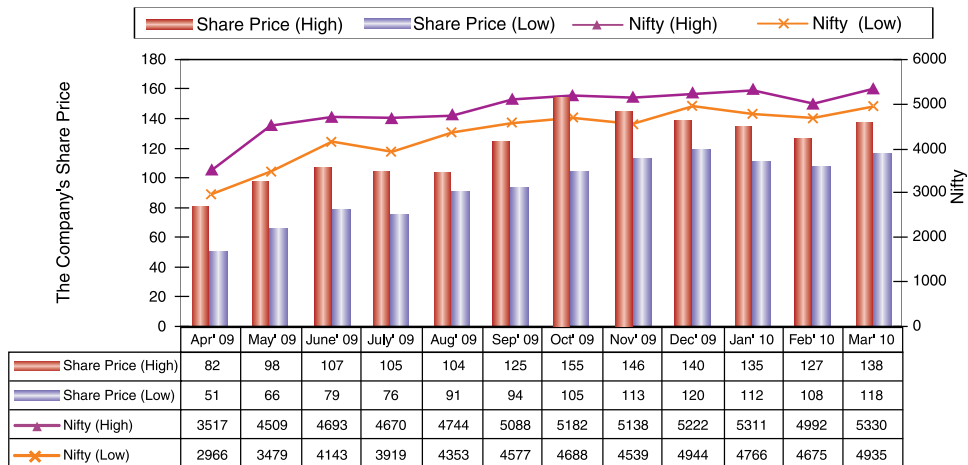
f. Market Price of the Company's Share vis-à-vis Sensex and Nifty (in Rupees)

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. Share Transfers

The Investors Services Division of EIH Limited is ISO 9001-2008 certified and is registered with SEBI as a Category I Registrar and Share Transfer Agent (RTA). Requests for dematerialisation and rematerialisation of shares should be sent to the RTA.

The address of the RTA is as follows :

EIH Limited
 4, Mangoe Lane
 Kolkata - 700 001
 Telephone : 91-33-4000 2200
 Facsimile : 91-33-2248 6785
 E-mail ID : isdho@oberoigroup.com
 invcom@tridenthotels.com

The Company's shares are traded on the Stock Exchanges in dematerialised form. Shareholders need to ensure that their Depository Participants ("DPs") promptly send physical documents, i.e., Dematerialisation Request Form ("DRF"), Share Certificates, etc., to the RTA 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 RTA.

19.25 million shares of the Company, representing 98.28% of the total shares issued, were held in the dematerialised form as on 31st March, 2010 and 0.34 million shares representing 1.72% of the total issued shares were held in physical form. A total of 4,468 (75.09%) Shareholders have, upto 31st March, 2010, dematerialised their shareholdings while the balance 1,482 (24.91%) Shareholders continue to hold shares in the physical form.

11. Distribution of Shareholding as on 31st March, 2010

Shareholding Range	No. of Shareholders	% of Shareholders	No. of shares (in million)	% of Shareholding
1-1000	5701	95.81	0.92	4.70
1001-5000	185	3.11	0.41	2.09
5001-10000	29	0.49	0.20	1.02
10001-50000	17	0.29	0.35	1.79
50001-100000	3	0.05	0.20	1.02
100001 and above	15	0.25	17.51	89.38
Total	5,950	100.00	19.59	100.00

12. Pattern of Shareholding as on 31st March, 2010

Category	No. of shares held (in million)	Percentage of Shareholding
A. Promoter Holding	14.69	75.00
B. Non-Promoter Holding		
Institutional Investors		
a. Banks, Financial Institutions and Insurance Companies	0.01	0.04
b. FIIs	1.09	5.56
Sub Total	1.10	5.60
C. Others		
a. Private Corporate Bodies	2.22	11.33
b. Indian Public	1.53	7.81
c. NRIs/OCBs	0.05	0.26
Sub Total	3.80	19.40
Total Non-Promoter Holding	4.90	25.00
Grand Total	19.59	100.00

13. Unclaimed Dividends

All Unclaimed Dividends upto and including the Financial Year ended 31st March, 1999, 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 subsequent Financial Years are reminded by the RTA 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 Years ended 31st March, 2007, 31st March, 2008 and 31st March, 2009 are requested to contact the RTA.

14. Location of Hotels

- i) The Oberoi Cecil, Shimla
- ii) The Oberoi Rajvilās, Jaipur
- iii) Trident, Agra
- iv) Trident, Bhubaneswar
- v) Trident, Chennai
- vi) Trident, Jaipur
- vii) Trident, Udaipur
- viii) Trident, Cochin (owned through wholly owned subsidiary)

15. Address for Correspondence

EIH Associated Hotels Limited
4, Mangoe Lane
Kolkata - 700 001
Telephone : 91-33-4000 2250
Fax : 91-33-2248 6785
91-33-2242 0957
E-mail : Indrani.Ray@oberoigroup.com

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

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

17. Compliance with Non-Mandatory Requirements of Clause 49

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

18. Information pursuant to 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.

19. 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
27th May, 2010

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

AUDITOR'S CERTIFICATE

To
The Members of
EIH Associated Hotels Limited

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

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 RAY & RAY
Chartered Accountants
Firm's Registration Number 301072E

Mumbai
27th May, 2010

R.N. ROY
Partner
Membership Number 8608

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

Name of the Subsidiary	Island Hotel Maharaj Limited
Financial year ending of the Subsidiary	31st March, 2010
Shares held in the Subsidiary Company or by the Subsidiary Company in the Sub-subsidiary Company at the end of the financial year of the Subsidiary or Sub-subsidiary Company as the case may be - Number (Extent of Holding)	2,987,113 Equity Shares of Rs. 100 each fully paid (100%)
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	Nil
b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2010	(Rs. 28.04 million)
The net aggregate of Profits/(Losses) of the Subsidiary/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	Nil
b) Not dealt with in the Accounts of the Company upto the year ended 31st March, 2010	(Rs. 450.29 million)

Mumbai
27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI	<i>Chairman</i>
VIKRAM OBEROI	<i>Managing Director</i>
S. S. MUKHERJI ANIL NEHRU RAJESH KAPADIA	<i>Directors</i>

AUDITOR'S REPORT

To
The Members of
EIH Associated Hotels Limited

1. We have audited the attached Balance Sheet of EIH Associated Hotels Limited 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, in which are incorporated the Branch Accounts audited by us. 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
Firm's Registration Number 301072E

R.N. ROY
Partner
Membership Number 8608

Mumbai
27th 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. No material discrepancies were noticed on such verification.
 - (c) During the year no substantial part of fixed assets have been disposed off by the Company.
- 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 Clause iii(a) above, 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 taken unsecured loan from a Company covered in the Register maintained under Section 301 of the Act during the year. The maximum outstanding amount involved during the year was Rs. 320 million and the year end balance of loan taken from such Company is Rs. 320 million.
 - (d) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from a Company covered in the Register maintained under Section 301 of the Act are not, *prima facie*, prejudicial to the interest of the Company.
 - (e) The loan taken from a Company is repayable on demand and we are given to understand that the loan has not yet been recalled. The Company is regular in payment of interest.
- 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. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Act have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act during the year cannot be compared in absence of market quotation for similar items.
- vi. The Company has not accepted any deposits 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 and the 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 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 dues of income tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute other than disputed sales tax as indicated below:

Sl.No.	Name of the statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. Million)
1	Sales Tax:			
	a) Central Sales Tax Act, 1956	Sales Tax	Tamil Nadu Sales Tax Appellate Tribunal, Chennai	0.36
	b) Orissa Sales Tax Act	Sales Tax	i) Sales Tax Tribunal, Orissa	0.39
			ii) Orissa High Court	0.31
	Total			1.06

- x. The Company has no accumulated losses and has not incurred any cash losses 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 and banks.
- 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 guarantee for loan taken by its Subsidiary Company from a bank. 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 guarantee for loan taken from a bank 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 any 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 fraud on or by the Company nor have we been informed of any such case by the Management.

For RAY & RAY
Chartered Accountants
Firm's Registration Number 301072E

R.N. ROY
Partner
Membership Number 8608

Mumbai
27th May, 2010

Balance Sheet

as at 31st March, 2010

	Schedule	Rupees Million	As at 31st March	
			2010 Rupees Million	2009 Rupees Million
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	1	195.86		195.86
RESERVES AND SURPLUS	2	865.94		847.33
			1,061.80	1,043.19
LOAN FUNDS				
SECURED LOANS	3	1,569.26		1,571.42
UNSECURED LOANS	4	920.00	2,489.26	920.00
				2,491.42
DEFERRED TAX LIABILITIES (Net)	5		99.72	70.70
TOTAL			3,650.78	3,605.31
APPLICATIONS OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	6	3,774.00		3,762.92
Less : DEPRECIATION		1,147.17		1,065.66
NET BLOCK		2,626.83		2,697.26
CAPITAL WORK-IN-PROGRESS		17.08		15.53
			2,643.91	2,712.79
INVESTMENTS	7		814.06	729.64
CURRENT ASSETS, LOANS & ADVANCES				
INTEREST ACCRUED		0.05		0.05
INVENTORIES	8	64.91		74.30
SUNDRY DEBTORS	9	104.11		77.95
CASH AND BANK BALANCES	10	77.42		70.07
LOANS AND ADVANCES	11	206.91		192.42
		453.40		414.79
Less : CURRENT LIABILITIES & PROVISIONS				
LIABILITIES	12	220.92		212.80
PROVISIONS	13	39.67		39.11
		260.59		251.91
NET CURRENT ASSETS			192.81	162.88
TOTAL			3,650.78	3,605.31
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

R.N. ROY
Partner

Membership Number 8608
Firm's Registration Number 301072E
Mumbai, 27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI

VIKRAM OBEROI

S. S. MUKHERJI
ANIL NEHRU
RAJESH KAPADIA

Chairman

Managing Director

Directors

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

	Schedule	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
INCOME			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	14	1,479.37	1,590.33
OTHER INCOME	15	10.59	14.56
		<u>1,489.96</u>	<u>1,604.89</u>
EXPENDITURE			
CONSUMPTION OF PROVISIONS, WINES & SMOKES	16	112.72	115.25
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES	17	271.93	287.40
UPKEEP & SERVICE COST	18	305.24	315.48
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	19	327.86	355.95
INTEREST AND FINANCE CHARGES	20	276.46	272.96
DEPRECIATION		113.83	115.08
		<u>1,408.04</u>	<u>1,462.12</u>
PROFIT BEFORE TAXATION		81.92	142.77
PROVISION FOR TAXATION	21	29.04	43.79
PROFIT AFTER TAXATION		52.88	98.98
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR		144.80	85.20
		<u>197.68</u>	<u>184.18</u>
APPROPRIATIONS			
GENERAL RESERVE		5.00	5.00
PROPOSED DIVIDEND ON			
EQUITY SHARES		29.38	29.38
TAX ON DIVIDEND		4.88	4.99
BALANCE CARRIED TO BALANCE SHEET		158.42	144.81
		<u>197.68</u>	<u>184.18</u>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value Rs. 10 (Note 11)		2.70	5.05
NUMBER OF EQUITY SHARES		19,586,666	19,586,666

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

R.N. ROY
Partner

Membership Number 8608
Firm's Registration Number 301072E
Mumbai, 27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI

VIKRAM OBEROI

S. S. MUKHERJI
ANIL NEHRU
RAJESH KAPADIA

Chairman

Managing Director

Directors

Cash Flow Statement

	Year ended 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	81.92	142.77
Adjustments for :		
Depreciation	113.83	115.08
Interest paid	276.46	272.96
Loss on sale of Fixed Assets (net)	10.10	5.59
Interest received	(1.63)	(2.31)
Dividend received	(0.26)	–
Operating Profit before Working Capital Changes	480.42	534.09
Adjustments for :		
Inventories	9.39	(2.67)
Trade & Other Receivables	(25.48)	97.19
Trade Payables	15.96	(90.57)
Cash Generated from Operations	480.29	538.04
Interest paid	(283.80)	(290.05)
(Payment)/Refund of direct taxes	(20.25)	(41.07)
Payment of fringe benefit taxes	–	(4.85)
Net cash from Operating Activities	176.24	202.07
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(58.12)	(91.35)
Sale of Fixed Assets	3.07	3.80
Purchase of investments	(84.43)	(87.83)
Interest received	1.71	2.09
Dividend received	0.26	–
Cash used in Investing Activities	(137.51)	(173.29)

Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings		
Term Loans	–	500.00
Unsecured Loans	500.00	500.00
Working Capital Demand Loans	310.00	–
Repayment of		
Term Loans	(312.16)	(362.16)
Unsecured Loans	(500.00)	(200.00)
Cash Credit from Banks	–	(4.38)
Working Capital Demand Loans	–	(460.00)
Dividend paid	(29.23)	(48.74)
Cash used in Financing Activities	(31.39)	(75.28)
Net (Decrease)/Increase in Cash & Cash Equivalents	7.34	(46.50)
Cash and Cash Equivalents at the beginning of the year	70.08	116.58
Cash and Cash Equivalents at the end of the year	77.42	70.08

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances.
3. 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

R.N. ROY

Partner

Membership Number 8608

Firm's Registration Number 301072E

Mumbai, 27th May, 2010

R. MITRA

Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

RAJESH KAPADIA

Directors

Schedules to Accounts

	As at 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
1		
SHARE CAPITAL		
AUTHORISED		
40,000,000 (2009-40,000,000) Equity Shares of Rs. 10 each	400.00	400.00
1,000,000 (2009-1,000,000) Redeemable Preference Shares of Rs. 100 each	100.00	100.00
	<u>500.00</u>	<u>500.00</u>
ISSUED, SUBSCRIBED, CALLED & PAID-UP		
19,586,666 (2009-19,586,666) Equity Shares of Rs. 10 each, fully paid up (Note below)	195.86	195.86
	<u>195.86</u>	<u>195.86</u>

Note:

Of the above 19,586,666 (2009-19,586,666) Equity Shares, 9,086,666 (2009-9,086,666) Equity Shares of Rs. 10 each have been allotted as fully paid up in 2006-2007 pursuant to the Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

Schedules to Accounts – *Contd.*

		As at 31st March	
	Rupees Million	2010 Rupees Million	2009 Rupees Million
2			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
i) Profit on re-issue of forfeited shares As per last Account	0.01		0.01
ii) Investment subsidy received As per last Account	4.50		4.50
		4.51	4.51
CAPITAL REDEMPTION RESERVE			
As per last Account		100.00	100.00
SHARE PREMIUM ACCOUNT			
As per last Account		126.00	126.00
GENERAL RESERVE			
As per last Account	472.01		467.01
Add : Transfer from Profit and Loss Account	5.00		5.00
		477.01	472.01
PROFIT AND LOSS ACCOUNT			
As per annexed Profit and Loss Account		158.42	144.81
		865.94	847.33

Schedules to Accounts – Contd.

		As at 31st March	
		2010	2009
		Rupees	Rupees
		Million	Million
3			
SECURED LOANS			
A. TERM LOANS FROM BANKS			
(i)	UNITED BANK OF INDIA (repayable within one year Rs. 184 million, 2009 - Rs. 184 million)	276.00	460.00
(ii)	UNITED BANK OF INDIA (repayable within one year Rs. 58.56 million, 2009 - Rs. 58.56 million)	68.56	127.11
(iii)	UNITED BANK OF INDIA (repayable within one year Rs. 14.70 million, 2009 - Rs. 19.60 million)	14.70	34.31
(iv)	UNITED BANK OF INDIA (repayable within one year Rs. 125.00 million, 2009 - Rs. Nil)	500.00	500.00
(v)	AXIS BANK LIMITED (repayable within one year Rs. Nil, 2009 - Rs. 50 million)	–	50.00
(vi)	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC) (repayable within one year Rs. 400.00 million, 2009 - Rs. Nil)	400.00	400.00
B. WORKING CAPITAL LOANS FROM BANKS			
(vii)	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)	200.00	–
(viii)	THE ROYAL BANK OF SCOTLAND N.V. (Formerly ABN AMRO BANK N.V.)	110.00	–
		1,569.26	1,571.42

PARTICULARS OF SECURITIES

- (i) The loan, together with interest, etc., is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra, Trident, Jaipur and Trident, Udaipur.
- (ii) and (vi) The loans, together with interest, etc., are secured by equitable mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.
- (iii), (v) and (vi) The loans, together with interest, etc., are secured by joint mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to The Oberoi Rajvilās, Jaipur.
- (iv) and (viii) The loan, together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets, both present and future, pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and is to be secured by way of an Equitable Mortgage of the said properties.
- (vii) The Working Capital Loan from HSBC is secured by way of hypothecation of all stocks of inventories and book debts, etc., of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and, additionally, secured by way of second charge on the fixed assets of the said two properties.

Schedules to Accounts – *Contd.*

		As at 31st March	
	Rupees Million	2010 Rupees Million	2009 Rupees Million
4			
UNSECURED LOAN			
Short Term Loan from Housing Development Finance Corporation Limited (repayable within one year)		500.00	500.00
Bodies Corporate		420.00	420.00
		<u>920.00</u>	<u>920.00</u>
5			
DEFERRED TAX - NET			
DEFERRED TAX ASSETS			
Unabsorbed Depreciation	298.02		308.76
Accrued expenses deductible on payment	3.40		2.03
Amalgamation expenses	0.35		0.70
Provision for Leave Encashment	0.36		0.14
Provision for Debts and Advances	1.04		1.02
		<u>303.17</u>	<u>312.65</u>
DEFERRED TAX LIABILITIES			
Depreciation		402.89	383.35
DEFERRED TAX (LIABILITIES) / ASSETS (Net)		<u>(99.72)</u>	<u>(70.70)</u>

Schedules to Accounts – Contd.

6 FIXED ASSETS

Nature of Assets	GROSS BLOCK				DEPRECIATION				Rupees Million	
	Original Cost as at 1st April, 2009	Additions during the year	Sales / Adjustments	Original Cost as at 31st March, 2010	As at 1st April, 2009	For the Year	Sales / Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Freehold Land	11.37	-	-	11.37	-	-	-	-	11.37	11.37
Leasehold Land (Note 4)	92.57	-	-	92.57	8.29	0.64	-	8.93	83.64	84.28
Buildings	1,895.37	2.06	-	1,897.43	275.93	31.56	-	307.49	1,589.94	1,619.44
Roads	4.85	-	-	4.85	0.82	0.08	-	0.90	3.95	4.03
Sanitary Installations	175.77	1.08	0.02	176.83	23.24	3.05	-	26.29	150.54	152.53
Plant & Machinery	1,204.60	44.45	25.27	1,223.78	497.10	57.50	14.31	540.29	683.49	707.50
Jetty	0.76	-	-	0.76	0.40	0.04	-	0.44	0.32	0.36
Boats	2.55	-	-	2.55	0.88	0.08	-	0.96	1.59	1.67
Computers	81.39	1.67	10.54	72.52	55.39	6.66	9.91	52.14	20.38	26.00
Furniture & Fittings	240.98	0.27	3.63	237.62	182.36	8.07	3.54	186.89	50.73	58.62
Vehicles	42.94	1.08	1.40	42.62	16.65	3.55	1.26	18.94	23.68	26.29
Leased Vehicles (Note 7)	9.77	5.83	4.63	10.97	4.60	2.56	3.30	3.85	7.11	5.17
Leased Assets (Note 7)	-	0.13	-	0.13	-	0.04	-	0.04	0.09	-
	3,762.92	56.57	45.49	3,774.00	1,065.66	113.83	32.32	1,147.17	2,626.83	2,697.26
Capital-Work-in-Progress	15.53	38.95	37.40	17.08	-	-	-	-	17.08	15.53
	3,778.45	95.52	82.89	3,791.08	1,065.66	113.83	32.32	1,147.17	2,643.91	2,712.79
Previous year	3,716.42	172.92	110.89	3,778.45	970.51	115.08	19.93	1,065.66	2,712.79	-

Schedules to Accounts – Contd.

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
7			
INVESTMENTS (Unquoted)			
At Cost			
Long Term			
SUBSIDIARY COMPANY			
2,987,113 (2009-2,776,057) Equity Shares of Rs. 100 each of Island Hotel Maharaj Limited, fully paid, including 211,056 Equity Shares of Rs. 100 each acquired during the year (2009-219,562 Equity Shares of Rs. 100 each fully paid)		805.37	720.95
OTHERS - Investment in shares			
217,175 (2009-217,175) Equity Shares of Rs. 10 each of Mercury Travels Limited, fully paid		8.68	8.68
GOVERNMENT SECURITIES			
6 year National Savings Certificate		0.01	0.01
		<u>814.06</u>	<u>729.64</u>

The details of Purchase and Sale of Investments during the year are given below:

	No. of Units purchased/sold	Purchase price (in Million)	Sale price (in Million)
UTI Treasury Advantage Fund	129,972.173	130.00	130.00

During the year Rs. 0.26 Million was received as dividend from
Investments in UTI Treasury Advantage Fund for a period of 77 days.

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
8			
INVENTORIES (Note 8)			
Provisions, Wines & Smokes		13.30	17.40
Stores & Operational Supplies		51.61	56.90
		<u>64.91</u>	<u>74.30</u>
9			
SUNDRY DEBTORS (Unsecured)			
Debts outstanding over six months			
Considered good	0.32		1.25
Considered doubtful	<u>2.86</u>		<u>2.89</u>
		3.18	4.14
Other Debts (Considered good)		103.79	76.70
		<u>106.97</u>	<u>80.84</u>
Less : Provision for Doubtful Debts		2.86	2.89
		<u>104.11</u>	<u>77.95</u>

Schedules to Accounts – *Contd.*

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
10			
CASH AND BANK BALANCES			
Cash in hand		0.56	4.51
Cheques in hand		4.60	3.52
With Scheduled Banks :			
Current Accounts		44.10	37.04
Fixed Deposits		27.67	23.07
Margin Account		–	1.60
Unpaid Dividend Account		0.49	0.33
		<u>77.42</u>	<u>70.07</u>
11			
LOANS AND ADVANCES (Unsecured)			
(Considered good, unless otherwise stated)			
Advance towards Equity participation in Subsidiary Company – Island Hotel Maharaj Limited		–	0.24
Advances recoverable in cash or in kind or for value to be received			
Considered good	25.32		26.11
Considered doubtful	<u>0.19</u>		0.12
		25.51	26.23
Security Deposits		29.81	29.89
Prepaid Expenses		18.34	17.90
Advance payment of Income-tax	58.37		58.21
MAT credit entitlement (Note 9)	<u>74.70</u>		59.70
		133.07	117.91
Fringe Benefit Tax (net of provision Rs. 13.12 Million; 2009 - Rs. 13.12 Million)		<u>0.37</u>	0.37
		207.10	192.54
<i>Less: Provision for Doubtful advances</i>		0.19	0.12
		<u>206.91</u>	<u>192.42</u>

Schedules to Accounts – *Contd.*

	As at 31st March	
	2010 Rupees Million	2009 Rupees Million
12		
CURRENT LIABILITIES		
Bank-Book overdraft	3.38	2.66
Sundry Creditors		
Outstanding dues of Micro Enterprises and Small Enterprises (Note 3)	–	–
Outstanding dues of creditors other than Micro Enterprises and Small Enterprises including amount due to Island Hotel Maharaj Limited, Subsidiary Company (Rs. 0.01 Million; 2009 - Rs. 0.02 Million)	181.27	173.82
Security Deposits from shops	1.28	1.27
Unclaimed Dividend	0.48	0.33
Interest accrued but not due	2.86	5.32
Unclaimed Deposits from Public	–	0.02
Unclaimed Interest on Deposits from Public	–	0.01
Liability for Leased Assets (Note 7)	7.76	5.68
Other Liabilities	23.89	23.69
	<u>220.92</u>	<u>212.80</u>
13		
PROVISIONS		
Current Tax	74.70	59.70
Wealth Tax	0.26	0.23
Proposed Dividend on		
- Equity Shares	29.38	29.38
Tax on Dividend	4.88	4.99
Leave Encashment (Note 5)	5.15	4.51
	<u>114.37</u>	<u>98.81</u>
<i>Less:</i> MAT credit entitlement (Note 9)	74.70	59.70
	<u>39.67</u>	<u>39.11</u>

Schedules to Accounts – Contd.

	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
14			
INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.			
Rooms		1,008.77	1,102.67
Food and Beverage		386.02	400.11
Other Services		84.58	87.55
		<u>1,479.37</u>	<u>1,590.33</u>
15			
OTHER INCOME			
Interest on Fixed Deposits (Gross) (Tax deducted at source Rs. 0.09 Million; 2009 - Rs. 0.29 Million)		1.63	2.31
Gain on Exchange (Net)		–	1.17
Dividend from Current Investments - Mutual Fund (Non-trade)		0.26	–
Provisions & liabilities no longer required, written back		0.01	–
Others		8.69	11.08
		<u>10.59</u>	<u>14.56</u>
16			
CONSUMPTION OF PROVISIONS, WINES & SMOKES (Note 14)			
Opening Stock		17.39	20.00
Add : Purchases		108.63	112.65
		<u>126.02</u>	<u>132.65</u>
Less : Closing Stock		13.30	17.40
		<u>112.72</u>	<u>115.25</u>
17			
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES			
Salaries, Wages & Bonus		245.99	256.70
Company's Contribution to Provident Fund		7.27	8.53
Workmen & Staff Welfare Expenses		16.25	19.55
Contribution to Gratuity Fund (including provision of Rs. 0.46 Million; 2009-Rs. 0.04 Million) (Note 5)		1.77	1.39
Provision for Leave Encashment (Note 5)		0.65	1.23
		<u>271.93</u>	<u>287.40</u>
18			
UPKEEP AND SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		3.81	4.12
Expenses on Apartment & Board		25.49	27.67
Power & Fuel		135.37	148.25
Renewals & Replacement		15.65	15.45
Repairs :			
Buildings	52.75		40.44
Plant & Machinery	55.13		60.62
Others	17.04		18.93
		<u>124.92</u>	<u>315.48</u>
		<u>305.24</u>	<u>315.48</u>

Schedules to Accounts – Contd.

	Rupees Million	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
19			
ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Rent		7.37	7.90
Royalty		14.89	16.04
Technical Service Fees		67.99	69.04
Advertisement, Publicity & Other Promotional Expenses		66.07	81.76
Commission to Travel Agents & others		49.16	54.26
Rates & Taxes		32.44	33.64
Insurance		6.56	7.22
Passage & Travelling		23.68	23.31
Postage, Telephone & Telex		12.85	13.25
Printing & Stationery		6.69	8.16
Musical, Banquet & Kitchen Expenses		12.49	13.07
Directors' Fees		0.71	0.49
Loss on Sale / Discard of Assets		10.10	5.59
Loss on Exchange		0.01	–
Auditor's Remuneration (Note 10)		1.85	1.56
Provision/write off of Doubtful Debts & Advances		0.11	1.13
Other Expenses		14.89	19.53
		<u>327.86</u>	<u>355.95</u>
20			
INTEREST AND FINANCE CHARGES			
On Fixed Loans	246.63		266.10
Add / (Less) : Adjustment for currency/interest swap (Note 12)	<u>27.87</u>		<u>4.76</u>
		274.50	270.86
On Other Loans		1.96	2.10
		<u>276.46</u>	<u>272.96</u>
21			
PROVISION FOR TAXATION			
Income Tax		15.00	15.70
Deferred Tax		29.02	39.45
Wealth Tax		0.02	0.02
Fringe Benefit Tax		–	4.32
		<u>44.04</u>	<u>59.49</u>
Less : MAT credit entitlement (Note 9)		15.00	15.70
		<u>29.04</u>	<u>43.79</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 on the basis of going concern and 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.

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.

REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable.

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 License Fee included under "Other Income" is recognised on accrual basis as per terms of contract.

PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

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

GOVERNMENT GRANT

'Investment Subsidy' received from the Government is credited to Capital Reserve.

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/hire purchase 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 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 long term leasehold land (other than perpetual lease), leased vehicles, building installed on leasehold land (other than perpetual lease) are depreciated over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Long term leasehold land, except perpetual lease, is depreciated over the balance period of lease, commencing from the date the land is put to use for commercial purposes. Vehicles acquired on lease are depreciated over their respective lease period or sixty months, whichever is earlier.

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. Current investments are valued at cost or market price/fair value, whichever is lower. Earnings on investments are accounted for on accrual basis or when rights to receive payment are established.

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

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary items outstanding on the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the difference is recognised as income or expenses.
- c) Marked to Market (MTM) gains/losses on derivative transactions under Currency/Interest swaps/Hedging are recognised in the books of account in line with the Accounting Standard (AS-11) on "The Effect of Changes in Foreign Exchange Rates" read with the pronouncement of The National Advisory Committee on Accounting Standards dated 26th March, 2009.

Realised/settled gains/losses arising out of Currency/Interest swaps during the year are recognised as income/expenditure 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 the related service is rendered.

Post employment and other Long Term Employee Benefits are provided 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 the 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 independent actuarial valuation as at the Balance Sheet date following projected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.
- (iii) **Provident Fund:** Liability on account of 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 (DBP) 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 is capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

TAXES ON INCOME

Income-tax is accounted for in accordance with Accounting Standard (AS-22) – '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 consideration.

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

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' notified pursuant to the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, 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.

Schedules to Accounts – *Contd.*

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NOTES TO THE ACCOUNTS

1. The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances Rs. 4.03 Million (2009 - Rs. 9.44 Million).
2. Contingent liabilities not provided for in respect of :
 - (a) claims against the Company not acknowledged as debts pending settlement of disputes amounting to Rs. 107.93 Million (2009 - Rs. 85.47 Million).
 - (b) guarantee given by the Company for Rs. 350.00 Million (2009 - Rs. 350.00 Million) to a bank on behalf of its wholly owned Subsidiary Company, Island Hotel Maharaj Limited.
 - (c) counter guarantee given by the Company to the extent of Rs. 25.00 Million (2009 - Rs. 25.00 Million) to Deutsche Bank.
 - (d) property tax demand of Rs. 5.34 Million (2009 - Rs. 5.34 Million) in respect of The Oberoi Rajvilās, Jaipur, against which the Company has filed a Civil Writ Petition in the High Court of Rajasthan which is pending adjudication. However, the Company has paid Rs. 3.64 Million (2009 - Rs. 3.64 Million) under protest.
 - (e) sales tax demand amounting to Rs. 1.06 Million (2009 - Rs. 1.06 Million) against which the Company has preferred an appeal. The Company made a payment of Rs. 0.45 Million (2009 - Rs. 0.45 Million) under protest.
 - (f) Urban Development Tax demand amounting to Rs. 3.51 Million (2009 - Rs. 3.01 Million) against which the Company has preferred an appeal. The Company has made a payment of Rs. 1.50 Million (2009 - Rs. 0.89 Million) under protest.
3. There are no reported Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues.
4. During the year, long term leasehold land except for perpetual leases have been depreciated over the remaining period of lease, commencing from the date the land was put to use for commercial purposes. As a result, a sum of Rs. 0.64 Million (2009 - Rs. 0.64 Million), has been included in Depreciation and charged to the Profit and Loss Account for the year.

Schedules to Accounts – Contd.

NOTES TO THE ACCOUNTS (Contd.)

5. Long Term Defined Benefit Plans in respect of Gratuity and 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)
I Components of Employer Expenses				
1 Current Service Cost	1.31	0.26	1.35	0.54
2 Interest Cost	0.56	0.38	0.60	0.29
3 Expected return on Plan Assets	0.73	-	0.76	-
4 Curtailment Cost/(Credit)	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-
6 Past Service Cost	-	-	-	-
7 Actuarial Losses/(Gains)	0.63	0.01	0.20	0.40
8 Total expenses recognised in the Statement of Profit and Loss Account	1.77	0.65	1.39	1.23
The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 17.				
II Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2010				
1 Present Value of Defined Benefit Obligations	8.19	5.15	7.03	4.51
2 Fair Value on Plan Assets	7.73	-	6.99	-
3 Status [Surplus/(Deficit)]	(0.46)	(5.15)	(0.04)	(4.51)
4 Unrecognised Past Service Cost	-	-	-	-
5 Net Asset/(Liability) recognised in Balance Sheet	(0.46)	(5.15)	(0.04)	(4.51)
III Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2010				
1 Present Value of DBO at the Beginning of Year	7.53	4.51	8.12	3.28
2 Current Service Cost	1.31	0.26	1.35	0.54
3 Interest Cost	0.56	0.37	0.60	0.29
4 Curtailment Cost/(Credit)	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-
6 Plan Amendments	-	-	-	-
7 Acquisitions	-	-	-	-
8 Actuarial (Gains)/Losses	0.63	0.01	0.20	0.40
9 Benefits Paid	1.84	-	2.74	-
10 Present Value of DBO at the End of Year	8.19	5.15	7.53	4.51
IV Change in Fair Value of Assets during the year ended 31st March, 2010				
1 Plan Assets at the Beginning of Year	6.99	-	7.72	-
2 Acquisition Adjustment	-	-	-	-
3 Actuarial Return on Plan Assets	0.73	-	0.76	-
4 Actuarial Gains/(Losses)	-	-	-	-
5 Actual Company Contribution	1.28	-	1.25	-
6 Benefits Paid	1.27	-	2.74	-
7 Plan Assets at the End of Year	7.73	-	6.99	-
V Investments Details				
Invested with LIC in Group Gratuity Scheme	100%		100%	
VI Actuarial Assumptions				
1 Discount Rate (%)	8%	8%	8%	8%
2 Expected rate of return	9.4%	-	9.4%	-
3 Salary Escalation (%)	3%	3%	3%	3%
4 Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate	

Schedules to Accounts – Contd.

NOTES TO THE ACCOUNTS (Contd.)

6. 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 specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956:
- Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.
 - Leased Vehicles over their respective lease period or sixty months, whichever is earlier.
 - Long term Leasehold Lands, other than perpetual leases are depreciated over the balance period of the leases commencing from the date the land was put to use for commercial purposes.
7. Fixed Assets acquired under finance lease amounting to Rs. 11.10 Million (2009 - Rs. 9.77 Million) being the assets acquired between 1st April, 2001 and 31st March, 2010. This includes an amount of Rs. 5.95 Million (2009 - Rs. 1.74 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on “Accounting for Leases” notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of Rs. 2.59 Million (2009 - Rs. 2.38 Million) being depreciation charged on these assets.

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

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
Assets taken on lease		
Total Minimum Lease Payments at the year end	10.22	7.14
Present value of Minimum Lease Payments	7.76	5.68
Not later than one year		
Minimum Lease Payments	2.14	2.74
Present value	1.44	2.02
Later than one year but not later than five years		
Minimum Lease Payments	8.08	4.40
Present value	6.32	3.66
Later than five years		
Minimum Lease Payments	Nil	Nil
Present value	Nil	Nil
(a) Contingent rents recognised as an expense in the Statement of Profit and Loss for the year.	Nil	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	Nil

Schedules to Accounts – Contd.

NOTES TO THE ACCOUNTS (Contd.)

8. 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 are charged to the Profit and Loss Account.
9. The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). This has not resulted in an additional tax expense as MAT is to be set off against any future tax liability and, accordingly MAT Credit Entitlement has been shown under Loans and Advances in the Balance Sheet as at 31st March, 2010.

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
10. Auditor's remuneration (excluding service tax):		
As Auditor	1.54	1.41
For Tax Audit	0.10	0.05
For other services	0.21	0.10
	1.85	1.56

11. Earnings per Equity Share:

Profit computation for both Basic and Diluted Earnings per share of Rs. 10 each

Profit as per Profit and Loss Account	52.88	98.98
Weighted average number of Equity Shares outstanding	19.59	19.59
Basic and Diluted Earnings per Equity Share in Rupees of face value - Rs. 10	2.70	5.05

12. The Company uses currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments outstanding as on 31.03.2010 are as follows:

Particulars	Swap	Current Year			Previous Year			Name of Bank	Swap closure date
		Currency	Foreign Exchange (Million)	INR (Million)	Currency	Foreign Exchange (Million)	INR (Million)		
Currency Swap	USD-INR	USD	10.15	400.00	USD	10.15	400.00	The Hongkong & Shanghai Banking Corporation Limited	December-10
Currency Swap	INR-JPY	JPY	229.63	91.07	JPY	535.79	212.50	Deutsche Bank A.G.	October-10

In accordance with the guidelines issued by The National Advisory Committee on Accounting Standards (NACAS) on AS-11 and pronouncement of deferment of implementation of AS-11 till 31.03.2011, the currency/interest swaps and hedging outstanding as on 31.03.2010 pending settlement has not been revalued on MTM basis. However, realised gains/losses on settlement of currency/interest swaps and hedging during the year have been recognised and accounted for.

Schedules to Accounts – *Contd.*

NOTES TO THE ACCOUNTS (*Contd.*)

13. As the Company's activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on "Segment Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006.
14. Since it is not practicable to give quantity-wise details in respect of purchase, consumption, turnover, stock, etc., the Department of Company Affairs, in exercise of its powers conferred by sub-section (4) of Section 211 of the Companies Act, 1956, by its Order No. 46/82/2008-CL-III dated 13th June, 2008, has exempted the Company from giving such details for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 respectively.

	Year ended 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
15. Expenditure in Foreign Currencies :		
Subscription, Travelling & others	20.83	28.57
16. Value of Imports calculated on C.I.F. basis in respect of :		
(i) Provisions, Wines & Smokes	0.03	0.06
(ii) Components & Spares	5.80	5.59
(iii) Capital Goods	12.76	14.53
17. Earnings in Foreign Currencies on Sales :	744.37	910.03
(As per return submitted to DGFT)		
18. The details of transactions entered into with Related Parties during the year are as follows:		
(A)		
(I) Subsidiary Company		
Island Hotel Maharaj Limited		
(II) Key Management Personnel		
Mr. Vikram Oberoi – Managing Director		
(III) Enterprise under common control		
ElH Limited		

Schedules to Accounts – *Contd.*

(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2010

Nature of Transactions	Island Hotel Maharaj Limited Rupees Million	EIH Limited Rupees Million
Purchases		
Goods and Services	0.04	42.38
Fixed Assets	–	0.65
Total	0.04	43.03
Expenses		
Management Contract	–	97.61
Total	–	97.61
Other Payments		
Interest on Loan	–	30.40
Equity Dividend	–	10.61
Total	–	41.01
Sales		
Goods and Services	0.33	1.81
Fixed Assets	0.04	0.05
Total	0.37	1.86
Payments		
Investments	84.42	–
Total	84.42	–
Outstanding Balances		
Payables		
For Goods & Services	0.01	6.34
For Unsecured Loan	–	320.00
For Management Contract	–	43.44
Total	0.01	369.78
Receivables		
For Goods & Services	0.14	0.65
Total	0.14	0.65
Outstanding Financial Facilities		
Against Corporate Guarantees	104.00	–
Total	104.00	–
Investments		
Total	805.37	–

Schedules to Accounts – Contd.

23

NOTES TO THE ACCOUNTS (Contd.)

19. 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	9903
State Code	18
Balance Sheet Date	31st March, 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	3,911.37
Total Assets	3,911.37
Sources of Funds	
Paid-up Capital	195.86
Reserves & Surplus	865.94
Secured Loans	1,569.26
Unsecured Loans	920.00
Deferred Tax Liabilities	99.72
Applications of Funds	
Net Fixed Assets including Capital Work-in-Progress	2,643.91
Investments	814.06
Net Current Assets	192.81
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

IV. Performance of the Company

(Rupees in Million)

Turnover (including other Income)	1,489.96
Total Expenditure	1,408.04
Profit (+)/Loss (-) before Tax	81.92
Profit (+)/Loss (-) after Tax (including Deferred Tax)	52.88
Basic & Diluted Earnings per Equity Share (in Rupees)	2.70
Dividend on Equity Share (Rate)	15%

V. Generic Names of Principal products/services of the Company as per monetary terms :

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

20. 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 year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

EIH Associated Hotels Limited
CONSOLIDATED FINANCIAL STATEMENTS

**DISCLOSURE PURSUANT TO
APPROVAL NO. 47/267/2010-CL-III OF 5TH APRIL, 2010
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

For the Year ended on 31st March, 2010

Particulars	Rs. in Million Island Hotel Maharaj Limited
Capital	298.71
Reserves	518.96
Total Assets	911.11
Total Liabilities	911.11
Details of investment except in case of investment in subsidiaries	-
Turnover	77.78
Profit/(Loss) before Taxation	(32.65)
Provision for Taxation	4.61
Profit/(Loss) after Taxation	(28.04)
Proposed Dividend	-

AUDITOR'S REPORT on Consolidated Financial Statements

To
The Board of Directors,
EIH Associated Hotels Limited

We have examined the attached Consolidated Balance Sheet of EIH Associated Hotels Limited ("the Company") and its Subsidiary 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 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 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. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of Rs. 432.79 Million as at 31st March, 2010 and total revenues of Rs. 77.78 Million for the year then ended. These Financial Statements have been audited by other auditor whose audit reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this Subsidiary, is based solely on the report of the other auditor.

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" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its Subsidiary, included in the Consolidated Financial Statements.

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 Subsidiary, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Schedules 1 to 23 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 Subsidiary 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 Subsidiary 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 Subsidiary for the year then ended.

For RAY & RAY
Chartered Accountants
Firm's Registration Number 301072E

Mumbai
27th May, 2010

R. N. Roy
Partner
Membership Number 8608

Balance Sheet

as at 31st March, 2010

	Schedule	Rupees Million	As at 31st March	
			2010 Rupees Million	2009 Rupees Million
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	1	195.87		195.87
RESERVES AND SURPLUS	2	747.09		756.96
			942.96	952.83
LOAN FUNDS				
SECURED LOANS	3	1,645.05		1,699.55
UNSECURED LOANS	4	920.00		920.00
			2,565.05	2,619.55
DEFERRED TAX LIABILITIES (NET)	5		35.75	11.35
TOTAL			3,543.76	3,583.73
APPLICATIONS OF FUNDS				
GOODWILL (ON CONSOLIDATION)				
FIXED ASSETS	6		347.16	347.16
GROSS BLOCK		4,292.99		4,278.79
Less : DEPRECIATION		1,335.83		1,240.34
NET BLOCK		2,957.16		3,038.45
CAPITAL WORK-IN-PROGRESS		17.12		15.88
			2,974.28	3,054.33
INVESTMENTS	7		8.69	8.69
CURRENT ASSETS, LOANS AND ADVANCES				
INTEREST ACCRUED		0.07		0.05
INVENTORIES	8	70.47		81.46
SUNDRY DEBTORS	9	116.49		84.45
CASH AND BANK BALANCES	10	78.68		71.70
LOANS AND ADVANCES	11	226.13		206.19
		491.84		443.85
Less : CURRENT LIABILITIES AND PROVISIONS				
LIABILITIES	12	238.04		230.56
PROVISIONS	13	40.17		39.74
		278.21		270.30
NET CURRENT ASSETS			213.63	173.55
TOTAL			3,543.76	3,583.73
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

R.N. ROY

Partner

Membership Number 8608

Firm's Registration Number 301072E

Mumbai, 27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI
ANIL NEHRU
RAJESH KAPADIA

Directors

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

	Schedule	Year ended 31st March	
		2010 Rupees Million	2009 Rupees Million
INCOME			
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	14	1,556.48	1,674.00
OTHER INCOME	15	11.16	15.07
		<u>1,567.64</u>	<u>1,689.07</u>
EXPENDITURE			
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES	16	118.98	121.79
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	17	294.02	310.14
UPKEEP & SERVICE COST	18	329.05	341.09
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	19	349.48	379.06
INTEREST AND FINANCE CHARGES	20	298.58	291.97
DEPRECIATION		128.25	131.76
		<u>1,518.36</u>	<u>1,575.81</u>
PROFIT BEFORE TAXATION		49.28	113.26
PROVISION FOR TAXATION	21	24.43	38.85
PROFIT AFTER TAXATION		24.85	74.41
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR		45.64	10.60
		<u>70.49</u>	<u>85.01</u>
APPROPRIATIONS			
GENERAL RESERVE		5.00	5.00
PROPOSED DIVIDEND ON EQUITY SHARES		29.38	29.38
TAX ON DIVIDEND		4.88	4.99
BALANCE CARRIED TO BALANCE SHEET		31.23	45.64
		<u>70.49</u>	<u>85.01</u>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		
BASIC AND DILUTED EARNINGS PER SHARE (In Rupees) Face Value Rs. 10 (Note 13)		1.27	3.80
NUMBER OF EQUITY SHARES		19,586,666	19,586,666

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

R.N. ROY
Partner

Membership Number 8608
Firm's Registration Number 301072E
Mumbai, 27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI
ANIL NEHRU
RAJESH KAPADIA

Directors

Cash Flow Statement

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	49.28	113.27
Adjustments for :		
Depreciation	128.25	131.76
Interest expense	298.58	291.97
Loss on sale of Fixed Assets (Net)	10.10	5.53
Interest income	(1.82)	(2.43)
Dividend received	(0.26)	–
Operating Profit before Working Capital Changes	484.13	540.10
Adjustments for :		
Inventory	10.98	(3.74)
Trade & Other Receivables	(31.79)	100.00
Trade Payables	15.18	(97.87)
Cash Generated from Operations	478.50	538.49
Interest paid	(305.91)	(318.23)
(Payment)/Refund of direct taxes	(25.18)	(46.60)
Payment of fringe benefit taxes	–	(5.22)
Net cash from Operating Activities	147.41	168.44
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(62.03)	(93.73)
Sale of Fixed Assets	3.27	3.89
Interest Received	1.80	2.52
Dividend Received	0.26	–
Cash used in Investing Activities	(56.70)	(87.32)

Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings		
Term Loans	–	500.00
Unsecured Loans	500.00	500.00
Cash Credit from Banks	7.66	7.72
Working Capital Demand Loans	310.00	–
Repayment of		
Term Loans	(372.16)	(422.16)
Unsecured Loans	(500.00)	(200.00)
Cash Credit from Banks	–	(4.38)
Working Capital Demand Loans	–	(460.00)
Dividend paid	(29.23)	(48.74)
Cash used in Financing Activities	<u>(83.73)</u>	<u>(127.56)</u>
Net (Decrease)/Increase in Cash & Cash Equivalents	6.98	(46.44)
Cash and Cash Equivalents at the beginning of the year	71.70	118.14
Cash and Cash Equivalents at the end of the year	<u>78.68</u>	<u>71.70</u>

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances.
3. 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

R.N. ROY

Partner

Membership Number 8608

Firm's Registration Number 301072E

Mumbai, 27th May, 2010

R. MITRA
Company Secretary

P. R. S. OBEROI

Chairman

VIKRAM OBEROI

Managing Director

S. S. MUKHERJI

ANIL NEHRU

RAJESH KAPADIA

} *Directors*

Schedules to Accounts

	As at 31st March	
	2010	2009
	Rupees	Rupees
	Million	Million
1		
SHARE CAPITAL		
AUTHORISED		
40,000,000 (2009 - 40,000,000) Equity Shares of Rs. 10 each	400.00	400.00
1,000,000 (2009 - 1,000,000) Redeemable Preference Shares of Rs. 100 each	100.00	100.00
	<u>500.00</u>	<u>500.00</u>
ISSUED, SUBSCRIBED, CALLED & PAID UP		
19,586,666 (2009 - 19,586,666) Equity Shares of Rs. 10 each, fully paid up	195.87	195.87
	<u>195.87</u>	<u>195.87</u>

Note:

Of the above 19,586,666 (2009 - 19,586,666) Equity Shares, 9,086,666 (2009 - 9,086,666) Equity Shares of Rs. 10 each have been allotted as fully paid up in 2006-2007 pursuant to the Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

Schedules to Accounts – *Contd.*

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
2			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
i) Profit on re-issue of forfeited shares			
As per last Account	0.01		0.01
ii) Investment subsidy received			
As per last Account	4.50		4.50
		4.51	4.51
CAPITAL REDEMPTION RESERVE			
As per last Account		100.00	100.00
REVALUATION RESERVE		8.79	9.25
Less : Adjustments (refer Note 4b)		0.46	0.46
		8.33	8.79
SHARE PREMIUM			
As per last Account		126.00	126.00
GENERAL RESERVE			
As per last Account		472.02	467.02
Add : Transfer from Profit and Loss Account		5.00	5.00
		477.02	472.02
PROFIT AND LOSS ACCOUNT		31.23	45.64
As per annexed Profit and Loss Account		747.09	756.96

Schedules to Accounts – Contd.

	As at 31st March	
	2010 Rupees Million	2009 Rupees Million
3		
SECURED LOANS		
A. TERM LOANS FROM BANKS		
(i) UNITED BANK OF INDIA (repayable within one year Rs. 184 million, 2009 - Rs. 184 million)	276.00	460.00
(ii) UNITED BANK OF INDIA (repayable within one year Rs. 58.56 million, 2009 - Rs. 58.56 million)	68.56	127.11
(iii) UNITED BANK OF INDIA (repayable within one year Rs. 14.70 million, 2009 - Rs. 19.60 million)	14.70	34.31
(iv) UNITED BANK OF INDIA (repayable within one year Rs. 125 million, 2009 - Rs. Nil)	500.00	500.00
(v) AXIS BANK LIMITED (repayable within one year Rs. Nil, 2009 - Rs. 50 million)	–	50.00
(vi) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC) (repayable within one year Rs. 400.00 million; 2009 - Rs. Nil)	400.00	400.00
(vii) AXIS BANK LIMITED (repayable within one year Rs. 60 million, 2009 - Rs. 60 million)	60.00	120.00
B. WORKING CAPITAL LOAN FROM BANKS		
(viii) THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)	200.00	–
(ix) ROYAL BANK OF SCOTLAND N.V. (Formerly ABN AMRO BANK N.V.)	110.00	–
C. CASH CREDIT FROM BANKS		
(x) UNITED BANK OF INDIA	15.79	8.13
	1,645.05	1,699.55

PARTICULARS OF SECURITIES

- (i) The loan, together with interest, etc., is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra, Trident, Jaipur and Trident, Udaipur.
- (ii) and (vi) The loans, together with interest, etc., are secured by equitable mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.
- (iii), (v) and (vi) The loans, together with interest, etc., are secured by joint mortgage by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, ranking *pari passu*, pertaining to The Oberoi Rajvilās, Jaipur.
- (iv) & (ix) The loan, together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets, both present and future, pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and to be secured by way of an Equitable Mortgage of the said properties.
- (vii) The term loan together with interest from Axis Bank Limited in case of Island Hotel Maharaj Limited is secured by way of first charge by deposit of title deeds in respect of immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth, or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, pertaining to Trident, Cochin.

Schedules to Accounts – *Contd.*

- (viii) The Working Capital Loan from HSBC is secured by way of hypothecation of all stocks of inventories and book debts, etc. of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and, additionally, secured by way of second charge on the fixed assets of the said two properties.
- (x) The cash credit facility of Island Hotel Maharaj Limited is secured by way of hypothecation of all inventories, book debts etc. both present and future, pertaining to Trident, Cochin.

		As at 31st March	
	Rupees Million	2010 Rupees Million	2009 Rupees Million
4			
UNSECURED LOAN			
Short Term Loan from Housing Development Finance Corporation Limited (repayable within one year)		500.00	500.00
From Bodies Corporate		420.00	420.00
		<u>920.00</u>	<u>920.00</u>
5			
DEFERRED TAX - NET			
DEFERRED TAX ASSETS			
Unabsorbed Depreciation	421.30		426.36
Accrued expenses deductible on payment	3.41		2.04
Amalgamation expenses	0.35		0.70
Provision for Leave Encashment	0.49		0.27
Provision for Debts and Advances	1.04		1.02
		<u>426.59</u>	<u>430.39</u>
DEFERRED TAX LIABILITIES			
Depreciation		462.34	441.74
DEFERRED TAX (LIABILITIES)/ASSETS (Net)		<u>(35.75)</u>	<u>(11.35)</u>

Schedules to Accounts – Contd.

	GROSS BLOCK				DEPRECIATION				Rupees Million
	Original Cost as at 1st April, 2009	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2010	As at 1st April, 2009	For the year	Sales/ Adjustments	As at 31st March, 2010	
									NET BLOCK
Freehold Land	11.37	-	-	11.37	-	-	-	11.37	11.37
Leasehold Land (Note 8)	134.54	-	-	134.54	26.10	1.91	28.01	106.53	108.44
Buildings	2,138.44	2.06	-	2,140.50	314.62	35.52	350.14	1,790.36	1,823.82
Roads	4.85	-	-	4.85	0.82	0.08	0.90	3.95	4.03
Sanitary Installations	195.17	1.08	0.01	196.24	26.36	3.37	29.73	166.51	168.81
Plant & Machinery	1,367.57	48.11	25.29	1,390.39	571.36	65.16	622.22	768.17	796.21
Jetty	0.76	-	-	0.76	0.40	0.04	0.44	0.32	0.36
Boats	2.55	-	-	2.55	0.89	0.08	0.97	1.58	1.66
Computers	92.49	1.67	10.54	83.62	63.96	7.19	61.24	22.38	28.53
Furniture & Fittings	274.29	0.84	3.63	271.50	211.78	8.87	217.11	54.39	62.51
Vehicles	45.89	1.08	1.40	45.57	18.58	3.85	21.17	24.40	27.31
Leased Vehicles (Note 11)	10.87	5.82	5.72	10.97	5.47	2.61	3.86	7.11	5.40
Leased Assets (Note 11)	-	0.13	-	0.13	-	0.04	0.04	0.09	-
	4,278.79	60.79	46.59	4,292.99	1,240.34	128.72	1,335.83	2,957.16	3,038.45
Capital-Work-in-Progress	15.88	41.93	40.69	17.12	-	-	-	17.12	15.88
	4,294.67	102.72	87.29	4,310.11	1,240.34	128.72	1,335.83	2,974.28	3,054.33
Previous Year	4,230.78	176.53	112.64	4,294.67	1,128.53	132.22	1,240.34	3,054.33	

Note : In respect of Subsidiary Company, leasehold land was revalued in 1994-1995.

Schedules to Accounts – Contd.

	Rupees Million	As at 31st March	
		2010 Rupees Million	2009 Rupees Million
11			
LOANS AND ADVANCES			
(Considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or value to be received			
Considered good	26.56		27.24
Considered doubtful	0.19		0.13
		26.75	27.37
<i>Less</i> : Provision		0.19	0.13
		26.56	27.24
Security Deposits		32.53	32.64
Prepaid Expenses		21.57	21.03
Advance payment of Income-tax	70.39		65.20
MAT credit entitlement (Note 9)	74.70		59.70
		145.09	124.90
Fringe Benefit Tax (net of provision Rs. 13.12 Million; 2009 - Rs. 13.12 Million)		0.38	0.38
		226.13	206.19
12			
CURRENT LIABILITIES			
Bank - Book overdraft		3.38	2.66
Sundry Creditors			
Outstanding dues of Micro Enterprises and Small Enterprises	–		–
Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	195.29		183.30
		195.29	183.30
Security Deposits from shops		1.28	1.27
Unclaimed Dividend		0.48	0.33
Interest accrued but not due		2.86	5.32
Unclaimed Deposits from Public		–	0.02
Unclaimed Interest on Deposits from Public		–	0.01
Liability for Leased Assets (Note 11)		7.76	5.82
Other Liabilities		26.99	31.83
		238.04	230.56
13			
PROVISIONS			
Income Tax		74.70	59.70
Wealth Tax		0.26	0.23
Proposed Dividend on			
- Equity shares		29.38	29.38
Tax on Dividend		4.88	4.99
Leave Encashment		5.65	5.14
		114.87	99.44
<i>Less</i> : MAT credit entitlement (Note 9)		74.70	59.70
		40.17	39.74

Schedules to Accounts – *Contd.*

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
14		
INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.		
Rooms	1,063.00	1,163.41
Food and Beverage	406.26	420.55
Other Services	87.22	90.04
	1,556.48	1,674.00
15		
OTHER INCOME		
Interest on Fixed Deposits (Gross) (Tax deducted at source Rs. 0.09 Million; 2009 - Rs. 0.29 Million)	1.82	2.43
Gain on Exchange (Net)	–	1.17
Leave Encashment provision no longer required, written back	0.14	–
Provisions & liabilities no longer required, written back	0.01	–
Dividend from Current Investments - Mutual Fund (Non-trade)	0.26	–
Others	8.93	11.47
	11.16	15.07
16		
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES		
Opening Stock	18.17	20.69
<i>Add:</i> Purchases	114.77	119.27
	132.94	139.96
<i>Less:</i> Closing Stock	13.96	18.17
	118.98	121.79
17		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, Wages & Bonus	266.10	277.27
Company's Contribution to Provident Fund	7.89	9.13
Workmen & Staff Welfare Expenses	17.45	20.93
Contribution to Gratuity Fund (including provision of Rs. 0.50 million; 2009 - Rs. 0.04 Million)	1.93	1.48
Provision for Leave Encashment	0.65	1.33
	294.02	310.14

Schedules to Accounts – Contd.

		Year ended 31st March	
		2010	2009
	Rupees Million	Rupees Million	Rupees Million
18			
UPKEEP AND SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		4.09	4.34
Expenses on Apartment & Board		27.18	29.70
Power & Fuel		149.60	164.43
Renewals & Replacement		17.19	16.61
Repairs :			
Buildings	54.30		42.07
Plant & Machinery	59.25		64.72
Others	17.44		19.22
		<u>130.99</u>	
		<u>329.05</u>	<u>341.09</u>
19			
ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Rent		9.04	9.58
Royalty		15.67	16.88
Technical Service Fees		68.44	69.97
Advertisement, Publicity & Other Promotional Expenses		68.70	84.91
Commission to Travel Agents & on Credit Cards		51.17	56.70
Rates & Taxes		39.17	38.67
Insurance		6.95	7.71
Passage & Travelling		26.97	26.45
Postage, Telephone & Telex		13.48	14.11
Printing & Stationery		7.18	8.70
Musical, Banquet & Kitchen Expenses		13.38	13.96
Directors' Fees		0.71	0.49
Loss on Sale/Discard of Fixed Assets (Net)		10.10	5.53
Loss on exchange		0.02	–
Auditor's Remuneration (Note 7)		1.94	1.65
Provision/write off of Doubtful Debts & Advances		0.11	1.13
Water Charges		0.32	–
Other Expenses		16.15	22.61
		<u>349.48</u>	<u>379.06</u>
20			
INTEREST AND FINANCE CHARGES			
On Fixed Loans	257.19		284.11
Add / (Less): Adjustment for currency / interest swap (Note 12)	<u>37.70</u>		<u>5.24</u>
		294.89	289.35
On Other Loans		3.69	2.62
		<u>298.58</u>	<u>291.97</u>
21			
PROVISION FOR TAXATION			
Income Tax		15.00	15.70
Deferred Tax		24.40	34.15
Wealth Tax		0.03	0.02
Fringe Benefit Tax		–	4.68
		<u>39.43</u>	<u>54.55</u>
Less: MAT credit entitlement (Note 9)		15.00	15.70
		<u>24.43</u>	<u>38.85</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 Associated Hotels Limited (“the Company”) and Island Hotel Maharaj Limited (“the Subsidiary Company”). The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of “the Company” and its Subsidiary Company 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 (AS-21) – “Consolidated Financial Statements” notified pursuant to the Companies (Accounting Standards) Rules, 2006.
- (ii) The difference between the cost of investment in the Subsidiary Company over the net assets at the time of acquisition of shares in the Subsidiary Company is recognised in the Financial Statements as Capital Reserve or Goodwill, as the case may be.
- (iii) 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. Other Significant Accounting Policies

These are set out under “Significant Accounting Policies” as given in the respective Financial Statements of EIH Associated Hotels Limited and its Subsidiary Company.

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NOTES TO THE ACCOUNTS

1. Details of Subsidiary whose Financial Statements have been consolidated are given below:

Name of Subsidiary Company	Country of Incorporation	Proportion of ownership interest
Island Hotel Maharaj Limited	India	100%

2. The estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 4.03 Million (2009 - Rs. 9.44 Million).

3. Contingent liabilities not provided for in respect of:

- (a) claims against the Company not acknowledged as debts pending settlement of disputes amount to Rs. 107.93 Million (2009 - Rs. 85.47 Million).
- (b) guarantee given by the Company for Rs. 350.00 Million (2009 - Rs. 350.00 Million) to a Bank on behalf of the Subsidiary Company.
- (c) counter guarantees given by the Company to the extent of Rs. 25.00 Million (2009 - Rs. 25.00 Million) to Deutsche Bank.
- (d) counter guarantees given by the Subsidiary Company to the banks for guarantees given to various parties Rs. 0.74 Million (2009 - Rs. 0.74 Million).
- (e) property tax demands of Rs. 5.34 Million (2009 - Rs. 5.34 Million) in respect of The Oberoi Rajvilās, Jaipur, against which the Company has filed a Civil Writ Petition in the High Court of Rajasthan which is pending adjudication. However, the Company has paid Rs. 3.64 Million (2009 - Rs. 3.64 Million) under protest.
- (f) sales tax demand amounting to Rs. 1.06 Million (2009 - Rs. 1.06 Million) against which the Company has preferred an appeal. The Company made a payment of Rs. 0.45 Million (2009 - Rs. 0.45 Million) under protest.
- (g) Urban Development Tax demand amounting to Rs. 3.51 Million (2009 - Rs. 3.01 Million) against which the Company has preferred an appeal. The Company has made a payment of Rs. 1.50 Million (2009 - Rs. 0.89 Million) under protest.
- (h) in respect of the Subsidiary Company, the Sales Tax Department is yet to consider the request of the Subsidiary Company to adjust the excess amount of Rs. 0.26 Million (2009 - Rs. 0.26 Million) paid towards Sales Tax demand for Assessment Year 1999-2000, refundable on the quashing of the said demand by the Appellate Tribunal (vide its Order dated 6th December, 2005, in Appeal No. 248/05), towards the Turnover Tax demand of Rs. 0.20 Million (2009 - Rs. 0.20 Million) for the Assessment Year 1999-2000. The demand of Rs. 0.20 Million (2009 - Rs. 0.20 Million) is outstanding and no provision has been made in the Accounts for this liability.

Schedules to Accounts – Contd.

NOTES TO THE ACCOUNTS (Contd.)

- (i) in respect of the Subsidiary Company, the following demands towards Luxury Tax, delivered to the Subsidiary Company on various dates, are disputed in appeal and the decision of the appropriate authorities is pending:

Assessment No.	Date	Demand (Rs. / Million)	Interest, etc. (Rs. / Million)
LT 1063/06-07	23.04.2010	0.43	0.16
LT 1063/05-06	23.04.2010	0.33	0.15

- 4.(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 specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956 :

- Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.
- Leased Vehicles and other leased assets over their respective lease period or sixty months, whichever is earlier.
- Long term leasehold lands, other than perpetual leases are depreciated over the balance period of the leases, commencing from the date the land was put to use for commercial purposes.

- (b) Depreciation for the year includes depreciation on revalued leasehold land in respect of the Subsidiary Company amounting to Rs. 1.27 Million (2009 - Rs. 1.27 Million) out of which Rs. 0.46 Million (2009 - Rs. 0.46 Million) pertaining to depreciation on revalued portion has been adjusted from Revaluation Reserve.

5. 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 are charged to the Profit and Loss Account.

6. In respect of the Subsidiary Company:

- Deposits of Rs. 0.15 Million (2009 - Rs. 0.15 Million) have been lodged with Banks/Government authorities for obtaining Guarantees or as Security Deposit.
- Security Deposits include 5 year National Savings Certificate amounting to Rs. 0.01 Million (2009 - Rs. 0.01 Million) which has been assigned in favour of Kerala Sales Tax Authorities as Security Deposit.

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
7. Auditor’s remuneration (excluding service tax) :		
As Auditor	1.60	1.46
For Tax Audit	0.11	0.06
For other services	0.23	0.13
	<u>1.94</u>	<u>1.65</u>

8. During the year long term leasehold lands except for perpetual leases have been depreciated over the remaining period of lease, commencing from the date the land was put to use for commercial purposes. As a result, a sum of Rs. 0.64 Million (2009 - Rs. 0.64 Million) in respect of EIH Associated Hotels Limited and Rs. 1.27 Million (2009 - Rs. 1.27 Million) in respect of the Subsidiary Company, has been included in depreciation and charged to the Profit and Loss Account for the year.

9. The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). This has not resulted in an additional tax expense as MAT is to be set off against any future tax liability and, accordingly MAT Credit Entitlement has been shown under Loans and Advances in the Balance Sheet as at 31st March, 2010.

10. As the Company’s activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on “Segment Reporting” issued by the ICAI.

Schedules to Accounts – Contd.

NOTES TO THE ACCOUNTS (Contd.)

11. Fixed Assets acquired under finance lease amounting to Rs. 11.10 Million (2009 - Rs. 10.87 Million) being the assets acquired between 1st April, 2001 and 31st March, 2010. This includes an amount of Rs. 5.95 Million (2009 - Rs. 1.74 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on "Accounting for Leases" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of Rs. 2.64 Million (2009 - Rs. 2.63 Million) charges on these assets.

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

	Year ended 31st March	
	2010 Rupees Million	2009 Rupees Million
Assets taken on lease		
Total Minimum Lease Payments at the year end	10.22	7.31
Present value of Minimum Lease Payments	7.76	5.82
Not later than one year		
Minimum Lease Payments	2.14	2.86
Present value	1.44	2.12
Later than one year but not later than five years		
Minimum Lease Payments	8.08	4.45
Present value	6.32	3.70
Later than five years		
Minimum Lease Payments	Nil	Nil
Present value	Nil	Nil
(a) Contingent rents recognised as an expense in the Statement of Profit and Loss for the year.	Nil	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	Nil

12. The Company uses currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments outstanding as on 31.03.2010 are as follows:

Particulars	Swap	Current Year			Previous Year			Name of Bank	Swap closure date
		Currency	Foreign Exchange (Million)	INR (Million)	Currency	Foreign Exchange (Million)	INR (Million)		
Currency Swap	USD-INR	USD	10.15	400.00	USD	10.15	400.00	The Hongkong & Shanghai Banking Corporation Limited	December-10
Currency Swap	INR-JPY	JPY	229.63	91.07	JPY	535.79	212.50	Deutsche Bank A.G	October-10

In accordance with the guidelines issued by The National Advisory Committee on Accounting Standards (NACAS) on AS-11 and pronouncement of deferment of implementation of AS-11 till 31.03.2011, the currency/interest swaps and hedging outstanding as on 31.03.2010 pending settlement has not been revalued on MTM basis. However, realised gains/losses on settlement of currency/interest swaps and hedging during the year have been recognised and accounted for.

Schedules to Accounts – *Contd.*

NOTES TO THE ACCOUNTS (*Contd.*)

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
13. Earnings per Equity Share:		
Profit computation for both Basic and Diluted Earnings per share of Rs. 10 each		
Profit as per Profit and Loss Account	24.85	74.42
Weighted average number of Equity Shares outstanding	19,586,666	19,586,666
Basic and Diluted Earnings per Equity Share in Rupees of face value – Rs. 10	1.27	3.80

Schedules to Accounts – *Contd.*

NOTES TO THE ACCOUNTS (*Contd.*)

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

(i) **Enterprise under common control**
EIH Limited

(ii) **Key Management Personnel**
Mr. Vikram Oberoi - Managing Director

(B) **Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2010:**

Nature of Transactions	EIH Limited (Rs. in Million)
Purchases	
Goods and Services	45.00
Fixed Assets	0.65
Total	45.65
Expenses	
Management Contract	97.61
Total	97.61
Other Payments	
Interest on Loan	30.40
Equity Dividend	10.61
Total	41.01
Sales	
Goods and Services	2.88
Fixed Assets	0.05
Total	2.93
Outstanding Balances	
Payables	
For Goods & Services	7.99
For Unsecured Loan	320.00
For Management Contract	43.44
Total	371.43
Receivables	
For Goods & Services	1.59
Total	1.59

15. 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 year's Financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.



OBEROI HOTELS & RESORTS

INDIA		EGYPT	
Agra	The Oberoi Amarvilās	Cairo	Mena House Oberoi
Bangalore	The Oberoi	Sahl Hasheesh	The Oberoi
Jaipur	The Oberoi Rajvilās	Aswan-Luxor	The Oberoi Zahra <i>Luxury Nile Cruiser</i>
Kolkata	The Oberoi Grand		The Oberoi Philae <i>Nile Cruiser</i>
Shimla in the Himalayas	Wildflower Hall	INDONESIA	
Mumbai	The Oberoi	Bali	The Oberoi
New Delhi	The Oberoi	Lombok	The Oberoi
Ranthambhore	The Oberoi Vanyavilās	MAURITIUS	
Shimla	The Oberoi Cecil	Mauritius	The Oberoi
Udaipur	The Oberoi Udaivilās	SAUDI ARABIA	
Cochin	Motor Vessel Vrinda (A luxury backwater cruiser)	Madina	Madina Oberoi

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