EIH LIMITED
A member of The Oberoi Group

The Company was incorporated in India on 26 May 1949 as The East India Hotels Limited under the Indian Companies Act, 1913. Pursuant to the change of name of the Company to EIH Limited, the Company was issued a fresh certificate of incorporation on 1 November 1996 with Corporate Identification Number L55101WB1949PLC017981. For details of change of name of the Company, please see the chapter "History and Other Corporate Matters" on page 64.

Registered Office: 4, Mangoe Lane, Kolkata- 700 001, West Bengal, India **Tel:** +91 33 4000 2200 **Fax**: +91 33 2248 6785
Corporate Office: 7, Sham Nath Marg, Delhi – 110 054, India **Tel**: +91 11 2389 0505 **Fax**: +91 11 2389 0585
Contact Person: Mr. Gautam Ganguli, Company Secretary and Compliance Officer
E-mail: invcom@oberoigroup.com **Website**: www.oberoihotels.com

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF EIH LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") FOR CASH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE FOR AN AMOUNT NOT EXCEEDING ₹ 13,000 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]("THE ISSUE"). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER "TERMS OF THE ISSUE" ON PAGE 216.

This Draft Letter of Offer may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Equity Shares and rights to purchase the Equity Shares, and the Equity Shares and rights to purchase the Equity Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. The Equity Shares and rights to purchase the Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States (as defined in Regulation S under the Securities Act ("Regulation S")).

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the section "Risk Factors" on page XI before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the Bombay Stock Exchange Limited ("**BSE**"), the National Stock Exchange of India Limited ("**NSE**") and the Calcutta Stock Exchange Limited ("**CSE**"), and together with BSE and NSE ("**Stock Exchanges**"). We have received "in-principle" approvals from the BSE, the NSE and the CSE for listing the Equity Shares to be Allotted in the Issue *vide* their letters dated [●], [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is [●].

LEAD MANAGER TO THE ISSUE	**REGISTRAR TO THE ISSUE**
citi **Citigroup Global Markets India Private Limited** 12th Floor, Bakhtawar, Nariman Point, Mumbai - 400 021 India. Tel: +91 22 6631 9890 Fax: +91 22 6646 6556 E-mail: eih.rights@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Contact Person: Mr. Rajiv Jumani Registration No: INM000010718	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Plot Nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 India. Toll Free no.1-800-3454001 Tel : +91 40 4465 5000 Fax: +91 40 2343 1551 Email: eihrights@karvy.com Contact Person: Mr. M. Murali Krishna Website: http:\\karisma.karvy.com SEBI Registration No.: INR000000221

ISSUE PROGRAMME

ISSUE OPENS ON	**LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS**	**ISSUE CLOSES ON**
[●]	[●]	[●]

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

In the Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section.

Company Related Terms

Term	Description
"EIH", "the Company" or "the Issuer"	EIH Limited, a public limited company incorporated under the Indian Companies Act, 1913 and existing under The Companies Act, 1956 with its registered office at 4, Mangoe Lane, Kolkata- 700 001, West Bengal
Articles / Articles of Association	The articles of association of the Company
Associates	EIH Associated Hotels Limited, L & T Bangalore Airport Hotel Limited and Golden Jubilee Hotels Limited
Auditors	The statutory auditors of the Company, Ray & Ray, Chartered Accountants
Board of Directors/Board	The board of directors of the Company or any duly constituted committees thereof
Corporate Office	The corporate office of the Company at 7, Sham Nath Marg, Delhi – 110 054
Equity Shares	Equity shares of the Company of face value of ₹ 2 each, unless specified otherwise in the context thereof
Memorandum / Memorandum of Association	The memorandum of association of the Company
Registered Office	The registered office of the Company at 4, Mangoe Lane, Kolkata- 700 001, West Bengal
Subsidiaries	Mercury Car Rentals Limited, Mashobra Resort Limited, Oberoi Kerala Hotels and Resorts Limited, Mumtaz Hotels Limited, EIH International Limited, EIH Flight Services Limited, EIH Holdings Limited and EIH Flight Catering Services Limited
Oberoi Group	The group of companies affiliated through the common ownership interests of our Chairman Mr. Prithviraj Singh Oberoi, his family and certain of their affiliates
"We", "us" or "our"	EIH and its subsidiaries on a consolidated basis

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders of the Company with respect to the Issue in accordance with the SEBI Regulations
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares of the Company are issued pursuant to the Issue
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: a) Are holding the Equity Shares of the Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; b) Have not renounced their Rights Entitlements in full or in part;

Term	Description
	c) Are not Renouncees; and d) are applying through blocking of funds in a bank account maintained with SCSBs
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application amount in his/her specified bank account maintained with the SCSB
Bankers to the Issue	[●]
Composite Application Form/CAF	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on: http://www.sebi.gov.in/pmd/scsb.html
Designated Stock Exchange	[●]
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on http://www.sebi.gov.in
Draft Letter of Offer	The draft letter of offer dated 28 September 2010 filed with SEBI for its observations
Equity Shareholder/ Shareholder	A holder of the Equity Shares of the Company
Investor(s)	The Equity Shareholders of the Company on the Record Date, i.e. [●] and the Renouncees
Issue	Issue of [●] Equity Shares with a face value of ₹ 2 each for cash at a premium of ₹ [●] per Equity Share for an amount not exceeding ₹ 13,000 million on a rights basis to the existing Equity Shareholders of the Company basis in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date (i.e. [●]). The Issue price is [●] times the face value of the Equity Shares.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●]
Issue Proceeds	The proceeds of the Issue that are available to the Company
Issue Size	The issue of [●] Equity Shares not exceeding ₹ 13,000 million
Lead Manager	Citigroup Global Markets India Private Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between the Company and the Stock Exchanges
Monitoring Agency	[●]
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the Chapter "Objects of the Issue" on page 21
Promoters	The Promoters of the Company, being: 1. Mr. Prithviraj Singh Oberoi 2. Mr. Shib Sanker Mukherji 3. Mr. Vikramjit Singh Oberoi 4. Mr. Arjun Singh Oberoi 5. Mr. Deepak Madhok 6. Aravali Polymers LLP 7. Bombay Plaza Private Limited 8. Oberoi Building and Investment Private Limited 9. Oberoi Holdings Private Limited

Term	Description
	10. Oberoi Hotels Private Limited 11. Oberoi Investments Private Limited 12. Oberoi Leasing and Finance Private Limited 13. Oberoi Plaza Private Limited 14. Oberoi Properties Private Limited
Promoter Group	Unless the context requires otherwise, the entities forming part of our promoter group in accordance with the SEBI Regulations and which are disclosed by the Company to the Stock Exchanges from time to time
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and subaccount registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 25 crores, pension fund with minimum corpus of ₹ 25 crores, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India
Record Date	[●]
Registrar to the Issue	Karvy Computershare Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in
Stock Exchange(s)	The BSE, the NSE and the CSE where the Equity Shares of the Company are presently listed

Conventional and General Terms / Abbreviations

Term	Description
Act/Companies Act	The Indian Companies Act, 1913 or the Companies Act, 1956, as amended, as relevant in the context thereof
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BOLT	BSE On-Line Trading
BSE	The Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
Civil Code	The Code of Civil Procedure, 1908, as amended
CSE	The Calcutta Stock Exchange Limited
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories

Term	Description
	and Participant) Regulations, 1996, as amended
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant Identity
DIPP	The Indian Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECB	External Commercial Borrowings
ECB Guidelines	The ECB guidelines issued by the RBI on 1 July 2009 (RBI/2009-10/27 Master Circular No. /07 /2009-10)
ECS	Electronic Clearing Service
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder
FII	Foreign Institutional Investor as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, registered with SEBI under applicable laws in India
Financial Year / Fiscal / FY	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board, Ministry of Finance, GoI
FVCI	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IT Act	The Income Tax Act, 1961, as amended
IFRS	International Financial Reporting Standards
Indian GAAP	Generally accepted accounting principles followed in India
JV	Joint Venture
LIBOR	London Interbank Offered Rate
MoEF	The Ministry of Environment and Forests, Government of India
MoT	Ministry of Tourism
MoU	Memorandum of Understanding
Mutual Fund / MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NR	Non-Resident
NRI	Non-Resident Indian
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	The National Securities Depository Limited
NSE	The National Stock Exchange of India Limited

Term	Description
p.a	Per annum
PAN	Permanent Account Number under the IT Act
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
Registrar of Companies / RoC	The Registrar of Companies, Kolkata, West Bengal
Regulation S	Regulation S under the Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI
Securities Act	U.S. Securities Act of 1933
Stock Exchanges	BSE, NSE and CSE
STT	Securities Transaction Tax
TP Act	The Transfer of Property Act, 1882
Takeover Code/Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended

Technical/ Industry Related Terms

Term	Description
5-D	5-star deluxe
ARR	Average Room Rate for a given day, calculated by dividing the room revenue for a given day by the number of rooms sold on that day; and, Average Room Rate for a period, calculated by dividing the room revenue for a given period by the total number of rooms sold during that periodAverage Room Rate for a given day, calculated by dividing the room revenue for a given day by the number of rooms sold on that day; and, Average Room Rate for a period, calculated by dividing the room revenue for a given period by the total number of rooms sold during that period
F&B	Food and Beverage
GDS	Global Distribution System
Hilton	Hilton International Co.
HRACC	Hotel Restaurant Approval and Classification Committee
MICE	Meetings, Incentives, Conventions and Events
Occupancy Percentage	Total number of rooms sold for a given period divided by the total number of rooms available for that period
RevPAR	Revenue per Available Room for a period is calculated by dividing the room revenue for the period by the total number of available rooms for the period.
WTTC	World Travel and Tourism Council

NOTICE TO OVERSEAS SHAREHOLDERS

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Entitlement or the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares or Rights Entitlement to the public in that Relevant Member State from and including the Relevant Implementation Date may be made:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last Financial Year; (2) a total balance sheet of more than Euro 43,000,000 and (3) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company or the Lead Manager pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/7 1/EC and includes any relevant implementing measure in each Relevant Member State.

In the case of any Rights Entitlement or Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights Entitlement or Equity Shares acquired by them in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Rights Entitlement or Equity Shares acquired by them in the Issue to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined who are not financial intermediaries or in circumstances in which the prior consent of the Lead Manager has been obtained to each such proposed offer or resale.

United Kingdom Restrictions

The Draft Letter of Offer is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 does not apply.

NO OFFER IN THE UNITED STATES

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Draft Letter of Offer or Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of the Company on the Record Date and the Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

NOTICE TO GDR HOLDERS

It is currently expected that the GDR holders will not be eligible to participate in the Issue, and that the depository will sell the Rights Entitlements corresponding to the GDRs and distribute the proceeds thereof to GDR holders in the manner specified by the deposit agreement.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

References in the Draft Letter of Offer to "India" are to the Republic of India and the "Government" or the "Central Government" are to the Government of India ("**GoI**"). All references to the "US", or the "U.S.A." or the "United States" are to the United States of America and all refernces to "UK" or the "U.K." are to the United Kingdom.

Financial Data

Unless stated otherwise, the financial data in the Draft Letter of Offer is derived from the Company's audited consolidated financial statements. The Company's Fiscal Year commences on April 1 for a year and ends on March 31 of the next year.

The Company prepares its financial statements in accordance with the generally accepted accounting principles in India ("**Indian GAAP**"), which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from the International Financial Reporting Standards ("**IFRS**"). The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

For definitions, see the chapter "Definitions and Abbreviations" of the Draft Letter of Offer.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in the Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Lead Manager makes any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Currency of Presentation

All references in the Draft Letter of Offer to "Rupees", "₹", "Rs.", "Indian Rupees" and "INR" are to Indian Rupees, the official currency of India. All references to "U.S.$", "U.S. Dollar", "USD" or "$" are to United States Dollars, the official currency of the United States of America.

Please Note:

One million is equal to 10,00,000/10 lacs
One billion is equal to 1,000 million/100 crores
One crore is equal to 10 million/100 lacs

Exchange Rates

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rates released by the RBI. No representation is made that the Rupee amounts actually represent such amounts in U.S. Dollars or could have been or could be converted into U.S. Dollars at the rates indicated, at any other rates or at all.

Year ended March 31	Period End	Average*	High*	Low*
2008	39.97	40.24	43.15	39.27
2009	50.95	45.91	52.06	39.89
2010	45.14	47.42	50.53	44.94
Month ended	**Period End**	**Average***	**High***	**Low***
August, 2010	47.08	46.57	47.08	46.02
July, 2010	46.46	46.84	47.33	46.46
June, 2010	46.60	46.56	47.28	45.64
May, 2010	46.45	45.80	47.57	44.56
April, 2010	44.44	44.50	44.73	44.33

1. Source: RBI website at www.rbi.org.in
*2. *Note: High, low and average are based on the RBI reference rate*
The RBI reference rate on 24 September 2010 was U.S. $1.00 = Rs. 45.54

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the headings "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry" and "Business". The Company may from time to time make written or oral forward-looking statements in reports to Equity Shareholders and in other communications. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, the Company's competitive strengths and weaknesses, the Company's business strategy and the trends the Company anticipates in the industries and the political and legal environment, and geographical locations, in which the Company operates, and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "seek", "expect", "continue", "intend", "predict", "project", "should", "goal", "future", "could", "may", "will", "would", "targets", "aims", "is likely to", "plan" and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under "Risk Factors", as well as those included elsewhere in the Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- inability to generate sufficient cash flows to enable it to service its debt or to fund its other liquidity needs;
- increase in the interest rates with respect to our borrowings;
- financial instability in Indian financial markets;
- political and social instability in countries we operate our business;
- fluctuations in the exchange rate between the Rupee and foreign currencies;
- significant competition in markets could have a material adverse effect on our business, financial condition and results of operations;
- seasonality of the nature of our business;
- regional hostilities, terrorist attacks or social unrest in India; and
- adverse political, social and economic developments in India.

For a further discussion of factors that could cause the Company's actual results to differ, see the chapters "Risk Factors" and "Business" on pages XI and 46 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither the Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, the Company and Lead Manager will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

SECTION II - RISK FACTORS

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this offering. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the chapter entitled "Forward Looking Statements" on page X. Unless otherwise stated, the financial information used in this section is derived from our consolidated audited financial statements under Indian GAAP.

RISKS RELATED TO OUR BUSINESS

1. **Our primary business is the ownership and management of hotels, and therefore we are subject to the general risks encountered in the hotel and travel industry.**

   Our primary business is the ownership and management of hotels in and outside India. We also provide airline and airport services, car rentals and charter flights. A number of factors, many of which are common to the hotel and travel industries and are beyond our control, could affect our business, including the following:

   - adverse effects of international market conditions, which may diminish the need for business travel or the demand for first-class and luxury leisure travel, as well as national, regional and local political, economic and market conditions where our hotels operate and where our customers live which could adversely affect travel related businesses;

   - increased competition and periodic local oversupply of guest accommodation, which may adversely affect occupancy percentages and room rates;

   - increases in operating costs due to the escalation of labour costs, utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs owing to acts of nature;

   - inflation, particularly in India, which could increase our costs and decrease our operating margins;

   - increases in transportation and fuel costs for sustained periods and impediments to means of transportation that could adversely affect domestic and international travel;

   - the impact of acts of war or increased tensions between certain countries, natural disasters, outbreaks of diseases and health concerns that may adversely affect travel patterns and reduce the number of business and leisure travellers;

   - dependence on IT systems and electronic booking/reservation systems which could fail;

   - changes in interest rates and in the availability, cost and terms of financing; and

- changes in governmental laws and regulations, fiscal policies and incentives and the costs of compliance.

Our business has in the past been affected by some of the risks stated above. For example, we experienced declines in income and profits in fiscal years 2009 and 2010. In these years, domestic and international travel were adversely affected by various factors such as the economic crisis, outbreak of the H1N1 virus and the terrorist attacks in November 2008.

If in the future one or more of these risks were to materialise, our business, financial condition and results of operations would be adversely affected.

2. Lack of improvement or worsening of global economic conditions could have a significant adverse impact on our business.

The severe recessionary impact of the sub-prime financial crisis and the recent sovereign debt crisis in the Euro zone continue to be a cause of concern despite concerted efforts to contain the adverse impact of these events on global recovery. The Indian and global hotel industry has been substantially affected by the downturn precipitated by the global financial crisis. The Oberoi and Trident brands have a significant presence in India and overseas. Although India had a less significant exposure to sub-prime assets, it was affected severely by the impact on global credit markets and the associated significant decline in business in India. Consequently we saw a reduction in demand for business travel and for first-class and luxury leisure travel in our hotels across the worldwide network. Although consumer sentiments have improved in many of the markets where we operate since late 2009, should industry demand soften because of another major debt crisis, negative economic growth in key markets or any other factors, our results of operations and financial condition could be substantially and adversely affected.

3. Recent terrorist attacks and other security threats to our guests and employees may discourage travel and potential customers from staying at our hotels which would have a significant impact on our business.

The terror attacks on our Oberoi and Trident hotels in Mumbai in November 2008 resulted in a significant decline in bookings at all of our hotels in India in the ensuing months. The attacks resulted in an overall reduction in the number of visitors to India since several countries issued travel advisories against travelling to India and many companies have curtailed travel. As a result, the Indian hotel industry witnessed an unprecedented downturn which resulted in an adverse impact on our business, financial condition and results of operation.

The Trident, Nariman Point, Mumbai was closed for business from November 2008 following the attacks until December 2008 and The Oberoi, Mumbai was closed until April 2010 resulting in a substantial loss of revenues. We were covered by loss of profit insurance for a year of lost profits for both these hotels. We have incurred significant expenditures for renovations and the installation of advanced security systems. Our insurance premiums also increased following the attacks. Additionally, the closure of our properties has provided some of our competitors the opportunity to market to some of our customers, in particular flight crews.

We face ongoing challenges in maintaining a high level of security at our properties for our guests and employees, both from terrorism and other threats. Additionally, we also face safety and security challenges in our airline charter business and any accident could negatively impact the “Oberoi” brand and our reputation. Any future unforeseeable event such as these attacks or other security breach at one or more of our properties could damage our reputation and have a significant adverse impact on our business.

4. Significant competition in markets in which we operate or may operate in the future could have a material adverse effect on our business, financial condition and results of operations.

The five star and five star deluxe market segments of the hotel business are highly competitive. Our hotels and resorts compete on the basis of location, room rates, quality of property, service and amenities, reputation, recognition and reservations systems, among many other factors. We face competition from domestic hotel groups such as the Taj Group, ITC Hotels and The Leela Group. We also compete with properties that are managed by internationally recognised hotel brands, such as Four Seasons and Aman in the luxury segment and outside the luxury segment the Hyatt, Hilton, InterContinental, Shangri-la, Marriot, Radisson, Westin and Accor brands. Additionally, Ritz Carlton and Fairmount hotels are currently under development in India. The major international hotel chains such as those mentioned above have some competitive advantages over us due to their global spread of operations, greater brand recognition and financial resources, and wider marketing and distribution networks. In addition, new or existing competitors could improve or introduce new facilities in markets in which our hotels compete or significantly lower rates or offer greater conveniences, services or amenities or significantly expand. New five star deluxe and five star hotels may be constructed in and around areas in which our properties are located, without corresponding increases in demand for hotel rooms in these locations. For example, over the next five years significant capacity addition is expected in cities where we expect to grow, such as Bengaluru, Hyderabad and Gurgaon. Competition and new supply could substantially reduce occupancy percentages and room rates at our hotels and resorts.

Our market position will depend on our ability to anticipate and respond to various competitive factors affecting the industry, including new hotels and resorts, the offering of new amenities and services in our markets, pricing strategies by competitors and changes in consumer demographics and preferences and economic, political and social conditions in the countries in which we operate or may operate in the future. Any failure by us to compete effectively could have a material adverse effect on our business, financial condition and results of operations.

5. **We are involved in various legal proceedings both as plaintiffs and defendants in which we may not prevail and which could have an adverse impact on us.**

We are a party to various legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The tables below set forth the summary of the material outstanding litigation involving the Company and its Subsidiaries:

Litigation against the Company

Sr. No.	Nature of the litigation	Nature of outstanding litigations	Aggregate amount involved (₹)
1.	Civil	9	706,269,864
2.	Criminal	1	Nil
	Total		706,269,864

Litigation against the Subsidiaries

Sr. No.	Name of the Subsidiary	Nature of the litigation	Nature of outstanding litigations	Aggregate amount involved (₹)
1.	EIH Holdings Limited	Civil	1	12,858,138
		Criminal	Nil	
2.	Mashobra Resort Limited	Civil	2	120,000,000
		Criminal	Nil	
	Total			132,858,138

Litigation by the Company

Sr. No.	Nature of the litigation	Nature of outstanding litigations	Aggregate amount involved (₹)
1.	Civil	8	480,069,369.75
2.	Criminal	Nil	
	Total		480,069,369.75

For further details of the legal proceedings, please see the chapter "Outstanding Litigations and Defaults" on page 193.

Such litigation could divert management time and attention, and consume financial resources in their defense or prosecution. No assurance can be given that we will prevail in any such proceedings. In addition, should any new developments arise such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities.

6. Our operations may be adversely affected if we are unable to attract and retain qualified employees or if relations with employees deteriorate.

We operate five star deluxe and five star hotel properties that strive to provide our guests with high levels of service and personal attention. We therefore must maintain a large, well trained service staff to be successful. This requires us to attract, train and retain employees qualified to provide the standard of service we have become known for. Due to our high standards of service and extensive training, many of our competitors have hired members of our staff as they have entered or expanded in India. Additionally, we face challenges in recruiting sufficient qualified staff for our operations. While we believe our relations with employees are currently good, relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. As of 31 March 2010, 19% of our employees were members of unions and we have entered into wage settlement agreements with them. If we are unable to renew these wage settlement agreements or negotiate favourable terms, we could experience a material adverse effect on our business, financial condition and results of operations. Whilst we have not recently had any disputes with our employee unions and we believe that our labour relations are good, we cannot assure you that there will not be any employee disputes in the future. A shortage of skilled labour or stoppage caused by disagreements with employees, strikes or lock-outs could adversely affect our ability to provide these services and could lead to reduced occupancy or potentially damage our reputation.

7. Our hotels in Mumbai and New Delhi historically accounted for approximately 50% of our revenues, and a decline in the business of these hotels, such as that following the terrorist attacks at our Mumbai hotels in November 2008, would affect us adversely.

A large proportion of our revenue has historically been derived from our hotels in Mumbai and New Delhi, and these markets and hotels are likely to continue to account for a large portion of our business in the future. The Oberoi, New Delhi accounted for approximately 16.2% of our total consolidated income in fiscal 2010. In fiscal 2008, The Oberoi, Mumbai and the Trident, Mumbai accounted for approximately 32.7% of our total consolidated income. Following the terrorist attacks on our Mumbai hotels in November 2008, the Trident, Mumbai was closed for one month and the Oberoi, Mumbai was closed for approximately 17 months for renovations. The closure of these two hotels had a significant adverse affect on our business. Our business, financial condition and results of operations could be materially harmed by factors such as an economic downturn, increases in the number of hotels and room capacity, changes in travel patterns and natural disasters or terrorist activities in Mumbai or New Delhi.

8. Our expansion and development strategy may be less successful than expected.

We intend to increase revenues and profits by increasing the number of hotels under ownership or management through the development of new properties, upgrading existing properties and securing new management contracts. Our ability to successfully pursue new growth opportunities will depend on our ability to identify appropriate management opportunities and properties suitable for acquisition and expansion, to negotiate management contracts or purchases on satisfactory terms, to obtain the necessary financing and permits and to integrate new management contracts or properties into our operations which may be a complex, costly and time-consuming process. The difficulties of combining acquired or newly developed properties with our existing operations include, among others coordinating sales, distribution, marketing and IT functions, and costs relating to the opening, operation and promotion of new hotel properties.

We currently are developing an Oberoi and a Trident hotel at Cyber City, Hyderabad and a Trident hotel near the international airport in Bengaluru. Internationally, we have entered into a management contracts for a hotel at Scorpio Bay in Greece, a second Oberoi hotel in Mauritius, a hotel in Marrakech in Morocco, two hotels in Abu Dhabi, and hotels in Oman and Dubai. We are also evaluating expansion in other locations within and outside India. We cannot assure you that our current or future construction projects will be completed on time or within the estimated budget, or that our expansion and development plans will result in properties that increase our profitability. Additionally, further expansion pose challenges for our management and other resources in maintaining our high standards of service and quality throughout our operations. The diversion of the attention of our management from our existing operations to integration efforts and any difficulties encountered in combining operations could prevent us from realising the anticipated benefits from the development and could adversely affect our business, financial condition and results of operations.

9. We may not be successful in expanding into new markets, particularly outside India.

We intend to expand our business in India as well as overseas, for example in Dubai, Abu Dhabi, Morocco and Greece. We may develop or acquire new hotels or enter into management contracts in geographic areas in which our management may have little or no operating experience and in which potential customers may not be familiar with the Oberoi brand. In addition, we may face competition in other countries from companies that may have more experience with operations in those countries or with international operations generally. We may also face difficulties integrating employees that are hired in different countries into our existing corporate culture and maintaining our high levels of service and quality. Other risks that we may encounter in new markets include political, social and economic instability, uncertain legal and regulatory systems, and changing tax laws and tax incentives. These uncertainties may result in a material adverse effect on our business, financial condition and results of operations.

We require substantial amounts of capital for our business operations, and the failure to obtain the capital required may materially and adversely affect our growth prospects and future profitability.

While we currently plan to focus on asset-light avenues of growth such as management contracts, certain aspects of our business will require significant amounts of investment. For example, the development of The Oberoi, Hyderabad and Trident, Hyderabad are expected to require further investment. We also intend to invest in our joint ventures and the renovation of existing hotels. We intend to finance our capital expenditures with funds from our operating cash flows or existing debt facilities, and will also consider raising additional capital to finance our future growth plans by accessing the capital markets or incurring additional indebtedness.

We may not be able to generate sufficient cash flows to fund capital expenditures for existing operations and new developments. In addition, we may face challenges in obtaining debt financing, refinancing existing debt or raising capital from capital markets due to reasons that may be beyond our control, such as general economic conditions of the capital markets, or due to covenants under our existing or future financing agreements. To the extent we incur additional indebtedness to fund capital expenditures for existing operations and future investments, our ability to service, repay and refinance our indebtedness or to fund our other liquidity needs will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flows or to obtain the capital required to finance investments in, or other liquidity requirements of, our existing businesses or our future growth plans, we could experience a material adverse effect on our business, financial condition and results of operations.

10. Our indebtedness could adversely affect our business and financial condition.

As of 31 March 2010, we had ₹ 14,356.50 million of total debt on a consolidated basis. The agreements in respect of some of the debt contain certain covenants including maintenance of financial ratios, compliance with reporting requirements and other restrictions which may significantly limit our ability to borrow additional money, make capital expenditure and investments, merge or incur additional liens. In addition, as a result of our high leverage, we are subject to a number of risks associated with debt financing, including the risk that cash flow from operations will be insufficient to meet required payments of principal and interest; the risk that, to the extent that we maintain floating rate indebtedness, interest rates will fluctuate; and the risk that it may not be possible to obtain refinancing on favourable terms when required. Although we anticipate that we will be able to repay or refinance existing debt, and any other indebtedness when it matures, there can be no assurance that we will be able to do so.

11. Hotels in our portfolio have certain fixed costs that we may not be able to adjust to in a timely manner in response to a reduction in demand and revenues, and rising expenses could materially adversely affect our business, financial condition and results of operations.

The fixed costs associated with owning hotels, including committed maintenance costs, property taxes, leasehold payments and maintaining minimum levels of services may be significant. We may be unable to reduce these fixed costs in a timely manner in response to changes in demand for services, and failure to adjust our fixed costs may adversely affect our business, financial condition and results of operations. Moreover, our properties may be subject to increases in operating and other expenses due to adverse changes in hotel management contract terms, increasing age of the property and increases in property and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, which could materially adversely affect our business, financial condition and results of operations.

12. Our business is seasonal in nature.

Our revenues and cash flows are affected by seasonality. Most of our hotels are located in India, and so we are subject to low revenue during varying seasons in the country. In particular, the first and second quarters of our fiscal year include India's summer and monsoon seasons and international travellers to, and domestic travellers in, India are substantially fewer than in the other quarters of the year. To the extent this seasonality is not mitigated by a steady volume of business travel, which is less sensitive to seasonal variations, or by revenues from hotels such as The Oberoi Cecil and Wildflower Hall in Shimla in the Himalayas which experience seasonality at other times of the year, our quarterly results of operations could fluctuate significantly.

13. Increased competition from other Asian and international destinations may affect the desirability of India as a tourist destination.

Although, we have expanded our operations outside India, a majority of our hotels are located in India. South East Asia, the Asia Pacific region and areas of the Middle East have become the focus of major international hotel chains and have developed significantly in recent years as popular tourist destinations. These regions are also witnessing an increased growth in business. India, as a tourist and business destination, will face competition from such other regions and may become less attractive to both tourists and business travellers. This may have an adverse impact on our business.

14. We may not have obtained or be able to obtain and maintain comprehensive insurance on our properties, and uninsured or under-insured losses could adversely affect our business, financial condition and results of operations.

While we maintain insurance against standard risks, such as fire or accidental damage, as well as various types of catastrophic losses, including terrorism, risks such as losses due to acts of warfare generally are uninsurable. Furthermore, certain risks may be subject to insurance coverage limitations, such as large deductibles and time limitations on cover for loss of profits and the occurrence of certain risks, such as terrorism, may result in the increase of premiums. In the event of a catastrophic loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost investment or lost profits. If we were to suffer from the effects of an event that was only partially insured for, or not insured for at all, it could materially adversely affect our business, financial condition and results of operations.

15. Our insurance claims for the terrorist attacks in Mumbai have not yet been settled and we may have to recognize losses for amounts previously booked as revenue.

Following the November 2008 terrorist attacks in Mumbai, against our claim for lost profits, we have recognized ₹ 1,494.36 million as income during fiscal years 2009 and 2010. Additionally, we are in the process of submitting our claim for damages from the attack. We have not yet received the full amount of our claim yet. While we believe that our claim is valid and supported under our insurance policies, it is possible that the claim may be disputed by our insurers. In this case, we may have to recognize a loss relating to some amounts previously recognized as income. This could have a negative effect on our results of operations and financial condition.

16. Our management contracts may terminate or not be renewed on favourable terms.

₹ 179.42 million of our fiscal year 2010 income was from hotel management contracts for properties which we do not own. These contracts are based on the management of hotels owned by third parties or by entities in which we have a partial equity interest. Such contracts may not be renewed when they expire and in some events can be terminated prior to their expiration. Further, for our managed hotels, we have the responsibility to manage each hotel at a level consistent with the standard required for its brand in the relevant management agreement. Such provisions vary in scope and may be subject to differing interpretations. In the ordinary course of business, we may encounter disagreements with the owners of our managed hotels as to whether the duties in our management agreements have been satisfied. To the extent that such conflicts arise, we seek to resolve them by negotiation with the relevant parties. In the event that such resolution cannot be achieved, litigation may arise, resulting in damages or other remedies against us. Such remedies could include termination of the right to manage the relevant property. We may not be able to negotiate successfully or otherwise resolve such conflicts in each instance.

17. We are exposed to certain risks in relation to technology.

A failure by us to take advantage of new technology and developments could put us at a competitive disadvantage in any aspect of our businesses dependent upon our technology infrastructure. Further, we face risk of data theft or a third party attempting to break into our information systems electronically which could damage our reputation. We may have to make substantial additional investments in new technologies to remain competitive and protect our data. The technologies that we choose may not prove to be cost efficient or the information technology strategy employed may not be sufficiently aligned or responsive to changes in business strategy. As a result, we could lose customers, fail to attract new customers, suffer reputational harm or incur substantial costs in order to maintain our customer base or face other losses.

18. We utilise joint venture partnerships for certain hotels managed by us and in certain of these partnerships we do not have full operational control, which may limit our ability to cause these entities to take actions we believe would be beneficial to our Equity Shareholders.

We have developed hotel properties managed by us through joint venture partnerships with third parties and we may continue to do so in the future. Moreover, we currently have certain joint ventures in which we do not have a controlling ownership percentage. For example, we own a minority interest in EIH Associated Hotels Limited, which owns six Trident hotels and two Oberoi hotels. Such minority interests do not provide us with the control rights that we would have if we owned or had majority interests in these entities. Moreover, our joint venture partner could perform unsatisfactorily or enter into financial difficulties. As a result, in situations where we have joint venture partners and minority interests, we may not have the ability to prevent these joint venture partnerships from engaging in activities or pursuing strategic objectives that may conflict with our interests or overall strategic objectives, adversely affecting our investment and hence our business, financial condition and results of operations.

19. We have certain contingent liabilities not provided for which may adversely affect our financial condition.

As of 31 March 2010, contingent liabilities not provided for aggregated ₹ 1,544.37 million. 84.5% of our contingent liabilities as of 31 March 2010 were in respect of claims against us and our subsidiaries pending appellate or judicial decisions, including ₹ 578.48 million for income tax claims and ₹ 452.50 million for customs duty claims. In the event that any of our contingent liabilities materialise, our financial condition may be adversely affected.

20. Non-competition clauses in certain of our agreements may adversely affect our business by limiting our ability to operate new hotels and resorts within the defined scope and time period of the respective clauses in the agreements.

Certain of our agreements contain non-competition clauses that may limit our ability to operate new hotels and resorts within the defined scope and time period of these clauses without the prior consent of the other party. For example some of our management contracts, include restrictions on our ability to operate hotels that are in proximity to the managed property. As a result of these clauses, we may be unable to pursue development or acquisition opportunities that could be beneficial to us, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

21. A portion of the net Issue Proceeds shall be utilised towards certain objects which are based on management estimates.

Out of the gross Issue Proceeds of ₹ 13,000 million, an amount aggregating ₹ 1,000 million is proposed to be utilised for capital expenditure for construction and commissioning of the flight kitchen at Indira Gandhi International Airport, Delhi ("Flight Kitchen Commissioning"). The expenditure relating to Flight Kitchen Commissioning includes, (i) civil construction cost of ₹ 492 million, (ii) machinery and equipments purchase cost of ₹ 110 million, (iii) cost relating to project management agreements of ₹ 128 million and (iv) costs relating to fixtures, kitchen equipment and other expenses of ₹ 270 million. For further details, please see the chapter "Objects of the Issue" on page 21.

The costs relating to fixtures, kitchen equipment and other expenses of ₹ 270 million are based on management estimates and the Company has neither executed any contracts/ purchase orders nor obtained any third party quotations for the same. The costs relating to fixtures, kitchen equipment and other expenses are subject to a number of variables, including possible cost overruns and changes in management's views of the desirability of current plans, among others. Our management will have the discretion to revise the estimated cost relating to fixtures, kitchen equipment and other expenses, which may impact the deployment of funds or may require the Company to obtain additional funding."

22. We are subject to risks associated with the domestic, regional and international property markets, including competition for the acquisition of suitable real estate.

Our expansion strategy might require us to acquire real estate. We compete with owner-operators of hotels, private equity investors, real estate development companies and investment trusts, wealthy individuals and others who are engaged in real estate investment activities. The number of entities competing for suitable real estate may increase in the future, which could result in increased demand for these assets and therefore increased prices. If we pay higher prices for real estate for our hotels, our profitability may be reduced. We may be adversely affected by factors specific to property markets, such as changes in interest rates, availability of financing sources, the general cost of land and buildings, legislation in the construction industry and hotel location requirements.

23. The uncertainty of title to the real estate where our hotels are located could have a material adverse impact on our current and future revenue.

In India, property records do not provide a guarantee of title to the land. We may not be able to assess or identify all risks and liabilities associated with the land where our hotels are located such as faulty title or irregularities in title, including due to non-execution or non-registration or inadequate stamping of conveyance deeds and other acquisition documents; unregistered encumbrances; adverse possession rights; discrepancies between the area mentioned in the revenue records, the area mentioned in the title deeds and/or the actual physical area of some of our hotel properties; or other defects. Property records in India have not been fully computerized and are generally maintained manually through physical records of all land related documents, which are also manually updated. This updating process can take a significant amount of time and can result in inaccuracies or errors and increase the difficulty of obtaining accurate property records. Indian law also recognizes the ability of persons to effectuate a mortgage by physical delivery of original title documents to a lender without registration and the concept of a Hindu undivided family, whereby all family members jointly have interest in the land and at times transfer by the 'karta' may be challenged by a family member.

Some of our hotels are on leasehold properties and require compliance with the terms and conditions of their leases. These terms and conditions, amongst others, require compliance with various rules. Our inability to fulfill and perform the terms and conditions of the leases may attract penalties and may adversely affect our rights over such lands. Additionally, flaws in the title of the lessor would impact our rights to use the land. Further, some of our hotel are developed through joint ventures or management contracts with third parties where the title to the land may be owned by one or more of such third parties. In such instances, there can be no assurance that the persons with whom we have or may enter into joint venture or management arrangements have or will have clear title to such land.

Legal disputes in respect of land title can take several years and considerable expense to resolve if they become the subject of court proceedings and their outcome can be uncertain. If either we or the owner of the land where our hotels are located are unable to resolve such disputes with these claimants, we may lose our ability to operate the hotel on such disputed land.

24. The illiquidity of real estate investments and the lack of alternative uses of some of our hotel properties could significantly limit our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

Real estate investments are relatively illiquid and therefore our ability to promptly sell one or more of our properties in response to changing economic, financial and investment conditions may be limited. The real estate market is affected by many factors that are beyond our control, and we cannot predict whether we will be able to sell any property for the price or on the terms acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, hotel properties may not be readily converted to alternative uses if they were to become unprofitable due to competition, age of improvements, decreased demand or other factors. The conversion of a hotel to alternative uses would generally require substantial capital expenditure and we cannot assure you that we will be able to finance such expenditure. These factors could have a material adverse effect on our business, financial condition and results of operations.

25. Our business and growth prospects may be disrupted if we are not able to identify and employ expert personnel in the markets in which we operate or may operate in the future.

Our key personnel play an important role in the success of our business and our success will depend, in part, on our ability to continue to attract, retain and motivate qualified personnel. Competition for personnel with relevant expertise in the market segments and countries in which we operate, particularly in India, is intense due to the scarcity of qualified individuals. We may experience difficulties in transferring existing personnel to certain of the regions or countries in which we operate or may operate in the future or in attracting new qualified personnel for employment in these countries due to the perceived high risk profile of these regions or countries. Since our industry is characterised by high demand and increased competition for talent and our markets are characterised by scarcity of personnel with expertise in our field, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future. We are not insured against the detrimental effects to our business resulting from the loss or dismissal of our key personnel. If we are unable to retain key personnel, or attract new qualified personnel to support the growth of our business, or if we are required to offer significantly higher compensation to attract and retain key personnel, we could experience a material adverse effect on our business, financial condition and results of operations.

We are exposed to the risk of increased use of intermediaries' internet reservation channels.

The value of our brands is partly derived from the ability to attract reservations through international reservation systems. The principal reservations systems we use are our toll free number and web site and, to a lesser extent, online reservation intermediaries. In recent years there have been rapid changes in our customers' ability to choose and book hotel rooms driven by the internet. Some of the emerging business models and intermediaries could have an impact on our ability to continue to drive reservations, if they consolidate and demand higher commissions, leading to a higher cost of distribution. Although we actively work to adapt to the changing environment (through our own reservations systems such as the Oberoi Contact Centre in Delhi and our own website resources), the very high pace of change in this area poses a risk that we may not adapt quickly enough at all times.

26. We do not own the "Oberoi" and "Trident" brands but are dependent on them.

Our business depends on the widely recognised "Oberoi" and "Trident" brand names. Our rights to our brand names and trademarks are a crucial factor in marketing our products. Establishment of the "Oberoi" and "Trident" brands in India and globally is material to our operations. We have entered into royalty agreements with Oberoi Hotels Private Limited, which is a company controlled by our Promoters, under which we are entitled to use the Oberoi and Trident name, logo and insignia with regard to our hotels and our other company divisions. The initial term of these agreements expires on 31 March 2014 for the Oberoi name and 31 March 2022 for the Trident name; however, either party may terminate the agreements upon default by the other party. Any failure on our behalf to maintain standards expected of the Oberoi or Trident brands so as to adversely affect the reputation and image of Oberoi or Trident may also lead to a termination of the agreements. The agreements can be extended at the end of the term, at the option of Oberoi Hotels Private Limited, for three additional 10-year terms. If these agreements were to be terminated before the expiration date, or not renewed, or if the royalty payments required under the agreement become onerous, we would not be able to use the Oberoi or Trident brand name and, if we are not able to re-brand our hotels successfully, we could experience a material adverse effect on our business, financial condition and results of operations. Additionally, if our licensor or any third party uses the trade name in ways that adversely affect such trade name or trademark, our reputation could suffer damage, which in turn could have a material adverse effect on our business, financial condition and results of operations.

27. We may face conflicts of interest in transactions with related parties and the interests of our principal Equity Shareholders may not be in line with our public Equity Shareholders' best interests.

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, Directors, executive officers and other Equity Shareholders. We are a member of the Oberoi Group, a group of companies affiliated through the common ownership interests of our Chairman Mr. Prithvi Raj Singh Oberoi, his family and certain of their affiliates. We enter into a number of significant related party transactions with other companies in the Oberoi Group. For example, for the use of the "Oberoi" name for our businesses, we pay Oberoi Hotels Private Limited, one of our Promoter group companies, a royalty fee of 1% of our income from businesses where the Oberoi brand is used. We cannot assure you that any conflicts involving royalty terms will be resolved in our favour. Furthermore, our Promoters, Directors and executive officers may have an interest in pursuing transactions that, in their judgment, enhance the value of their equity investment, even though such transactions may involve risks to other Equity Shareholders. These or other conflicts of interest may not be addressed in an impartial manner and in the best interests of our public Equity Shareholders. Additionally, our Promoters and their affiliates currently hold approximately 32% of our outstanding share capital and can influence our policies, business and affairs, and the outcome of any Equity Shareholders' resolution, including in connection with any merger, consolidation and sale of all, or substantially all, of our assets. Our Promoters and their affiliates may not consider the interests of public Equity Shareholders in making any determinations regarding Equity Shareholders' resolutions.

28. The hospitality industry and other industries we operate in are regulated and compliance with the applicable regulations may increase costs, whilst the benefits and incentives currently enjoyed by the hotel industry may not continue.

We and our various properties as well as our other businesses are subject worldwide to numerous laws, including those relating to the preparation and sale of food and beverages, such as health, safety and liquor license laws and environmental regulations. Our properties are also subject to laws governing our relationship with our employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and redundancy, pension and employment termination benefits and work permits. Under various applicable environmental laws and regulations, we, as the owner or operator of hotel properties and other businesses may be liable for failing to maintain air and water pollution within prescribed levels, or for failing to comply with various environmental regulations while constructing and operating our hotels and resorts. Also, the success of our hotel management and development strategies may be dependent upon our obtaining necessary zoning and building permits from local authorities. There are certain incentives and concessions granted or provided by the Government of India and the applicable State Governments that are currently being enjoyed by the hotel industry. There is no assurance that such incentives or concessions will continue or will not be withdrawn by the Government of India or the applicable State Governments in the future which could adversely affect our future financial results and ability to develop our business. Monitoring legal developments and maintaining internal standards and controls to abide by local rules and regulation can be costly and may detract management's attention which could adversely affect our operations. Any failure to comply with these rules and regulation could adversely affect our reputation and fines or penalties may have an adverse affect on our financial condition or results of operations.

29. We undertake construction risks in the development of our hotels and resorts.

We contract with third-party contractors to construct our resorts, and, accordingly their compliance with our construction schedules and budgets is not fully under our control. In addition, claims may be asserted against us for construction defects and may give rise to liabilities. In addition, state and local laws may impose liability on us with respect to construction defects discovered or repairs required to be made. Our construction activities are also subject to risks relating to:

- the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, sales and other required governmental and local regulatory permits and authorizations;
- construction costs or delays at a property may exceed original estimates which could make the project uneconomical or unprofitable;
- the possibility of fines and penalties being imposed on us due to non-compliance with statutory requirements by the contractor; and
- the ability to obtain adequate financing to complete the acquisition, construction or renovation work at properties.

30. Our flight services and airport service business is reliant on the growth of India's aviation sector, and we face competitive pressures in this business.

We have an established position in the market for flight services in India and we also provide services such as aircraft handling, laundry and provision of dry stores and bonded warehousing to airlines and provide hospitality services at airports. Our continued success depends on the growth of the aviation market and our ability to protect our profit margins in the face of airline cost cutting and current competitors such as Taj SATS, Ambassador Sky Chef and Gate Gourmet or future competition. We also intend to expand our flight services business in the international market, which could involve significant expenditure and the challenges of operating in environments with which we have limited experience. As with our hotel business, our flight services business is heavily dependent on its reputation. For example, if passengers on flights suffer problems because of the food provided by us, or if there are allegations of improper hygiene or handling of flight services items on our part, our flight services business could suffer. Additionally, we have faces increasing cost pressures from airlines over the past two years due to margin pressures in the airline industry. If one or more of these risks were to materialise, our business, financial condition and results of operations would be adversely affected.

RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES

1. Our business is substantially affected by prevailing economic conditions in India.

We are incorporated in India, and the majority of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our hotel developments;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and

- other significant regulatory or economic developments in or affecting India or its hotel industry.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of our Equity Shares.

2. Natural disasters in India could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced significant natural disasters in recent years such as earthquakes, tsunami, flooding and drought. The extent, location and severity of these natural disasters determine their impact on the Indian economy and our business. Further natural disasters could reduce economic activity in India generally and damage our hotels or decrease travel in India, which would adversely affect our business.

3. Political instability or changes in the Government could adversely affect economic conditions in India and consequently, our business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The new Government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the previous Governments had announced policies and taken initiatives that supported the economic liberalisation programme pursued by previous governments, the policies of the subsequent Governments may change the rate of economic liberalisation.

A significant change in the Government's policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations, financial condition and the trading price of the Equity Shares.

4. Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise additional debt financing.

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

5. Our ability to freely raise foreign currency denominated debt outside India may be constrained by Indian law.

While we are eligible under the automatic approval route of foreign direct equity investment by the Government, at present, we are required to obtain regulatory approvals to raise foreign currency denominated indebtedness outside India. The need to obtain such regulatory approval for future indebtedness, if any, could limit our ability to raise funds necessary for us to grow our business, including to modernize our facilities and make strategic acquisitions. No assurance can be given that any required approvals will be obtained in a timely manner, or at all.

6. Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Indian Rupee and other foreign currencies, including the U.S. Dollar, the British Pound, the Euro, the Hong Kong Dollar, the Singapore Dollar and the Japanese Yen, has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Indian Rupees may affect the value of the investment in our Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Indian Rupee trading price of our Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of our Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupees.

You may be unable to convert Indian Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by a devaluation of the Indian Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our financial condition and results of operations.

7. Significant differences exist between Indian GAAP, on which our financial statements are based, and other bodies of accounting principles with which investors may be more familiar.

Our financial statements are prepared in conformity with the generally accepted accounting principles followed in India ("**Indian GAAP**"), and no attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

We have, however, provided in this Draft Letter of Offer a narrative summary of differences between Indian GAAP and IFRS. The summary should not be regarded as an exhaustive statement of differences between the applicable bodies of accounting principles. Prospective investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and how they might affect the financial information contained in this Draft Letter of Offer.

In addition, some public companies in India, including us, will be required to prepare annual and interim financial statements under IFRS from the fiscal period beginning 1 April 2011. We are currently preparing for transition to IFRS but have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting.

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

1. Future issues or sales of Equity Shares may significantly affect the trading price of the Equity Shares.

The future issue of Equity Shares or the disposal of Equity Shares by any of our major Equity Shareholders or the perception that such issues or sales may occur may significantly affect the trading price of the Equity Shares. There is no restriction on our ability to issue Equity Shares or the relevant Equity Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that any such Equity Shareholder will not dispose of, encumber, or pledge, its Equity Shares.

2. After this Issue, the price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;

- perceptions about our future performance or the performance of Indian hospitality companies in general;
- performance of our competitors in the Indian hotel industry and the perception in the market about investments in the hotel industry;
- adverse media reports on us or the Indian hotel industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal, environmental and other regulations.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Offering, or that the prices at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Offering or the prices at which our Equity Shares will trade in the market subsequent to this Offering. The Indian stock markets have witnessed significant volatility in the past and our Equity Share price may be volatile and may decline post listing.

3. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a Equity Shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

4. There is no guarantee that the Equity Shares, will be listed on the BSE, the NSE and the CSE in a timely manner or at all, and any trading closures at the BSE, the NSE and the CSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE, the NSE and the CSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. Indian stock exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, the BSE, the NSE or the CSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

PROMINENT NOTES

1. Issue of [●] Equity Shares at a premium of ₹ [●] per Equity Share for cash not exceeding ₹ 13,000 million on a rights basis to the existing Equity Shareholders of the Company in the ratio of [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held by the existing Equity Shareholders on the Record Date. The Issue price is [●] times the face value of the Equity Shares.

2. As on 31 March 2010, the net worth of the Company on a consolidated basis was ₹ 11,720.10 million (excluding revaluation reserves), and on standalone basis was ₹ 11,818.41 million (excluding revaluation reserves) as described in the section "Financial Information" on page 86.

3. For details of the transactions of the Company with the Group or Subsidiaries during the last one year preceding the date of filing of the Draft Letter of Offer with the Stock Exchanges, the nature of transactions and the cumulative value of transactions, please see the chapter "Financial Statements" on page 86.

4. There has been no financing arrangement whereby the Promoter Group, the Directors of the Company and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

SECTION III – INTRODUCTION

SUMMARY OF THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter “Terms of the Issue” on page 216.

Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date.
Record Date	[●]
Face Value per Equity Share	₹ 2
Issue Price per Equity Share	₹ [●]
Equity Shares outstanding prior to the Issue	392,953,972 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) *	[●] Equity Shares
Terms of the Issue	For more information, please refer to the chapter “Terms of the Issue” on page 216.
Use of Issue Proceeds	For further information, please refer to the chapter “Objects of the Issue” on page 21.

Terms of Payment

Due Date	**Amount**
On the Issue application (i.e. alongwith the CAF)	₹ [●], which constitutes 100% of the Issue Price payable

** As on 30 June 2010, 333,030 GDRs are outstanding. These outstanding GDRs can be converted into 333,030 Equity Shares, at the option of the GDR holders.*

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the consolidated and unconsolidated summary financial statements of the Company as on and for Fiscal 2009 and 2010, prepared in accordance with Indian GAAP and the Companies Act.

The summary financial information of the Company presented below, is in ₹ million and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the chapters "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operation", respectively, of the Draft Letter of Offer.

Audited Standalone Balance Sheet

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

Audited Standalone Profit & Loss Account

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

Audited Standalone Cash Flow Statement

		For the period ending 31st March	
		2010	**2009**
		Rupees Million	**Rupees Million**
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Taxation	889.89	2,732.61
	Adjustments for:		
	Miscellaneous Expenditure Amortised	-	17.25
	Depreciation	680.31	542.40
	(Profit) / Loss on Sale of Fixed Assets (Net)	25.80	29.76
	Provision of diminution in value of investments	-	0.75
	Interests Received	(50.71)	(139.44)
	Dividend Received	(23.83)	(25.25)
	Interest Paid	1,008.85	825.03
	Operating Profit before Working Capital Changes	2,530.31	3,983.11
	Adjustments for:		
	Trade & Other Receivables	(330.09)	(1,148.98)
	Inventories	3.02	28.93
	Trade Payables	(400.93)	410.07
	Cash Generated from Operations	1,802.31	3,273.13
	Interest Paid	(990.03)	(830.79)
	Payment of Direct Taxes	(262.98)	(1,005.45)
	Net cash from Operating Activities	549.30	1,436.89
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(2,656.99)	(2,857.63)
	Sale of Fixed Assets	25.08	40.33
	Purchase of Investments	(284.25)	(0.01)
	Sale of Investments	-	89.21
	Interest Received	178.46	62.44
	Dividend Received	23.83	25.25
	Cash used in Investing Activities	(2,713.87)	(2,640.41)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings		
	Term Loans	2,400.00	3,750.00
	Cash Credit	532.44	-
	Unsecured Loan	850.00	-
	Repayment of		
	Term Loan	(1,431.70)	(675.00)
	Cash Credit	-	(890.41)

		For the period ending 31st March	
		2010	**2009**
		Rupees Million	**Rupees Million**
	Unsecured Loans	-	(120.00)
	Dividend Paid	(469.63)	(704.13)
	Net Cash used in Financing Activities	1,881.11	1,360.46
	Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(283.46)	156.94
	Cash and Cash Equivalents at beginning of year	421.18	264.24
	Cash and Cash Equivalents at end of year	137.72	421.18

Notes:

1. *The Cash Flow has been prepared in indirect method except in case of dividend income, purchase and sale of investments which have been considered on the basis of actual cash movement, with corresponding adjustments in Assets and Liabilities.*
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 end of the year and treated as part of Investing Activities.*

Audited Consolidated Balance Sheet

	As on March 31	
	2009	**2010**
	Rupees Million	**Rupees Million**
SOURCES OF FUNDS		
SHAREHOLDER'S FUNDS		
CAPITAL	785.91	785.91
RESERVES AND SURPLUS	13,339.04	13,161.58
	14,124.95	**13,947.49**
MINORITY INTEREST	272.18	349.66
LOAN FUNDS		
SECURED LOANS	11,435.70	13,501.50
UNSECURED LOANS	9.55	855.00
	11,445.25	**14,356.50**
DEFERRED TAX – NET	1,209.68	1,385.46
TOTAL	**27,052.06**	**30,039.11**
APPLICATIONS OF FUNDS		
GOODWILL (ON CONSOLIDATION)	185.88	224.56
FIXED ASSETS		
GROSS BLOCK	21,101.49	27,687.32

	As on March 31	
	2009	**2010**
	Rupees Million	**Rupees Million**
Less: DEPRECIATION	5,241.10	5,852.32
NET BLOCK	15,860.39	21,835.00
CAPITAL WORK-IN-PROGRESS	6,145.54	3,031.12
	22,005.93	24,866.12
PRE-OPERATIVE EXPENSES	25.62	62.61
	22,031.55	**24,928.73**
INVESTMENTS		
IN ASSOCIATES	759.91	768.88
IN OTHERS	1,898.91	1,642.40
	2,658.82	**2,411.28**
CURRENT ASSETS, LOANS & ADVANCES		
INTEREST ACCRUED	3.16	3.50
INVENTORIES	344.93	337.19
SUNDRY DEBTORS	1,062.03	1,159.16
CASH AND BANK BALANCES	787.43	648.06
LOANS & ADVANCES	3,161.93	3,109.60
	5,359.48	**5,257.51**
Less: CURRENT LIABILITIES & PROVISIONS		
LIABILITIES	2,484.68	2,100.91
PROVISIONS	698.99	691.53
	3,183.67	**2,792.44**
NET CURRENT ASSETS	2,175.81	2,465.07
MISCELLANEOUS EXPENDITURE	-	9.47
(to the extent not amortised or adjusted)		
TOTAL	27,052.06	30,039.11

Audited Consolidated Profit & Loss Account

	For the period ending March 31	
	2009	**2010**
	Rupees Million	**Rupees Million**
INCOME		
GUEST ACCOMMODATION, RESTAURANTS,		
BARS & BANQUETS ETC.	9,678.64	8,450.82
OTHER INCOME	2,471.27	2,026.55
	12,149.91	**10,477.37**
EXPENDITURE		

	For the period ending March 31	
	2009	2010
	Rupees Million	Rupees Million
CONSUMPTION OF PROVISIONS, STORES, WINES & OTHERS	1,137.80	1,236.30
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	2,726.33	2,658.00
UPKEEP & SERVICE COST	1,621.19	1,470.59
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	2,176.54	2,073.88
INTEREST AND FINANCE CHARGES	952.91	1,103.13
MISCELLANEOUS EXPENDITURE AMORTISED	17.39	0.14
DEPRECIATION	749.12	877.57
	9,381.28	**9,419.61**
PROFIT BEFORE TAX	**2,768.63**	**1,057.76**
TAX	1,073.65	347.88
PROFIT AFTER TAX BEFORE MINORITY's SHARE	**1,694.98**	**709.88**
Less : MINORITY's SHARE IN PROFIT AFTER TAX	22.30	55.80
EIH's SHARE IN PROFIT AFTER TAX	**1,672.68**	**654.08**
Add : SHARE IN PROFIT OF ASSOCIATES	26.87	8.97
	1,699.55	**663.05**
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	1,952.81	2,600.71
Add : Adjustment of earlier loss on account of cessation of Jointly Controlled Entity	0.02	0.65
	1,952.83	2,601.36
FOREIGN EXCHANGE EARNINGS RESERVE WRITTEN BACK	10.60	-
	3,662.98	**3,264.41**
APPROPRIATIONS		
GENERAL RESERVE	500.00	89.90
PROPOSED DIVIDEND ON EQUITY SHARES	479.80	479.80
TAX ON DIVIDEND	82.47	79.59
BALANCE CARRIED TO BALANCE SHEET	2,600.71	2,615.12
	3,662.98	**3,264.41**
BASIC AND DILUTED EARNINGS PER SHARE		
(in Rupees) Face Value Rs.2	**4.33**	**1.69**

Audited Consolidated Cash Flows

		For the period ending March 31	
		2009	2010
		Rupees Million	Rupees Million
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Taxation	2,768.63	1,057.76
	Adjustments for:		
	Miscellaneous Expenditure Amortised	17.39	0.14
	Depreciation	749.12	877.57

		For the period ending March 31	
		2009	2010
		Rupees Million	Rupees Million
	Non-cash miscellaneous expenses	(2.36)	2.24
	Effect of Rate Exchange	508.73	(290.43)
	(Profit) / Loss on Sale of Fixed Assets (Net)	21.16	5.01
	Interest Received	(92.39)	(82.77)
	Dividend Received	(17.70)	(11.58)
	Interest Paid	952.91	1,103.13
	Operating Profit before Working Capital Changes	4,905.49	2,661.07
	Adjustments for:		
	Trade & Other Receivables	(1,054.96)	(4.96)
	Inventories	28.84	7.74
	Trade Payables	437.16	(497.50)
	Cash Generated from Operations	4,316.53	2,166.35
	Interest Paid	(984.03)	(1,089.83)
	Payment of Direct Taxes	(1,046.66)	(294.93)
	Net cash from Operating Activities	2,285.84	781.59
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(3,177.24)	(3,761.82)
	Sale of Fixed Assets	79.77	95.56
	Purchase of Investments	(398.64)	(183.17)
	Sale of Investments	89.21	213.40
	Interest Received	88.74	208.19
	Dividend Received	17.70	11.58
	Cash used in Investing Activities	(3,300.46)	(3,416.26)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings		
	Term Loans	4,047.98	3,332.08
	Cash Credit from Banks	-	548.62
	Unsecured Loans	-	850.00
	Loan from Finance Companies	87.97	42.11
	Proceeds from Unsecured Loans	4.55	-
	Proceeds from issue of shares (Minority Interest)	-	25.00
	Repayment of		
	Term Loans from Banks	(923.10)	(1,770.62)
	Cash Credit from Banks	(890.41)	(59.83)
	Unsecured Loans	(120.00)	(4.55)
	Loan from Finance Companies	(151.74)	(22.57)
	Housing Loans	(4.00)	(4.00)
	Loan syndication fees and upfront fees	-	(9.33)

		For the period ending March 31	
		2009	**2010**
		Rupees Million	**Rupees Million**
	Dividend Paid	(708.92)	(481.50)
	Net Cash used in Financing Activities	1,342.33	2,445.41
	Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)	327.71	(189.26)
	Cash and Cash Equivalents at beginning of year	459.61	787.43
	Less: Adjustment on account of cessation as Jointly Controlled Entity	0.01	-
	Add: Adjustment on account of inclusion as Jointly Controlled Entity	0.12	49.89
	Cash and Cash Equivalents at end of year	787.43	648.06

GENERAL INFORMATION

Pursuant to the resolution passed by the Board of Directors at its meeting held on 23 September 2010 it has been decided to make the following offer to the Equity Shareholders, with a right to renounce:

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 2 EACH FOR CASH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE FOR AN AMOUNT NOT EXCEEDING ₹ 13,000 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE THAT IS ON [●]. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.

Registered Office of the Company

EIH Limited
4, Mangoe Lane,
Kolkata- 700 001,
West Bengal, India.
Tel: +91 33 4000 2200
Fax: +91 33 2248 6785
Website: www.oberoihotels.com
Email: invcom@oberoigroup.com

Registration Number: 21-17981

Corporate Identification Number: L55101WB1949PLC017981

Address of the Registrar of Companies

Nizam Palace,
IInd MSO Building, 2nd floor,
234/4, A.J.C. Bose Road,
Kolkata-700 020,
West Bengal, India.

The Equity Shares are listed on the BSE, the NSE and the CSE.

Board of Directors

The following persons constitute the Board of Directors**:**

Name	**Director Identification Number**	**Nationality**	**Address**
Mr. Prithviraj Singh Oberoi Designation: Chairman and Chief Executive	00051894	Indian	Villa Aashiana, Kapashera Bijwasan, New Delhi – 110 037, India
Mr. Shib Sanker Mukherji Designation: Vice Chairman	00103770	Indian	6, Lansdowne Place, Kolkata – 700 029, West Bengal, India
Mr. Vikramjit Singh Oberoi Designation: Joint Managing Director	00052014	Indian	Suite 150, The Oberoi, Dr Zakir Hussain Marg, New Delhi – 110 003, Delhi, India
Mr. Arjun Singh Oberoi Designation: Joint Managing Director	00052106	Indian	61-A, Friends Colony, New Delhi – 110 065, Delhi, India

Name	Director Identification Number	Nationality	Address
Mr. Santosh Kumar Dasgupta Designation: Independent Director	00038804	Indian	3 D, 3rd Floor, 17A, Central Road, Jadavpur, Kolkata – 700 032, West Bengal, India
Mr. Anil Kumar Nehru Designation: Independent Director	00038849	Indian	71 Sector-9, Union Trritory, Chandigarh – 160 009, Chandigarh, India
Mr. Rajan Biharilal Raheja Designation: Independent Director	00037480	Indian	"Rahejas", 87/1, G. B. Marg, Juhu, Mumbai – 400 049, Maharashtra, India
Mr. Lakshminarayan Ganesh Designation: Independent Director	00012583	Indian	Door No. 5A, Valliammai Achi Road, Kotturpuram, Chennai – 600 085, Tamil Nadu, India

For further details of the Directors please see the chapter "Our Management" on page 77.

Company Secretary and Compliance Officer

Mr. Gautam Ganguli
Company Secretary and Compliance Officer
4, Mangoe Lane
Kolkata - 700 001,
West Bengal, India.
Tel: +91 33 4000 2200
Fax: +91 33 2248 6785
E-mail: invcom@oberoigroup.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue /post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Lead Manager to the Issue

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar,
Nariman Point,
Mumbai - 400 021
India.
Tel: +91 22 6631 9890
Fax: +91 22 6646 6556
E-mail: eih.rights@citi.com
Investor Grievance E-mail: investors.cgmib@citi.com
Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Contact Person: Mr. Rajiv Jumani
Registration No: INM000010718

Bankers to the Issue

[●]

Domestic Legal Counsel to the Company

Khaitan & Co
One Indiabulls Centre, 13th Floor,
841 Senapati Bapat Marg,
Elphinstone Road,
Mumbai - 400 013,
India.
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Domestic Legal Counsel to the Lead Manager

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai 400 013,
India.
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

International Legal Counsel to the Lead Manager

Linklaters Allen & Gledhill Pte Ltd
One Marina Boulevard #28-00,
Singapore 018989.
Tel: +65 6890 7300
Fax: +65 6890 7308

Registrar to the Issue

Karvy Computershare Private Limited
Plot Nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
India.
Toll Free no.1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: eihrights@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: http:\\karisma.karvy.com
SEBI Registration No.: INR000000221

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on www.sebi.gov.in/pmd/scsb.pdf.

Credit rating

As the Issue is a rights issue of Equity Shares, no credit rating is required. No ratings have been received by us in the past.

Statement of responsibility of the Lead Manager

Citigroup Global Markets India Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by it. The various activities have been set forth below:

Sr. No.	Activities
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc. in conformity with SEBI regulations. Undertaking liaison with the Stock Exchanges, as may be required under the prevailing framework of guidelines issued by SEBI and the Stock Exchanges.
2.	Undertaking due diligence activities and together with the legal counsels assist in drafting and design of the Draft Letter of Offer and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the Draft Letter of Offer.
3.	Selection of various agencies connected with the Issue, such as registrars to the Issue, printers, advertising agencies, etc.
4.	Assisting, together with other advisors and legal counsels in securing all necessary regulatory approvals for the Issue and assisting in filing of the Issue related documents with SEBI, Stock Exchanges or any other authority whatsoever.
5.	Marketing of the Issue, which shall cover, *inter alia*, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centers for holding conferences of stock brokers, investors, etc., (iii) bankers to the Issue, (iv) collection centers as per schedule III of the SEBI Regulations, (v) brokers to the Issue, and (vi) distribution of publicity and Issue material including application form, Draft Letter of Offer and brochure and deciding upon the quantum of Issue material.
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with bankers to the Issue and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or de-mat credit and refunds and coordination with various agencies connected with the post-Issue activity such as registrars to the issue, bankers to the issue, SCSBs, etc.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for split forms:	[●]
Issue Closing Date:	[●]

Monitoring Agency

The Company will appoint a Monitoring Agency and update the details thereof, prior to filing the Letter of Offer with the Stock Exchanges.The appointment of the Monitoring Agency is pursuant to Regulation 16 of the SEBI Regulations.

Appraisal Reports

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any bank or financial institution.

Principal Terms of Loans and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see the chapter "Financial Indebtedness" on page 187.

Underwriting

The Company has not entered into any underwriting arrangement with the Lead Manager in connection with the Issue.

CAPITAL STRUCTURE

The share capital of the Company and related information as on the date of the Draft Letter of Offer, prior to and after the proposed Issue, is set forth below:

(₹ in millions except per share data)

	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised Share Capital		
1,500,000,000 Equity Shares of ₹ 2 each	3,000.00	
Issued, subscribed and paid up capital before the Issue		
392,953,972 Equity Shares of ₹ 2 each fully paid-up*	785.91	
Present Issue being offered to the existing Equity Shareholders through the Draft Letter of Offer		
[●] Equity Shares at an Issue Price of ₹ [●] per Equity Share	[●]	[●]
Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
[●] Equity Shares of ₹ 2 each fully paid-up	[●]	[●]
Securities premium account		
Securities Premium Account before the Issue	1,053.16	
Securities Premium Account after the allotment of the Equity Shares (assuming full subscription for and allotment of the Rights Entitlement)	[●]	

** As on 30 June 2010, 333,030 GDRs are outstanding as on 30 June 2010. These outstanding GDRs can be converted into 333,030 Equity Shares, at the option of the GDR holders.*

The Issue of Equity Shares has been authorised by the Board of Directors pursuant to its resolution dated 23 September 2010.

Notes to the Capital Structure

SUBSCRIPTION TO THE ISSUE BY THE PROMOTERS AND PROMOTERS GROUP

1. The Promoters have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoter and Promoter Group reserve their right to subscribe to its entitlement of Equity Shares in the Rights Issue, either by itself or through a combination of entities belonging to the Promoter Group, including by subscribing for renunciations, if any, made by other entities in the Promoter Group or any other shareholder, subject to compliance with the Takeover Regulations. The corporate Promoters of the Company, being Oberoi Plaza Private Limited, Bombay Plaza Private Limited, Oberoi Leasing and Finance Private Limited, Oberoi Properties Private Limited, Aravali Polymers LLP, Oberoi Building and Investment Private Limited, Oberoi Holdings Private Limited and Oberoi Hotels Private Limited have provided an undertaking dated 27 September 2010 to the Company to apply for additional Equity Shares in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription, the corporate Promoters and/ or the Promoter Group may acquire Equity Shares over and above their respective entitlements in the Rights Issue, which may result in an increase of the shareholding of the Promoters and/ or the Promoter Group above the current shareholding along with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the corporate Promoters and/ or Promoter Group through the Rights Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in the chapter "Objects of the Issue" on page 21, there is no other intention/purpose for the Issue, including any intention to delist the Company, even if, as a result of any Allotments in the Issue to the Promoters and the members of the Promoter Group, the shareholding of the Promoters and/or Promoters Group in the Company exceeds their current shareholding. The corporate Promoters and/or the members of Promoter Group intend to subscribe for any such unsubscribed portion as per the relevant provisions of the applicable law. The corporate Promoters

shall subscribe to, and/or make arrangements for the subscription of, such unsubscribed portion as per the relevant provisions of law and in compliance with the listing agreement.

2. **The shareholding pattern of the Company as on 30 June 2010 is as follows:**

Sr. No	**Category of shareholder**	**Number of Equity shareholders**	**Total number of shares**	**Number of shares held in de materialized form**	**Total shareholding as a percentage of total number of shares**		**Shares pledged or otherwise encumbered**	
					% of shares (A+B)	**% of shares (A+B+C)**	**Number of shares**	**% No. of shares**
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	5	24,630,109	24,630,109	6.27	6.27	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	9	157,819,919	157,819,919	40.20	40.16	14,331,516	9.08
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(1)	14	182,450,028	182,450,028	46.47	46.43	14,331,516	7.86
(2)	**Foreign**							
(a)	Individuals (Non- Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	14	182,450,028	182,450,028	46.47	46.43	14,331,516	7.86
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/ UTI	7	2,505,526	2,455,419	0.64	0.64	NA	NA
(b)	Financial	46	932,777	909,702	0.24	0.24	NA	NA

Sr. No	Category of shareholder	Number of Equity shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)	% of shares (A+B+C)	Number of shares	% No. of shares
	Institutions/ Banks							
(c)	Central Government/ State Government(s)	3	2,632	0	0	0	NA	NA
(d)	Venture Capital Funds	0	0	0	0	0	NA	NA
(e)	Insurance Companies	7	49,814,582	49,814,582	12.69	12.68	NA	NA
(f)	Foreign Institutional Investors	43	8,608,089	8,601,070	2.19	2.19	NA	NA
(g)	Foreign Venture Capital Investors	0	0	0	0	0	NA	NA
(h)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (B)(1)	106	61,863,606	61,780,773	15.76	15.75	NA	NA
(2)	**Non-institutions**							
(a)	Bodies Corporate	1368	92,969,097	92,929,939	23.68	23.66	NA	NA
(b)	Individuals							
(i)	Individual Equity Shareholders holding nominal share capital up to ₹ 0.1 million	68187	50,132,517	35,804,984	12.77	12.76	NA	NA
(ii)	Individual Equity Shareholders holding nominal share capital in excess of ₹ i.e. 0.1 million	26	4,295,770	4,244,740	1.09	1.09	NA	NA
(c)	Any Other (specify)							
	NRI	660	825,171	657,192	0.21	0.21	NA	NA
	Trust	13	45,800	45,800	0.01	0.01	NA	NA
	Foreign National	6	38,953	0	0.01	0.01	NA	NA
	Sub-Total(B)(2)	70260	148,307,308	133,682,655	37.77	37.74	NA	NA
	Total Public Shareholding (B)=	70366	210,170,914	195,463,428	53.53	53.49	NA	NA

Sr. No	Category of shareholder	Number of Equity shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)	% of shares (A+B+C)	Number of shares	% No. of shares
	(B)(1)+(B)(2)							
	TOTAL(A)+(B)	70,380	392,620,942	377,913,456	100.00	99.92	14,331,516	3.65
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	1	333,030	332,655		0.08	NA	NA
	GRAND TOTAL (A)+(B)+(C)	**70,381**	**392,953,972**	**378,246,111**		**100.00**	**14,331,516**	**3.65**

The list of Equity Shareholders of the Company belonging to the category "Promoter and Promoter Group" as on 30 June 2010 is detailed in the table below:

Sr. No	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Number of shares	As a percentage	% of Grand Total
1	Oberoi Plaza Private Limited	465,528	0.12	0	0	0
2	Bombay Plaza Private Limited	1,253,737	0.32	0	0	0
3	Oberoi Leasing and Finance Private Limited	1,410,472	0.36	0	0	0
4	Mr. Prithviraj Singh Oberoi	2,201,580	0.56	0	0	0
5	Oberoi Properties Private Limited	2,949,150	0.75	0	0	0
6	Aravali Polymers LLP	3,184,807	0.81	0	0	0
7	Mr. Vikramjit Singh Oberoi	3,993,480	1.02	0	0	0
8	Mr. Arjun Singh Oberoi	5,024,790	1.28	0	0	0
9	Mr. Deepak Madhok	6,678,692	1.70	0	0	0

Sr. No	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
10	Mr. Shib Sanker Mukherji	6,731,567	1.71	0	0	0
11	Oberoi Building and Investment Private Limited	11,835,851	3.01	0	0	0
12	Oberoi Investments Private Limited	19,638,607	5.00	0	0	0
13	Oberoi Holdings Private Limited	23,104,546	5.88	0	0	0
14	Oberoi Hotels Private Limited	93,977,221	23.92	14,331,516	15.25	3.65
TOTAL		**182,450,028**	**46.43**	**14,331,516**	**7.86**	**3.65**

The list of Equity Shareholders, other than the Equity Shareholders belonging to the category "Promoters and Promoter Group", holding more than 1% of the paid-up capital of the Company as on 30 June 2010 is detailed in the table below:

Sr. No	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+ (C) indicated in Statement at para (I)(a) above}
1	Quant Broking Private Limited	4,000,000	1.02
2	HSBC Bank (Mauritius) Limited	4,393,671	1.12
3	Gaylord Impex Limited	6,063,533	1.54
4	General Insurance Corporation of India	7,028,699	1.79
5	The New India Assurance Company Limited	7,708,972	1.96
6	Pivet Finances Limited	8,581,870	2.18
7	Life Insurance Corporation of India	24,994,643	6.36
8	ITC Limited	58,864,763	14.98
	TOTAL	**121,636,151**	**30.95**

Statement showing details of Depository Receipts (DRs)

Sr. No	Type of outstanding DR (ADRs, GDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	GDR	333,030	333,030	0.08
	TOTAL	**333,030**	**333,030**	**0.08**

3. Except as disclosed below, there have been no transfers of Equity Shares by the Directors, the Promoters and the members of the Promoter Group within the last one year preceding the date of the Draft Letter of Offer:

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares	Price per Equity Share (in ₹)	Aggregate Price (₹ in million)
Oberoi Properties Private Limited	15 December 2009	Purchase	10,000	137.79	1.37
Oberoi Properties Private Limited	18 December 2009	Purchase	4,716	134.40	0.63
Oberoi Properties Private Limited	6 February 2010	Purchase	2,012	120.36	0.24
Oberoi Properties Private Limited	8 February 2010	Purchase	4188	120.36	0.50
Aravali Polymers LLP	8 February 2010	Purchase	18,844	120.22	2.26
Aravali Polymers LLP	9 February 2010	Purchase	10,656	120.36	1.28
Mr. Shib Sanker Mukherji	12 February 2010	Purchase	1,000	119.65	0.12
Aravali Polymers LLP	3 September 2010	Sale	3,000,000	184.00	552.00
Oberoi Hotels Private Limited	3 September 2010	Sale	50,470,303	184.00	9,286.53
Mr. Prithvi Raj Singh Oberoi	3 September 2010	Sale	2,000,000	184.00	368.00

4. The present Issue being a rights issue, as per regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

5. The Company has not issued any Equity Shares or granted any options under any employee stock option scheme or employee stock purchase scheme.

6. If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), the Company will pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

7. As on 30 June 2010, the total number of members of the Company was 70,381.

8. The Directors of the Company or the Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through the Draft Letter of Offer.

9. The Company undertakes that at any given time, there shall be only one denomination of Equity Shares and the Company shall comply with such disclosure and accounting norms as may be prescribed by the SEBI.

10. Except as disclosed in the Draft Letter of Offer, the Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further Equity Shares in the Company.

11. The Equity Shares are fully paid-up and as on the date of filing of the Draft Letter of Offer, there are no partly paid-up Equity Shares.

12. The Company has not issued any Equity Shares out of revaluation reserves.

13. The terms of issue to Non-resident Equity Shareholders or applicants have been presented under the chapter "Terms of the Issue" on page 216.

14. Neither the Company nor the Promoters shall make any payments, direct or indirect, such as discounts, commissions, allowances or otherwise under the Issue.

15. There are restrictive covenants in the agreements entered into by the Company with certain lenders for short-term and long-term borrowings. For further details, see the chapter "Financial Indebtedness" on page 187.

16. The Issue will remain open for at least 15 days. The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

17. As on date of the Draft Letter of Offer we have made the following bonus issues of Equity Shares.

Year	Ratio	Number of equity shares issued as bonus
1979-80*	5:1	1,337,745
1984-85*	5:2	4,953,131
1992-93*	5:1	4,720,704
1996-97*	2:1	17,464,299
2006-07**	2:1	130,984,657

* *The face value of the equity shares is ₹10 each.*

** *The face value of the Equity Shares is ₹2 each.*

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment/Pre-payment of debt;
2. Construction and commissioning of a flight kitchen at the Indira Gandhi International Airport, New Delhi; and
3. General corporate purposes.

The objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

Sr. No.	Description	Amount (In ₹ million)
1.	Gross proceeds of the Issue	13,000
2.	Issue related expenses	[●]
3.	Net Proceeds of the Issue	[●]

Means of Finance

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds of the Issue:

Sr. No.	Objects of the Issue	Amount to be utilised (In ₹ million)	Amount proposed to be financed from Net Proceeds of the Issue
1.	Repayment/ pre-payment of debt	9,000	9,000
2.	Construction and commissioning of a flight kitchen at the Indira Gandhi International Airport, New Delhi	1,000	1000
3.	General corporate purposes	[●]	[●]

Utilization of Net Proceeds

The details of utilization of gross proceeds of the Issue will be in accordance with the table set forth below:

Sr. No.	Particulars	Amount to be utilised (In ₹ million)		Total (In ₹ million)
		Fiscal 2011	Fiscal 2012	
1.	Repayment/ pre-payment of debt	9,000	-	9,000
2.	Construction and commissioning of a flight kitchen at the Indira Gandhi International Airport, New Delhi	900	100	1,000
3.	General corporate purposes	[●]	[●]	[●]
4.	Issue related expenses	[●]	[●]	[●]

Details of the Objects of the Issue

The objects of the Issue are proposed to be financed entirely out of the Net Proceeds of the Issue. The Net Proceeds, after deduction of all Issue related expenses, are estimated to be approximately ₹ [●]. The details in relation to Objects of the Issue are set forth herein below.

1. Repayment/ pre-payment of debt

The Company has availed of certain long-term and other short-term loan facilities from various banks and financial institutions. These loan facilities aggregated to ₹ 18,661.60 million as at 15 September 2010 and the amount outstanding under these facilities as at 15 September 2010 was ₹ 15,661.60 million. For further details of the long-term and other short-term loan facilities availed by the Company, please see the chapter "Financial Indebtedness" on page 187. The Company intends to utilise ₹ 9,000 million towards repayment and/or pre-payment of a portion of such outstanding debt, including pre-payment penalty, if any. The Company may repay and/ or refinance some of its existing loan facilities prior to Allotment. The Company may obtain other short-term loan facilities between the date of the Draft Letter of Offer and the date of Allotment, however the aggregate amount to be utilised from the Net Proceeds towards repayment and/or pre-payment would be ₹ 9,000 million.

The following table provides the details of some of the loans availed by the Company on a standalone basis, out of which the Company shall select the loans to be repaid from the Net Proceeds of the Issue:

Sl No.	Name of the Lender*	Nature and date Of the loan Agreement	Amount Sanctioned and Availed (₹ in million)	Amount outstanding as at 15 September 2010* (₹ in million)	Rate of Interest (% per annum)	Prepayment Clause (if any)
1.	State Bank of India	Term loan agreement dated 28 January 2003	1,500	825	Sanction at 1.5% below State Bank Medium term Lending rate ("SBMTLR") with a reset every 3 years. This was changed with effect from 8 April 2005 to 1.75%, below SBMTLR. Current applicable rate is 10.50% p.a. payable monthly [1]	Upto a maximum extent of 1% p.a. on the pre paid amount for the residual period.
2.	State Bank of India	Term loan agreement dated 4 October 2007.	4,500	4,350	Sanctioned at an interest rate of 12% p.a. with a reset every year based on 0.75% below State Bank Advance Rate ("SBAR"). This was changed with effect from 31 December	2% on the pre-paid amount if the pre-paid amount exceeds ₹ 0.10 million.

[1] *Current interest rate effective from 8 April 2008 and due for reset on 8 April 2011*

Sl No.	Name of the Lender*	Nature and date Of the loan Agreement	Amount Sanctioned and Availed (₹ in million)	Amount outstanding as at 15 September 2010* (₹ in million)	Rate of Interest (% per annum)	Prepayment Clause (if any)
					2009 to 1.75% below SBAR. Current applicable rate is 10.00% p.a. payable monthly [2]	
3.	State Bank of Hyderabad	Term Loan dated 5 May 2005	1,500	1,300	7.5% p.a. (Fixed) monthly rests, to be reset every 3 years.[3]	Prepayment will not be allowed under normal circumstances. If prepayment is allowed by the bank, prepayment penalty as per the bank's standard rates will be charged
4.	United Bank of India	Term loan agreement dated 30 March 2009	1,000	1,000	10.25% p.a. (fixed) with a provision to reset interest rate after 2 years from the date of 1st disbursement [4]	No prepayment charge provided the Company gives 30 days prior notice to the bank failing which prepayment penalty as per the bank's standard rate will be charged.
5.	State Bank of Hyderabad	Term Loan Agreement dated 14 March 2007	1,100	366.60	2.50% below SBLR (Fixed) i.e. at 10.75% per annum to be reset every year [5]	No prepayment charge if the Company gives 60 days prior notice to the bank and the prepayment is out of internal accruals of the Company. Otherwise, prepayment penalty as per the bank's standard rates will be charged.
6.	The Hongkong and Shanghai Banking Corporation Limited,	Term loan agreement dated 11 September 2009	1,000	1,000	8.25% fixed for the first year on amount outstanding. One-year INR-INBMK (as per Reuters) + 3.65% for the second and third year on	Prepayment will be subject to funding penalties at the Bank's discretion.

[2] Current interest rate to be reset annually from the date of first disbursement i.e. 24 October 2010.
[3] To be reset every three years.
[4] To reset interest rate after two years from the date of 1st disbursement i.e. 31 March 2009.
[5] To be reset annually from the date of first disbursement i.e. 20 March 2007.

Sl No.	Name of the Lender*	Nature and date Of the loan Agreement	Amount Sanctioned and Availed (₹ in million)	Amount outstanding as at 15 September 2010* (₹ in million)	Rate of Interest (% per annum)	Prepayment Clause (if any)
					outstanding amount [6]	
7.	HDFC Bank Limited	Term loan agreement dated 26 March 2010	1,500*	1,000	8.85% (Fixed) for the first year, i.e. from the first date of disbursement vide sanction letter dated 22 March 2010.[7]	Prepayment option available to either party on the interest reset dates by giving a one month written notice prior to the reset date.
8.	ICICI Bank Limited	Term loan agreement dated 16 July 2010	4,000 Amount availed – ₹ 2000 million	2,000	10.00[8]	The Company is entitled to prepay the facility in full or in part on the interest reset dates or at the end of each six month period from the date of first disbursement being 21 July 2010.
9.	ICICI Bank Limited	Short Term Loans *vide* Facility Agreement dated 7 May 2010.	2,000	2,000	9.5% p.a. (Fixed) payable monthly	The Company may pay any of the outstanding tranches (in part or full) with applicable prepayment premium, as may be communicated by ICICI Bank.
	TOTAL			**13,841.60**		

** As certified by the Auditors vide their certificate dated 27 September 2010. Further, the Auditors have confirmed that as at 27 September 2010, the Company has utilised the above said loan amounts for the purposes for which the loans were availed.*

Some of our loan agreements proposed to be repaid from the Net Proceeds provide for the levy of pre-payment penalties. We will take such provisions into consideration in repaying and/or pre-paying our debt from the Net Proceeds of the Issue. We may also be required to provide notice to some of our lenders prior to repayment

[6] *The Company shall as long as any balance shall be owing to the Bank on the said account, pay interest at mutually agreed rates as may be specified from time to time. Subject to compliance with directives of RBI from time to time, such interest to be computed on the daily debit balances of the account / s and charged on the last working day of the month or otherwise in accordance with the practice of the Bank and although the relation of Banker and Customer may have ceased and said debit balance and all other moneys payable to the Bank hereunder shall carry interest at the rate aforesaid*

[7] *Interest from the date of first disbursement at 8.85% for the first year, i.e. from the first date of disbursement. Thereafter the interest rate can be as follows:*

Option I:_Reset at every anniversary starting from the date of first disbursement at prevailing floating / fixed interest rates subject to negotiation between the borrower and the Bank._

Option II: *Applicable rate of interest will be the prevailing one year G-Sec Rate on each anniversary of the initial disbursement plus 425 bps.*

[8] *For each Tranche will be stipulated by ICICI Bank at the time of disbursement of each Tranche, which shall be sum of I-Base and "spread" per annum, subject to minimum rate of I-Base+2.50% p.a. plus applicable interest tax or other statutory levy, if any. Above interest rate shall be reset at the end of every 12 months from the date of disbursement of the first / each Tranche of the Facility as a sum of I-Base + "Spread" prevailing on the reset date subject to minimum rate of I-Base + 2.50% p.a. plus applicable interest tax or other statutory levy, if any. "Spread" would be communicated by the Bank on the reset date.*

and/or pre-payment. The selection of loans proposed to be repaid and/or pre-paid from our loan facilities provided above shall be based on various factors including, (i) any conditions attached to the loans restricting our ability to repay/ pre-pay the loans, (ii) receipt of consents or waivers for repayment/ pre-payment from the respective lenders, (iii) terms and conditions of such consents and waivers; and (iv) levy of any pre-payment penalties.

2. Construction and Commissioning of the flight kitchen at Indira Gandhi International Airport, Delhi

The Company commissioned an independent flight catering unit in Delhi in 1980 with a capacity to produce 8,000 meals a day. The lease term of this unit will expire in March 2011. The Company is building a new state of the art flight kitchen in Delhi ("**Flight Kitchen**") with a capacity to produce 15,000 meals per day which is expected to be ready by Fiscal 2012. The Company intends to utilize a portion of the Net Proceeds of the Issue, to fund the capital expenditure requirements of the construction and commissioning of the Flight Kitchen.

The estimated cost of construction and commissioning the Flight Kitchen is ₹ 1,090 million. Construction of the building which will host the Flight Kitchen is currently underway. As of 15 September 2010 the Company had deployed an amount of ₹ 90 million towards the construction of the new Flight Kitchen. In addition, the Company has executed contracts and placed purchase orders for a total amount of ₹ 730 million. The table below provides a breakup of contracts and purchase orders to be financed out of the Net Proceeds:

(in ₹ million)

Sl. No.	Details	Estimated Cost
1.	Civil construction cost *	492
2.	Machinery and equipments *	110
3.	Project management agreements *	128
4.	Fixtures, kitchen equipment and other expenses #	270
	Total	**1000**

* *Executed contracts/purchase orders*
\# *Management estimates*

1. Civil construction cost includes the cost incurred in the construction of the building, including civil and architectural works; execution of heating, ventilating and air conditioning facilities; execution of electrical works, installation of sewage treatment plant and execution of fire fighting and plumbing works; and the cost of annual license fee payable for the first year i.e. 1 April 2010 to 31 March 2011.

2. Machinery and equipment cost includes the cost of vacuum waste disposal system, elevators (including the cost of installation and commissioning), steam boiler and hot water generator, dish-washing and pot-washing machines, solar module, power conditioning unit etc.

3. The scope of the project management agreements includes briefing, data gathering and analysis of the site and cost management and quantity surveying services.

4. As per management estimates, the Company believes that an additional amount of ₹ 270 million will be required for the purchase and installation of various fixtures and kitchen equipments. Based on price quotations received so far, the Company has decided to purchase kitchen equipment for an amount aggregating to ₹ 30 million. Closer to the date of completion of the building construction work, the Company will start obtaining price quotations for additional fixtures and kitchen equipment from various suppliers.The quotation/estimates received by the Company are not more than two months old, from the date of filing of the Draft Letter of Offer.

We may deploy funds from internal accruals during the interim period from the date of the Draft Letter of Offer till receipt of Issue proceeds. In this event, the Company will then reimburse these amounts from the Net Proceeds of the Issue.

Schedule of Implementation

The Company expects to commission the Flight Kitchen in Fiscal 2012.

3. General Corporate Purposes

The Company intends to deploy the balance Net Proceeds aggregating ₹ [●] million for general corporate purposes, including but not restricted to, strategic initiatives, partnerships, joint ventures and acquisitions, as well as meeting exigencies which the Company may face in the ordinary course of business, or any other purposes as may be approved by the Board of Directors.

4. Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Activity	Expense (₹ in million)	Expense (% of total expenses)	Expense (% of Issue Size)
Fees of the Lead Manager, Registrar to the Issue, Bankers to the Issue, legal advisor, for other professional services and statutory fees	[●]	[●]	[●]
Advertising, traveling and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Commission payable to SCSBs	[●]	[●]	[●]
Total estimated Issue related expenses	[●]	[●]	[●]

Interim use of proceeds

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization of the Net Proceeds of the Issue for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board or the Investment Committee from time to time.

Bridge Financing Facilities

The Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring of Utilisation of Funds

The Company has appointed [●] as the monitoring agency, to monitor the utilization of the Net Proceeds. The Company will disclose the utilization of the Net Proceeds under a separate head alongwith details, if any in relation to all such Issue Proceeds that have not been utilised thereby also indicating investments, if any, of such unutilized Issue Proceeds in the Company's financial statements for the relevant Financial Years commencing from Financial Year 2011.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Issue Proceeds will be paid by the Company as consideration to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters, except in the usual course of business.

SECTION IV - STATEMENT OF TAX BENEFITS

AUDITOR'S REPORT ON POSSIBLE TAX BENEFITS

To
The Board of Directors,
EIH Limited,
4, Mangoe Lane,
Kolkata- 700 001

Dear Sirs,

Re: Statement of tax benefits available to the Company and its prospective shareholders

We hereby report that the enclosed statement, prepared by the Company, states the possible tax benefits available to EIH Limited (the Company) and to its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been or would be complied with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any person other than the Company in respect of this statement.

The certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

R. N. Roy
Partner
Membership No .F-8608
Place: Kolkata
Dated: 27 September 2010

STATEMENT OF TAX BENEFITS

The following key tax benefits are available to EIH Limited (the Company) and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the Company & its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of these shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

Key benefits available to the Company under the Income-tax Act, 1961 ('the Act')

(A) Special Tax Benefits to the Company

1. Deduction under section 35 AD of the Act

Under section 35 AD, the Company is entitled to a deduction of the whole of the capital expenditure for the purpose of construction of a new hotel of two star or above category on or after 1st day of April, 2010 subject to certain conditions specified in that section.

(B) General Tax Benefits to the Company

1. Business Income:

1.1 Depreciation

The Company is entitled to claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trade marks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business under section 32 of the Act.

In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the Company engaged in the business of manufacture or production of any article or thing, the Company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs as per section 32 (2) subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act.

1.2 Preliminary Expenditure:

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section.

1.3 Expenditure incurred on amalgamation or demerger:

As per Section 35 DD, expenditure on amalgamation or demerger of any undertaking is allowed to be amortised over a period of 5 successive accounting years beginning with the year in which the amalgamation/demerger takes place.

1.4 Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to $1/5^{th}$ of such expenses over 5 successive AYs subject to conditions specified in that section.

1.5 Debenture Interest:

Interest paid on Debentures will be allowed as a deduction under section 36 (1) (iii) of the Act in computing business income. In case debenture borrowings are utilized for acquisition of assets for extension of company's existing business, then, interest attributable to such borrowing from the date of acquisition of the asset till the date on which such asset was first put to use, shall not be allowed as a deduction.

1.6 Deductions under Chapter VI-A of the Act:

As per section 80-ID, the Company will be eligible for deduction of an amount equal to hundred percent of the profits and gains derived from such business for five assessment years subject to fulfillment of conditions specified in that section.

1.7 Carry forward of business loss:

Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

1.8 MAT Credit:

As per section 115JAA(1A), the Company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid under sub-section (1) of section 115JB for any AY commencing on or after April 1, 2006 against normal income tax payable in subsequent AYs. MAT credit shall be allowed under sub-section (1A) to the extent of difference of the tax paid for any assessment year under sub-section (1) of section 115JB and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act.

The amount of tax credit determined shall be carried forward and set off up to 10 (ten) AYs immediately succeeding the assessment year in which tax credit becomes allowable.

All the deductions mentioned above, will result into reduction in tax liability of the Company.

2. Capital Gains:

2.1 Capital asset means property of any kind held by an assessee whether or not connected with his business or profession but does not include any stock-in-trade, consumables stores or Raw Materials held for the purpose of his business or profession and personal effects i.e. movable property held for personal use.

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding.

Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding twelve months. In case of all other assets if the period of holding exceeds thirty six months they are termed as long term capital assets.

2.2 Long term Capital Gain (LTCG):

LTCG means capital gain arising from the transfer of a long term capital asset.

2.3 Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset being share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for 12 months or less.

In respect of any other capital asset, STCG means capital gain arising from the transfer of capital asset, held by an assessee for 36 months or less.

2.4 LTCG arising on transfer of equity shares in a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section. However, the income by way of long term capital gain of a Company exempted under section 10 (38) shall be taken into account in computing book profit and income tax payable under section 115JB @ 18% plus applicable surcharge and education cess on tax plus Surcharge (if any) {hereinafter referred to as applicable SC+ EC}.

2.5 As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

2.6 As per section 112, LTCG is taxed @20% plus applicable SC +EC.

2.7 However as per proviso to section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

2.8 As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 15 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT. In other cases, STCG shall be chargeable to tax at the normal tax rate applicable i.e., @ 30% (plus applicable SC+ EC).

2.9 As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

2.10 As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

2.11 Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein

- National Highways Authority of India constituted under section 3 of National Highways authority of India Act, 1988.

- Rural Electrification Corporation Limited, a Company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. However, after 1ST April, 2007, to avail the benefit of section 54EC, the investment made in specified long term bonds should not exceed Rupees Fifty Lacs. These are also subject to countrywide absolute limits of Rs. 1500 crores for NHAI and Rs. 4500 crores for RECL.

If the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

3. Income from Other Sources

Dividend Income:

Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act subject to disallowances, if any, under section 14A, for expenditure incurred in relation to earning of such income.

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of units in such Mutual Fund.

Key benefits available to the Members of the Company

(C) Special tax benefit available to the members of the Company

No special tax benefits are available to the members of the Company.

(D) General tax benefits available to the members of the Company

1. Resident Members

1.1 Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholder from a domestic Company is exempt under Section 10(34) read with Section 115O of the Act.

1.2 Interest Income (Interest on Securities)

Tax at source under section 193 of the Act shall be deducted at applicable rates only in case the amount of interest or as the case may be, the aggregate of the amounts of such interest paid or likely to be paid during the financial year to an individual, exceeds two thousand five hundred rupees. Due credit for such taxes deducted would be available under section 199 of the Act to the Debenture holder.

However, no taxes will be deducted at source where such security is in dematerialised form and is listed on a recognised stock exchange in India.

1.3 Capital gains:

i. Benefits outlined in Paragraph B 2 above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.

ii. In case of an individual or Hindu Undivided Family (‘HUF’), where the total taxable income as reduced by capital gains is below exemption limit, the capital gains will be reduced to the extent of the shortfall and only the balance capital gains will be subject to tax in accordance with the proviso to subsection (1) of section 111A of the Act(in case of STCG)

iii. As per Section 54F of the Act, LTCG arising to individual and HUF from transfer of shares will be exempt from tax if net consideration from such transfer is utilised within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

1.4 Clubbing of Income:

Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.

1.5 Deductions:

In terms of Section 36 (1) (xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for deductions from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions subject to conditions and limits specified in that section.

2. Key Benefits available to Non-Resident Member

2.1 Dividend income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic Company shall be exempt under section 10(34) read with Section 115-O of the Act.

2.2 Capital gains:

Benefits outlined in Paragraph B 2 above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

2.3 Deductions:

Benefits outlined in Paragraph 1.5 above are also applicable to the non-resident shareholder.

2.4 Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double tax avoidance agreements.

2.5 Special provisions in respect of income / LTCG from specified foreign exchange assets available to Non resident Indians under Chapter XII-A

2.5.1 Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident, Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

2.5.2 Specified foreign exchange assets include shares of an Indian Company acquired/purchased/subscribed by NRI in convertible foreign exchange.

2.5.3 As per section 115E, income other than dividend which is exempt under section 10(34) from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable SC + EC). No deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.

2.5.4 As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC).

2.5.5 As per section 115F, LTCG arising from transfer of foreign exchange assets shall be exempt in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under section 115F.

2.5.6 As per section 115G, if the income of a NRI taxable in India consist only of income/ LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under section 139.

2.5.7 As per section 115H of the Act, when a non-resident Indian become assessable as a resident in India, he/she is entitled to furnish a declaration in writing to the Assessing Officer along with the return of income to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or otherwise converted into money.

2.5.8 As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing the return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and, accordingly, his total income for that assessment year will be computed in accordance with the other provisions of the Act.

2.6 Clubbing of Income

Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.

3. Key Benefits available to Foreign Institutional Investors (FIIs)

3.1 Dividend income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic Company shall be exempt under Section 10(34) with Section 115O of the Act.

3.2 Interest Income (Interest on Securites)

The tax at source will be deducted under section 115 AD @ 20%.

3.3 Capital Gains:

i. Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC & EC). No deduction in respect of any expenditure /allowance shall be allowed from such income.

ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

- As per section 111A, STCG arising on transfer of securities where such transactions is chargeable to STT, shall be taxable at the rate of 15% (plus applicable SC {& EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC)

- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). The benefits, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

3.4 Exemption of capital gains from Income tax

3.4.1 LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

3.5 Benefit of exemption under Section 54EC shall be available as outlined in Paragraph B 2.11 above.

3.6 Deductions

Benefit as outlined in Paragraph D 1.5 above are also available to FIIs.

3.7 Tax Treaty Benefits

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provisions of the applicable double tax avoidance agreements.

4. Key Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, the Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

5. Persons carrying on business or profession in shares and securities

Securities transaction tax paid in respect of taxable securities transaction entered during the course of business will be available as deduction under section 36 (1) (xv) while computing the taxable business income.

(E) Wealth Tax Act, 1957

Shares in a Company held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a Company.

(F) The Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift tax.

However, any transfer of shares made subsequent to October, 1, 2009 without adequate consideration to an individual or HUF will be taxable in the hands of the transferee under the newly inserted clause (vii) under section 56(2) of the Income tax Act, 1961 subject to prescribed conditions and valuation rules.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

d) The above Statement of Possible Direct tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase ownership and disposal of shares.

For **RAY & RAY**
Chartered Accountants
Firm's Registration No. 301072E

R. N. ROY
Partner
Membership No. F-8608
Place: Kolkata
Dated: 27 September 2010

SECTION V – ABOUT US

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publications, reports prepared by CRISIL Limited ("CRISIL") and Company estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.

CRISIL limited has used due care and caution in preparing their reports. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of their reports may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in their reports. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

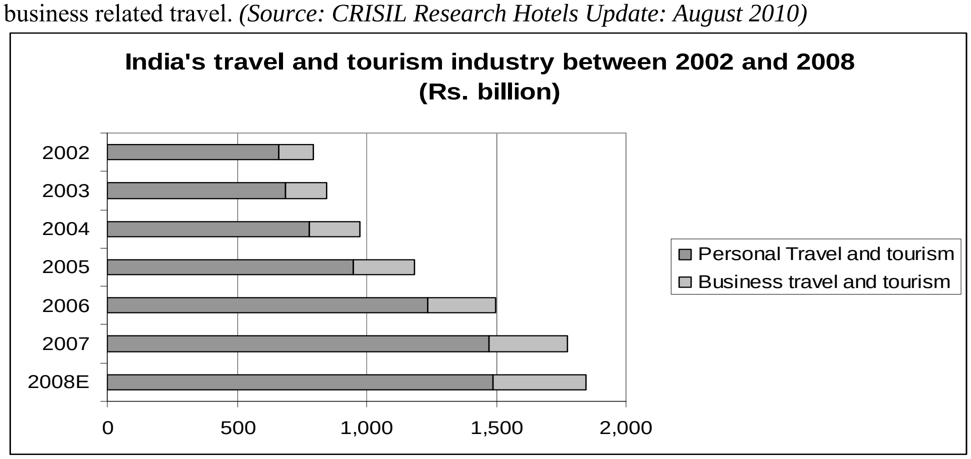
The Indian Economy

The Indian economy is one of the largest economies in the world with a GDP at current market prices of ₹ 61.6 trillion in the fiscal year 2010 *(Source: Economic Survey of India, 2009-2010)*. It is one of the fastest growing major economies in the world with a projected real GDP growth rate of 8.8% in 2010. In 2009, China and India sustained real GDP growth rates of 8.7% and 5.7%, respectively, which were among the highest of any economy in the world. *(Source: International Monetary Fund, World Economic Outlook Database, April 2010).*

Per capita income in India has grown from around ₹ 29,745 for the fiscal year 2005 to ₹ 40,745 for the fiscal year 2010. *(Source: Economic Survey of India, 2009-2010).* This increase in per capita income has created increasing wealth and has had a positive effect on disposable incomes.

Indian Hotel Industry

The Indian hotel industry has recorded steady revenue growth since 2002-03 as evidenced by a steady increase in ARRs and occupancy rates from 2002-03. According to the World Travel and Tourism Council ("**WTTC**"), the travel and tourism market grew by an impressive compound annual growth rate ("**CAGR**") of 15% from ₹ 797 billion in 2002 to ₹ 1,843 billion in 2008, driven by growth in both leisure and business tourism. However, the industry witnessed a sharp decline in leisure and business tourism since the second half of 2008-09 due to a fall in room demand owing to the economic slowdown. Premium segment hotels were significantly impacted by the deceleration in the economy, with revenues declining by around 21% in the first quarter of 2009-10. (*Source: CRIS INFAC Hotel Annual Review, September 2009)*. However, hotel room demand recovered to pre-crisis levels of 2007-08 in the latter half of 2009-10 with an increase in foreign tourist arrivals and a recovery in business related travel. *(Source: CRISIL Research Hotels Update: August 2010)*



(*Source: CRIS INFAC Hotel Annual Review, September 2009, WTTC)*

Market outlook

Demand for hotel rooms in the premium segment is expected to grow and the WTTC estimates the industry will develop at a CAGR of 12% to reach ₹ 6,425 billion by 2019. *(Source: CRIS INFAC Hotel Annual Review, September 2009)*

Further, in 2010-11, hotel revenues are likely to grow at 15-20% after two years of decline. *(Source: CRISIL Research Hotels Update: August 2010)*

Classification of Hotels in India

Hotels in India are classified based on the size of the rooms, the types of amenities offered and the age of the hotel. The Ministry of Tourism ("**MoT**") has classified hotels into heritage hotels and star hotels, within star hotels there are six categories: five-star deluxe ("**5-D**"), five-star, four-star, three-star, two-star and one-star. Heritage hotels include heritage, heritage classic and heritage grand and include, among others, old palaces and *havelis* which have been converted into hotels.

The MoT reclassifies hotels every three years and is responsible for the classification of 5-D, five-star and four-star hotels, while the state governments are responsible for the classification of one-star, two-star and three-star hotels.

The key characteristics of each category of hotels, typical location and target customer profile is as follows:

Segment	Location	Category	Target	Rates
Premium	Around 50% of these hotels are concentrated in the four metropolitan cities	5-D, five-star	Foreign business and leisure travellers, senior business executives and senior government officials.	Highest ARRs due to highest levels of service quality
Mid market	Located in major cities as well as small cities and tourist destinations	three-star, four-star	Middle-level business executives and leisure travellers	Offer fewer facilities and charge lower rates than the premium segment
Economy	Located in major cities as well as small cities and tourist destinations	one-star, two-star	Largely targeted at domestic tourists	Minimum facilities. Charges are lower than that of the mid market segment
Heritage	Heritage hotels comprise old palaces, havelis, castles, forts and residence constructed prior to 1950, converted into hotels largely located in leisure tourist destinations, such as in Jaipur.	Heritage Grand, Heritage Classic	Foreign leisure travellers	ARRs are lower than that of hotels in the premium segment

Source: CRIS INFAC Hotel Annual Review, September 2009

The location of a hotel is important as it influences the clientele of the hotel in terms of attracting a mixture of business and tourist traffic. Additionally, location also influences the revenue mix of the hotel in terms of foreign exchange and rupee earnings.

The following table shows the number of hotel rooms by category:

Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Premium segment	24,334	24,719	26,457	27,951	29,097	31,018	31,408	32,351
Mid-market segment	29,001	28,506	28,788	33,094	32,209	34,971	35,885	37,321

Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Budget hotels	10,974	10,423	10,119	9,746	8,107	7,783	7,783	7,861
Heritage hotels	2,492	2,258	2,297	2,567	2,611	2,689	2,703	2,730
Others (unregistered etc)	30,440	29,816	30,854	31,712	37,368	40,357	45,200	49,720
Total rooms	97,241	95,722	98,515	105,070	109,392	116,818	122,979	129,982
Growth (year on year)		-2%	3%	7%	4%	7%	5%	6%

(*Source: CRIS INFAC Hotel Annual Review, September 2009, FHRAI)*

Indian Tourism Industry

According to the WTTC, the Indian travel and tourism industry grew by 15% from ₹ 797 billion in 2002 to ₹ 1,843 billion in 2008, driven by growth in leisure and business tourism. The WTTC estimates that the industry will register a CAGR of 12% to reach ₹ 6,425 billion by 2019. Due to the slowdown in the global economy, travellers visiting India had declined from November 2008 onwards. This decline moderated in the first quarter of 2009-10. Events such as the Commonwealth Games (October 3-14, 2010) in New Delhi and the Cricket World Cup (February to March 2011) are expected to boost tourism with an increase in both foreign and domestic tourists.

According to WTTC India's estimates, the direct and indirect contribution of the travel and tourism industry was 6% of India's total GDP in 2009 and it is expected to remain at similar levels through 2019. The contribution of the industry to employment is expected to rise from 31.1 million jobs in 2009 (6.4% of the country's total employment in 2009) to 40 million jobs (7.2%) by 2019.

The "Incredible India" campaign, together with being awarded the 'Favourite Country of the Year' by Condé Nast's Travelers Readers Travel has boosted India's image as a tourist destination. Foreign tourist arrivals grew by CAGR of 14.5% between 2002 and 2008. However, tourism declined from November 2008 due to the economic deceleration. Recent statistics have revealed that the fall moderated from May 2009 and tourist arrivals have turned marginally increased in June 2009. The long-term prospects of India as a tourist destination remain intact and tourist arrivals are likely to grow moderately in the short-term. Foreign exchange earnings have grown at a CAGR of 24% between 2002 and 2008.

India's share in world tourism has been quite negligible due to an insufficient number of airports together with poor connectivity via roads hindering tourist arrivals in India, perceived terror threats and inadequate initiatives to market India as a prominent tourist destination. The poor marketing has been addressed in recent years by the 'Incredible India' campaign together with the marketing efforts of various state governments.

(*Source: CRIS INFAC Hotel Annual Review, September 2009*)

Domestic and International arrivals

According to the MoT, there were 562.9 million domestic tourist arrivals in 2008, compared to 5.3 million foreign tourist arrivals. The MoT has released campaigns both within India and internationally to encourage domestic and international arrivals. *(Annual Report 2009-2010, Ministry of Tourism)*

Classification of Hotel Companies

Hotel companies are classified based on the number of properties operated as either hotel chains or standalone/dual hotel companies. Hotel chains typically operate hotels across segments and have brands associated with each segment. Examples of domestic hotel chains are Indian Hotels, ITC and the Oberoi group which includes us. International hotel chains with a presence in India include Hyatt, Marriott, Intercontinental Group and Carlson hospitality.

Standalone/dual hotel companies operate single/dual properties in India. Revenue flow from such properties is limited as compared to hotel chains where revenues are contributed by various properties across segments.

Foreign players are increasing their presence in India, mostly through the franchise and management contracts route.

(Source: CRIS INFAC Hotel Annual Review, September 2009)

Typical Ownership/Operation structures in the Hotel Industry

Ownership operation structures in the hotel industry in India take various forms. Some of these structures are as follows:

Ownership

Under this structure, the business owner owns the hotel building and the land on which the hotel is situated on a long-term lease. The owner may also manage and operate the hotel.

Management Contracts

Under this structure, a manager manages the operations of a hotel owned by a third party. In return, the manager earns management fees. The management fee usually consists of a base fee (a percentage of revenue) and may also include a percentage of the gross operating profit as an incentive. The cost of upkeep and renovation of the hotel is borne by the owner.

Franchise

Under this structure a franchisor licenses their brand giving the hotel owner the right to use the brand, operating practices and reservations in exchange for a fee.

Lease/License Arrangements

The lessor or licensor (the owner of the hotel property) leases or licenses the hotel property to a lessee or licensee for a specified duration. The lessee or licensee incurs capital expenditure costs for renovating the hotel. In general, the lessor owns the property and the lessee has an interest in the asset for the duration of the lease agreement. Generally, the 'lease rental' or 'license fee' is a proportion of the gross revenue and is paid to the lessor / licensor.

(Source: CRIS INFAC Hotel Annual Review, September 2009)

Reservation and Distribution Channels

Currently, the major distribution and sales channels for hotel reservations are:

- *Global Distribution Systems*

  A global distribution system ("**GDS**") is a network of electronic reservation systems used by buyers (travel agents and the public) and sellers (hotels, airlines and car rental companies) to exchange travel-related services. Internationally, GDS systems account for over 55% of the bookings made for city-based hotels.

- *Centralised Reservation Systems*

  This system is primarily used by hotel chains with properties in different locations, whereby a common central system is used for reservations in all the properties.

- *Travel Agent*

  Travel agents are the intermediaries between the traveller and the hotel.

- *Marketing Alliances*

  Major hotels are often associated with marketing alliances. These alliances provide the hotel direct access to a reservation network, promotion, and Internet coverage. Major marketing alliances include Leading Hotels of the World and Leading Small Hotels of the World.

  (Source: CRIS INFAC Hotel Annual Review, September 2009)

Seasonal Nature of the Industry

The hotel industry is seasonal, with occupancy rates generally being higher from November to February as compared to the rest of the fiscal year. Seasonality is more pronounced in leisure destinations, for example in Goa, Jaipur and Agra.

Tourist inflows, especially international leisure tourist inflows, are seasonal in nature. International tourist arrivals from May to August are lower due to lower travel during the summer and the monsoon, but rise during the winter.

(Source: CRIS INFAC Hotel Annual Review, September 2009)

India Review and Outlook Summary

India	Supply growth	Demand growth	Average ARR (Rs)	ARR growth	Average OR (per cent)	Average RevPAR (Rs)	RevPAR growth
2003-04 to 2008-09	4.4%	3.7%	7,472	14.4%	71	5,276	17.7%
2009-10	9.1%	4.2%	8,043	-19.2%	61	4,910	-22.9%
2009-10 to 2014-15	8.4%	10.5%	8,483	2.4%	63	5,381	4.4%

Source: CRISIL Research

Mumbai

Mumbai, the commercial capital of the country experienced a growth in RevPARs of 25% between 2002-03 and 2007-08. Mumbai is amongst the top three destinations in India in terms of RevPAR. The growth in hotel revenues was driven by a combination of increasing room demand and relatively low availability of premium hotel rooms. However, the hotel industry in Mumbai during the period from late 2008 to the current year underwent a period of severe stress due to the terror attacks in Mumbai on November 26, 2008 and the global financial meltdown.
The impact of the terrorist attacks led to a decline in room demand, and consequently low occupancy rates. On a year on year basis, room demand in the city fell by around 30%. The average occupancy rates for the period from December 2008 - March 2009 fell to 54% from 74% during the same period in 2007-08.

In addition to the reduction in room demand, the city also witnessed supply additions during this period. Around 850 rooms were added between March 2008 and March 2010. The increased competition forced players to lower ARRs, thereby compounding the effect on RevPARs, which were already suffering due to the reduction in occupancy levels.

As a result of an improvement in the global macroeconomic scenario towards the second half of 2009-10, demand for hotel rooms in Mumbai witnessed a turnaround. The period from October to March 2009-10 saw a 27% year on year increase in demand. Despite this recovery, demand remained approximately 5% lower than peak levels seen in 2007-08. As a consequence of additions to room inventory, hotels were unable to hike ARRs, which stood 21% lower than 2008-09 at ₹ 9,000. Further, driven mainly by the correction in room rates, RevPARs for the year declined by 24%.

(Source: CRISIL Research Hotels Update: August 2010)

Resurgence in business related travel to drive RevPAR growth

Mumbai, as the commercial capital, is likely to be the epicentre of economic activity in India. With the Indian economy projected to grow at around 9%-10% over the next 5 years, room demand in Mumbai is likely to witness an increase driven by industries such as banking, financial services, infrastructure, and manufacturing. Further, with an expected increase in business related travel expenditure driven by the recovery in the global economic scenario, room demand in Mumbai is likely to grow at a compounded rate of 11% over the next 5 years.

Further during the same period average occupancy rates for properties across Mumbai are expected to increase to above 65%. The ARR growth is likely to be muted (around 3%) and reach ₹ 10,400 in 2014-15. However, the improvement in occupancy rates will drive RevPAR growth which is expected to be around 6% CAGR. RevPARs are likely to increase to ₹ 7,400 by 2014-15 and Mumbai is likely to retain its status as one of the top destinations in India in terms of RevPAR, marginally behind the NCR.

(Source: CRISIL Research Hotels Update: August 2010)

Central Mumbai

Proximity to South Mumbai and increasing corporate demand to drive room demand

Driven by an increasing demand from corporate travellers (owing to development of commercial real estate), and proximity to South Mumbai, room demand in this area is likely to register a CAGR of 6%-8% over the next 5 years. The area is expected to witness an increase of 30% of upcoming supply. Occupancy rates are also likely to improve from current levels (61%) to around 70% by 2014-15 and RevPAR is likely to grow at a compounded annual rate of 7% from ₹ 5,800 in 2009-10 to ₹ 8,500 in 2014-15.

(Source: CRISIL Research Hotels Update: August 2010)

Bandra-Kurla Complex

Emergence of Bandra-Kurla Complex as a premier business district to drive hotel revenues

As this area continues to develop into one of the key business hubs of the city, room demand is expected to witness a steady growth of around 10% over the next 5 years. As a result, occupancy rates are expected to improve from 65% to over 70%. As 28% of the upcoming supply in Mumbai is scheduled to come up in this area, ARR growth is likely to be restricted to 3% over the next 5 years. Further, driven by increased occupancy rates, RevPARs are likely to increase by 9% from ₹ 5,900 in 2009-10 to ₹ 9,000 in 2014-15.

(Source: CRISIL Research Hotels Update: August 2010)

Andheri (International airport area)

Increasing air traffic and corporate demand to drive demand growth

This area has currently the maximum existing room supply (27%) of all the other areas in Mumbai. As a result, although only 9% of the upcoming supply is expected in the area, overall ARR growth is likely to be sluggish at around 2%-3%. ARR for the area is likely be around ₹ 10,000 by 2014-15. However, with an increase in business related travel and increasing development of commercial real estate in the vicinity of the Andheri-Kurla Road business district, occupancy rates for the area are expected to be around 75% by 2014-15 and RevPARs are likely to grow from ₹ 5,500 in 2009-10 to ₹ 8,200 in 2014-15.

(Source: CRISIL Research Hotels Update: August 2010)

Northern suburbs (Powai, Malad and Goregaon)

Low available supply in peripheral business districts to aid revenue growth

Room demand for hotels in the peripheral business districts is likely to experience a growth of 8%-10% over the next five years. The growth in room demand is comparable to areas such as Bandra, however, the growth is from a much smaller base room of demand. As a result of increasing room demand, occupancy rates in these areas is likely to be approximately 70% by 2014-15. ARR growth, on the other hand, is likely to be restricted at around 4% as these areas are scheduled to house around 25% of the upcoming supply. ARRs in 2014-15 are likely to be around ₹ 8,500 and RevPARs are likely to increase at a CAGR of 10% from ₹ 4,000 to ₹ 6,300.

(Source: CRISIL Research Hotels Update: August 2010)

Navi Mumbai

Room demand to be driven by industries located in the area

The room demand in this area is likely to be primarily driven by the industries located in this area and to some extent by the events at the D.Y. Patil Stadium such as the Indian Premier League and the cricket World Cup in 2011. Occupancy rates for the area are expected to improve to around 55%-60% by 2014-15 from 30% levels in 2009-10. ARRs are expected to be in the range of ₹ 7,000 and RevPARs are expected to be in the range of ₹ 4,500 to ₹ 5,000 by 2014-15.

(Source: CRISIL Research Hotels Update: August 2010)

Bengaluru

Driven by rapid growth in room demand from the information technology and information technology enabled services sector and limited availability of premium hotel rooms, Bengaluru witnessed significant RevPAR growth from 2003-04 to late 2008. During this period, RevPARs in Bengaluru were the highest in the country.

As 90% of Bengaluru's hotel clientele are international business travellers (as compared to the country-wide average of around 75%-80%), room demand in the city decreased significantly as a result of the global recession. Large supply additions in 2008-09 and 2009-10 further widened the demand-supply gap, causing a 33% decrease in ARRs to ₹ 9,000 in 2009-10.

With an improvement in the global macroeconomic conditions and recovery in the global business environment, information technology and information technology enabled services companies have witnessed a strong recovery in revenue growth in the last quarter of 2009-10 and the first quarter of 2010-11. In line with the recovery of the information technology and information technology enabled services sector (the main driver of room demand in the city), room demand in Bengaluru is expected to register a CAGR of 13% over the next 5 years.

While occupancy rates are expected to improve to over 65%, ARR growth will be restricted on account of intensifying competition due to supply additions. Driven by the improvement in occupancy rates, RevPARs are projected to grow at a compounded rate of 4% over the next 5 years to ₹ 6,500.

(Source: CRISIL Research Hotels Update: August 2010)

National Capital Region ("NCR")

NCR (comprising of Delhi, Gurgaon, and Noida) derives its demand from both business and leisure travellers (in an approximate 60:40 ratio in favour of business travellers). The NCR witnessed a 20% growth in RevPARs from ₹ 3,100 in 2003-04 to ₹ 8,000 in 2008-09 largely as a result of limited room availability. During the same period, RevPARs for NCR were second only to Bengaluru when compared to all other destinations across India.

As room demand is driven by both business and leisure travellers, the NCR suffered a severe setback as a result of the global economic slowdown and the Mumbai terror attacks. The reduction in room demand (which grew by a mere 3% in 2009-10 over 2008-09) was also accompanied by supply additions to the order of 10% in 2009-10. Despite a strong recovery in demand during the latter half of the year, RevPARs declined on a year on year basis in 2009-10 by 25% to ₹ 6,000.

The Commonwealth Games in October 2010 are likely to result in a 15%-16% demand growth in 2010-11. However, the CAGR in demand over the next 5 years is likely to be 10%.

Supply additions over the next 5 years are likely to occur at a compounded rate of 8%. The increase in competition is likely to affect growth in ARRs, restricting the CAGR to around 2%. Driven by the expected improvement in occupancy rates, RevPARs are likely to grow at a compounded rate of 4% to ₹ 7,500 by 2014-15. While demand growth in the region is likely to be comparable to most business destinations, despite considerable additions to supply expected over the next 5 years, NCR is likely to have the highest RevPARs in India (approximately 15% higher than Bengaluru and marginally higher than Mumbai).

(Source: CRISIL Research Hotels Update: August 2010)

Kolkata

Room demand in Kolkata is driven mainly by demand from business travellers. Demand in the city is driven by a diverse group of businesses varying from telecom to information technology and information technology enabled services to manufacturing and weddings. Unlike other business destinations, Kolkata witnessed only moderate growth in room demand between 2003-04 and 2008-09 (3%).

Low additions to supply during this period enabled an ARR growth of 15% (CAGR) with average occupancy rates of 70%. RevPARs in Kolkata increased at a compounded rate of 21% to ₹ 4,900 in 2008-09. Owing to lower dependence on international business travelers, Kolkata was relatively less affected by the global financial meltdown, experiencing an overall decline of 19% on a year on year basis in RevPARs largely because of a 15% correction in ARRs in 2009-10. RevPARs in 2009-10 were at ₹ 4,000.

During the period from 2009-10 to 2014-15, room demand is forecasted to grow at a compounded rate of 6% with the expected improvement in global macroeconomic conditions. Supply during the same period is likely to grow at 6%. As a result of increasing competition, RevPARs in Kolkata are likely to witness a low-to-moderate growth at a compounded rate of 3% to ₹ 4,500 by 2014-15.

(Source: CRISIL Research Hotels Update: August 2010)

Chennai

The demand for premium hotel rooms in Chennai is driven largely by international business travellers. An increase in demand from corporate travellers (largely related to the automobile sector) and limited supply of premium hotel rooms during the period 2003-04 to 2008-09, resulted in a 14% growth in ARRs, which in turn led to an 18% growth in RevPARs from ₹ 2,200 to ₹ 5,100.

Being a business destination, room demand was severely impacted by the global recession, falling 11% on a year on year comparison in 2009-10. In a bid to maintain occupancy rates, hotels reduced ARRs by 17% to ₹ 6,500 in 2009-10. As a result, RevPARs declined by 27% to ₹ 3,700.

Room demand in Chennai is expected to recover and grow at a compounded rate of 12% in line with the rapid growth expected in key sectors such as automobiles over the next 5 years. However, an 11% growth (CAGR) in supply during the same period is likely to inhibit ARR growth to 2%. With the expected marginal improvement in occupancy rates and ARRs, RevPARs are likely to witness a growth rate of around 3% from ₹ 3,700 in 2009-10 to ₹ 4,300 in 2014-15.

Compared to other key business destinations such as Mumbai, NCR and Bengaluru, RevPARs for the city are likely to remain below-average.

(Source: CRISIL Research Hotels Update: August 2010)

Agra

Agra is primarily a leisure destination and its major tourist draw is the Taj Mahal.

Low available supply and a steady increase in foreign tourist arrivals during the period from 2003-04 to 2008-09 resulted in a RevPAR growth of over 30%, considerably higher than other leisure destinations such as Goa and Jaipur, although from a lower base. The Mumbai terror attacks in November 2008 resulted in a sharp decline in room demand in both business and leisure destinations throughout the country and Agra was no exception. Despite a recovery in the number of foreign tourist arrivals in the latter half of 2009-10, overall room demand remained flat on a year on year basis in 2009-10.

As a measure to give room demand in the city a much needed push, players were forced to reduce ARRs by 11% to ₹ 6,100. Occupancy rates remained flat on a year on year basis at around 60%. As a consequence of the decline in ARRs, RevPARs fell by 11% on a year on year basis in 2009-10.

Driven by increasing foreign tourist arrivals, which are expected to increase with the improvement in global macroeconomic conditions, room demand is likely to grow at a compounded rate of 7% over the next 5 years. With relatively low supply additions (CAGR of 4% over the next 5 years), average occupancy rates are expected to be in the range of 68%.

Higher occupancy rates will enable players to hike ARRs marginally at a CAGR of 3%. Consequently, RevPARs for Agra are likely to grow at a compounded rate of 7% to ₹ 5,200 in 2014-15. The expected growth in hotel revenues for the city of Agra is comparable to other leisure destinations, namely Goa and Jaipur, as none of the three destinations are expected to witness a large increase in room inventory.

(Source: CRISIL Research Hotels Update: August 2010)

Kerala

From 2004-05 to 2007-08 RevPAR grew at a CAGR of 21%, however, in 2008-09 RevPAR remained flat at ₹ 3,464 as a decrease in occupancy offset an increase in ARRs. As Kerala is mainly a leisure destination it is likely to be effected by the expected reduction in foreign tourist arrivals over the next year.

(Source: CRIS INFAC Hotel Annual Opinion September 2009)

Jaipur

Sustained growth in room demand from 2003-04 to 2008-09 (11%) enabled players to maintain a steady 6% growth in ARRs while maintaining occupancy rates above 60%. This growth was realised despite a corresponding increase in supply during the same period. As a result, RevPARs during the aforementioned period registered a growth of 9% from ₹ 2,600 in 2003-04 to ₹ 4,000 in 2008-09.

Jaipur witnessed a sharp drop in room demand in the wake of the Mumbai terror attacks in November 2008 as a result of which occupancy rates remained below 50% for the majority of the first half of 2009-10. Room demand recovered in the latter half of the year; however occupancy rates on an annual basis remained below 55%. ARRs declined by 15% to ₹ 6,000. RevPARs in Jaipur are on an average 15% lower than Agra.

The period 2009-10 to 2014-15 is likely to witness an 8%-10% growth in foreign tourist arrivals which will increase the demand for rooms in the city. Demand in Jaipur is likely to record a CAGR of 7%. Supply during the same period is expected to grow at a compounded rate of 4%. As a result, occupancy rates are expected to recover to near 60% levels and players are expected to hike ARRs (at a CAGR of 4% over the next 5 years). Consequently, RevPARs are likely to exhibit a CAGR of 8% and increase to ₹ 4,700 by 2014-15.

Despite the expected growth, RevPARs for the city are likely to remain below Agra though the differential is likely to decrease to 10%.

(Source: CRISIL Research Hotels Update: August 2010)

Hyderabad

Demand in Hyderabad is also largely driven by the information technology and information technology enabled services sector. Room demand in Hyderabad experienced a compounded growth of 6% between 2003-04 and 2008-09. As a result of low room availability prior to 2008-09, ARRs grew at a compounded rate of 10% from ₹ 3,700 in 2003-04 to ₹ 7,700 in 2008-09, with average occupancy rates being in the range of 75%.

In addition to a decline in room demand as a result of the global meltdown, supply additions of 20% and 10% took place in the years 2008-09 and 2009-10 respectively, forcing players to reduce ARRs by 16%. RevPARs fell by 20% on a year on year basis in 2009-10 to Rs.3,400.

Demand is expected to recover in line with the expected recovery in revenues for the information technology sector and register a CAGR of around 12% over the next 5 years. Supply additions are also likely to witness a similar growth. However, intensifying competition is likely to result in a flattish growth in ARRs and occupancy rates over the next 5 years. Consequently, RevPAR growth in the city is only expected to be marginal during this period.

Although, room demand growth in the city is likely to be comparable to most business destinations across the country; RevPARs for the city are likely to be considerably (45%-50%) lower than premier business destinations such as Mumbai, NCR and Bengaluru.

(Source: CRISIL Research Hotels Update: August 2010)

BUSINESS

Introduction

We are the flagship company of the Oberoi Group, which is one of the largest and most well-known hospitality groups in India. Our primary business is the ownership, management and operation of five star deluxe and five star hotels in metropolitan and major tourist destinations throughout India and in select tourist locations overseas. The locations and the aggregate number of rooms in these hotels are set forth in the following table:

Brand	Locations	Rooms
The Oberoi	Mumbai, New Delhi, Kolkata, Bengaluru, Agra, Jaipur, Ranthambhore, Udaipur, Shimla in the Himalayas, Backwaters cruiser, Cochin, Bali, Mauritius, Lombok, Sahl Hasheesh and Zahra Nile cruiser	1,716
Trident	Agra, Bhubaneswar, Chennai, Cochin, Gurgaon, Jaipur, Udaipur and Mumbai	1851
Others	Delhi	55
Total		**3,622**

In addition to our primary hotel business, we are also involved in other businesses, such as flight and airport services, car rentals, air charter services, and a printing press.

The Company has a 100% equity interest in the six Oberoi hotels located in Mumbai, New Delhi, Kolkata, Bengaluru, Udaipur and Ranthambhore. Through our subsidiaries or associate companies, the Company has equity interests in, and manages, Oberoi hotels in Agra, Jaipur, and Shimla. Our hotels and resorts are luxury properties serving foreign and domestic business customers and high-end leisure travellers. Oberoi hotels are widely recognized as being among the leading hotels in their markets and several have been assigned five star deluxe ratings, the highest available rating in India, by the Ministry of Tourism.

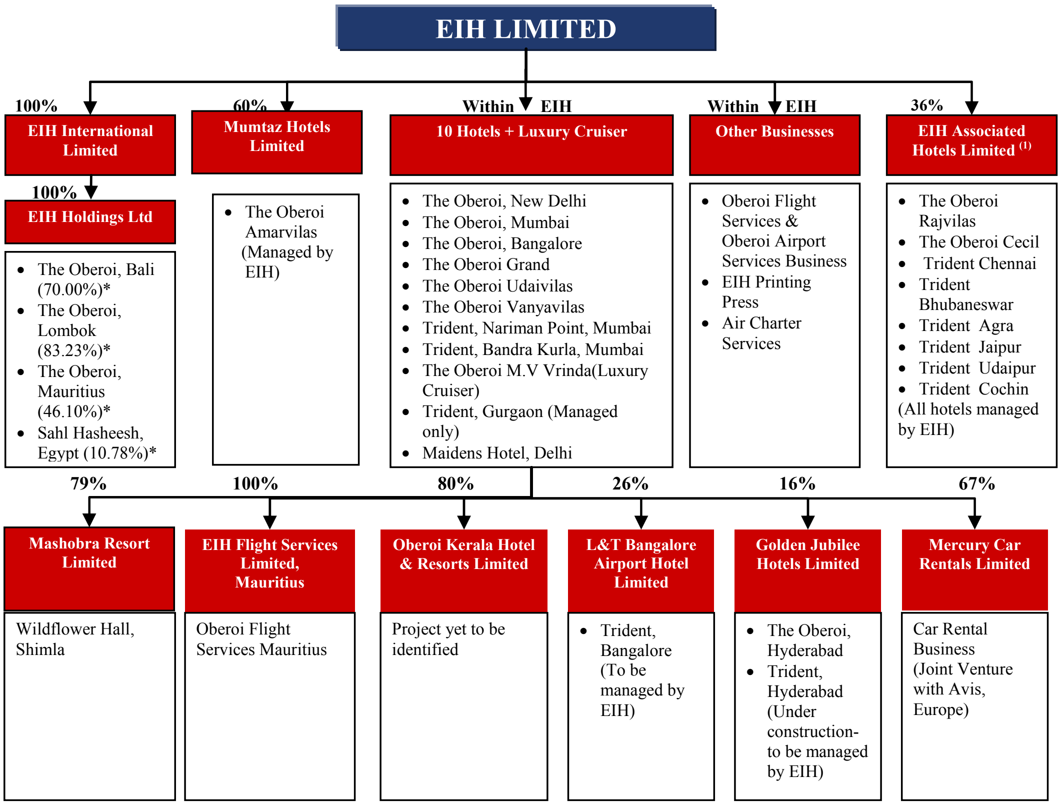
The Company also has equity interests in eight hotels that operate under the "Trident" name. Trident hotels target business and leisure travellers to metropolitan and tier two cities in India who seek high-quality boarding, lodging and business or recreational facilities at more affordable rates than the five star deluxe segment. Several of the Trident hotels have been assigned five star ratings. We have a 100% equity interest in and manage the Trident, Nariman Point and Trident, Bandra-Kurla Complex in Mumbai. We have a 36% equity interest in the Trident hotels located in Agra, Bhubaneswar, Chennai, Cochin, Jaipur and Udaipur and manage the Trident in Gurgaon, just outside of Delhi.

Our business strategy calls for continued emphasis on high-end, upscale accommodation through the existing Oberoi and Trident hotels, as well as selective expansion in both the five star deluxe and five star segments of the Indian hotel industry by participating in the development and management of new hotel properties in destinations where we see significant opportunities. Development work is in progress for Oberoi hotels in Gurgaon and Hyderabad and Trident hotels in Bengaluru, Dehradun and Hyderabad. Our international expansion plans include luxury properties in Dubai, Abu Dhabi, Greece, Oman, Mauritius and Morocco, which are in the planning stages and for which we have signed management contracts. We own and operate Oberoi Flight Services and Oberoi Airport Services, which provides catering and other services to leading international airlines, and operates restaurants and lounges in a number of India's domestic and international airports. Our other businesses include air charter services through EIH Aviation, a division of the Company, a commercial printing press and a car rental business in India through our 66.67% equity interest in Mercury Car Rentals Limited, a venture with Avis Europe.

Our total income was ₹ 10,477.37 million in fiscal 2010 resulting in total profit after tax of ₹ 663.05 million on a consolidated basis.

Our Equity Shares were first listed on the BSE in 1956, and subsequently we obtained listings on the CSE and the NSE. In 1994, we entered the international capital markets through an offering of global depositary receipts, which are listed on the London Stock Exchange.

Our corporate structure as of 31 August 2010 was as follows:



** Combined effective holding in property Entities*   *(1) Including wholly owned Subsidiary Island Hotel Maharaj Limited*

Competitive Strengths

We believe that our leading position in India's hotel industry is a result of the following competitive strengths:

Respected brand name in the luxury hospitality industry in India

The Oberoi name is widely recognized as a premier brand in the business and leisure segments of India's luxury hospitality industry. The Oberoi hotels in the major cities of Mumbai, New Delhi, Kolkata and Bengaluru are renowned for their high quality, personalised service, attention to detail and provision of comprehensive business facilities including meeting and conference rooms and 24-hour access to business centres. In the leisure segment, the Oberoi resorts have achieved market recognition for providing an unsurpassed holiday experience in terms of location, ambience and facilities. The Oberoi Rajvilas, The Oberoi Amarvilas, The Oberoi Udaivilas, The Oberoi Vanyavilas and Wildflower Hall, Shimla are all uniquely developed to recreate the heritage and tradition of their respective settings, making these hotels attractive holiday destinations for high-end customers. In recognition of the excellence of the quality and services offered by our properties and employees, our hotels are regularly recognized among the world's leading hotels by renowned international business, travel and hospitality publications such as *Condé Nast Traveller*, *Travel & Leisure*, *Business Traveller* and *Institutional Investor*.

Unparalleled locations in diverse geographies across India covering the business and leisure segments as well as the five star deluxe and five star segments

We have a distinctive mix of both business and leisure hotels to cater effectively to different categories of customers. Our business hotels are located in central locations and are within easy reach of the major business centres in the five major cities of New Delhi, Kolkata, Mumbai, Chennai and Bengaluru to attract business travellers. Our leisure hotels are located in areas that attract some of the highest tourist traffic in India, in particular New Delhi, Agra and Rajasthan in north India and many have unique locations within these areas. For example, The Oberoi Amarvilas in Agra is the closest luxury hotel to the Taj Mahal, India's premier tourist attraction, and all the rooms in the hotel offer views of the monument, and The Oberoi Udaivilas, Udaipur is located on the bank of Lake Pichola and offers views of the City Palace. Further, the Trident hotel and a luxury cruiser based in Cochin provide us with access to tourist traffic in Kerala, which is one of India's leading tourist destinations. In addition, our geographical diversity provides us with opportunities to achieve synergies in occupancy by cross-selling our properties, particularly to tourist groups on itineraries, and to efficiently utilize our personnel by re-deploying them between hotels to take advantage of regional variations in seasonal demand. We also have a significant presence in the five star segment through the Trident hotels which are targeted at business and leisure customers who seek high-quality boarding, lodging and business facilities at more affordable rates. We expect the five star segment to grow significantly, particularly in tier two cities that are beginning to attract domestic and international business traffic.

Commitment to customer satisfaction by continually delivering high quality service

We believe that our adherence to the highest standards of room, food and service quality and customer satisfaction have contributed significantly to our reputation as a market leader. We seek to build long-term guest loyalty and maintain our competitive advantage in the hotel industry by our continued adherence to quality and service standards that are tailored to provide excellent guest service. Our high standards of quality and service are recognized year after year in leading industry publications and customer surveys. For example in 2010 The Oberoi Vanyavilas, Ranthambhore was voted the best hotel in the world and four of our hotels were voted the top four in Asia and four of the top 15 in the world by *Travel & Leisure*. We place great emphasis on high quality service. One of the ways we maintain our service levels is through extensive training of our employees. We operate the Oberoi Centre for Learning and Development (OCLD) which imparts comprehensive training for general management, housekeeping and kitchen trainees. We also use tools such as customer relationship management (CRM) technology, which enable us to track and anticipate customer preferences.

Experienced management with a proven record of achievement

The Company is managed by a team of experienced and professional managers led by Mr. Prithvi Raj Singh Oberoi, who is one of the leading figures in the hospitality industry. Our senior managers have grown the Company by their adherence to the highest standards of quality and customer satisfaction. Our senior managers have also been successful in conceptualizing and executing major strategic initiatives like the Oberoi leisure properties, recognising and building complementary businesses such as flight services and car rentals, identifying attractive expansion opportunities in India and overseas.

Comprehensive offering of travel services including established flight and flight hospitality services business in the rapidly growing aviation sector

We commenced our in-flight catering and related flight services business in 1957 with Imperial Airlines (predecessor of BOAC/ British Airways). Today Oberoi Flight Services is an established and respected participant in the flight services business in India and operates flight kitchens in Mumbai, New Delhi, Chennai, Cochin and Kolkata. Through our wholly owned subsidiary, EIH Flight Services Limited, we set up a flight kitchen in Mauritius which commenced operations in July 2010. The Mauritius flight kitchen which provides catering services to Air Mauritius had a capacity of supplying 10,000 meals per day as of July 2010. In August 2010, we entered into a consultancy agreement with Qatar Airways for providing consultancy services to Qatar Airways Catering Company. We are also providing technical and specialist assistance to the New Doha International Airport, Doha in developing their new catering facility. In fiscal 2010, Oberoi Flight Services supplied 5.8 million meals to various international airlines, in addition to providing other services such as laundry and the provision of dry stores and bonded warehousing. We have been the recipient of a number of awards from airlines such as British Airways and Northwest Airlines for the quality of our services and our commitment to hygiene. In 2009 we received the Best Caterer award from Continental Airlines and in 2008 Best New Caterer award from Cathay Pacific Airlines. Additionally, we offer car rental services and flight charter services, providing a comprehensive offering of travel services to our customers.

Business Strategy

The following are the key elements of our business strategy:

Improve ARR, occupancy percentages and RevPAR in our existing hotels

We intend to improve ARR, occupancy percentages and RevPAR by maintaining our high standards of service and quality and by enhancing the visibility of the Oberoi and Trident brands. A key element of this strategy for our business hotels segment is to ensure the alignment of room types and rates to market demand and to effectively target key customers and customer groups and to ensure the loyalty of repeat customers. To retain guest loyalty, we have initiated various loyalty programmes for guests of our Oberoi hotels and Trident hotels. For example, Connections is a programme of exclusive privileges and benefits designed for frequent bookers of Oberoi hotels. Under this programme, eligible guests are credited with points for each stay at the Oberoi hotels. These points in turn could be redeemed against stay and dining vouchers at the Oberoi hotels or against predefined merchandise that has been standardised by us.

For our leisure hotels, we will seek to effectively market the Oberoi resort properties to high-end customers abroad during peak season and to value-seekers during the off-season period by providing more affordable rates, maximising our revenue during the high season and raising the occupancy in these hotels even during off-season periods.

Achieve greater balance in our portfolio

We believe that there is substantial scope to achieve a better balance in our hotel portfolio. A number of non-metropolitan cities in India, such as Hyderabad, have become destinations for domestic and international business traffic, which offers opportunities to commence operations in these cities. We continue to seek new opportunities for our luxury business, such as new Oberoi resorts in India and abroad. We believe that greater geographic spread also permits us to mitigate seasonality by offering tourist and conference groups comprehensive and affordable off-season packages, and to explore cross-selling opportunities in east and south India. Through these initiatives, we seek to bring greater balance to our portfolio and reduce revenue concentration in a limited number of properties or regions.

Achieve growth through entering into management contracts and selective new hotel developments

While we continue to consider selective additions to our hotel portfolio, we view the pursuit of asset-light strategies as a key growth strategy. To this end, we actively seek to acquire management contracts in India and overseas as a means of providing a steady source of revenue and being partially insulated from the cyclicality of the hotel industry. Prior to entering management contracts, we provide consultancy services during the construction of the hotel to ensure it meets the high standard that is required to operate under the Oberoi or Trident brands. By entering into management contracts, we can effectively increase our profits and expand our business without the need for substantial investment or capital expenditure. The Company intends to enter into management contracts with limited or no equity contribution. We currently manage the Trident hotel in Gurgaon in which we have no equity interest and in 2010, we entered into a management contract for the Oberoi hotel in Gurgaon and Dehradun, in which we have no equity interest. Further we are developing an Oberoi and a Trident hotel at Cyber City, Hyderabad where our equity contribution is limited to 16%. Similarly, we have a 26% equity interest in the Trident hotel which is under construction near the international airport in Bengaluru. Internationally, we have entered into a management contracts for a hotel at Scorpio Bay in Greece, a second Oberoi hotel in Mauritius, a hotel in Marrakech in Morocco, two hotels in Abu Dhabi, and hotels in Oman and Dubai. We also intend to selectively expand our luxury business by developing resort properties in established as well as emerging tourist destinations.

We propose to take advantage of the continuously increasing demand for hotel rooms, particularly from business customers in metropolitan cities, by selectively expanding our portfolio of hotels in key locations and to expand our offerings in the Meetings, Incentives, Conventions and Events (“MICE”) segment of the Indian hotel industry. As part of our new hotel development strategy, in December 2009, we opened a 436 room Trident hotel in the Bandra-Kurla Complex, part of the business district of north Mumbai, in which we have a 100% equity interest.

Continue to focus on operational efficiencies

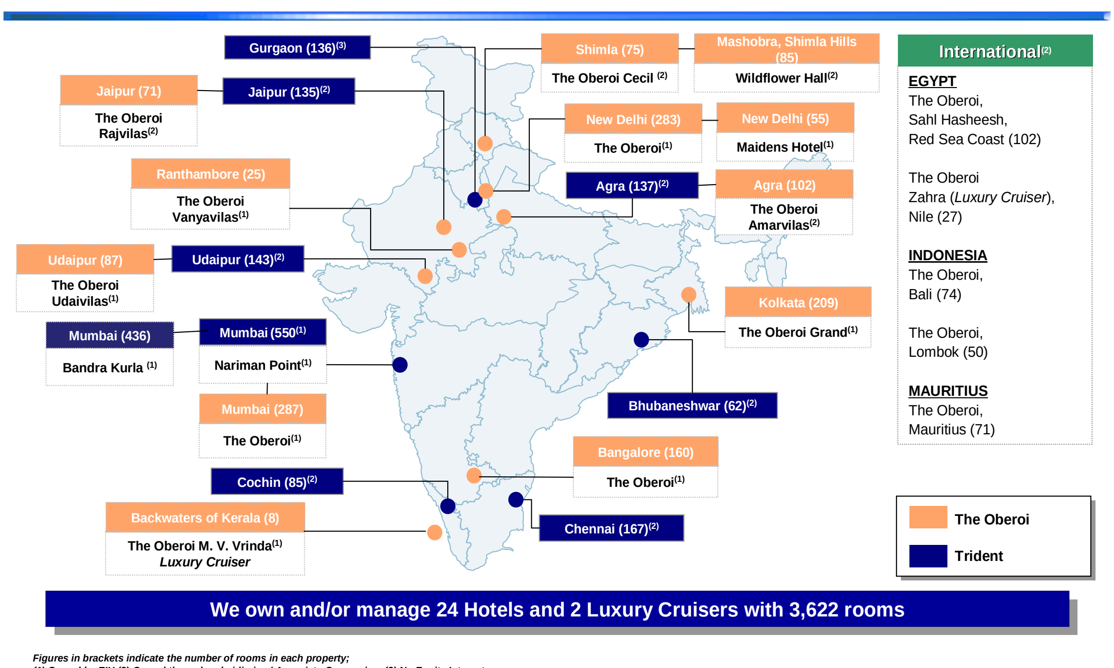
We seek to improve operational efficiency by rationalizing the range of vendors we use, carefully managing sourcing costs and eliminating inefficiencies in the procurement of products and services, outsourcing functions that cannot be undertaken internally in a cost-effective manner and judiciously managing our use of electricity, fuel, water and other utilities. For example, during fiscal 2010 we undertook a number of energy conservation measures including the installation of more efficient air conditioning and hot water system equipment to increase efficiency and the installation of sensors for power reduction. To manage both our energy and water supplies we increased the capacity of water treatment plants with provision for water recycling. We will also seek to utilise our personnel more efficiently, by moving employees between hotels to take advantage of regional variations in seasonal demand. We intend to update our technology where possible to achieve efficiency in reservations and other functions, so as to minimise transaction times and costs. We have also planned a number of energy conservation measures to further increase our efficiency which we will put into effect during fiscal 2011.

Expand our flight services business

We intend to expand our flight services business to take advantage of the rapid growth in India's domestic and international aviation traffic. As part of this strategy, we will continue to focus on outbound international flights. We are planning to add kitchens in Hyderabad, Kolkata and Bengaluru and further expand our kitchen in Mumbai. We commissioned the first independent flight catering unit in New Delhi in 1980, with a capacity to produce 8,000 meals a day. The lease term for this unit expires in April 2011. We are building a new state of the art flight catering unit at New Delhi with a capacity of 15,000 meals per day which is expected to be ready by early 2011. In July 2010, we set up a flight kitchen in Mauritius through our wholly owned subsidiary, EIH Flight Services Limited, from where we provide flight-catering services to Air Mauritius. We believe that various airport privatisation initiatives in India offer growth opportunities for this business because of increased air traffic to and from India, better facilities for passengers and the optimization of flight kitchen facilities and logistics systems. We also believe that this business offers international expansion opportunities.

Presence

The following chart shows the locations of the Oberoi and Trident hotels:



Figures in brackets indicate the number of rooms in each property:
(1) Owned by EIH (2) Owned through subsidiaries / Associate Companies (3) No Equity Interest

Operations

Luxury Business and Leisure Hotels

Luxury Business Hotels

We own and manage four luxury business hotels in Mumbai, New Delhi, Kolkata and Bengaluru. These hotels cater primarily to domestic and international business customers. All of these hotels have been awarded a five star deluxe rating by the Ministry of Tourism and have won a number of international awards and accolades. Our business hotels are situated in prime locations, providing easy access to the business districts of these cities. These hotels have a business centre, 24-hour butler service, conference and meeting facilities, variety of restaurants, banquet facilities, swimming pool and spa facilities, laundry services, car rentals, travel desks and a variety of shops.

The following tables provide key information regarding our luxury business hotels:

Name of Hotel	Location	Rooms	EIH Limited Ownership Interest (%)	Year of commenceme nt of operations
The Oberoi, Mumbai	Mumbai	287	100%	1986
The Oberoi, New Delhi	New Delhi	283	100%	1965
The Oberoi Grand, Kolkata	Kolkata	209	100%	1938[(1)]
The Oberoi, Bengaluru	Bengaluru	160	100%	1992

(1) As an Oberoi hotel

	Year Ended March 31	
	2009	2010
Room Revenue (₹ million)	2,518	1,584
Food and Beverage Revenue (₹ million)	1,121	969
Average Room Rate (₹)	12,507	9,887
Occupancy Percentage	63.68	67.31
RevPAR (₹)	7,964	6,656

The following is a brief description of our luxury business hotels:

The Oberoi, Mumbai. The Oberoi, Mumbai, located in Nariman Point, the central business district of Mumbai, is a 15-storey hotel with 287 rooms, which includes 73 suites, and overlooks the Arabian Sea. The hotel was extensively renovated during a 17-month closure following the terrorist attacks in November 2008. The hotel has three restaurants, a bar and a lounge. The hotel is situated on leasehold land owned by the State Government of Maharashtra. The term of the lease expires in 2065. We have an option to renew the lease for 99 years following the primary term. Pursuant to the terms of the lease, we are required to pay a yearly rent of approximately ₹ 1.6 million.

The Oberoi, New Delhi. The Oberoi, New Delhi, located near Connaught Place, the heart of New Delhi, is a 10-storey hotel with 283 rooms and overlooks the Delhi Golf Course. The hotel has three restaurants, a bar, a swimming pool and a gourmet store. The land on which The Oberoi, New Delhi is situated is under a 99-year lease from the State Government of New Delhi with effect from December 1955. The annual rent payable is approximately ₹ 0.2 million.

The Oberoi Grand, Kolkata. The Oberoi Grand, Kolkata overlooks the Maidan, a large public park, in the Chowringhee area of Kolkata, and is close to the main business areas in the city. It is a five-storey hotel with 209 rooms constructed around a courtyard and a swimming pool. The Oberoi Grand has two restaurants and a bar. The hotel is situated on an approximately five-acre site which is owned by the Company.

The Oberoi, Bengaluru. The Oberoi, Bengaluru is a six-storey hotel with 160 rooms, located on MG Road, in the centre of Bengaluru. The hotel is situated among landscaped gardens and each guest room features a private balcony overlooking the hotel's garden and swimming pool. The hotel contains three restaurants and a bar. The hotel is situated on leased land subject to a 60-year lease from a private party which expires in the year 2042. Pursuant to the terms of the lease, the Company is presently required to pay a yearly rent of approximately ₹ 1.2 million.

In fiscal 2010, the guest profile for our luxury business hotels was 29.6% free independent travellers, both domestic and international, 39.4% corporate travellers on business, 13.1% from the MICE segment, 9.3% travellers on organised tours and 8.6% from the airline industry including airline crew, layovers and in transit passengers.

Luxury Leisure Hotels

The Company has a direct or indirect equity interest in and manages six leisure hotels and resorts in significant tourist locations in India and a luxury backwaters cruiser in Kerala. Our leisure hotels target the high-income international and domestic leisure traveller.

The following tables provide key information regarding our leisure hotels:

Name of Hotel	Location	Rooms	EIH Limited Ownership Interest (%)	Year of commencement of operations
The Oberoi Amarvilas	Agra	102	60%(1)	2001
The Oberoi Rajvilas	Jaipur	71	36%(2)	1997
The Oberoi Vanyavilas	Ranthambhore	25	100%	2001
The Oberoi Udaivilas	Udaipur	87	100%	2002
The Oberoi Cecil	Shimla	75	36%(2)	1997 (reopened)
Wildflower Hall	Shimla Hills	85	79%(3)	2001

Notes:
(1) Through our 60% interest in Mumtaz Hotels Limited.
(2) Through our 36% equity interest in EIH Associated Hotels Limited.
(3) Through our 79% interest in Mashobra Resorts Limited.

	Year Ended March 31	
	2009	2010
Room Revenue (₹ million)	1,193	1,119
Food and Beverage Revenue (₹ million)	404	397
Average Room Rate (₹)	18,965	18,187
Occupancy Percentage	39.25	38.41
RevPAR (₹)	7,444	6,985

The following is a brief description of our premier leisure hotels:

The Oberoi Amarvilas. The Oberoi Amarvilas is located 600 metres from the Taj Mahal in Agra. The hotel has 102 rooms, each offering views of the monument. The hotel has two restaurants, a bar and a lounge and offers recreational facilities such as a swimming pool set in a terraced garden, a spa and a gymnasium. The hotel also has two meeting rooms and a ballroom and offers a range of business facilities. The hotel is situated on leased land subject to a 90-year lease from the Agra Development Authority which expires in the year 2083. Pursuant to the terms of the lease, the Company paid a one time fee of approximately ₹ 27 million.

The Oberoi Rajvilas. The Oberoi Rajvilas is located in Jaipur, Rajasthan and is set in 32 acres of landscaped gardens. The hotel has two restaurants and a library bar. Recreational facilities at the hotel include a swimming pool, a spa, tennis courts and a five-hole pitch and putt golf course. The Oberoi Rajvilas also has conference and business facilities. The hotel is situated on leased land subject to a 20 year lease which expires in the year 2017 with an option to renew the lease at the option of the Lessor.

The Oberoi Vanyavilas. The Oberoi Vanyavilas is a jungle resort on the edge of Ranthambhore Tiger Reserve in Rajasthan. The resort is set over approximately 18 acres of land and has 25 luxury tents, one restaurant and two bars and offers recreational facilities such as a Oberoi spa, heated outdoor swimming pool and yoga. The resort also has a multipurpose meeting room and offers a range of business facilities. The hotel is situated on land that is owned by the Company.

The Oberoi Udaivilas. The Oberoi Udaivilas is located on the bank of Lake Pichola in Udaipur, Rajasthan. The hotel has 87 luxury rooms offering views of the City Palace, three restaurants and a bar and offers recreational facilities such as an Oberoi spa, swimming pool, gymnasium and yoga. In addition, the hotel has seven meeting and conference rooms offering a range of business facilities. The hotel is situated on leased land subject to a 72-year lease from a private party which expires in the year 2064. Pursuant to the terms of the lease, the Company is required to presently pay a yearly rent of approximately ₹ 2.3 million, which is subject to periodic increments.

In fiscal 2010, the guest profile for our leisure hotels was 54.8% free independent travellers, both domestic and international, 1.5% corporate travellers on business, 8.2% from the MICE segment and 35.5% travellers on organised tours.

In addition to these hotels, we hold 100% of the equity interest in Motor Vessel Vrinda, which commenced operations in 2003. Vrinda is a luxury cruiser which offers cruises along the backwaters of Kerala in India. The cruiser has eight rooms, a dining room, an open-air lounge and a bar.

Trident Hotels

We manage all the hotels operating under the "Trident" name. We own 36% equity interest in six Trident hotels in Chennai, Bhubaneshwar, Agra, Jaipur, Udaipur and Cochin, and 100% of the equity in the Trident hotels at Nariman Point and Bandra Kurla Complex, Mumbai and only manage the Trident hotel in Gurgaon. The Trident hotels are targeted at international and domestic business and leisure travellers who seek high quality service and facilities at lower rates than five star deluxe properties.

The following tables provide key information regarding the Trident hotels:

Name of Hotel	Location	Rooms	EIH Limited Ownership Interest (%)	Year of commencement of operations
Trident	Agra	137	36%(1)	1993
Trident	Bhubaneswar	62	36%(1)	1986
Trident	Chennai	167	36%(1)	1988
Trident	Cochin	85	36%(1)	1999
Trident	Gurgaon	136	-	2004
Trident	Jaipur	135	36%(1)	1997
Trident	Udaipur	143	36%(1)	1998

Note:
(1) Through our 36% equity interest in EIH Associated Hotels Limited.

The following table shows certain operating metrics for the above hotels:

	Year Ended March 31	
	2009	2010
Room Revenue (₹ million)	1,447	1,250
Food and Beverage Revenue (₹ million)	495	486
Average Room Rate (₹)	7,785	6,796
Occupancy Percentage	58.68	58.07
RevPAR (₹)	4,569	3,946

Trident, Agra. Trident, Agra is located close to the Taj Mahal. The hotel has 137 rooms, a restaurant, a bar, a kids club, gym and a swimming pool. The hotel has two meeting rooms and offers a range of business services.

Trident, Bhubaneswar. Trident, Bhubaneswar is located close to the city centre. The hotel has 62 rooms, a restaurant, a bar, a swimming pool, tennis courts, jogging track and a gym. The hotel's business facilities include two meeting rooms and a range of business services.

Trident, Chennai. Trident, Chennai is conveniently located, being close to the airport as well the new business districts of Sriperumbudur, Maramalianagar and Guindy and the Chennai Trade Centre. The hotel has 167 rooms, two restaurants, a bar and swimming pool and spa facilities. The hotel also has three meeting rooms and offers a range of business facilities.

Trident, Cochin. Trident, Cochin is located close to both the city centre and the tourist attractions in the city of Cochin. The hotel has 85 rooms, three restaurants, a bar, an Ayurveda Centre, a swimming pool and a gym. The hotel also has two meeting rooms and offers business facilities.

Trident, Gurgaon. We manage, but do not have any equity interest in, Trident, Gurgaon and only receive a management fee based on the profitability of the hotel. This hotel is a leading five star hotel in the business district of Gurgaon, and is located close to the international airport in New Delhi. The hotel has 136 rooms, three restaurants and two bars. The hotel's meeting facilities include four meeting rooms and a range of business services. Recreational facilities at Trident, Gurgaon include a spa, swimming pool and a gymnasium.

Trident, Jaipur. Trident, Jaipur is located close to the Amber Fort and overlooks the Mansagar Lake, two of the tourist attractions in the city. The hotel has 135 rooms, a restaurant, a bar and swimming pool and spa facilities. The hotel also has two meeting rooms and offers business facilities.

Trident, Udaipur. Trident, Udaipur is located near the city centre of the tourist destination of Udaipur and adjacent to Lake Pichola. The hotel has 143 rooms, a restaurant, a bar and swimming pool and spa facilities. The hotel also has meeting rooms and offers business facilities.

In fiscal 2010, the guest profile for the above Trident hotels was 31.1% free independent travellers, both domestic and international, 30.6% corporate travellers on business, 10.9% from the MICE segment, 22.7% travellers on organised tours and 4.8% from the airline industry including airline crew, layovers and in transit passengers and other categories such as guests who redeemed their loyalty programme schemes.

Trident hotels, Mumbai

There are two Trident Hotels in Mumbai, one located in Nariman Point and the other in Bandra Kurla Complex.

Trident, Nariman Point is in the central business district of Mumbai and has 550 rooms, many offering ocean views, and has two restaurants, a lounge, a bar and swimming pool and spa facilities. The hotel has nine meeting rooms that offer a range of business facilities.

Trident, Bandra Kurla is located within the Bandra Kurla Complex, a growing centre of commerce in north Mumbai and has 436 rooms, three restaurants, a bar, swimming pool, a spa and 10 meeting rooms that offer a range of business facilities.

The following table shows certain operating metrics for the two Trident hotels in Mumbai:

Name of Hotel	Location	Rooms	EIH Limited Ownership Interest (%)	Year of commencement of operations
Trident, Nariman Point	Mumbai	550	100%	1973
Trident, Bandra Kurla	Mumbai	436	100%	2009

	Year Ended March 31	
	2009	**2010**
Room Revenue (₹ million)	1,258	1,244
Food and Beverage Revenue (₹ million)	502	728
Average Room Rate (₹)	11,847	9,420
Occupancy Percentage	57	52
RevPAR (₹)	6,777	4,906

In fiscal 2010, the guest profile for Trident hotels, Mumbai was 31.2% free independent travellers, both domestic and international, 36.8% corporate travellers on business, 21.0% from the MICE segment and 11.0% travellers on organised tours.

Maidens Hotel, Delhi

We also own the Maidens Hotel, Delhi, which is a four star heritage hotel located close to the University of Delhi and the historic attractions of Old Delhi, such as the Red Fort and Chandni Chowk. The hotel has 55 rooms, two restaurants and a bar. The hotel also has meeting and business facilities.

International hotels

The Company has an equity interest in four hotels internationally, through its wholly owned subsidiary EIH International Ltd. and its wholly owned subsidiary EIH Holdings Ltd. These hotels are The Oberoi, Bali; The Oberoi, Lombok; The Oberoi, Mauritius; and The Oberoi, Sahl Hasheesh, Egypt. All these hotels are managed by EIH Holdings Ltd.

The following table provides key information regarding our international hotels:

Name of Hotel	Location	Rooms	EIH Limited Ownership Interest (%)(1)	Year of commencement of operations
The Oberoi	Bali, Indonesia	74	70%	1978
The Oberoi	Lombok, Indonesia	50	83.23%	1997
The Oberoi	Mauritius	71	46.10%	2000
The Oberoi	Sahl Hasheesh, Egypt	102	10.78%	2001

Note:
The combined equity holding of EIH International Ltd. and EIH Holdings Ltd., both our subsidiaries

The following table shows certain operating metrics for The Oberoi, Bali, Indonesia:

	Fiscal Year Ended March 31	
	2009	2010
Room Revenue (*USD million*)	4.95	4.96
Food and Beverage Revenue (*USD million*)	1.61	1.79
Average Room Rate (*USD*)	252.68	273.43
Occupancy Percentage	72.50	67.20
RevPAR (*USD*)	183.16	183.80

The following table shows certain operating metrics for The Oberoi, Lombok, Indonesia:

	Fiscal Year Ended March 31	
	2009	2010
Room Revenue (*USD million*)	2.21	1.90
Food and Beverage Revenue (*USD million*)	1.13	1.01
Average Room Rate (*USD*)	290.09	295.49
Occupancy Percentage	41.80	35.25
RevPAR (*USD*)	121.25	104.16

The following table shows certain operating metrics for The Oberoi, Mauritius:

	Fiscal Year Ended March 31	
	2009	**2010**
Room Revenue (*USD million*)	7.23	4.67
Food and Beverage Revenue (*USD million*)	3.45	2.56
Average Room Rate (*USD*)	531.14	440.61
Occupancy Percentage	51.78	40.86
RevPAR (*USD*)	275.03	180.04

The following table shows certain operating metrics for The Oberoi, Sal Hasheesh, Egypt:

	Fiscal Year Ended December 31	
	2008	**2009**
Room Revenue (*USD million*)	5.57	4.80
Food and Beverage Revenue (*USD million*)	3.60	3.14
Average Room Rate (*USD*)	223.68	228.43
Occupancy Percentage	67.00	56.00
RevPAR (*USD*)	149.29	129.00

The following is a brief description of the international hotels that operate under the Oberoi name and in which we have an equity interest:

The Oberoi, Bali. The Oberoi, Bali is located on Seminyak Beach in Bali, Indonesia. The resort has 74 rooms, two restaurants, a bar and an amphitheatre. Recreational facilities offered by the hotel include a swimming pool, a spa and a gymnasium. The hotel has one meeting room and offers various business facilities.

The Oberoi, Mauritius. The Oberoi, Mauritius is a luxury resort in Mauritius. The resort has 71rooms, two restaurants and a bar and recreational facilities include a spa, swimming pool and gym. Although the resort caters primarily to the leisure segment, it also offers meeting and business facilities.

The Oberoi, Sahl Hasheesh. In Egypt, The Oberoi, Sahl Hasheesh is a luxury resort on a private beach on the Red Sea Coast. The hotel has 102 suites, three restaurants and a bar. Recreational facilities include a spa, sauna, gymnasium, tennis courts and a golf course located 30 kilometres from the resort. The hotel also offers meeting and business facilities.

The Oberoi, Lombok. The Oberoi, Lombok is a luxury resort on a private beach in Indonesia. The hotel has 50 rooms, two restaurants, a café and a bar. Recreational facilities include a spa, gymnasium, beauty salon, private pavilions offering massage, sauna, herbal baths, steam room and jacuzzi. The hotel also offers meeting and business facilities.

In addition to these hotels, we manage The Oberoi Zahra Luxury Nile cruiser, which commenced operations in 2008. The Oberoi Zahra is a luxury cruiser which offers cruises between Luxor and Aswan in Egypt. The cruiser has 27 rooms, a dining room and a lounge. Recreational facilities offered on board the cruiser include a gym, swimming pool, therapy room and daily sightseeing activities.

Other Services

In addition to room charges and food and beverage services, we generate hotel revenues from laundry services, the use of spas in our properties and the use of our business centres. In fiscal 2010, these other services generated approximately 11.45% of our total income. This income is largely driven by the occupancy rates at our hotels.

Awards

Our hotels have won numerous awards for their excellence. Given below are some of the recent awards and accolades won by the Oberoi hotels:

Hotel / Resort / Cruiser	Award	Awarded By
The Oberoi, New Delhi, India	Best business hotel in New Delhi (ranked 2nd)	*Business Traveller*, Asia-Pacific Travel Awards 2010
	Best business hotel in New Delhi	*Business Traveller*, Asia-Pacific Travel Awards 2009
The Oberoi Rajvilas, Jaipur, Rajasthan, India	Top 100 hotels in the world (ranked 13th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top 15 resorts in Asia (ranked 3rd)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top hotels in Asia for service (ranked 6th)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2010
	Top hotels in the world for service (ranked 2nd)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2009
	Top 100 hotels in Asia (ranked 7th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Top 15 resorts in Asia (ranked 10th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
	Amongst the best hotels in the world for design	*Condé Nast Traveler*, USA, Gold List 2010
The Oberoi Amarvilas, Agra, Uttar Pradesh, India	Top 100 hotels in the world (ranked 5th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top 15 resorts in Asia (ranked 2nd)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top hotels in Asia for service (ranked 3rd)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2009
	Top hotels in the world for service (ranked 6th)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2009
	Top 100 hotels in Asia (ranked 4th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Top 15 resorts in Asia (ranked 5th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
The Oberoi Vanyavilas, Ranthambhore, Rajasthan, India	Best hotel in the world	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top hotels in Asia for service (ranked 2nd)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2010
	Amongst the best hotels in the world for design and activities	*Condé Nast Traveler*, USA, Gold List 2010
	Best resort in Asia	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
	Top 100 hotels in the world (ranked 2nd)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
	Top 25 resorts in Asia (ranked 2nd)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Top 100 hotels in the world (ranked 6th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Amongst the best hotels in the world for service, design, food and activities	*Condé Nast Traveler*, USA, Gold List 2009
The Oberoi Udaivilas, Udaipur, Rajasthan, India	Best leisure hotel in Asia and the Indian Subcontinent	*Condé Nast Traveller*, UK, Readers' Travel Awards 2010
	Top 100 hotels in the world (ranked 15th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2010
	Top hotels in Asia for service (ranked 3rd)	*Travel + Leisure*, World's Best Service Awards, Readers' Survey 2010
	Best hotel in Asia	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009

Hotel / Resort / Cruiser	Award	Awarded By
	Top 100 hotels in the world (Ranked 6th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Top 15 resorts in Asia (ranked 3rd)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
	Top 100 hotels in the world (ranked 8th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2009
	Favourite overseas hotel spas in Asia and the Indian Subcontinent (ranked 9th)	*Condé Nast Traveller*, UK, Readers' Spa Awards 2010
Wildflower Hall, Shimla, in the Himalayas, Himachal Pradesh, India	Best leisure hotels in Asia and the Indian Subcontinent (ranked 2nd)	*Condé Nast Traveller*, UK, Readers' Travel Awards 2010
	Favourite overseas hotel spas in Asia and the Indian Subcontinent (ranked 2nd)	*Condé Nast Traveller*, UK, Readers' Spa Awards 2010
	Favourite spas in the world (ranked 6th)	*Condé Nast Traveller*, UK, Readers' Spa Awards 2010
	Amongst the best hotels in the world for location and rooms	*Condé Nast Traveler*, USA, Gold List 2010
	Leading spa resort in Asia	World Travel Awards 2009
	Favourite resort/hotel spas in Asian Subcontinent (ranked 3rd)	*Spa*, USA, Readers' Choice Awards 2009
	Amongst nominees of the best spas in the world	Virtuoso, Best of the Best Awards 2009
	Amongst 101 best spas in the world	*Tatler* Spa Guide 2009
	Top 25 resorts in Asia (ranked 4th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
	Amongst the best hotels in the world for location and rooms	*Condé Nast Traveler*, USA, Gold List 2009
The Oberoi, Bali, Indonesia	Top 25 resorts in Asia (ranked 19th)	*Condé Nast Traveler*, USA, Readers' Choice Awards 2009
The Oberoi, Lombok, Indonesia	Best leisure hotels in Asia and the Indian Subcontinent (ranked 16th)	*Condé Nast Traveller*, UK, Readers' Travel Awards 2010
The Oberoi Philae, Nile Cruiser, Egypt	Best small ships in the world (ranked 3rd)	*Condé Nast Traveller*, USA, Top Cruise Ships 2009, Readers' Survey
The Oberoi, Sahl Hasheesh, Red Sea, Egypt	Best resort on the Red Sea	Ministry of Tourism, Egypt, 2009
	Favourite resort/hotel spa in Africa and Middle East	*Spa*, USA, Readers' Choice Awards 2009
The Oberoi, Mauritius	Best hotel in the Indian Ocean	*Ultratravel*, UK, Top 100 Awards, Readers' Poll 2010
	Favourite overseas hotel spas in Africa, Middle East and Indian Ocean (ranked 10th)	*Condé Nast Traveller*, UK, Readers' Spa Awards 2010
	Leading hotel in Mauritius	World Travel Awards 2009
The Oberoi Zahra, Luxury Nile Cruiser, Egypt	Best five star cruiser on the Nile	Ministry of Tourism, Egypt, 2009

Flight services and airport restaurants and lounges

We commenced our flight services business in 1957 with Imperial Airlines (predecessor of BOAC/ British Airways). We commissioned the first independent kitchen in New Delhi in 1980, with a capacity to produce 8,000 meals a day. In fiscal 2010, we supplied approximately 5.8 million meals to international airlines and the revenue from the flight services segment of our business in fiscal 2010 was ₹ 1,166 million as compared to ₹ 1,247 million in fiscal 2009. We focus on supply to outbound international flights. We have been the recipient of a number of awards from airlines such as British Airways and Northwest for the quality of our services and our commitment to hygiene. In 2009 we received the Best Caterer award from Continental Airlines and in 2008 Best New Caterer award from Cathay Pacific Airlines. Airport privatisation initiatives in India offer growth opportunities for this business as a result of increased air traffic to and from India, better facilities for passengers and the optimization of flight kitchen facilities and logistics systems.

We also operate lounges and/or restaurants in Chennai, Mumbai, Kolkata, Cochin and Bengaluru airports and have flight services operations in Mumbai, New Delhi, Chennai, Kolkata and Mauritius. The revenue from the airport services segment of our business in fiscal 2010 was ₹ 607.92 million as compared to ₹ 719.54million in fiscal 2009.

Investment programme and capacity addition

We invest in and will continue to invest in improvements and additions to our existing hotel properties and in new hotel properties and businesses. We intend to invest ₹ 1,000 million for a new flight kitchen at the New Delhi airport.

Pricing and revenues

Our pricing policy is based on anticipated demand, while also attempting to make sure that rates are reasonable to ensure guest loyalty. While quality of product, experience and market dynamics are the main factors, cost inflation is also a factor we consider in the context of long-term revenue maximization.

In addition to the published rack rates (which are the highest un-discounted rates), we also have discounted public rates, corporate rates and travel trade rates. Discounted public rates include variable "rate of the day" or "best available rates" and "packages" which are actively marketed. Rates are offered to corporate and travel trade clients based on their volume of business.

We emphasize revenue management and utilise revenue management software to assist with this. All our business hotels have a dedicated revenue manager while the leisure hotels are supported by a central revenue management team. Additionally there is a corporate revenue management team that oversees all revenue management and distribution activities for the brands, with revenue maximisation being their primary goal. This is achieved by considering our internal revenue objectives, as well as the external market environment such as supply-demand trends, inflation and the economic health of our source markets. The team at corporate office maintains rate parity across all channels, manages the annual request-for-proposal process for corporate rate contracting, gathers and disseminates market intelligence and analytics to aid decision making and monitor sales productivity.

Our revenue management team is responsible for electronic distribution on platforms like Global Distribution Systems, brand websites and Online Travel Aggregators, including implementing promotional campaigns on Global Distribution Systems and Online Travel Aggregators and identifying new travel portals to increase penetration and access to our customers and prospective customers.

We extend credit to corporate and individuals based on their profiles and record of payment, and to our airline customers. Such credit accounts are billed within 48 hours of check-out. As of 31 March 2010, credit in our books from our hotels and airlines business accounted for approximately 20.8% of our fiscal 2010 revenues and as of 31 March 2009 accounted for 19.2% of our fiscal 2009 revenues.

Sales and Marketing

Our sales and marketing strategy includes the following objectives:

- To increase RevPAR through a combination of increasing average rate and occupancy.
- To ensure RevPAR leadership in all operating markets.
- To provide best in class reservation delivery through our Oberoi contact centre.
- To grow business through direct channels such as the brand websites and Oberoi contact centre .
- To be a preferred partner with trade and corporate entities.
- To promote our brands in India and key international markets.
- To successfully open new hotels and integrate them within the brands.
- To engage customers through new channels of communication, such as social media.

Sales

Hotels located in metropolitan cities have dedicated sales offices and are supported by a network of national and international sales offices. In India these offices are located in Delhi, Gurgaon, Mumbai, Kolkata, Bangalore, Chennai, Hyderabad, Pune and Ahmedabad. Internationally we currently have offices in New York and London with general sales agents in Germany and Russia. We also have a dedicated team located in our corporate office in Delhi which is responsible for driving leisure business into our hotels. Over 140 highly trained sales professionals drive corporate, meetings and leisure business into the hotels.

We maintain a high presence internationally through participation in industry trade shows and road shows in key source markets in the USA, Europe and Australasia. Our hotels are members of Virtuoso, Signature, Fine Hotels & Resorts and Small Luxury Hotels, which allows us to reach luxury customers with promotional messages and offers. We are also members of Australian India Business Council, British Business Group, US India Business Council and US National Business Travel Association which assists us in penetrating and increasing our share of the corporate market.

Marketing

The corporate marketing department's primarily role is to engage and communicate with customers. We develop brand advertising campaigns and communication materials to position and differentiate our brands from competitors and sponsor of select business and social events for brand building and customer engagement. Our marketing department provides support to new hotel openings through media planning, advertising campaign development, collateral, promotions and special offers. Additionally, we showcase our hotels in the online environment, including through social media sites such as FaceBook and Twitter. We also engage in customer relation management activities with offers to a qualified database of customers and prospective customers.

Our loyalty programs consist of Trident Privilege and Connections which are aimed at guest and corporate booking agents respectively. These programmes entitle members to various redemption benefits for points accumulated by spending at our Trident hotels. We also identify and manage strategic marketing alliances with partners that include premium credit card and concierge service providers. We also partner with the frequent flier programmes of leading domestic (Jet Airways and Kingfisher) and international airlines (Air France and KLM). These alliances provide opportunities to communicate special offers to members and assist us in increasing bookings for our hotels.

Public Relations

The public relation office is located at corporate headquarters in Delhi and is supported by an agency in India as well as in the major media markets of New York and London. The PR agencies ensure that our hotels are showcased in luxury lifestyle and business sources in both the online and traditional media. The agencies also arrange hotel familiarisation visits for journalists which provide an opportunity to showcase our award winning hotel portfolio and our acclaimed service.

Oberoi Contact Centre

The Oberoi contact centre (OCC) is a unique centralised information and reservation centre. All reservation associates undergo vigorous training to ensure a high conversion of enquiry to room purchase. OCC associates are also trained on rich destination information and are able to design customised itineraries for guests. OCC answers 29 international toll free lines and operates 24hour a day and seven days a week.

OCC achieved number one and two rankings globally for 2008 and 2009, respectively, in quality assurance audits and benchmarking analysis by Quality Assurance compared to luxury hotel companies across the world.

Competition

Our hotels operate in a highly competitive environment. In addition to the presence of national brands such as the Taj Group, ITC Hotels and The Leela Group, a number of international brands are present in the Indian market. In the luxury segment we compete with Four Seasons and Aman. Other brands are Hyatt, Hilton, InterContinental, Shangri-la, Marriot, Radisson, Westin, Accor brands. Ritz Carlton and Fairmount hotels are currently under development. The potential of the Indian market is attracting new international players in each of the luxury, mid-scale and budget brands segments.

The Indian hotel market is becoming more competitive. The global brands have certain advantages we may not have such as higher brand awareness, scale and distribution. We aim to retain our premium positioning though the delivery of exceptional service delivery for which we have become know, maintaining a staff of highly trained professionals and our aggressive sales, marketing and revenue management strategies.

Our main competitors in the flight services business are currently Taj SATS, Ambassador Sky Chef and Gate Gourmet but we may face additional competition from other competitors in the future.

Employees

Employees as of 31 July 2010, we had approximately 12,500 employees. The senior management of our Company comprises the Chairman and Chief Executive, Mr. Prithvi Raj Singh Oberoi, the Vice Chairman, Mr. Shib Sanker Mukherji, two Joint Managing Directors, Mr. Vikramjit Singh Oberoi and Mr. Arjun Singh Oberoi. The leadership team also includes two Presidents, one Senior Executive Vice President, six Executive Vice Presidents and two Chief Operating Officers. Executive staff including Vice Presidents totalled 962 on 31 July 2010. Our Company's operating strategy combines guidance from our central management team with decentralised decision-making authority delegated to each hotel's on-site management. On-site hotel managers focus on the quality of service and day-to-day operations of our individual hotels. Within parameters established in the operating and capital planning process, on-site managers possess broad decision-making authority on operating issues.

The Company's people practices are governed by the "Oberoi Dharma" which emphasizes values such as ethics, teamwork, open communication, employee satisfaction, safety and security. We believe these values are critical to the achievement of high and consistent standards of service across our hotels.

We believe employee communication plays an important role in our Company's employee retention practices. Various forums are held at our hotels every month where teams share information, views, learning and feedback with an aim of improving our work and work environment.

Employee satisfaction is a core component of our "people practices." We participate in the Gallup Employee Satisfaction surveys conducted bi-annually and rely on this data to provide us with improvement opportunities. Each hotel is required to develop action plans to address opportunity areas to improve work environment and employee morale. In 2009, the Company participated in the Great Places to Work (GPTW) survey and ranked in the top 50 employers in India. In addition, the Company ranked 15th in Hewitt's "Best Places to Work" survey in 2009.

As a global luxury brand, the Company is committed to sourcing best-in-class leadership talent from the international hotel industry. We believe the diversity of experience and perspective enhances our Company as we continue to expand globally. Our recruitment policy includes development of a "high potential candidates" programme to attract exceptional candidates. We know that it takes great dedication and hard work from our employees to achieve the highest standards of service, and we promote and reward exceptional performance that best exemplifies great service.

To ensure a high and consistent standard of service across our hotels, we have created and distributed procedure manuals for use at all levels of operation, which are revised on an ongoing basis. Compliance with the procedures and control systems is monitored by a structured internal audit function.

Training

We promote learning and development across all levels via a broad array of technical and soft-skill training programs. The Oberoi Centre for Learning and Development (OCLD) provides management training by offering three post-graduate diploma programmes in Guest Service Management, Housekeeping Management and Kitchen Management to groom future executives for the group. Currently 80% of our executives are graduates from The Oberoi Centre of Learning and Development. The majority of our senior management, including general managers of hotels, have been through OCLD. We are dedicated to providing a state of the art learning facility to students as well as employees via the OCLD. Other learning initiatives include partnerships with academic institutions such as the IIMS, ISB Hyderabad and XLRI Jamshedpur and internationally through INSEAD, Cornell and Harvard to enhance the leadership development of managers and senior executives.

In addition, a large part of employee training takes place on the job. Each individual hotel maintains a training programme conducted by departmental heads and the unit-training manager in conjunction with and using materials provided by the school. Conducting on-site training allows the individual hotel to provide customised instruction targeted to specific needs of the individual hotel.

Intellectual property

We do not own the intellectual property rights for the "Oberoi" and "Trident" brands. The hotels and business units that use the "Oberoi" and "Trident" names pay a royalty of 1% of their respective total revenues to Oberoi Hotels Private Limited.

Other businesses

Mercury Car Rentals

Mercury Car Rentals Limited was set up in 1995 as a joint venture with Avis Europe and conducts its operations under the "Avis" brand in India pursuant to an agreement with Avis. In fiscal 2006, we acquired 66.67% of the equity shares of Mercury Car Rentals Limited, which were held by Mercury Travels Limited and other parties. In fiscal 2010, the revenue realised from the business of Mercury Car Rentals was ₹ 756.6 million and in fiscal 2009, the revenue was ₹ 776.5 million. 27.1% of the total revenues of Mercury Car Rentals in fiscal 2010 and 31.8% of its total revenues for fiscal 2009 were derived from our hotels' guests.

Printing Press

Our printing press at Delhi was established in 1974 primarily for our Company's in-house document production needs. Initially, the unit only produced printed material required for our Company's operations, including menus, beverage lists, stationery and laundry bags. We modernised our printing press and in 1996 we started catering to external customers. In 2006, our printing press was granted permission by the Indian Banks' Association to print security stationery for banks. In fiscal 2010, approximately 87.2% of the business of the printing press was for external clients, including large corporate houses and international banks. In fiscal 2010, 4.7% of our total revenue (₹ 495 million) came from the printing press and in fiscal 2009, 4.1% of our total revenue (₹ 493 million) came from the printing press.

Air Charter Services

We provide air charter services to corporate customers, dignitaries and high-end individuals. We presently operate two aircrafts: a Luxury Hawker, which is an executive jet with eight seats and a cruising speed of 830 kmph, and a King Air, which is a pressurised turbo propeller jet with five seats and a cruising speed of 400 kmph. Our rate structure determined on the basis of the number of flying hours. In fiscal 2010, revenues from our air charter services amounted to ₹ 7.1 million and for fiscal 2009 these revenues were ₹ 9.9 million.

Environmental and health and safety standards

We are subject to a number of environmental regulations, and our environmental management policy requires compliance with applicable local, state and central laws and regulations concerning environmental protection and related matters. We believe that we have obtained all necessary environmental certificates and consents necessary for our operations.

We have sought to adopt safety monitoring procedures which ensure the security of our guests and employees and conform with applicable regulations. We conduct safety training on induction of new employees, as well as periodic safety drills. Additionally, we continuously update our security systems. We believe that we enjoy a good record of industrial safety, and ensure that our hotels are in material compliance with the health and safety standards of the jurisdictions in which they operate.

Insurance

We maintain a range of insurance policies to cover our assets and employees. Risks insured include fire, accidental damage, losses due to civil unrest, malicious acts, acts of terrorism, natural disasters, expropriation of assets, breakdown of machinery and boiler explosion. The insurance coverage is on a replacement value basis. Our public liability policy covers pollution and environmental risks. Our assets are also protected by a business interruption policy that covers loss of profits for up to one year. Our insurance policy does not cover acts of war. We believe that the types and amounts of our insurance are in accordance with industry practice in India.

Corporate and Social Responsibility

We are committed to environmental conservation and social responsibility. Additionally, our hotels pursue initiatives to better the communities in which they are located. For example, our hotels have supported local missions of Mother Teresa's Missionaries of Charity in New Delhi, Udaipur and Agra, Sarada Seva Sangh (an organization for the empowerment of women) in Kolkata and the Yash Rehabilitation Centre for physically and mentally disabled children in Ranthambhore. We also help the local government preserve and maintain existing lakes in Udaipur and initialled programs to reward and recognize forest guards and their families. We have also started initiatives to reduce our carbon footprint, reduce waste and prevent pollution.

Office Property

We lease premises for our Registered Office in Kolkata. In addition, we typically use space in our hotels for hotel management, our regional offices and our corporate office in Delhi.

HISTORY AND OTHER CORPORATE MATTERS

Late Mr. Rai Bahadur Mohan Singh Oberoi founded the Oberoi Group by acquisition of two Clarke Hotel one located in Shimla and other in Delhi in 1934. The Company was incorporated as a public limited company in India on 26 May 1949 and its initial business activity was as the lessee and operator of The Oberoi Palace Hotel in Srinagar, Kashmir. The equity shares of the Company were first listed on the BSE in 1956. In 1965, we built our first hotel, The Oberoi Intercontinental, now known as The Oberoi, New Delhi, and in 1957, we started our flight services business. On 9 September 1968, The Associated Hotels of India Limited and Hotels (1938) Private Limited merged into the Company pursuant to which our Company acquired five hotels including, The Oberoi Grand in Kolkata, The Maidens Hotel in Delhi and The Oberoi Cecil, Shimla.

In 1973, we commenced operations at the Oberoi Towers in Mumbai and subsequently expanded our operations from the five star deluxe segment to "Trident" branded hotels which were targeted at business and leisure customers seeking high-quality service at more affordable prices. Between 1986 and 2009, we added nine hotels branded Trident. In 1974, the Company established a printing press in Delhi primarily to ensure supply of high quality guest interactive stationery.

In 1994, we made an offering of global depositary receipts representing equity shares of ₹ 10 each ("**GDRs**"). The Company's GDRs are listed on the London Stock Exchange.

In 1997, we opened The Oberoi Rajvilas, our first premier leisure hotel targeting the high-income international and domestic leisure traveller. Subsequently, we opened three more such hotels, The Oberoi Vanyavilas and The Oberoi Amarvilas in 2001 and The Oberoi Udayvilas in 2002. We also commenced operations at the Wildflower Hall in Shimla in 2001.

In 2004, we entered into a strategic arrangement with Hilton for the international marketing and handling of reservations of the "Trident" hotels. As part of this arrangement, all the "Trident" hotels were re-branded as "Trident Hilton", and the Oberoi Towers in Mumbai was re-branded as the Hilton Towers. In April 2008, this alliance ended and the "Trident Hilton" hotels and the Hilton Towers hotel were renamed "Trident" hotels.

In April 2005, Indus Hotels Corporation Limited, a 50% joint venture between us and the R. Raheja Group, merged with our associate company, EIH Associated Hotels Limited, to achieve a balanced portfolio of business and leisure properties by creating a single entity focused primarily on the five star segment. The merger resulted in our Company holding approximately 36% of the equity of EIH Associated Hotels Limited. Effective 1 April 2006, The Oberoi Cecil, Shimla and the Trident Bhubaneshwar were transferred from us to EIH Associated Hotels Limited.

In 2006, we acquired a 66.67% equity stake in Mercury Car Rentals Limited, a joint venture with Avis Europe for car rental business.

In June 2010, EIH International Limited, a wholly owned subsidiary of our Company completed an acquisition of approximately 46% of the equity interest of Amex Investment Limited, in its international hotels joint venture company EIH Holdings Limited. Pursuant to this acquisition, EIH Holdings is now a wholly owned subsidiary of EIH International Limited.

Our Registered Office is situated at 4, Mangoe Lane, Kolkata- 700 001, West Bengal.

For details of the corporate structure of the Company please refer the chapter "Business" on page 46.

Major events in the history of the Company

Year	Major events
1949	The Company was promoted and incorporated by Rai Bahadur Mohan Singh Oberoi and Oberoi Hotels (India) Limited, in May, 1949.
1956	• The equity shares of the Company were first listed on the BSE. • Took the Maharaja's palace in Srinagar, Kashmir on lease and converted it into the Oberoi Palace Hotel.
1957	Started the flight services business.
1965	Commenced operations at The Oberoi Hotel, New Delhi.

Year	Major events
1968	By a scheme of merger approved by the Calcutta High Court, The Associated Hotels of India Limited and, Hotels (1938) Private Limited merged into the Company. By virtue of the merger, the Company acquired The Oberoi Grand, Kolkata, Maidens Hotel, Delhi, Palm Beach, Gopalpur-on-sea (operation suspended), The Oberoi Cecil, Shimla, The Mount Everest, Darjeeling (operation suspended).
1973	Commenced operations at The Oberoi Towers, Mumbai.
1974	Established a printing press in Delhi primarily for the Company's in-house needs.
1979	Bonus issue of 1,337,745 new equity shares of the Company of ₹ 10 each in the ratio of one new equity shares for every five equity shares held by the shareholders.
1984	Bonus issue of 4,953,131 new equity shares of the Company of ₹ 10 each in the ratio of two new equity shares for every five equity shares held by the shareholders.
1986	Made a foray into the airport services business by entering into a ten year contract with the International Airport's Authority to operate all the snack bars and restaurants at the domestic and international terminals in Mumbai.
1992	Bonus issue of 4,720,704 new equity shares of the Company of ₹ 10 each in the ratio of one new equity shares for every five equity shares held by the shareholders.
1994	Listing of GDRs on the London Stock Exchange.
1996	Change of name of the Company from The East India Hotels Limited to EIH Limited.
1996	Bonus issue of 17,464,299 new Equity shares of the Company of ₹ 10 each in the ratio of one new equity shares for every two equity shares held by the shareholders.
1997	Commenced operations at The Oberoi Rajvilas in Jaipur, our first luxury leisure hotel in India.
2004	The Company entered into a strategic alliance for international marketing with Hilton International. All the "Trident" hotels were re-branded as "Trident Hilton", and the Oberoi Towers in Mumbai was re-branded as the Hilton Towers.
2006	Sub-division of the face value of equity shares from ₹ 10 to Equity Shares of ₹ 2.
2006	Bonus issue of 130,984,657 new equity shares of the Company of ₹ 2 each in the ratio of one new equity share for every two equity shares held by the Equity Shareholders.
2006	The Company acquired a 66.67% equity stake in Mercury Car Rentals Limited, a joint venture with Avis Europe for car rental business.
2006	The printing press established by the Company in 1974 was granted permission by the Indian Banks' Association to print security stationery for banks.
2008	• The alliance with Hilton International ended and "Trident Hilton" and the Hilton Towers hotels were renamed "Trident" hotels. • Establishment of EIH Flight Services Limited, Mauritius as a wholly owned subsidiary of the Company. • Entered into a joint venture agreement with 26% equity interest in L&T Bangalore Airport Hotel Limited for a hotel project near the Bangalore international airport. • Terrorist attack at the Trident, Nariman Point and The Oberoi, Mumbai in November, 2008 resulting in interruption in business and closure of both the hotels. • The Trident Mumbai re-opened on 21 December 2008 after the terrorist attack.
2009	Entered into a joint venture agreement with 16% equity interest in Golden Jubilee Hotels Limited for the proposed Oberoi and Trident hotels in Hyderabad.
2010	• The Oberoi, Mumbai re-opens after full renovation subsequent to the terrorist attacks in 2008. • EIH International Limited, a wholly owned subsidiary of the Company completed an acquisition of approximately 46% of the equity interest in its international hotels joint venture company EIH Holdings Limited. Pursuant to this acquisition, EIH Holdings Limited is now a wholly owned subsidiary of EIH International Limited.

Our Objects

The objects as provided below enable the Company to undertake its existing activities and the activities for which the funds are being raised by the Company through this Issue:

(a) To acquire by purchase, lease, exchange or otherwise, land, buildings and hereditaments of any tenure or description situate in any place in India or outside India and any estate or interest therein/and any rights over or connected with land so situate and to turn the same to account as may seem expedient and in particular by preparing building sites and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining office, flats, houses, hotels, restaurants, shops, factories, warehouses, wharves, buildings, works and conveniences of all kinds and by consolidating or connecting or subdividing properties and by leasing and disposing of same.

(b) To carry on the business of hotel, restaurant, cafe, tavern, beer house, restaurant room and lodging house keepers, licensed victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers for public amusements generally, coach, cab, carriage and motor car proprietors, livery, stable and garage keeper, jobmasters, farmers, dairy-men, ice merchants, importers and brokers of food live and dead stock colonial and foreign produce of all descriptions, hairdressers, perfumers, chemists, proprietor of clubs, baths, dressing rooms, laundries, reading, writing and newspaper rooms, libraries, grounds and places of amusement, recreation, sport, entertainment and instruction of all kinds, tobacco and cigar merchants, agents for railway and shipping companies, and carriers, theatrical and opera-box office proprietors and general agents, and any other business which can be conveniently carried on in connection therewith.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies, as prescribed by the Central or certain State Governments in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to investors and are not intended to be a substitute for professional legal advice. Additionally, the subsidiaries of the Company are governed by various other regulations, including other regulations and policies governing the Company and its subsidiaries outside India.

For the purpose of our business, we are regulated by various general and sector-specific laws and regulations and policies in India, and are required to obtain certain licenses and approvals under the prevailing laws and regulations as applicable.

Introduction

The Company owns and manages hotels and resorts in major metropolitan and tourist destinations throughout India and in certain other countries. The Company is also involved in other businesses, such as flight and airport services, car rentals, air charter services and a printing press. As such, the Company is subject to Central Government as well as State Government legislations, rules and regulations.

The Company is generally required to obtain licenses from various Central and State Government bodies including licenses from the local municipal corporations for various activities such as operation of elevators and provision of swimming pools.

Factories Act and Labour Related Legislation

Factories Act, 1948

The Factories Act, 1948, as amended (the "Factories Act"), defines a 'factory' to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State Governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine.

Contract Labour (Regulation and Abolition) Act, 1970

The Company uses the services of contractors who in turn employ contract labour whose number exceeds 20 in respect of some of the hotels. Accordingly, the Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 (the "CLRA") which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers.

The CLRA vests responsibility in the principal employer of an establishment, to which the CLRA applies, to make an application to the concerned officer for registration of the concerned establishment. In the absence of such registration, contract labour cannot be employed in the concerned establishment. Likewise, every contractor, to whom the CLRA applies, is required to obtain a license and may not undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

Shops and Establishment Acts

The Company is governed by various Shops and Establishment Acts ("S&E Acts") as applicable in the states where it has hotels and offices. The S&E Acts regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, *inter alia*, registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. The S&E Acts apply to the local areas as notified by the government of each state and mandate registration of shops and establishments. The S&E Acts prohibit the employment of children and regulate the employment of persons in shops and establishments. Further, there are provisions dealing with payment of wages to employees and leave with pay. There are various regulations that need to be observed to ensure the health and safety of the employees. The S&E Acts provide for penalties for the contravention of its various provisions and enhanced penalty in case of previous conviction.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948, as amended (the "ESI Act"), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the "PF Act") is a labour legislation which ensures compulsory provident fund, family pension fund and deposit linked insurance in factories and other establishments for the benefits of the employees. The rate of contribution has been fixed at 12%. Presently an employee at the time of joining the employment and getting wages up to ₹ 6,500 is required to become a member of the employees provident fund organization (the "EPFO"), established in accordance with the provisions of the PF Act. An employee is eligible for membership of fund from the very first date of joining such an establishment.

The PF Act *inter alia* provides for:

- grant of exemption from the operation of the schemes framed under the PF Act to an establishment, to a class of employees and to an individual employee, on certain conditions;
- appointment of an inspector to secure compliance under the PF Act and the schemes framed there under; and
- mode of recovery of monies due from employers.

The funds established under the PF Act vest in and are administered by the Central Board of Trustees constituted under the PF Act and functions within the overall regulatory control of the Central Government.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (the "Bonus Act") provides for payment of bonus irrespective of profit and makes payment of minimum bonus compulsory to those employees who have worked for a minimum period of 30 days in an accounting year. The Bonus Act has created a right in every employee to receive a bonus and it has become an implied term in a contract of employment. Bonus is calculated on the basis of the salary or wage earned by the employee during the accounting year. For an employee whose salary exceeds ₹ 3,500, for the purposes of payment of maximum or minimum bonus, his salary has to be taken as ₹ 3,500 only. Where an employee has not worked for all the working days in an accounting year, the minimum bonus of ₹ 100 or, as the case may be, of ₹ 60, if such bonus is higher than 8.33%, of his salary or wage for the days he has worked in that accounting year, shall be proportionately reduced. If the allocable surplus or profit exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Bonus Act by a company is punishable with imprisonment up to six months or a fine up to ₹ 1,000 or both against those individuals in charge at the time of contravention of the Bonus Act.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the "ID Act") provides the machinery and procedure for the investigation and settlement of industrial disputes and certain safeguards to the workers. The ID Act aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer the dispute to an authority mentioned under the ID Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock -out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the ID Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or to reinstate workmen with ancillary relief.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the "Gratuity Act"), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his resignation, retirement, superannuation, death or disablement. An employee in a factory is deemed to be in 'continuous service' for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The maximum amount of gratuity payable under the Gratuity Act exceeds ₹ 0.35 million.

Workmen's Compensation Act, 1923

Under the Workmen's Compensation Act, 1923, (the "WC Act") if personal injury is caused to a workman by accident during employment, his employer is liable to pay him compensation. However, no compensation is required to be paid (i) if the injury does not disable the workman for more than three days, (ii) where the workman, at the time of injury, was under the influence of drugs or alcohol or (iii) where the workman willfully disobeyed safety rules.

Hotel Industry Related Legislation

Tourism Policy of the Government of India

In order to develop tourism in India in a systematic manner, position it as a major engine of economic growth and harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner, the National Tourism Policy was formulated in the year 2002 (the "Tourism Policy"). Broadly, the Tourism Policy attempts to:-

- Position tourism as a major engine of economic growth;
- Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism;
- Focus on domestic tourism as a major driver of tourism growth.
- Position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination;
- Acknowledge the critical role of the private sector with the government working as a pro-active facilitator and catalyst;
- Create and develop integrated tourism circuits based on India's unique civilization, heritage, and culture in partnership with the State Governments, private sector and other agencies; and
- Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and "feels India from within".

Classification of Hotels

Under the Tourism Policy of the Government of India, hotels may, at their option, obtain classification in a star category by applying to the Ministry of Tourism, Government of India in the following categories: Five Star Deluxe, Five Star, Four Star, and Three Star. The Hotel and Restaurant Approval and Classification Committee inspects and assesses the hotels based on various criteria including the quality of facilities and services provided at the hotel. Upon the hotel obtaining the qualifying mark prescribed for a particular status of star classification, and based on a recommendation of the Hotel and Restaurant Approval and Classification Committee, the hotel is given the relevant star classification by the Ministry of Tourism, Government of India. Various approved projects are eligible for various concessions and facilities that are announced by the Government from time to time besides, getting worldwide publicity through the India Tourism offices located in India and abroad.

Prevention of Food Adulteration Act, 1954

In order to sell foodstuffs in India, the Company is required to comply with the Prevention of Food Adulteration Act, 1954 (the "PFA"). The PFA is considered to be a consumer protection legislation, which has been designed to prevent, curb and check the adulteration of foodstuffs and to adequately punish the offenders. It covers various aspects of food processing such as food colour, preservatives, pesticide residues, packaging and labeling and regulation of sales. To give effect to the provisions of the PFA, the Prevention of Food Adulteration Rules, 1955 (the "PFA Rules") were promulgated. The enforcement of the PFA and the PFA Rules is entrusted to the Additional Director General of Health Services, Ministry of Health and Family Welfare, Government of India. Each State Government and Union Territory has created its own organization for implementation of the PFA and rules framed thereunder. The offence of adulteration under the PFA is a cognizable offence. The company may authorize any of its directors or managers (such manager being employed mainly in a managerial or supervisory capacity) to exercise all such powers and to take all such steps as maybe necessary and expedient to prevent the commission by the company of any offence under the PFA. If any offence is committed by the company under the PFA then the nominee shall be liable to be proceeded against and punished accordingly. The courts are empowered to impose penalties on the offenders for the contraventions of the provisions of the PFA. The procedure for the collection of samples, their analysis in the laboratory and timely report by the public analyst has been laid down in the PFA and the PFA Rules. The food inspectors appointed under the PFA are empowered to follow up cases of adulteration for which their powers and duties are prescribed. Provisions regarding search and seizure are also provided for in the PFA and the food inspector is empowered to break-open the package or door of any place. The liabilities of the manufacturers, dealers and retailers are also prescribed.

The Prevention of Food Adulteration Act, 1954 is expected to be replaced by the Food Safety and Standards Act (FSSA). The FSSA was enacted on 23 August 2006. However, the FSSA is yet to be notified in the Official Gazette. The FSSA incorporates the salient provisions of the Prevention of Food Adulteration Act 1954 and is based on international legislations, instrumentalities and Codex Alimentarius Commission[9]. The objective of the FSSA is to consolidate the laws relating to food, establish the Food Safety and Standards Authority of India for laying down science based standards for articles of food and regulate manufacture, storage, distribution, sale and import of food. The FSSA seeks to establish a single reference point for all matters relating to food safety and standards and ensure availability of safe and wholesome food for human consumption. The important provisions of the FSSA are:

i. Establishment of the Food Safety and Standards Authority (FSA) to regulate the food sector.

ii. FSA will be aided by several scientific panels and a central advisory committee to lay down standards for food safety. The standards will include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels.

iii. Enforcement through State Commissioners of Food Safety and other local level officials.

[9] The Codex Alimentarius Commission was created in 1961/62 by Food and Agriculture Organization (FAO) and the World Health Organization (WHO) of the United Nations, to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme. The main purpose of this Programme is to protect the health of consumers, ensure fair practices in the food trade, and promote coordination of all food standards work undertaken by international governmental and nongovernmental organizations.

iv. Registration or licensing requirement for every entity in the food sector. Such licence or a registration would be issued by local authorities.

v. Every distributor is required to be able to identify any food article by its manufacturer, and every seller by its distributor.

vi. Any entity in the sector is bound to initiate recall procedures if it finds that the food sold has violated specified standards.

Public Performance License

The Copyright Act, 1957 specifies that for the purposes of public performance of Indian or international music a public performance license must be obtained else it will invite criminal action. All those who play pre-recorded music in the form of gramophone records, music cassettes or compact discs in public places have to obtain permission for sound recordings. In India, Phonographic Performance Limited ("**PPL**") is the sole authority to administer the broadcasting, telecasting and public performance rights on behalf of the music industry. PPL, which is registered with the Government of India, has among its members almost all major music publishing companies in India. These companies have assigned their performing rights in sound recordings to PPL by virtue of which it is the sole designated authority to issue public-performance licenses in the country.

Pollution Laws

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 ("**Environment Protection Act**"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Water (Prevention and Control of Pollution) Act, 1981

The Water (Prevention and Control of Pollution) Act, 1981 ("**Water Act**") prohibits the use of any stream or well for the disposal of polluting matter, in violation of standards set down by the state PCB. The Water Act also provides that the consent of the state PCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

In addition, the Water Cess Act, 1977 requires a person carrying on any industry which involves the use of water to pay a cess in this regard. The person in charge is to affix meters of certain prescribed standards in order to measure and record the quantity of water consumed by such industry. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**") under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. The state PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Within a period of four months after the receipt of the application for consent, the state PCB shall, by an order in writing, and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

Restrictions on Foreign Ownership of Indian Securities

Overview

Investment in India emanating from offshore entities is catalogued and regulated by the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules, regulations and notifications issued by the Reserve Bank of India ("**RBI**").

The transfer of a security of an Indian company or any other security held by a person resident outside India to an Indian resident can only be undertaken in accordance with the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI or the Government of India through the Foreign Investment Promotion Board ("**FIPB**") as when applicable to the relevant sector. Towards this end, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended (the "**FEM Securities Regulations**"), govern the issue of Indian securities to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

Foreign Direct Investment

Foreign direct investment ("**FDI**") means investment by way of subscription and/or purchase of securities of an Indian company by persons resident outside India. The FIPB plays a crucial role in regulating FDI into India alongwith the RBI.

The regulation of FDI and the foreign investment policy is declared from time to time through the medium of press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued Circular 1 of 2010 ("**Circular 1 of 2010**"), which with effect from 1 April 2010, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on 31 March 2010. The updating and consolidation process would be undertaken every 6 (six) months and therefore, Circular 1 of 2010 is valid until the DIPP issues an updated circular on 30 September 2010.

FDI in most sectors does not require prior approval of the FIPB, or the RBI, if the percentage of equity holding by all foreign investors does not exceed the specified sector threshold. However there are certain conditions such as adherence to ownership restrictions, pricing requirements and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**Takeover Code**"). It may be relevant to mention that subscription by foreign investors of any American Depository Receipts ("**ADRs**") / Global Depository Receipts ("**GDRs**") is treated as FDI.

The following investments require the prior permission of the FIPB:

(i) investments in excess of the specified sectoral caps or in sectors in which FDI is not permitted or in sectors which specifically require the prior approval of the FIPB;

(ii) investments by any foreign investor who, on 12 January 2005, had an existing joint venture, or a technology transfer/trade mark agreement in the same field as the Indian company in which the FDI is proposed (such restriction, the "**Same Field Restriction**"). However, no prior FIPB approval is required: (a) if the investor is a venture capital fund registered with the Securities and Exchange Board of India ("**SEBI**") or (b) if the investor is a multinational financial institution, or (c) if in the existing joint venture, investment by the foreign investor is less than 3(three) percent) of the equity share capital of the existing joint venture, or (d) if the existing joint venture or collaboration is now defunct or sick, or (e) for the transfer of shares of an Indian company engaged in the information technology sector or in the mining sector for the same area or mineral;

(iii) investments in excess of 24% of the equity capital of units manufacturing items reserved for micro or small scale industries; and

(iv) all proposals relating to the acquisition of shares of an Indian company by a foreign investor (including an individual of Indian nationality or origin residing outside India and corporations established and incorporated outside India) which are not under the automatic route.

Prohibited Sectors

Foreign investment in certain sectors of the Indian economy is prohibited. These sectors include: retail trading (except single brand product retailing), atomic energy, lottery business, gambling and betting including casinos, real estate business or construction of farm houses.

In other cases, investments can be made either with the specific prior approval of the Government of India (i.e. the Secretariat for Industrial Assistance/FIPB) or under the automatic route.

Investment in Preference Shares

Foreign investment in preference shares (other than fully convertible preference shares), such as non-convertible, optionally convertible or partially convertible, (for which funds have been received on or after 1 May 2007) are categorized as debt and must conform with the external commercial borrowing guidelines. For the purposes of calculation of sectoral caps, all fully convertible preference shares are treated as FDI.

Filing Requirements

A declaration in a prescribed form, detailing the foreign investment, is required to be filed with the RBI within a specified period of the foreign investment being made in the Indian company. Generally the authorized dealer would facilitate such procedural requirements.

Clarifications Issued

The Government of India has clarified that in the following instances, a fresh approval of the FIPB/CCEA (Cabinet Committee on Economic Affairs) may not be required in respect of any additional foreign investment in the same entity, where:

(i) the entity whose activities had previously required prior approval of the FIPB/CCFI (Cabinet Committee on Foreign Investment)/CCEA, and which had accordingly obtained such prior approval for the initial foreign investment, subsequently has its activities placed under the automatic route;

(ii) a sectoral cap that had previously restricted the entity, which had accordingly obtained such prior approval of the FIPB/CCFI/CCEA for the initial foreign investment, is subsequently removed or increased and the activities of the entity are placed under the automatic route, provided that such additional foreign investment alongwith the initial foreign investment does not exceed the applicable sectoral cap; and

(iii) prior approval of the FIPB/CCFI/CCEA had been obtained earlier for the initial or original foreign investment pursuant to the Same Field Restriction; provided that the prior approval of the Government of India is not required under the FDI policy for any other reason.

Calculation of Total Foreign Investment in Indian Companies

Paragraphs 4.1 and 4.6 of Circular 1 of 2010 determine the methodology of calculation of total foreign investment in an Indian company. Foreign investment is defined broadly and includes all types of investments including FDI, investment by FIIs and NRIs, ADRs/GDRs, Foreign Currency Convertible Bonds, convertible preference shares and convertible debentures.

Circular 1 of 2010 specifies that all investments made directly by a Non-resident entity in an Indian company would be considered as foreign investment. Further, if an Indian investing company is owned (beneficial ownership of more than 50 (fifty) percent of the capital) and controlled (the power to appoint a majority of the directors) by resident Indian citizens and/or Indian companies, foreign investment in the Indian investing company will not be considered when calculating indirect foreign investment in the Indian investee company. However, if an Indian investing company is owned or controlled by Non-resident entities, the entire investment by such a company in the Indian investee company will be considered foreign investment in the investee company. An exception to the above-mentioned rule is that if the investee company is a wholly owned subsidiary of the investing company which is owned or controlled by Non-resident entities, foreign investment in the investee company will be the same as foreign investment in the investing company.

Paragraph 4.6 of Circular 1 of 2010 provides guidelines relating to downstream investments by Indian companies that are owned or controlled by foreign entities. These guidelines are based on the principle that downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there would not be any restrictions.

For the purpose of downstream investments, Circular1 of 2010 classifies Indian companies into (i) operating companies, (ii) operating-and-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, Circular 1 of 2010 provides that:

(i) Operating company: Foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;

(ii) Operating-and-investing company: Foreign investment in such a company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sectors in which the investee Indian company operates; and

(iii) Investing company: An "investing company" has been defined in Circular 1 of 2010 as an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings. Any foreign investment in such company will require the prior approval of the FIPB.

Circular 1 of 2010 further provides that foreign investment in an Indian company that does not have (i) any operations, and (ii) any downstream investments, will require the prior approval of the FIPB.

Pricing Mechanics

Regulation 6 of the FEM Securities Regulations, as amended by Notification Number FEMA 205/2010-RB dated 7 April 2010, states that the offer on rights basis to the persons outside India shall be (a) in the case of a company listed on a recognized stock exchange in India, at a price as determined by the company; and (b) in the case of shares of a company not listed on a recognized stock exchange in India, at a price which is not less than the price at which the offer on rights basis is made to resident shareholders.

Regulation 5 of Schedule I to the FEM Securities Regulations, as amended by Notification Number FEMA 205/2010-RB dated 7 April 2010, states that the price of shares issued to persons resident outside India shall not be less than (i) if the shares are listed on any recognized stock exchange in India, the price calculated in accordance with the applicable SEBI guidelines; (ii) if the shares are not listed on any recognized stock exchange in India, the fair valuation of the shares determined by a SEBI registered Category-1 Merchant Banker or a chartered accountant in accordance with the discounted free cash flow method; and (iii) if there is a preferential allotment of the shares, the price as applicable to transfer of shares from resident to Non-resident in accordance with the pricing guidelines laid down by the RBI from time to time.

Foreign Institutional Investors

Foreign Institutional Investors ("**FII**") proposing to trade in Indian securities in India under the FEM Securities Regulations are required under the SEBI (Foreign Institutional Investors) Regulations 1995 **("FII Regulations")** to register with the SEBI and obtain a general permission from the RBI.

No single FII can hold more than ten % of the post-issue total paid-up equity capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed ten % of the total paid-up equity capital of the Company or five % of the total paid-up equity capital of a company, in case such sub-account is a foreign corporate or a foreign individual and provided that such investment is made out of funds raised or collected or brought from outside through normal banking channels and the investment shall also not exceed the overall ceiling specified for FIIs.

The total holding of all FIIs in a company is subject to a cap of 24 percent of the total issued capital of a company which can be increased up to the percentage of the relevant sectoral cap on FDI in respect of such company with the passing of a special resolution by the shareholders of the company in a general meeting.

Pricing for FII'S

Under the RBI Notification Number FEMA 20/2000-RB dated 3 May 2000 (as amended from time to time), a registered FII is permitted to purchase shares/convertible debentures of an Indian company through public offer/private placement, subject to the FII limits stipulated therein. An Indian company is permitted to issue such shares or convertible debentures provided that:

- in the case of a public offer, the price of the shares to be issued is not less than the price at which shares are issued to residents; and

- in the case of an issue by private placement the price is not less than the price derived under the SEBI ICDR Regulations or guidelines issued by the Controller of Capital Issues, as applicable.

Regulation 15 A of the FII Regulations provides that an FII may issue, or otherwise deal in, offshore derivative instruments (an offshore derivative instrument is defined as an instrument, by whatever name called, which is issued overseas by an FII in respect of securities held by it that are listed or proposed to be listed on any recognized stock exchange in India) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons that are regulated by an appropriate foreign regulatory authority; and (ii) such P-Notes are issued in compliance with the know your client ("**KYC**") requirements. A FII shall ensure that no further issue or transfer is made of any offshore derivative instruments issued by or on behalf of it to any person other than a person regulated by an appropriate foreign regulatory authority. Sub-accounts of FIIs are not permitted to issue P-Notes.

Portfolio Investment by Non-Resident Indians (NRIs)

The FEM Transfer Regulations enable NRIs to make portfolio investments in shares or convertible debentures of an Indian company through a registered broker on a recognized stock exchange in India, in accordance with such FEM Transfer Regulations.

Under the portfolio investment scheme, each NRI can purchase up to five % of the paid-up share capital of an Indian company, subject to the condition that the aggregate paid-up share capital of such Indian company purchased by all NRIs through portfolio investments does not exceed ten %. The above limit of ten % may be raised to 24 % if a special resolution is adopted by the shareholders of the company in addition to portfolio investments in Indian companies.

Transfer of shares and convertible debentures of an Indian company

Subject to the foregoing, a person resident outside India may transfer the shares or convertible debentures held by him in Indian companies in accordance with the FEM Securities Regulations. A person resident outside India, not being an NRI or an overseas corporate body, may transfer by way of sale the shares or convertible debentures held to any other person resident outside India without the prior approval of the RBI. An NRI may transfer by way of sale the shares or convertible debentures held by him to another NRI without the prior approval of the RBI. However, the person to whom the shares or convertible debentures are being transferred will have to obtain the prior permission of the FIPB under the Same Field Restrictions if as on 12 January 2005, such person has an existing joint venture or tie-up in India through investment in shares or debentures or a technical transfer/trade mark agreement or investment by whatever name called in the same field in which the company whose shares are being transferred is engaged subject to certain exceptions which have been outlined above

A non-resident may transfer any security held by him to a person resident in India by way of gift, or may sell such security on a recognized stock exchange in India through a registered broker.

The RBI has granted general permission under the FEM Securities Regulations for the transfer of shares by a person resident outside India to a person resident in India. However the same is subject to compliance with certain terms, conditions and reporting requirements as prescribed.

Non-residents (other than erstwhile OCBs) are permitted to purchase shares or convertible debentures of an Indian company (subject to applicable sectoral caps), other than an Indian company engaged in the financial services sector, from a resident without the prior approval of the RBI. Similarly, a Non-resident (i.e. incorporated Non-resident entity, erstwhile OCBs, foreign nationals, Non-Resident Indians, FIIs) may sell shares or convertible debentures of an Indian company (subject to applicable sectoral caps), to a resident without the prior approval of the RBI. However the above transfer between residents to non-residents and vice versa are both subject to (i) certain compliance with the prescribed pricing guidelines; (ii) submission of required documents and reports; and (iii) obtaining a certificate from the applicable authorized dealer.

Requirement of Prior Approval of RBI

The prior approval of the RBI is required for the transfer of shares from residents to Non-residents by way of sale in the following instances: (a) transfer of shares/convertible debentures of an Indian company engaged in the financial services sector, (b) transactions which attract the provisions of the Takeover Code, (c) if the activity of the Indian company whose shares are being transferred falls outside the automatic route and the approval of the FIPB has been obtained for such transfer, (d) the transfer is to take place at a price which falls outside the pricing guidelines specified by the RBI, and (e) where the Non-resident acquirer proposes to defer payment of the amount of consideration.

Transfers by way of sale not covered under the automatic route, by a person resident outside India of the shares/convertible debentures held by him to a person resident in India, require prior permission of the RBI. Where the shares of the Indian company concerned are traded on a stock exchange, while considering the grant of permission, the RBI may make stipulations as to the price of the shares or convertible debentures while granting its permission and would take into account whether the sale is as per the pricing guidelines and is effected through a merchant banker registered with the SEBI or through a stock broker registered with the stock exchange.

Reporting Requirement

A resident who wishes to purchase from or sell shares to a Non-resident is required, to file a declaration with an authorized dealer in Form FC-TRS, together with the relevant documents and file an acknowledgment thereof with the Indian company to effect transfer of the shares. Pursuant to the RBI circular dated 22 April 2009, the sale consideration in respect of equity instruments purchased by a person resident outside India, remitted into India through normal banking channels, shall be subject to a KYC check by the AD Category - I bank receiving remittance at the time of receipt of funds. Further, the Form FC-TRS should be submitted to the AD Category - I bank, within 60 (sixty) days from the date of receipt of the amount of consideration. The onus of submission of the Form FC-TRS within the given timeframe would be on the transferor or transferee resident in India.

Renunciation by and/or in favor of Non-residents

Any renunciation (i) from a resident Indian equity shareholder to a Non-resident, or (ii) from a Non-resident equity shareholder to a resident Indian, or (iii) from a Non-resident equity shareholder to another Non-resident is subject to the renouncer / renouncee obtaining the necessary approvals, including the RBI under FEMA.

Foreign Investment in Hotels and Tourism Sector

Foreign Investment up to 100 percent is allowed under the automatic route in the hotel related industry. This includes restaurants, beach resorts and other tourism complexes providing accommodation and / or catering and food facilities to tourists.

OUR MANAGEMENT

As per our Articles of Association, the Company shall not have less than three or more than 12 Directors on its Board. The Company currently has eight Directors on its Board.

The following table sets forth certain details regarding the Board of Directors as on the date of the Draft Letter of Offer:

Name, Father's Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Mr. Prithviraj Singh Oberoi S/o Late Mr. Rai Bahadur Mohan Singh Oberoi Address: Villa Aashiana, Kapashera Bijwasan, New Delhi – 110 037, India. Occupation: Industrialist Term: 5 years from 27 June 2007 DIN: 00051894 Designation: Chairman and Chief Executive	Indian	81	1. EIH Associated Hotels Limited 2. Island Hotel Maharaj Limited 3. Mercury Car Rentals Limited 4. Mercury Travels Limited 5. Mumtaz Hotels Limited 6. Mashobra Resort Limited 7. Mercury Himalayan Explorations Limited 8. Oberoi Kerala Hotels and Resorts Limited 9. Golden Jubilee Hotels Limited 10. L&T Bangalore Airport Hotel Limited 11. EIH Flight Catering Services Limited 12. Aravali Polymers LLP 13. Bombay Plaza Private Limited 14. CCA Leisure Services Private Limited 15. Oberoi Buildings and Investments Private Limited 16. Oberoi Camarco Private Limited 17. Oberoi Holdings Private Limited 18. Oberoi Hotels Private Limited 19. Oberoi Investments Private Limited 20. Oberoi Leasing and Finance Company Private Limited 21. Oberoi Plaza Private Limited 22. Oberoi Properties Private Limited 23. EIH Holdings Limited, British Virgin Islands 24. EIH International Limited, British Virgin Islands 25. EIH Marrakech Limited, Morocco 26. Hungaria Oberoi Szalloda Rt., Hungary 27. Island Resort Limited, Mauritius 28. I.R. Limousine Service Limited, Mauritius 29. Oberoi Corporation Limited, United Kingdom 30. Oberoi Holdings Hongkong Limited, Hongkong 31. Oberoi Investments (BVI) Limited, British Virgin Islands 32. Oberoi Mauritius Limited, British Virgin Islands 33. Oberoi Services International

Name, Father's Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
			Limited, British Virgin Islands 34. Oberoi Services Pte. Limited, Singapore 35. Saudi Oberoi Company Limited, Saudi Arabia 36. EIH Flight Services Limited, Mauritius 37. EIHH Corporation Limited, Hongkong 38. J&W Hongkong Limited, Hongkong 39. J&W Inc, Bahamas
Mr. Shib Sanker Mukherji S/o Late Mr. Sailendra Nath Mukherjee Address: 6, Lansdowne Place, Kolkata – 700 029, West Bengal, India. Occupation: Service Term: 5 years from 27 June 2007 DIN: 00103770 Designation: Vice Chairman	Indian	62	1. EIH Associated Hotels Limited 2. Island Hotel Maharaj Limited 3. Mashobra Resort Limited 4. Mercury Car Rentals Limited 5. Oberoi Kerala Hotels and Resorts Limited 6. Golden Jubilee Hotels Limited 7. EIH Flight Catering Services Limited 8. CCA Leisure Services Private Limited 9. Oberoi Holdings Private Limited 10. Oberoi Investments Private Limited 11. Oberoi Properties Private Limited 12. Oberoi Buildings and Investments Private Limited 13. EIH International Limited, British Virgin Islands 14. EIH Marrakech Limited, British Virgin Islands 15. EIH Flight Services Limited, Mauritius 16. Bengal Club Limited
Mr. Vikramjit Singh Oberoi S/o: Mr. Prithviraj Singh Oberoi Address: Suite 150, The Oberoi, Dr Zakir Hussain Marg, New Delhi – 110 003, Delhi, India. Occupation: Industrialist Term: 5 years from 1 July 2009 DIN: 00052014 Designation: Joint Managing Director	Indian	46	1. EIH Associated Hotels Limited 2. Mumtaz Hotels Limited 3. Island Hotel Maharaj Limited 4. Golden Jubilee Hotels Limited 5. Mashobra Resort Limited 6. Aravali Polymers LLP 7. Bombay Plaza Private Limited 8. Oberoi Buildings and Investments Private Limited 9. Oberoi Holdings Private Limited 10. Oberoi Hotels Private Limited 11. Oberoi Investments Private Limited 12. Oberoi Properties Private Limited 13. Oberoi Plaza Private Limited 14. Oberoi Leasing and Finance Company Private Limited 15. B I Publications Private Limited
Mr. Arjun Singh Oberoi S/o Late Mr. Tilakraj Singh Oberoi	Indian	43	1. Mashobra Resort Limited 2. Mumtaz Hotels Limited 3. Aravali Polymers LLP

Name, Father's Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Address: 61-A, Friends Colony, New Delhi – 110 065, Delhi, India. Occupation: 5 years from 1 July 2009 Term: Industrialist DIN: 00052106 Designation: Joint Managing Director			4. Bombay Plaza Private Limited 5. Oberoi Buildings and Investments Private Limited 6. Oberoi Holdings Private Limited 7. Oberoi Hotels Private Limited 8. Oberoi Investments Private Limited 9. Oberoi Properties Private Limited 10. Oberoi Plaza Private Limited 11. Oberoi Leasing and Finance Company Private Limited 12. Oberoi Camarco Private Limited
Mr. Santosh Kumar Dasgupta S/o Late Mr. S. N. Dasgupta Address: 3 D, 3rd Floor, 17A, Central Road, Jadavpur, Kolkata – 700 032, West Bengal, India. Occupation: Company Director Term: Liable to retire by rotation DIN: 00038804 Designation: Independent Director	Indian	77	1. Bengal Sunny Rock Estates Housing Development Company Limited 2. French Motor Car Company Limited 3. Orind Exports Limited
Mr. Anil Kumar Nehru S/o Late Mr. Braj Kumar Nehru Address: 71 Sector-9, Union Trritory, Chandigarh – 160 009, Chandigarh, India. Occupation: Company Director Term: Liable to retire by rotation DIN: 00038849 Designation: Independent Director	Indian	69	1. Ayurvet Limited 2. EIH Associated Hotels Limited 3. Sanat Products Limited
Mr. Rajan Biharilal Raheja S/o Dr. Biharilal Sewaram Raheja Address: "Rahejas", 87/1, G. B. Marg, Juhu, Mumbai – 400 049, Maharashtra, India. Occupation: Industrialist Term: Liable to retire by rotation	Indian	57	1. EIH Associated Hotels Limited 2. Exide Industries Limited 3. Hathway Cable & Datacom Limited 4. ING Vysya Life Insurance Company Limited 5. Juhu Beach Resorts Limited 6. Prism Cement Limited 7. Supreme Petrochem Limited 8. Amber Apartment Makers Private Limited 9. Ameeta Grihnirman Private Limited 10. Arjun Housing Private Limited

Name, Father's Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
DIN: 00037480 Designation: Independent Director			11. Bay-Side Exports Private Limited 12. Brindaban Agro Industries Private Limited 13. Brindaban Builders Private Limited 14. Brindaban Land Development Private Limited 15. Bellvne Constructions Private Limited 16. Bloomingdale Investment and Finance Private Limited 17. Chandramouli Finance and Estates Private Limited 18. Colonnade Housing Private Limited 19. Colonnade Contractors and Developers Private Limited 20. Coronet Investments Private Limited 21. Crescent Property Developers Private Limited 22. Gstaad Trading Company Private Limited 23. Hathway Bhaskar Multinet Private Limited 24. ING Investment Management (India) Private Limited 25. Kaunteya Builders Private Limited 26. Kaunteya Contractors and Developers Private Limited 27. Kuntinandan Contractors and Developers Private Limited 28. Kuntiputra Properties Private Limited 29. Lavina Contractors and Developers Private Limited 30. Manali Investment and Finance Private Limited 31. Matsyagandha Investments and Finance Private Limited 32. Panchali Builders Private Limited 33. Peninsula Estates Private Limited 34. Prerana Builders Private Limited 35. R.B.R. Constructions Private Limited 36. R.B.R. Estates and Finance Private Limited 37. R. Raheja Properties Private Limited 38. Sea-Side Exports Private Limited 39. Shiraz Realtors Private Limited 40. Shoreline Exports Private Limited 41. Varahagiri Investments and Finance Private Limited 42. Vijay Raheja Builders Private Limited 43. Vidur Constructions Private Limited

Name, Father's Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
			44. Villa-Capri Developers Private Limited 45. Windsor Realty Private Limited
Mr. Lakshminarayan Ganesh S/o Mr. Lakshmi Narayan Lakshamana Iyer Address: Door No. 5A, Valliammai Achi Road,, Kotturpuram, Chennai – 600 085, Tamil Nadu, India. Occupation: Industrialist Term: Liable to retire by rotation DIN: 00012583 Designation: Independent Director	Indian	56	1. Rane Engine Valve Limited 2. Rane Brake Lining Limited 3. Rane (Madras) Limited 4. Rane TRW Steering Systems Limited 5. Rane NSK Steering Systems Limited 6. Rane Diecast Limited 7. Kar Mobiles Limited 8. Rane Holdings Limited 9. EIH Associated Hotels Limited 10. JMA Rane Marketing Limited

Relationship between Directors

Except as stated below, none of the other Directors are related to each other.

Name of the Directors	Relationship between Directors
Mr. Vikramjit Singh Oberoi	Son of Mr. Prithviraj Singh Oberoi Cousin of Mr. Arjun Singh Oberoi
Mr. Arjun Singh Oberoi	Nephew of Mr. Prithviraj Singh Oberoi Cousin of Mr. Vikramjit Singh Oberoi

Brief biography of our Directors

Mr. Prithviraj Singh Oberoi is the Chairman and the Chief Executive of the Company. Mr. Oberoi is the son of Late Rai Bahadur Mohan Singh Oberoi, the founder of the Oberoi Group. He graduated with a degree in Hospitality from the University of Laussanne, Switzerland and has over 60 years of experience in the hospitality industry. Mr. Oberoi has been instrumental in pioneering the growth of the Company. He was awarded the 'Padma Vibhushan', India's second highest civilian honour, in recognition of his exceptional service to the country in 2008. In 2001, His Majesty King Mohammed VI of Morocco awarded Mr. Oberoi the 'Grand Officer' of the Alalaoui Wissam, which is one of the highest civilian awards in Morocco, in recognition of Mr. Oberoi's contribution to tourism in Morocco and to Indo-Moroccan relations. Mr. Oberoi was also conferred with a 'Lifetime Achievement Award' at the CNBC TV 18 India Business Leader Awards 2007 for building a world-class hotel chain that caters to both luxury and business travelers and for shaping the hospitality industry of India. Mr. Oberoi received the 'Outstanding Business Leader' award from the Associated Chambers of Commerce and Industry and Society of Indian Law Firms in September 2008. In November 2008, Mr. Oberoi was conferred a 'Lifetime Achievement Award' at the Ernst & Young Entrepreneur of the Year awards for redefining design standards in luxury hotels.

Mr. Shib Sanker Mukherji is the Vice Chairman of the Company. He is a member of the Institute of Chartered Accountants of India and has completed an Advanced Management Programme from Harvard University in the United States. He has an experience of nearly 40 years in the hospitality industry. He joined the Company as an Executive in March, 1972 and has been the Vice Chairman of the Company since June, 2007.

Mr. Vikramjit Singh Oberoi is a Joint Managing Director of the Company. He holds a Bachelor's degree in Science from the Pepperdine University, United States and has over 25 years of experience in the hospitality industry. He joined the Board as a Non-executive Director on 15 December 1993. He became a Whole Time

Director and was designated Deputy Managing Director in July, 2004. In July, 2007 he was re-designated as Joint Managing Director of the Company.

Mr. Arjun Singh Oberoi is a Joint Managing Director of the Company. He holds a Bachelor's degree in Science (Economics) from the University of Buckingham, United Kingdom. He has an experience of more than 22 years in the hospitality industry. He became a Whole Time Director and was designated as the Deputy Managing Director of the Company in July, 2004. In July 2007, he was re-designated as a Joint Managing Director of the Company.

Mr. Santosh Kumar Dasgupta is an Independent Director of the Company. He is a member of the Institute of Chartered Accountants of India. He has over 55 years of experience in accountancy and financial management. He has served as the President of the Institute of Chartered Accountants of India.

Mr. Anil Kumar Nehru is an Independent Director of the Company. He holds a Bachelor's degree in Science and a Master of Sciences degree in Chemical Engineering from the Massachusetts Institute of Technology, United States. He completed Executive Business Management courses from the Indian Institute of Management, Ahmedabad, Harvard University, United States and Columbia University, United States. He has over 25 years of experience in the chemical industry. Previously, he has served as a whole time director for Pfizer Limited.

Mr. Rajan Biharilal Raheja is an Independent Director of the Company. He holds Bachelor's degree in Commerce from the University of Bombay. He has over 31 years of experience across various industries including real estate development, automotive and industrial batteries, ceramic tiles, cement, ready mixed concrete, retail, cable television, publishing, life insurance, software, polystyrene and hotels.

Mr. Lakshminarayan Ganesh is an Independent Director of the Company. He is an associate Chartered Accountant from the Institute of Chartered Accountants of India. Mr. Ganesh holds a Bachelor's degree in Commerce from Madras University and a Masters' degree in Business Administration from the Pennsylvania State University, United States. He serves as the Chairman of the Rane Group. Mr. Ganesh has over 32 years of experience in the automotive industry and has previously served as the President of the Automotive Component Manufacturers Association of India and also as the President of the Madras Management Association. He has also been the Chairman of the Confederation of Indian Industry, Southern Region and is currently the Honorary Consul for New Zealand in South India.

Corporate Governance

The Company has complied with the provisions of the Listing Agreement including Clause 49 of the Listing Agreement and other requirements under the Listing Agreement in relation to the meetings of the audit committee and the investor grievance committee. The details of with respect to the audit committee of the Company and the investor grievance committee of the Company during the period commencing from 1 April 2009 upto 30 June 2010 are as follows:

(a) Audit Committee:

The members of the Audit Committee of the Company are as follows:

(i) Mr. Santosh Kumar Dasgupta;
(ii) Mr. Arjun Oberoi;
(iii) Mr. Rajan Raheja; and
(iv) Mr. Anil Nehru.

Mr. Santosh Kumar Dasgupta is the chairman of the Audit Committee. 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.

During the period commencing from 1 April 2009 upto 30 June 2010 the Audit Committee met six times on 30 June 2009, 27 July 2009, 28 October 2009, 27 January 2010, 30 March 2010 and 28 May 2010.

(b) Investors' Grievances Committee:

The members of the Investors' Grievances Committee of the Company are as follows:

(i) Mr. Prithviraj Singh Oberoi;
(ii) Mr. Shib Sanker Mukherji;
(iii) Mr. Santosh Kumar Dasgupta;
(iv) Mr. Vikram Oberoi; and
(v) Mr. Arjun Oberoi.

The chairman of the Investors' Grievances Committee gets elected during the meeting of the committee. The terms of reference of the Investors' Grievances are monitoring the Company's response to investor complaints and approving the issuance of duplicate share certificates in lieu of those lost or destroyed.

During the period commencing from 1 April 2009 upto 30 June 2010 the Investors' Grievances Committee met five times on 22 April 2009, 7 July 2009, 12 October 2009, 13 January 2010 and 16 April 2010.

Directors' Shareholding

The details of Directors' shareholding as on 30 June 2010 is as follows:

Sr. No.	Name of the Director	Number of Shares	% of the paid up share capital
1	Mr. Prithviraj Singh Oberoi	2,201,580	0.56
2	Mr. Vikramjit Singh Oberoi	3,993,480	1.02
3	Mr. Arjun Singh Oberoi	5,024,790	1.28
4	Mr. Shib Sanker Mukherji	6,731,567	1.71

The details of service contracts entered into by the directors with the Company providing for benefits upon termination of employment are as follows:

Sr. No.	Name	Termination clause of the service contract
1.	Mr. Prithviraj Singh Oberoi	In the event of termination of services of Mr. Prithviraj Singh Oberoi by the Company on any ground whatsoever, Mr. Prithviraj Singh Oberoi shall be entitled to receive compensation for the loss of office for the unexpired residue of his term comprising of such sum which shall not be less than the maximum amount of compensation for loss of office to which he shall be entitled to as per the provisions of Section 318 of the Companies Act as amended, modified or re-enacted from time to time.
2.	Mr. Shib Sanker Mukherji	In the event of termination of services of Mr. Shib Sanker Mukherji by the Company or in the event of Mr. Shib Sanker Mukherji ceasing to be a Director of the Company for any reason other than on his own accord or violation of Section 283 of the Companies Act, he shall be entitled to receive payment by way of compensation for the loss of office for the unexpired residue of his term comprising of such sum which shall not be less than the maximum amount of compensation for loss of office to which he shall be entitled as per the provisions of Section 318 of the Companies Act as amended, modified or re-enacted from time to time.
3.	Mr. Vikramjit Singh Oberoi	In the event of termination of services of Mr. Vikramjit Singh Oberoi by the Company or in the event of Mr. Vikramjit Singh Oberoi ceasing to be a Director for any reason other than on his own accord or violation of Section 283 of the Companies Act, he shall be entitled to receive payment by way of compensation for the loss of office for the unexpired residue of his term but subject to a maximum of thirty six months remuneration calculated on the basis of average remuneration actually earned by him during a period of three years immediately preceding the date on which the agreement is terminated (or where he

		has held office for a lesser period than three years, during such period).
4.	Mr. Arjun Singh Oberoi	In the event of termination of services of Mr. Arjun Singh Oberoi by the Company or in the event of Mr. Arjun Singh Oberoi ceasing to be a Director for any reason other than on his own accord or violation of Section 283 of the Companies Act, he shall be entitled to receive payment by way of compensation for the loss of office for the unexpired residue of his term but subject to a maximum of thirty six months remuneration calculated on the basis of average remuneration actually earned by him during a period of three years immediately preceding the date on which the agreement is terminated (or where he has held office for a lesser period than three years, during such period).

Apart from the aforementioned, the Company has not entered into any service contracts with its Directors for providing benefits upon termination of employment. The Company has not paid its Directors, any payment or reimbursement of expenses other than the normal remuneration and reimbursement, dividend and sitting fees as applicable in each case.

As of the date of the Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we appointed any of our Directors.

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous Fiscal Years or out of both.

The Company does not have a formal dividend policy. Any dividends declared are recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of the Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion.

The table below sets forth the details of the dividends declared by the Company during the last five Fiscal Years:

Fiscal Year	Interim Dividend per Equity Share (in ₹)	Final Dividend per Equity Share (in ₹)	Total Dividend per Equity Share (in ₹)	Interim Dividend (in ₹ million)	Final Dividend (in ₹ million)	Total Dividend (in ₹ million)+
2009-10*	0	1.20	1.20	0	471.54	471.54
2008-09*	0	1.20	1.20	0	471.54	471.54
2007-08*	0	1.80	1.80	0	707.32	707.32
2006-07*	0	1.40	1.40	0	550.14	550.14
2005-06**	5.00	5.00	10.00	261.97	261.97	523.94

* *The face value of the Equity Shares is ₹ 2 each*
** *The face value of the Equity Shares is ₹ 10 each.*
\+ *Excluding dividend distribution tax.*

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of the Company or dividend amounts, if any, in the future.

Dividends are payable within 30 days of approval by the Equity Shareholders at its annual general meeting. The Articles also give the Board of Directors the discretion to declare and pay interim dividends without obtaining Shareholder approval.

When dividends are declared, all the Equity Shareholders whose names appear in the register of members of the Company as on the "record date" are entitled to be paid the dividend declared by the Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by the Company.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To

The Members of
EIH Limited

1. We have audited the attached Balance Sheet of EIH Limited ('the Company') as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' 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;

   (vii) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

(viii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(ix) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAY & RAY**
Chartered Accountants

A.K.SHARMA
Partner
Membership Number. 80085
Firm's Registration Number 301072E
Mumbai, 28th May, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification are being reconciled.

(c) During the year the Company has not disposed off any substantial part of its fixed assets, which could affect its continuation as a going concern.

(ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.

(b) In view of our comments in paragraph iii (a) above, the provisions of Clauses iii (b), iii (c) and iii (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.

(d) In view of our comment in paragraph iii (c) above, clauses iii (f), iii (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, there is no continuing failure to correct major weaknesses in internal control system.

(v) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction during the year that need to be entered into the Register maintained under Section 301 of the Act and therefore clauses v (a) and v (b) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(vi) The Company has not accepted any deposit from the public during the year under Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Act for the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of wealth tax, service tax, and cess which have not been deposited on account of any dispute other than disputed income tax, sales tax, customs duty, excise duty and employees' state insurance as indicated below:

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

(x) The Company has no accumulated losses and has not incurred any cash loss during the year covered by our Report and the immediately preceding Financial Year.

(xi) Based on our audit procedures and, according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(xv) The Company has given guarantees for loans taken by its subsidiaries and associate company from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions on which the Company has given guarantees for loans taken from banks and financial institutions are not, *prima-facie,* prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.

(xviii) The Company has not raised any money by issue of shares during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(xix) The Company has not issued unsecured debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.

(xxi) During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of material fraud on or by the Company noticed or reported nor have we been informed of any such case by the Management.

For **RAY & RAY**
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 80085
Firm's Registration Number 301072E
Mumbai, 28th May,2010

EIH LIMITED
Balance Sheet as at 31st March, 2010

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

		As at 31st March		
			2010	2009
		Rupees Million	**Rupees Million**	Rupees Million
PROVISIONS	13	**669.43**		677.12
		2,539.62		2,937.42
NET CURRENT ASSETS			**2,587.32**	2,267.63
TOTAL			**28,094.67**	25,594.93
SIGNIFICANT ACCOUNTING POLICIES	22			
NOTES TO THE ACCOUNTS	23			
Schedules 1 to 13, 22 & 23 referred to above				
form an integral part of the Balance Sheet.				

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

For RAY & RAY
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 80085
Firm's Registration Number 301072E
Place : Mumbai
Date : 28th May, 2010

P.R.S. OBEROI — Chairman and Chief Executive
S.S.MUKHERJI — Vice Chairman
VIKRAM OBEROI
ARJUN OBEROI] Joint Managing Directors
S.K.DASGUPTA
ANIL NEHRU] Directors

GAUTAM GANGULI
Company Secretary

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

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

		Year ended 31st March	
		2010	2009
		Rupees Million	Rupees Million
BASIC AND DILUTED EARNINGS PER SHARE		1.46	4.34
(in Rupees) Face Value Rs. 2 (Note 18)			
NUMBER OF EQUITY SHARES		392,953,972	392,953,972
Schedules 14 to 23 referred to above form an integral part of the Profit & Loss Account.			

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

For RAY & RAY
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 80085
Firm's Registration Number 301072E
Place : Mumbai
Date : 28th May, 2010

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

S.S.MUKHERJI — Vice Chairman

VIKRAM OBEROI
ARJUN OBEROI] Joint Managing Directors

S.K.DASGUPTA
ANIL NEHRU] Directors

GAUTAM GANGULI
Company Secretary

EIH Limited

Cash Flow Statement for the year ended 31st March 2010

		For the period ending 31st March	
		2010	**2009**
		Rupees Million	**Rupees Million**
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Taxation	889.89	2,732.61
	Adjustments for:		
	Miscellaneous Expenditure Amortised	-	17.25
	Depreciation	680.31	542.40
	(Profit) / Loss on Sale of Fixed Assets (Net)	25.80	29.76
	Provision of diminution in value of investments	-	0.75
	Interests Received	(50.71)	(139.44)
	Dividend Received	(23.83)	(25.25)
	Interest Paid	1,008.85	825.03
	Operating Profit before Working Capital Changes	2,530.31	3,983.11
	Adjustments for:		
	Trade & Other Receivables	(330.09)	(1,148.98)
	Inventories	3.02	28.93
	Trade Payables	(400.93)	410.07
	Cash Generated from Operations	1,802.31	3,273.13
	Interest Paid	(990.03)	(830.79)
	Payment of Direct Taxes	(262.98)	(1,005.45)
	Net cash from Operating Activities	549.30	1,436.89
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(2,656.99)	(2,857.63)
	Sale of Fixed Assets	25.08	40.33
	Purchase of Investments	(284.25)	(0.01)
	Sale of Investments	-	89.21
	Interest Received	178.46	62.44
	Dividend Received	23.83	25.25
	Cash used in Investing Activities	(2,713.87)	(2,640.41)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings		
	Term Loans	2,400.00	3,750.00
	Cash Credit	532.44	-
	Unsecured Loan	850.00	-
	Repayment of		
	Term Loan	(1,431.70)	(675.00)

		For the period ending 31st March	
		2010	**2009**
		Rupees Million	**Rupees Million**
	Cash Credit	-	(890.41)
	Unsecured Loans	-	(120.00)
	Dividend Paid	(469.63)	(704.13)
	Net Cash used in Financing Activities	1,881.11	1,360.46
	Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(283.46)	156.94
	Cash and Cash Equivalents at beginning of year	421.18	264.24
	Cash and Cash Equivalents at end of year	137.72	421.18

Notes:

1. *The Cash Flow has been prepared in indirect method except in case of dividend income, purchase and sale of investments which have been considered on the basis of actual cash movement, with corresponding adjustments in Assets and Liabilities.*
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 end of the year and treated as part of Investing Activities.*

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

For RAY & RAY
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 80085
Firm's Registration Number 301072E
Place : Mumbai
Date : 28th May, 2010

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

S.S.MUKHERJI — Vice Chairman

VIKRAM OBEROI
ARJUN OBEROI] Joint Managing Directors

S.K.DASGUPTA
ANIL NEHRU] Directors

GAUTAM GANGULI
Company Secretary

Schedules to Accounts

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

NOTES :

Out of the above the following were allotted :

(a) as fully paid up shares -

(i) 3,219,125 (2009-3,219,125) of Rs. 2 each in 1965-66 as fully paid up pursuant to a contract without payments being received incash.

(ii) 181,720 (2009- 181,720) of Rs. 2 each in 1968-69 in terms of the Order of the Calcutta High Court dated 9th September, 1968 under the Scheme of Compromise/Arrangement without payments being received in cash.

(b) as fully paid up Bonus Shares -

(i) 6,688,725 (2009 - 6,688,725) of Rs. 2 each in 1979-80 by capitalisation of General Reserve.

(ii) 24,765,655 (2009 - 24,765,655) of Rs. 2 each in 1984-85 by capitalisation of General Reserve.

(iii) 23,603,520 (2009 - 23,603,520) of Rs. 2 each in 1992-93 by capitalisation of Securities Premium Account.

(iv) 87,321,495 (2009 - 87,321,495) of Rs. 2 each in 1996-97 by capitalisation of Securities Premium Account.

(v) 130,984,657 (2009 - 130,984,657) of Rs. 2 each in 2006-07 by capitalisation of Securities Premium Account.

Schedules to Accounts - *Contd.*

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

	As at 31st March	
	2010	2009
	Rupees	Rupees
3	**Million**	Million
SECURED LOANS		
TERM LOAN FROM BANKS	11,212.93	10,229.73
CASH CREDIT FROM BANK	532.44	-
	11,745.37	10,229.73
PARTICULARS OF SECURITIES		
TERM LOANS FROM BANKS		
STATE BANK OF INDIA - T/L I Rs. 450 million (2009- Rs. 225 million) repayable within one year	1,050.00	1,275.00
STATE BANK OF INDIA - T/L II Rs.600 million (2009- Rs.100 million) repayable within one year	4,400.00	4,500.00
UNITED BANK OF INDIA - T/L I Rs.720 million (2009- Rs.540 million) repayable within one year	720.00	1,260.00

Schedules to Accounts - *Contd.*

	As at 31st March 2010 Rupees Million	As at 31st March 2010 Rupees Million
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L I	25.77	36.43
UNITED BANK OF INDIA - T/L II Rs.83.30 million (2009-Rs. Nil) repayable within one year	1,000.00	500.00
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L II	25.56	-
AXIS BANK LIMITED - Rs. 425 million (2009- Rs. 425 million) repayable within one year	425.00	425.00
STATE BANK OF HYDERABAD -T/L - I Rs.500 million (2009- Rs.200 million) repayable within one year	1,300.00	1,500.00
STATE BANK OF HYDERABAD -T/L - II Rs.366.60 million(2009- Rs. 366.70 million) repayable within one year	366.60	733.30
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED (HSBC)	1,000.00	-
HDFC BANK LIMITED	900.00	-
	11,212.93	10,229.73

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

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

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

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

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

	Rs.	Rs.
CASH CREDIT FROM BANKS		
UNITED BANK OF INDIA	509.06	-
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED	23.38	
	532.44	-

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

		As at 31st March	
		2010	2009
		Rupees	Rupees
4		**Million**	Million
UNSECURED LOANS			
Short Term Loans from Banks:			
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED			
- repayable within one year		100.00	-
THE ROYAL BANK OF SCOTLAND - repayable within one year		750.00	-
		850.00	-
5			
DEFERRED TAX - NET			
DEFERRED TAX LIABILITIES			
DEPRECIATION		1,481.08	1,329.45
DEFERRED TAX ASSETS			
ACCRUED EXPENSES DEDUCTIBLE ON PAYMENT	74.14		61.86
LEAVE ENCASHMENT	7.84		9.55
PROVISION FOR DEBTS AND ADVANCES	70.69		69.15
		152.67	140.56
DEFERRED TAX LIABILITIES (NET)		1,328.41	1,188.89

Schedules to Accounts - *Contd.*

6
FIXED ASSETS

Rupees in Million

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

Schedules to Accounts - *Contd.*

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

Schedules to Accounts - *Contd.*

		As at 31st March	
		2010	2009
		Rupees	Rupees
	Million	**Million**	Million
Others - Investments			
- in Shares (Unquoted)			
849,575 (2009-849,575) Equity Shares of Rs. 10 each of Mercury Travels Limited fully paid		**18.69**	18.69
75,000 (2009-75,000) Equity Shares of Rs.10 each of CCA Leisure Services Private Limited fully paid	**0.75**		0.75
Less: Provision for diminution in value of Investments	**0.75**		0.75
		-	-
- in Government Securities (Unquoted)			
7 year National Savings Certificate (Note 6)		**0.21**	0.14
		3,782.37	3,498.12

	Book Value Rupees	Market Value Rupees
Quoted	**598.84**	**926.13**
	(598.84)	(376.05)
Unquoted	**3,183.53**	
	(2,899.28)	
	3,782.37	
	(3,498.12)	

(Figures in bracket represent figures for 2009)

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

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

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INVENTORIES (Note 13)

Provisions, Wines & Others (Notes 20, 23(a))	**128.50**	157.14
Stores & Operating Supplies	**172.11**	146.49
	300.61	303.63

		As at 31st March	
		2010	2009
	Rupees	**Rupees**	Rupees
9	Million	**Million**	Million
SUNDRY DEBTORS (Unsecured)			
Debts Outstanding for a period exceeding six months			
Considered good	30.68		29.27
Considered doubtful	26.13		22.25
	56.81		51.52
Other Debts			
Considered good	961.51		892.75
		1,018.32	944.27
Less: Provision for Doubtful Debts		**26.13**	22.25
		992.19	922.02
Note :			
Amounts due from Subsidiary companies (Considered good)			
- For a period exceeding six months		-	-
- Other Debts			
Mashobra Resort Limited		0.60	0.15
Mumtaz Hotels Limited		24.01	12.33
Oberoi Kerala Hotels & Resorts Limited		0.01	0.07
10			
CASH & BANK BALANCES			
Cash in hand including cheques in hand Rs.25.32 Million ; (2009-Rs.15.60 Million)		44.92	34.92
Bank Balances :			
With Scheduled Banks :			
Current Accounts	25.40		172.95
Fixed Deposits (Note 6)	31.96		181.13
Unpaid Dividend Accounts	25.24		23.33
Margin Accounts	1.90		0.71
Escrow Accounts / Fractional Share sale proceeds	0.21		0.21
		84.71	
With Others :			
Fixed Deposits with Mashreqbank, Dubai		0.61	0.70
(Maximum Balance during the year Rs. 0.70 Million ;2009-Rs. 0.70 Million)			
Current Accounts with :			
Citibank, New York		0.11	0.01
(Maximum Balance during the year Rs. 6.00 Million ;2009-Rs.5.73 Million)			

Schedules to Accounts - *Contd.*

		As at 31st March	
		2010	2009
	Rupees Million	**Rupees Million**	Rupees Million
The Hongkong and Shanghai Banking Corporation Limited, Singapore		0.08	0.76
(Maximum Balance during the year Rs. 3.58 Million ;2009-Rs.3.01 Million)			
Hongkong Bank of Australia Limited, Sydney		0.06	0.22
(Maximum Balance during the year Rs. 3.31 Million ;2009-Rs.3.37 Million)			
The Hongkong and Shanghai banking Corporation Limited, London		6.51	5.83
(Maximum Balance during the year Rs. 8.93 Million ;2009-Rs.12.39 Million)			
Mashreqbank, Dubai		0.72	0.41
(Maximum Balance during the year Rs. 2.22 Millon ;2009-Rs.2.48 Million)			
		137.72	421.18

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LOANS AND ADVANCES (Unsecured)

(Considered good unless otherwise stated)			
Loans to Subsidiary Company : (Note 14)			
Mashobra Resort Limited		**1,083.63**	1,005.63
(Maximum Balance during the year Rs.1,087.63 Million; 2009-Rs.1,005.63 Million)			
Advances towards Equity in :			
Subsidiary Companies :			
Mashobra Resort Limited (Note 14)	130.00		130.00
Oberoi Kerala Hotels and Resorts Limited	1.60		1.60
Mercury Car Rentals Limited	-		40.00
EIH Flight Services Limited, Mauritius	167.43		32.18
		299.03	
Advances towards Equity in :			
Private Limited Companies in which two of the Directors are Directors -			
CCA Leisure Services Private Limited - considered doubtful		**0.31**	0.31
Other Companies			
Mara Hotels Limited - considered doubtful	2.50		2.50
Golden Jubilee Hotels Limited	-		91.50
		2.50	
Advances recoverable in cash or in kind or for value to be received			
Considered good	283.67		510.69
Considered doubtful	179.04		180.88
		462.71	

Schedules to Accounts - *Contd.*

		As at 31st March	
		2010	2009
	Rupees	**Rupees**	Rupees
	Million	**Million**	Million
Loan to Associate : EIH Associated Hotels Limited (repayable on demand)		**320.00**	320.00
(Maximum Balance during the year Rs.320.00 Million; 2009-Rs.320.00 Million)			
Insurance Claim Receivable (Note 4)		**694.36**	740.81
Prepaid Expenses		**85.50**	65.05
Sundry Deposits		**559.77**	259.70
Fringe Benefit Tax (net of Provision)		**7.70**	7.70
Income Tax Advance/Refund (net of Provision)		**359.49**	348.02
		3,875.00	3,736.57
Less: Provision for Doubtful Advances		**181.85**	181.18
		3,693.15	3,555.39

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CURRENT LIABILITIES

Sundry Creditors			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 5)	**-**		-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises (including amount due to Mercury Car Rentals Limited - Subsidiary Company Rs. 10.01 Million (2009-Rs.8.01 Million)	955.36		1,436.57
		955.36	1,436.57
Contribution towards Gratuity		**17.44**	1.61
Security Deposits		**146.26**	147.03
Liability for Leased Assets (Note 10)		**254.21**	291.00
Interest accrued but not due		**3.91**	-
Other Liabilities		**463.08**	355.06
Unclaimed Fractional Share sale proceeds		0.21	**0.21**
Unclaimed Dividend		**25.24**	23.33
Investor Education and Protection Fund :			
Interest on Unclaimed Deposits		**0.23**	0.23
Unclaimed Cheques and Warrants - Fixed Deposits		**4.25**	5.26
		1,870.19	2,260.30

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PROVISIONS

Proposed Dividend on Equity Shares		**471.54**	471.54
Tax on Dividend		**76.16**	78.86
Wealth Tax (net of Advance)		**4.85**	4.80
Leave Encashment		**116.88**	121.92
		669.43	677.12

Schedules to Accounts - *Contd*

	Year ended 31st March		
		2010	2009
	Rupees Million	Rupees Million	Rupees Million
14			
INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC. (Note 20)			
Rooms		**3,238.28**	4,220.82
Food and Beverage		**2,996.53**	3,330.04
Other Services		**1,506.50**	1,390.19
		7,741.31	8,941.05
15			
OTHER INCOME			
Interest (Gross)			
-- Tax Free Bonds- Long-term Investments (Non-trade)	-		1.00
-- Loans	30.40		103.12
-- Banks	7.28		14.48
-- Others	2.25		2.25
-- Income-tax Refund	10.78		18.59
(Tax at source Rs. 5.45 Million ;2009 - Rs. 26.83 Million)		**50.71**	
Dividend (Gross)			
From Subsidiary Companies - Long-term		**12.99**	7.54
From Long-term Investments (Trade)		**10.60**	17.68
From Long-term Investments (Non-trade)		**0.02**	0.02
From Current Investments - Mutual Fund (Non-trade)		**0.22**	-
Sale of Printing Materials (Note 21)		**492.71**	491.83
Miscellaneous Income		**237.41**	214.41
Insurance Claim - Business Interruption Loss (Note 4)		**526.76**	967.60
Gain on Exchange		**-**	5.17
		1,331.42	1,843.69
16			
CONSUMPTION OF PROVISIONS, STORES, WINES & OTHERS (Notes 20, 23(b))			
Opening Stock		**157.14**	196.75
Add: Purchases		**1,161.51**	1,051.24

	Year ended 31st March		
		2010	2009
	Rupees Million	Rupees Million	Rupees Million
		1,318.65	1,247.99
Less : Closing Stock		**128.50**	157.14
		1,190.15	1,090.85
17			
EMPLOYEES' REMUNERATION & WELFARE EXPENSES			
Salaries, Wages & Bonus		**2,109.39**	2,141.22
Contribution to Provident fund		**87.17**	82.97
Workmen & Staff Welfare Expenses		**163.60**	151.16
Commission to Directors (Note 19)		**54.91**	113.22
Gratuity		**32.95**	17.44
		2,448.02	2,506.01
18			
UPKEEP & SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		**23.88**	23.48
Expenses on Apartment & Board		**119.44**	111.38
Power & Fuel		**594.48**	636.73
Renewals & Replacement		**80.06**	65.52
Repairs :			
Buildings	107.98		172.91
Plant & Machinery	214.58		190.56
Others	62.68		128.66
		385.24	
		1,203.10	1,329.24
19			
ADMINISTRATIVE,SELLING AND OTHER EXPENSES			
Rent (Note 11)		**253.75**	272.52
Royalty, Franchise Fees & Membership Fees		**79.79**	95.67
Advertisement, Publicity & Other Promotional Expenses		**219.22**	273.98
Commission to Travel Agents & others		**129.60**	179.21
Rates & Taxes			187.36

	Year ended 31st March		
		2010	2009
	Rupees Million	Rupees Million	Rupees Million
		229.65	
Insurance		**47.84**	42.24
Passage & Travelling		**248.57**	250.82
Postage, Telephone, etc.		**99.19**	117.24
Musical, Banquet & Kitchen Expenses		**44.25**	48.10
Directors' Fees		**0.64**	0.64
Loss on Sale/Discard of Assets (Net)		**25.80**	29.76
Loss on exchange		**0.59**	-
Provision/write off : Debts & Advances		**8.32**	15.10
Provision for diminution in value of investments		**-**	0.75
Auditors' Remuneration (Note 17)		**8.88**	8.61
Miscellaneous Expenses		**256.32**	219.35
		1,652.41	1,741.35
20			
INTEREST AND FINANCE CHARGES (Note 15)			
On Fixed Loans		**959.79**	792.26
On Others		**49.06**	32.77
		1,008.85	825.03
21			
TAX			
Income Tax		**171.00**	920.00
Wealth Tax		**4.10**	4.00
Deferred Tax		**139.52**	72.23
Fringe Benefit Tax		**-**	26.98
		314.62	1,023.21
Tax adjustment relating to earlier year		**3.00**	4.98
		317.62	1,028.19

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SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

USE OF ESTIMATES

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

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

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

FIXED ASSETS

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

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

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

DEPRECIATION

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

REVENUE RECOGNITION

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

IMPAIRMENT OF ASSETS

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

FINANCE LEASES

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

INVESTMENTS

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

INVENTORIES

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

TRANSACTIONS IN FOREIGN CURRENCY

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

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

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

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

EMPLOYEE BENEFITS

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

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

(i) Gratuity – Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per Company's Scheme. Provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following Projected Unit Credit Method and is treated as liability.

(ii) Leave encashment on termination of service - As per actuarial valuation as at the Balance Sheet date following Projected Unit Credit Method.

(iii) Provident Fund: Provident Fund for most of the employees is a Defined Contribution Scheme, where the contribution is made to a Fund administered by the Government Provident Fund Authority.

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

BORROWING COST

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

SHARE ISSUE EXPENSES

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

TAXES ON INCOME

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

Deferred tax is provided and recognized 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 recognized unless there is virtual certainity about availability of future taxable income to realize such assets.

PROPOSED DIVIDEND

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

PROVISIONS CONTINGENT LIABILITES AND CONTINGENT ASSETS

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

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

Contingent Assets are not recognised in the Financial Statements.

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NOTES TO THE ACCOUNTS

1. (a) The Oberoi, Mumbai was operational in the previous year upto 25th November, 2008. The hotel remained out of operation through out the Financial Year ended 31st March, 2010.

   (b) Trident Bandra Kurla, Mumbai started operation from 1st December, 2009.

   (c) Trident Nariman Point, Mumbai remained out of operation from 26th November, 2008 upto 20th December, 2008.

2. The estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 597.03 Million (2009-Rs.423.65 Million).

3. Contingent Liabilities not provided for in respect of -

(i) Claims against the Company pending appellate/judicial decisions :

(a) Sales Tax Rs. 24.64 Million (2009-Rs.24.52 Million)

(b) Income-tax Rs. 572.07 Million (2009-Rs. 394.50 Million)

(c) Property Tax Rs. 170.64 Million (2009 – Rs. 217.58 Million)

(d) Entertainment Tax Rs. 9.65 Million (2009 – Rs. 9.13 Million)

(e) Customs Duty Rs. 452.50 Million (2009 – Rs. 452.50 Million)

(f) ESI claims Rs. 11.12 (2009 – Rs. 3.13 Million)

(g) Excise Duty Rs. 19.49 Million (2009 – Rs.9.86 Million)

(h) Others Rs.21.47 Million (2009 – Rs.14.59 Million)

(ii) Guarantees given to Banks & Financial Institutions for Rs.2,249.50 Million. (2009-Rs.1,349.50 Million) against financial facilities availed by the subsidiary, joint venture and associate companies.

4. The Company is adequately insured against damage caused by terrorist attack on its two Mumbai Hotels, i.e., Trident Nariman Point, Mumbai and The Oberoi, Mumbai. The insurance coverage is on replacement value basis. No final adjustment has been made in the books of account in respect of damage to the properties pending settlement of claim.

The Company has recognized Rs. 526.76 Million (2009 – Rs. 967.60 Million) as income during the Financial Year on account of insurance claim for losses due to business interruption in respect of Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. Against the total claim of Rs.1494.36 Million recognized as income by the Company, the insurance company has paid Rs 800 Million. Final settlement of the claim is pending.

5. There are no reportable amount of dues on account of principal and interest or any such payments during the year as required by Micro, Small and Medium Enterprisers Development Act, 2006, in respect of Micro Enterprises and Small Enterprises as defined in the Act. This is based on information made available to the Company by such enterprises.

6. Fixed Deposits & 7 Year National Savings Certificate aggregating to Rs.20.17 Million (2009-Rs.23,13 Million) have been lodged with the Banks/Government Authorities for obtaining guarantees or as Security Deposits.

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

(Rupees in Million)

			Year ended 31st March ,2010		**Year ended 31st March ,2009**	
			Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
			(Funded)	**(Unfunded)**	**(Funded)**	**(Unfunded)**
I	**Components of Employer Expense**					
	1	Current Service Cost	15.52	37.75	15.83	23.74
	2	Interest Cost	22.54	9.75	22.11	9.01
	3	Expected return on Plan Assets	(27.33)	-	(26.49)	
	4	Curtailment Cost/(Credit)	-	-	-	-

			Year ended 31st March ,2010		Year ended 31st March ,2009	
			Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
			(Funded)	**(Unfunded)**	**(Funded)**	**(Unfunded)**
	5	Settlement Cost/(Credit)	-	-	-	-
	6	Past Service Cost	-	-	-	-
	7	Actuarial Losses/(Gains)	22.23	(21.45)	5.99	(2.92)
	8	**Total expense recognised in the Statement of Profit and Loss Account**	**32.96**	**26.05**	**17.44**	**29.83**
	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 Obligation	311.55	116.88	281.79	121.92
	2	Fair Value on Plan Assets	294.11	-	280.18	-
	3	Status [Surplus/(Deficit)]	(17.44)	(116.88)	(1.61)	(121.92)
	4	Unrecognised Past Service Cost	-	-		
	5	**Net Asset/(Liability) recognized In Balance Sheet**	**(17.44)**	**(116.88)**	**(1.61)**	**(121.92)**
III	**Change in Defined Benefit Obligation (DBO) during the year ended 31st March, 2010**					
	1	Present Value of DBO at the Beginning of Year	281.79	121.92	276.42	109.24
	2	Current Service Cost	15.52	37.75	15.84	23.74
	3	Interest Cost	22.54	9.75	22.11	9.01
	4	Curtailment Cost/(Credit)				
	5	Settlement Cost/(Credit)				
	6	Plan Amendments				
	7	Acquisitions				
	8	Actuarial (Gains)/Losses	22.23	(21.46)	5.99	(2.92)
	9	Benefits Paid	(30.53)	(31.08)	(38.57)	(17.15)
	10	**Present Value of DBO at the end of Year**	**311.55**	**116.88**	**281.79**	**121.92**
IV	**Change in Fair Value of Assets during the year ended 31st March, 2010**					
	1	Plan Assets at the Beginning of Year	280.18	-	262.81	-
	2	***Acquisition Adjustment***	-	-	-	-
	3	Actuarial Return on Plan Assets	27.33	-	26.49	-
	4	Actuarial Gains/(Losses)	-	-	-	-
	5	Actual Company Contribution	17.13	-	29.45	-
	6	Benefits Paid	(30.53)	-	(38.57)	-
	7	**Plan Assets at the end of Year**	**294.11**	-	**280.18**	-
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	9.40%	--	9.40%	--
	3	Salary Escalation (%)	3%	3%	3.5%	3%
	4	Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate	

8. (a) Freehold/Leasehold Land of perpetual nature and Buildings at some locations were revalued on 31st March, 1982 and 31st March, 1993 resulting in a surplus of Rs.2,863,88 Million which

is included in the original cost. The valuation was carried out by an approved valuer on the basis of depreciated replacement cost. The nature of indices was not mentioned in the report. The surplus was transferred to Revaluation Reserve.

(b) Buildings include construction cost of 850 car parking spaces amounting to Rs.292.81 Million which as per the lease agreement dated 4th May, 2001 with MMRD Authority will have to be transferred to the said Authority through a licence agreement for a licence fee of Re.1 per annum.

9. (a) Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets which are depreciated over the useful lives of the assets, which are not less than those prescribed under the Companies Act, 1956.

(b) Depreciation for the year as per Fixed Assets Schedule (Schedule-6) includes Rs.29.99 Million (2009 - Rs.29.99 Million) being depreciation on the increased value of building due to the effect of revaluation and, accordingly, the same has been adjusted from Revaluation Reserve Account.

10. Fixed Assets acquired under finance lease amounted to Rs.346.77 Million (2009-Rs.345.01 Million) being assets acquired between 1st April, 2001 to 31st March, 2010. These include an amount of Rs.32.39 Million (2009 - Rs.272.68 Million) being assets acquired during the year under finance lease and capitalised in line with the requirements of Accounting Standard (AS-19) . Depreciation for the year includes an amount of Rs.42.08 Million (2009 – Rs.23.64 Million) being depreciation charged on these assets.

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

Year ended 31st March

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

11. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.

(a) General description of the Company's operating lease arrangements :
The Company has entered into operating lease arrangements primarily for office premises, site offices, airport/flight services and residential premises for its employees. Some of the significant terms and conditions of the arrangements are :

- agreements may generally be terminated by either party by serving a notice;
- the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement ;
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

(b) Rent in respect of the above are charged to the Profit and Loss Account.

12. Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value where provision for diminution is made on individual investment basis. Earnings on investments are accounted for on accrual basis.

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

14. In the case of Mashobra Resort Limited ("MRL"), several disputes with the Government of Himachal Pradesh, the joint venture partner, were referred by the High Court of Himachal Pradesh on 17th December, 2003 to an arbitral tribunal consisting of a single arbitrator whose award has been challenged by both the Company and MRL, amongst others. The operation of the arbitration award has been stayed pending substantive hearing of the applications by the High Court. Consequently, the status quo ante of the entire matter stands restored to the position as on 17th December, 2003 and the hotel is being operated by MRL accordingly. The Company, by its letter dated 15th June, 2009 requested MRL to convert Rs.1.005.63 Million of loans provided by the Company to MRL into its equity.MRL is in the process of holding the meeting of the Board of Directors for which it has requested the nominees of Himachal Pradesh Government on the Board, for a suitable date for holding the meeting which is still awaited. The Company has now been legally advised to take necessary steps in this matter. In view of the above and the proposed conversion of loan into equity, loan to MRL has been considered good as the net worth of MRL will become positive on conversion.

15. Interest debited to Profit & Loss Account is net of interest capitalised amounting to Rs.253.14 Million (2009 – Rs. 218.34 Million).

16. Miscellaneous Expenditure amortised during the year Rs. Nil (2009 – Rs. 17.25 Million) represents Voluntary Separation Cost.

17. Auditors' Remuneration (excluding Service tax)

	Year ended 31st March	
	2010	**2009**
	Rupees Million	**Rupees Million**
As Auditor	7.59	6.62
For Tax Audit	0.17	0.15
For Taxation Matters	0.60	0.56
For Other Matters (Certification)	0.52	1.28
	8.88	8.61

18. Earnings per Equity share :

	Year ended 31st March	
	2010	**2010**
	Rupees Million	**Rupees Million**
Profit computation for both Basic and Diluted earnings per share of Rs.2 each		
Net Profit after Taxation as per Profit & Loss Account	572.27	1,704.41
Weighted average of number of Equity Shares outstanding	392,953,972	392,953,972
Basic and Diluted earnings per Equity Share of face value Rs.2 (in Rupees)	1.46	4.34

19. Directors' Remuneration

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
Salaries	20.10	20.10
Contribution to Provident Fund	2.41	2.41
Monetary Value of Perquisites	4.68	5.07
Commission to Directors	54.91	113.22
Sitting fees to other Directors	0.64	0.64
	82.74	141.44

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

Computation of Net Profit u/s 349 of the Companies Act, 1956:

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

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

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

22. Value of imports calculated on CIF basis In respect of :

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

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

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

24. (a) Expenditure in foreign currencies :

		Year ended 31st March, 2010	**Year ended 31st March, 2009**
		Rupees Million	**Rupees Million**
(i)	Professional, Consultancy & Other Matters	208.87	224.15
(ii)	Foreign Sales Office Expenses	146.00	196.71

(b) Earning in foreign currencies :

(i)	On sales (as per return submitted to DGFT)	3,092.89	4,975.72
(ii)	Consultation Fees	12.94	20.22
(iii)	Others	43,26	13.55

25. Foreign Exchange :

a) Derivative Instrument outstanding :

Interest Rate and Currency Swap
for hedging FCNR Loan from HSBC 1,000.00 NIL

b) Unhedged Foreign Currency exposure outstanding as on 31st March, 2010
Rs. 109.31 Million (2009 – Rs. 54.53)

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

NAME OF THE RELATED PARTIES :

(I) Subsidiary Companies :

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

(II) Associates & Joint Ventures :

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

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

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

(IV) Key Management Personnel

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

Schedules to Accounts - *Contd.*

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

NATURE OF TRANSACTIONS		Subsidiaries		Associates & Joint Ventures		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
		2010	2009	2010	2009	2010	2009	2010	2009
		Rupees Million		Rupees Million		Rupees Million		Rupees Million	
PURCHASES									
Purchase of Goods and Services									
Mercury Car Rentals Limited		47.04	60.99	-	-	-	-	-	-
Mashobra Resort Limited		0.40	0.15	-	-	-	-	-	-
Mumtaz Hotels Limited		0.17	0.53	-	-	-	-	-	-
EIH Associated Hotels Limited		-	-	1.81	4.62	-	-	-	-
L & T Bangalore Airport Hotels Limited		-	-	-	-	-	-	-	-
Island Hotel Maharaj Limited		-	-	-	-	0.98	0.78	-	-
	Total	47.61	61.67	1.81	4.62	0.98	0.78	-	-
Purchase of Fixed Assets									
EIH Associated Hotels Limited	Total	-	-	0.05	-	-	-	-	-
EXPENSES									
Rent		-	-	-	-	-	-	-	-
Mercury Car Rentals Limited		-	0.13	-	-	-	-	-	-
Oberoi Hotels Private Limited		-	-	-	-	0.36	0.36	-	-
	Total	-	0.13	-	-	0.36	0.36	-	-
- Royalty									
Oberoi Hotels Private Limited	Total	-	-	-	-	79.79	95.67	-	-
Salary									
Mr. P.R.S. Oberoi		-	-	-	-	-	-	25.80	58.44
Mr.S.S. Mukherji		-	-	-	-	-	-	26.58	44.94
Mr. V.S.Oberoi		-	-	-	-	-	-	14.91	18.15

Mr. A.S. Oberoi	-	-	-	-	-	-	14.81	19.26
Total	-	-	-	-	-	-	82.10	140.80
SALES								
Sale of Goods and Services								
Mercury Car Rentals Limited	1.96	3.66	-	-	-	-	-	-
Mashobra Resort Limited	2.31	4.05	-	-	-	-	-	-
Mumtaz Hotels Limited	15.43	24.67	-	-	-	-	-	-
Oberoi Kerala Hotels & Resorts Limited	-	0.14	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	1.51	-	-	-	-	-
EIH Associated Hotels Limited	-	-	42.38	50.70	-	-	-	-
L & T Bangalore Airport Hotels Limited	-	-	0.73	0.14	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.68	1.40	-	-
Total	19.71	32.52	44.62	50.84	0.68	1.40	-	-
Sale of Fixed Assets								
Mercury Car Rentals Limited	-	1.01	-	-	-	-	-	-
Mashobra Resort Limited	-	0.99	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	0.65	0.81	-	-	-	-
Total	-	2.00	0.65	0.81	-	-	-	-
INCOME								
License Agreement								
Mercury Car Rentals Limited	0.77	1.36	-	-	-	-	-	-
Oberoi Holdings Private Limited	-	-	-	-	0.69	0.71	-	-
Oberoi Investments Private Limited	-	-	-	-	0.13	0.13	-	-
Oberoi Buildings & Investment Private Limited	-	-	-	-	1.17	1.19	-	-
Oberoi Plaza Private Limited	-	-	-	-	2.41	3.89	-	-
Bombay Plaza Private Limited	-	-	-	-	1.87	2.94	-	-
Total	0.77	1.36	-	-	6.27	8.86	-	-
Management/Technical fees								
Mumtaz Hotels Limited	38.86	33.17	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	8.75	-	-	-	-	-
EIH Associated Hotels Limited	-	-	97.77	101.12	-	-	-	-
L & T Bangalore Airport Hotels Limited	-	-	3.75	-	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	2.01	2.62	-	-
Total	38.86	33.17	110.27	101.12	2.01	2.62	-	-

Interest Received								
Mashobra Resort Limited	-	72.38	-	-	-	-	-	-
Mumtaz Hotels Limited	-	0.34	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	30.40	30.40	-	-	-	-
	-	72.72	30.40	30.40	-	-	-	-
Dividend Received								
Mercury Car Rentals Limited	0.60	1.34	-	-	-	-	-	-
Mashobra Resort Limited	-	-	-	-	-	-	-	-
Mumtaz Hotels Limited	12.39	6.20	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	10.60	17.68	-	-	-	-
Total	12.99	7.54	10.60	17.68	-	-	-	-
Finance - PAYMENTS								
Loans & Advances	-	-	-	-	-	-	-	-
Masobra Resort Limited	82.00	110.66	-	-	-	-	-	-
Mumtaz Hotels Limited	-	25.00	-	-	-	-	-	-
Total	82.00	135.66	-	-	-	-	-	-
Advance against Equity Shares								
Mercury Car Rentals Limited	-	40.00	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius	167.43	30.20	-	-	-	-	-	-
	167.43	70.20	-	-	-	-	-	-

Schedules to Accounts - *Contd.*

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

NATURE OF TRANSACTIONS		Subsidiaries		Associates & Joint Ventures		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
		2010	2009	2010	2009	2010	2009	2010	2009
		Rupees Million		Rupees Million		Rupees Million		Rupees Million	
Investment in Equity Shares									
Mercury Car Rentals Limited *		50.00	-	-	-	-	-	-	-
EIH Flight Services Limited, Mauritius		32.18	-	-	-	-	-	-	-
EIH Flight Catering Services Limited		0.50	-	-	-	-	-	-	-
Golden Jubilee Hotels Limited		-	-	211.50	-	-	-	-	-
	Total	82.68	-	211.50	-	-	-	-	-
RECEIPTS									
Loans & Advances received back									
Mumtaz Hotels Limited		-	25.00	-	-	-	-	-	-
Mashobra Resort Limited		4.00	-	-	-	-	-	-	-
	Total	4.00	25.00	-	-	-	-	-	-
GUARANTEE ISSUED									
Mercury Car Rentals Limited		40.00	-	-	-	-	-	-	-
EIH Flight Services Mauritius Limited		860.00	-	-	-	-	-	-	-
	Total	900.00	-	-	-	-	-	-	-
OUTSTANDING BALANCES									
Payables									
For Goods & Services									
Mercury Car Rentals Limited		10.01	8.01	-	-	-	-	-	-
EIH Associated Hotels Limited		-	-	0.65	0.80	-	-	-	-
Island Hotel Maharaj Limited		-	-	-	-	0.89	0.85	-	-
	Total	10.01	8.01	0.65	0.80	0.89	0.85	-	-
Royalty									
Oberoi Hotels Private Limited	Total	-	-	-	-	-	13.38	-	-
Security Deposit									
Bombay Plaza Private Limited	Total	-	-	-	-	0.50	0.50	-	-

Loans & Advances and Receivables								
For Goods & Services							-	-
Mashobra Resort Limited	0.60	0.15	-	-	-	-	-	-
Mumtaz Hotels Limited	24.01	12.33	-	-	-	-	-	-
Oberoi Kerala Hotels and Resorts Limited	0.01	0.07	-	-	-	-	-	-
Golden Jubilee Hotels Limited	-	-	0.01	-	-	-	-	-
EIH Associated Hotels Limited	-	-	6.34	5.96	-	-	-	-
L & T Bangalore Airport Hotel	-	-	0.39	-	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	1.40	0.94	-	-
Total	24.62	12.55	6.74	5.96	1.40	0.94	-	-
Advance against Equity Shares								
Mashobra Resort Limited	130.00	130.00	-	-	-	-	-	-
Mercury Car Rentals Limited	-	40.00	-	-	-	-	-	-
Oberoi Kerala Hotels and Rsorts Limited	1.60	1.60	-	-	-	-	-	-
EIH Flight Services Limited Mauritius	167.43	32.18	-	-	-	-	-	-
	299.03	203.78	-	-	-	-	-	-
Loans & Advances								
Mashobra Resort Limited	1,083.63	1,005.63	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	320.00	320.00	-	-	-	-
	1,083.63	1,005.63	320.00	320.00	-	-	-	-
Management/Technical fees								
EIH Associated Hotels Limited	-	-	43.62	24.50	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	0.70	0.28	-	-
Total	-	-	43.62	24.50	0.70	0.28	-	-
Outstanding Financial Facilities Against Corporate Guarantees								
Mashobra Resort Limited	176.79	255.36	-	-	-	-	-	-
Mumtaz Hotels Limited	121.03	185.14	-	-	-	-	-	-
Mercury Car Rentals Limited	32.82	50.00	-	-	-	-	-	-
EIH Flight Services Limited Mauritius	613.23	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	104.00	104.00	-	-	-	-
Island Hotel Maharaj Limited	-	-	-	-	135.50	135.50	-	-
	943.87	490.50	104.00	104.00	135.50	135.50	-	-

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

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

	Year ended 31st March	
	2010	2009
	Rupees Million	Rupees Million
Segment Revenue		
a. Hotels	8,568.31	10.282,30
b. Others	504.42	502.44
Total	9,072.73	10,784.74
Less: Inter segment revenue	-	-
Net sales/income from Operations	9,072.73	10,784.74
Segment Results		
Profit before Interest and Tax		
from each segment :		
a. Hotels	3.596.84	5,114.73
b. Others	(264.13)	(96.02)
Total	3,332.71	5,018.71
Less :		
i. Interest	1,008.85	825.03
ii. Other un-allocable		
Expenditure	1,433.97	1,461.07
Profit before Tax	889.89	2,732.61
Segment Assets		
Hotels	25,281.88	22,892.35
Others	, 2,999,92	3,257.53
	28,281.80	26,149.88
Segment Liabilities		
Hotels	4,839.78	3,599.43
Others	410.70	526.89
	5,250.48	4,126,32

28. Financial Reporting of Interest in Joint Ventures :

Disclosure pursuant to Para 51,52,53 & 54 of Accounting Standard (AS-27) is given below.

(Rupees) Million

Name of the Jointly Controlled Entities	Proportion of ownership Interests (%)	Description of Interest	Aggregate amount related to EIH Limited's interest in jointly controlled entity			
			Total Assets	**Total Liabilities**	**Total Income**	**Total Expenses**
Oberoi Kerala Hotel & Resorts Limited	80.00	Jointly Controlled Entity	16.59	0.21	0.17	0.27
Mashobra Resort Limited *	78.79	- do -	692.83	227.70	144.69	135.22
Mumtaz Hotels Limited	60.00	- do -	741.82	266.62	352.13	240.22
Golden Jubilee Hotels Limited	16.00	- do -	348.78	100.41	1,03	2.69
L&T Bangalore Airport Hotel Ltd.	26.00	- do -	565.41	378.53	0.45	0.67
Mercury Car Rentals Limited	66.67	- do -	359.34	301.19	504.43	529.42

(* Figures are as per unaudited accounts)

a) Contingent liability that EIH Limited has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers :-

Guarantees given to Banks & Financial Institutions for Rs.1,150.00 Million (2009 – Rs.1,110.00 Million) against financial facilities availed by jointly controlled entities.

b) EIH Limited's share of the contingent liabilities of the joint ventures themselves: Rs.11.87 Million. (2009-Rs.27,61 Million)

c) EIH is not liable for the liabilities of the other ventures of any joint venture.

d) There are no capital commitments of EIH Limited in relation to its interest in joint ventures and there are no capital commitments that have been incurred jointly with other ventures.

e) EIH Limited's share of capital commitments of the joint ventures themselves amounts to Rs.209.42 Million (2009 – Rs.295.41 Million).

f) CCA Leisure Services has ceased to be a jointly controlled entity during the year.

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

GAUTAM GANGULI
Company Secretary

AUDITOR'S REPORT
on Consolidated Financial Statements

To

The Board of Directors,
EIH Limited

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

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

1. We did not audit the Financial Statements of three Subsidiaries and two Joint Ventures, whose Financial Statements reflect total assets of Rs. 8,233.78 million as at 31st March, 2010 and total revenues of Rs. 615.05 million for the year then ended. These Financial Statements have been audited by other auditors whose audit reports have been furnished to us and, in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the report of the other auditors.

2. We have relied on the unaudited Financial Statements of one subsidiary – Mashobra Resort Limited whose Financial Statements reflect total assets of Rs.879.37 million as at 31st March, 2010 and total revenue of Rs.183.65 million for the year then ended. Since the Financial Statements which are compiled by the Management of the Company, are not audited, any adjustments to their balances would have consequential effect on the Consolidated Financial Statements.

3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS - 21), - "Consolidated Financial Statements", read with Accounting Standard (AS-23),- "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS-27), - "Financial Reporting of Interests in Joint Ventures" notified pursuant to the Companies (Accounting Standards) Rules,2006 and on the basis of the separate Audited Financial Statements of the Company and its subsidiaries, associates and jointly controlled entities, included in the Consolidated Financial Statements.

4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its subsidiaries, associates and jointly controlled entities, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Schedules 1 to 24 give a true and fair view and are in conformity with the accounting principles generally accepted in India:

   a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries, associates and jointly controlled entities as at 31st March, 2010;

   b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries, associates and jointly controlled entities for the year then ended; and

c) in the case of the Consolidated Cash Flow Statement of the cash flows of the Company and its subsidiaries, associates and jointly controlled entities for the year then ended.

For **RAY & RAY**
Chartered Accountants

A.K.SHARMA
Partner

Membership Number 80085
Firm's Registration Number 301072E

Mumbai, 28th May, 2010

EIH LIMITED(CONSOLIDATED)
Balance Sheet
as at 31st March, 2010

			Year ended 31st March	
			2010	2009
SOURCES OF FUNDS	**Schedule**	**Rupees Million**	**Rupees Million**	**Rupees Million**
SHAREHOLDER'S FUNDS				
CAPITAL	1	**785.91**		785.91
RESERVES AND SURPLUS	2	**13,161.58**		13,339.04
			13,947.49	14,124.95
MINORITY INTEREST			**349.66**	272.18
LOAN FUNDS				
SECURED LOANS	3	**13,501.50**		11,435.70
UNSECURED LOANS	4	**855.00**		9.55
			14,356.50	11,445.25
DEFERRED TAX - NET	5		**1,385.46**	1,209.68
TOTAL			**30,039.11**	27,052.06
APPLICATIONS OF FUNDS				
GOODWILL (ON CONSOLIDATION)			**224.56**	185.88
FIXED ASSETS	6			
GROSS BLOCK		**27,687.32**		21,101.49
Less: DEPRECIATION		**5,852.32**		5,241.10
NET BLOCK		**21,835.00**		15,860.39
CAPITAL WORK-IN-PROGRESS		**3,031.12**		6,145.54
		24,866.12		22,005.93
PRE-OPERATIVE EXPENSES	6a	**62.61**		25.62
			24,928.73	22,031.55
INVESTMENTS				
IN ASSOCIATES	7a	**768.88**		759.91
IN OTHERS	7b	**1,642.40**		1,898.91
			2,411.28	2,658.82

SOURCES OF FUNDS	Schedule	Rupees Million	Year ended 31st March 2010 Rupees Million	2009 Rupees Million
CURRENT ASSETS,LOANS & ADVANCES				
INTEREST ACCRUED		**3.50**		3.16
INVENTORIES	8	**337.19**		344.93
SUNDRY DEBTORS	9	**1,159.16**		1,062.03
CASH AND BANK BALANCES	10	**648.06**		787.43
LOANS & ADVANCES	11	**3,109.60**		3,161.93
		5,257.51		5,359.48
Less: CURRENT LIABILITIES & PROVISIONS				
LIABILITIES	12	**2,100.91**		2,484.68
PROVISIONS	13	**691.53**		698.99
		2,792.44		3,183.67
NET CURRENT ASSETS			**2,465.07**	2,175.81
MISCELLANEOUS EXPENDITURE (to the extent not amortised or adjusted)	14		**9.47**	-
TOTAL			**30,039.11**	27,052.06
SIGNIFICANT ACCOUNTING POLICIES	23			
NOTES TO THE ACCOUNTS	24		-	-

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

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

For RAY & RAY	P.R.S. OBEROI	Chairman and Chief Executive
Chartered Accountants	S.S.MUKHERJI	Vice Chairman
	VIKRAM OBEROI ARJUN OBEROI	Joint Managing Directors
A.K.SHARMA *Partner* Membership Number 80085 Firm's Registration Number 301072E	S.K.DASGUPTA ANIL NEHRU	Directors
Place : Mumbai Date : 28th May, 2010	GAUTAM GANGULI Company Secretary	

EIH LIMITED (CONSOLIDATED)
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.	15	**8,450.82**	9,678.64
OTHER INCOME	16	**2,026.55**	2,471.27
		10,477.37	12,149.91
EXPENDITURE			
CONSUMPTION OF PROVISIONS, STORES, WINES & OTHERS	17	**1,236.30**	1,137.80
EMPLOYEES' REMUNERATION & WELFARE EXPENSES	18	**2,658.00**	2,726.33
UPKEEP & SERVICE COST	19	**1,470.59**	1,621.19
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	20	**2,073.88**	2,176.54
INTEREST AND FINANCE CHARGES (Note 14)	21	**1,103.13**	952.91
MISCELLANEOUS EXPENDITURE AMORTISED		**0.14**	17.39
DEPRECIATION (Note 8)		**877.57**	749.12
		9,419.61	9,381.28
PROFIT BEFORE TAX		**1,057.76**	2,768.63
TAX	22	**347.88**	1,073.65
PROFIT AFTER TAX BEFORE MINORITY's SHARE		**709.88**	1,694.98
Less : MINORITY's SHARE IN PROFIT AFTER TAX		**55.80**	22.30
EIH's SHARE IN PROFIT AFTER TAX		**654.08**	1,672.68
Add : SHARE IN PROFIT OF ASSOCIATES		**8.97**	26.87
		663.05	1,699.55
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		**2,600.71**	1,952.81
Add : Adjustment of earlier loss on account of cessation of Jointly Controlled Entity		**0.65**	0.02
		2,601.36	1,952.83
FOREIGN EXCHANGE EARNINGS RESERVE WRITTEN BACK		**-**	10.60
		3,264.41	3,662.98

EIH LIMITED (CONSOLIDATED)
Profit and Loss Account
For the year ended 31st March, 2010

	Schedule	Year ended 31st March 2010 Rupees Million	2009 Rupees Million
APPROPRIATIONS			
GENERAL RESERVE		**89.90**	500.00
PROPOSED DIVIDEND ON			
EQUITY SHARES		**479.80**	479.80
TAX ON DIVIDEND		**79.59**	82.47
BALANCE CARRIED TO BALANCE SHEET		**2,615.12**	2,600.71
		3,264.41	3,662.98
SIGNIFICANT ACCOUNTING POLICIES	23		
NOTES TO THE ACCOUNTS	24		
BASIC AND DILUTED EARNINGS PER SHARE			
(in Rupees) Face Value Rs.2 (Note 18)		1.69	4.33

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

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

For RAY & RAY	P.R.S. OBEROI	Chairman and Chief Executive
Chartered Accountants	S.S.MUKHERJI	Vice Chairman
	VIKRAM OBEROI ARJUN OBEROI	Joint Managing Directors
A.K.SHARMA *Partner* Membership Number 80085 Firm's Registration Number 301072E	S.K.DASGUPTA ANIL NEHRU	Directors
Place : Mumbai Date : 28th May, 2010	GAUTAM GANGULI Company Secretary	

EIH LIMITED (CONSOLIDATED)
Cash Flow Statement

		For the period ending March 31	
		2010	2009
		Rupees Million	Rupees Million
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Taxation	1,057.76	2,768.63
	Adjustments for:		
	Miscellaneous Expenditure Amortised	0.14	17.39
	Depreciation	877.57	749.12
	Non-cash miscellaneous expenses	2.24	(2.36)
	Effect of Rate Exchange	(290.43)	508.73
	(Profit) / Loss on Sale of Fixed Assets (Net)	5.01	21.16
	Interest Received	(82.77)	(92.39)
	Dividend Received	(11.58)	(17.70)
	Interest Paid	1,103.13	952.91
	Operating Profit before Working Capital Changes	2,661.07	4,905.49
	Adjustments for:		
	Trade & Other Receivables	(4.96)	(1,054.96)
	Inventories	7.74	28.84
	Trade Payables	(497.50)	437.16
	Cash Generated from Operations	2,166.35	4,316.53
	Interest Paid	(1,089.83)	(984.03)
	Payment of Direct Taxes	(294.93)	(1,046.66)
	Net cash from Operating Activities	781.59	2,285.84
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(3,761.82)	(3,177.24)
	Sale of Fixed Assets	95.56	79.77
	Purchase of Investments	(183.17)	(398.64)
	Sale of Investments	213.40	89.21
	Interest Received	208.19	88.74
	Dividend Received	11.58	17.70
	Cash used in Investing Activities	(3,416.26)	(3,300.46)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings		
	Term Loans	3,332.08	4,047.98
	Cash Credit from Banks	548.62	-
	Unsecured Loans	850.00	-
	Loan from Finance Companies	42.11	87.97
	Proceeds from Unsecured Loans	-	4.55

		For the period ending March 31	
		2010	2009
		Rupees Million	Rupees Million
	Proceeds from issue of shares (Minority Interest)	25.00	-
	Repayment of		
	Term Loans from Banks	(1,770.62)	(923.10)
	Cash Credit from Banks	(59.83)	(890.41)
	Unsecured Loans	(4.55)	(120.00)
	Loan from Finance Companies	(22.57)	(151.74)
	Housing Loans	(4.00)	(4.00)
	Loan syndication fees and upfront fees	(9.33)	-
	Dividend Paid	(481.50)	(708.92)
	Net Cash used in Financing Activities	2,445.41	1,342.33
	Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)	(189.26)	327.71
	Cash and Cash Equivalents at beginning of year	787.43	459.61
	Less: Adjustment on account of cessation as Jointly Controlled Entity	-	0.01
	Add: Adjustment on account of inclusion as Jointly Controlled Entity	49.89	0.12
	Cash and Cash Equivalents at end of year	648.06	787.43

Notes:

1. *The Cash Flow has been prepared in indirect method except in case of dividend income, purchase and sale of investments which have been considered on the basis of actual cash movement, with corresponding adjustments in Assets and Liabilities.*
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 end of the year and treated as part of Investing Activities.*

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

For RAY & RAY
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 80085
Firm's Registration Number 301072E
Place : Mumbai
Date : 28th May, 2010

P.R.S. OBEROI — Chairman and Chief Executive
S.S.MUKHERJI — Vice Chairman
VIKRAM OBEROI, ARJUN OBEROI — Joint Managing Directors
S.K.DASGUPTA, ANIL NEHRU — Directors

GAUTAM GANGULI
Company Secretary

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

NOTES :

Out of the above the following were allotted

(a) as fully paid up shares -

(i) 3,219,125 (2009-3,219,125) of Rs. 2 each in 1965-66 as fully paid up pursuant to a contract without payments being received incash.

(ii) 181,720 (2009- 181,720) of Rs. 2 each in 1968-69 in terms of the Order of the Calcutta High Court dated 9th September, 1968 under the Scheme of Compromise/Arrangement without payments being received in cash.

(b) as fully paid up Bonus Shares -

(i) 6,688,725 (2009 - 6,688,725) of Rs. 2 each in 1979-80 by capitalisation of General Reserve.

(ii) 24,765,655 (2009 - 24,765,655) of Rs. 2 each in 1984-85 by capitalisation of General Reserve.

(iii) 23,603,520 (2009 - 23,603,520) of Rs. 2 each in 1992-93 by capitalisation of Securities Premium Account.

(iv) 87,321,495 (2009 - 87,321,495) of Rs. 2 each in 1996-97 by capitalisation of Securities Premium Account.

(v) 130,984,657 (2009 - 130,984,657) of Rs. 2 each in 2006-07 by capitalisation of Securities Premium Account.

		As at 31st March 2010	2009
	Rupees Million	**Rupees Million**	**Rupees Million**
2			
RESERVES AND SURPLUS			
EXCHANGE FLUCTUATION RESERVE		**213.71**	504.14
CAPITAL REDEMPTION RESEREVE			
As per last Account		**1,024.21**	1,024.21
SECURITIES PREMIUM ACCOUNT			
As per last Account	1,361.18		1,361.18
Add : Addition during the year	33.33		-
		1,394.51	1,361.18
REVALUATION RESERVE (Note 7(a))			
As per last Account	2,382.48		2,412.47
Less : Adjustment for Depreciation (Note 8(b))	29.99		29.99
		2,352.49	2,382.48
FOREIGN EXCHANGE EARNINGS RESERVE			
As per last Account	-		10.60
Less: Transfer to Profit & Loss Account	-		10.60
		-	-
GENERAL RESERVE			
As per last Account	5,782.02		5,282.02
Add: Transfer from Profit & Loss Account	89.90		500.00
		5,871.92	5,782.02
PROFIT AND LOSS ACCOUNT			
As per Annexed Account		**2,615.12**	2,600.71
		13,471.96	13,654.74
Less : Adjustment on acquisition		**211.80**	224.86
Less : Minority Interest		**98.58**	90.84
		13,161.58	13,339.04

Schedules to Accounts -- *Contd.*

	As at 31st March	
	2010	**2009**
	Rupees Million	**Rupees Million**
3		
SECURED LOANS		
TERM LOAN FROM BANKS	**12,833.20**	11,271.74
HOUSING LOAN FROM ICICI HOME FINANCE LIMITED - Rs.4 Million (2009-Rs.4 Million) repayable within one year	**6.00**	10.00
LOAN FROM FINANCING COMPANIES :		
- KOTAK MAHINDRA PRIMUS LIMITED - Rs.20.24 Million (2009 -Rs.10.64Million)repayable within one year	**56.50**	14.39
- RELIANCE CAPITAL LIMITED - Rs. 28.51 Million (2009 - Rs 20.71) repayable within one year	**56.81**	79.37
CASH CREDIT FROM BANKS :		
- UNITED BANK OF INDIA	**509.06**	-
- HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	**23.38**	-
- HDFC BANK LIMITED	**16.18**	-
- IDBI BANK LIMITED	**0.37**	60.20
	13,501.50	11,435.70

PARTICULARS OF SECURITIES

TERM LOAN FROM BANKS		
STATE BANK OF INDIA - T/L I	1,050.00	1,275.00
Rs.450 Million (2009-Rs.225 Million) repayable within one year		
STATE BANK OF INDIA - T/L II	4,400.00	4,500.00
Rs.600 Million (2009-100) repayable within one year		
STATE BANK OF INDIA - T/L III	150.00	230.00
Rs.80 Million (2009-Rs.80 Million) repayable within one year		
UNITED BANK OF INDIA - T/L I	720.00	1,260.00
Rs.720.00 Million (2009-540 Million) repayable within one year		
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L I	25.78	36.43
UNITED BANK OF INDIA - T/L II	1,000.00	500.00
Rs.83.3 Million (2009-Nil) repayable within one year		
INTEREST ACCRUED AND DUE ON UNITED BANK OF INDIA - T/L II	25.56	-
UNITED BANK OF INDIA - T/L III	112.65	90.33
AXIS BANK LIMITED	425.00	425.00
Rs.425 Million (2009-Rs.425 Million) repayable within one year		
STATE BANK OF HYDERABAD - T/L I	1,300.00	1,500.00
Rs.500 Million (2009-Rs.200 Million) repayable within one year		
STATE BANK OF HYDERABAD - T/L II	366.60	733.30

	As at 31st March	
	2010	**2009**
	Rupees	**Rupees**
	Million	**Million**
Rs.366.60 Million (2009-Rs.366.70 Million) repayable within one year		
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED (HSBC)	1,000.00	-
ICICI BANK LIMITED - T/L I	45.72	68.57
Rs.22.86 Million (2009-Rs.89.52 Million) repayable within one year		
ICICI BANK LIMITED - T/L II	176.79	255.36
Rs.78.57 Million (2009-Rs.78.57 Million) repayable within one year		
ICICI BANK LIMITED - T/L III	16.25	43.01
Rs.11.55 Million (2009-Rs.26.80 Million) repayable within one year		
BANK OF PUNJAB LIMITED	-	0.44
Rs. NIL (2009-Rs.0.45 Million) repayable within one year		
HDFC BANK LIMITED - T/L I	900.00	-
HDFC BANK LIMITED - T/L II	190.19	149.00
Rs.63.32 Million (2009-Rs.65.46 Million) repayable within one year		
ORIENTAL BANK OF COMMERCE	127.97	102.65
UCO BANK	128.02	102.65
STATE BANK OF MAURITIUS	587.86	-
Rs.34.80 Million (2009-Rs.NIL) repayable within one year		
OTHERS	84.81	-
	12,833.20	11,271.74

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		As at 31st March	
		2010	**2009**
	Rupees Million	**Rupees Million**	**Rupees Million**
4			
UNSECURED LOANS			
Short Term Loans :			
FROM BANKS			
- Citibank (2009-repayable within one year)		**-**	4.55
- THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED		**100.00**	-
(repayable within one year)			
- THE ROYAL BANK OF SCOTLAND (repayable within one year)		**750.00**	-
Other Loans and Advances			
FROM OTHERS -			
- FROM GOVERNMENT OF HIMACHAL PRADESH		**5.00**	5.00
		855.00	**9.55**
5			
DEFERRED TAX - NET			
DEFERRED TAX LIABILITIES			
DEPRECIATION	1,759.11		1,608.02
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT AMORTISED	0.22		0.05
		1,759.13	1,608.07
DEFERRED TAX ASSETS			
ACCRUED EXPENSES DEDUCTIBLE ON PAYMENT	78.25		64.07
LEAVE ENCASHMENT	10.56		11.16
PROVISION FOR DEBTS & ADVANCES	71.09		70.07
UNABSORBED DEPRECIATION CARRIED FORWARD UNDER INCOME TAX ACT	213.77		253.09
		373.67	398.39
DEFERRED TAX LIABILITIES (NET)		**1,385.46**	1,209.68

6

FIXED ASSETS

Rupees in Million

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

Depreciation for the year Rs.909.79 Million of which Rs.29.99 Million has been adjusted with Revaluation Reserve and Rs.0.05 Million has been transferred to Pre-operative Expenses (Refer Schedule 6A), Rs.2.18 has been trasnferred to Capital Work In Progress (refer Schedule 6), balance Rs.877.57 Million has been charged to Profit and Loss Account.

	As at 31st March	
	2010	2009
	Rupees Million	Rupees Million
6a		
PRE OPERATIVE EXPENSES		
As per last Account	25.62	-
Add : Adjustment on account of inclusion of Jointly Controlled Entity	-	4.88
	25.62	4.88
Add : Incurred during the year	36.99	20.74
	62.61	**25.62**

		As at 31st March	
		2010	2009
		Rupees Million	Rupees Million
7a			
INVESTMENTS			
- IN ASSOCIATES (Note 2)			
Long Term Investments			
Trade Investments :			
Quoted			
7,071,333 (2009-7,071,333) Equity Shares of Rs. 10 each of EIH Associated Hotels Limited fully paid		**768.88**	759.91
		768.88	759.91
7b			
INVESTMENTS			
- IN OTHERS			
Long Term Investments			
Trade Investments -			
Shares - Quoted			
200,000 (2009-200,000) Equity Shares of Rs. 10 each of Royal Manor Hotel and Industries Limited fully paid		**2.00**	2.00
25,000 (2009-25,000) Equity Shares of Rs. 10 each of Tourism Finance Corporation of India Limited fully paid		**0.50**	0.50
Shares - Unquoted			
Nil (2009-4,800,000) Equity Shares of Rs 10 each of Golden Jubilee Hotels fully paid (became Jointly Controlled Entity during the year)		**-**	48.00
Other Investments -			
(a) Shares - Unquoted			
75,000 Equity Shares of Rs.10 each of CCA Leisure Services Limited	**0.75**		-
Less: Provision for diminution in values of investments	**(0.75)**	**-**	-

849,575 (2009- 849,575) Equity Shares of Rs, 10 each of Mercury Travels Limited fully paid	**18.70**	18.70
(b) Government Securities - Unquoted		
7 year National Savings Certificate	**0.21**	0.13
Long-term Investments of Subsidiaries - Unquoted		
EIH Holdings Ltd, Oberoi Mauritius Ltd, PT Widja Putra Karya, PT Waka Oberoi Indonesia, Tourism Investment Company at Sahl Hasheesh (formerly Oberoi Hurghada Co Ltd), J&W Hongkong Limited and EIH Marrakech Limited	**1,616.19**	1,829.58
Current Investments of Jointly Controlled Entities - Quoted		
Baroda Pioneer Treasury Advantage Fund-Institutional Daily Dividend Plan(2,997,272.482 units)	**4.80**	-
	1,642.40	1,898.91
Total : 7(a) + 7(b)	**2,411.28**	2,658.82

	Book Value Rupees	Market Value Rupees
Quoted	**776.18**	**930.93**
	(762.41)	(376.05)
Unquoted	**1,635.10**	
	(1,896.41)	
	2,411.28	
	(2,658.82)	

(Figures in bracket represent figures for 2009)

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

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

Schedules to Accounts.

		As at 31st March	
		2010	**2009**
	Rupees Million	**Rupees Million**	**Rupees Million**
8			
INVENTORIES (Note 13)			
Provisions, Wines & Others (Note 12(a))		**137.62**	167.19
Stores & Operating supplies		**199.57**	177.74
		337.19	344.93

Schedules to Accounts -- *Contd.*

		As at 31st March	
		2010	2009
	Rupees Million	**Rupees Million**	**Rupees Million**
9			
SUNDRY DEBTORS (Unsecured)			
Debts Outstanding over six months			
Considered good	77.45		34.79
Considered doubtful	27.23		23.30
	104.68		58.09
Other Debts			
Considered good	1,081.71		1,027.24
		1,186.39	1,085.33
Less : Provision for Doubtful Debts		**27.23**	23.30
		1,159.16	1,062.03
10			
CASH & BANK BALANCES			
Cash in hand including cheques in hand Rs.25.37 Million (2009-Rs.15.69 Million)		**49.54**	37.42
Bank Balances :			
With Scheduled Banks			
Current Accounts	103.16		237.38
Fixed Deposits	370.78		434.09
Unpaid Dividend Accounts	25.24		23.33
Margin Accounts	7.18		1.07
Escrow Accounts / Fractional Share sale proceeds	0.21		0.21
With Others :			
Fixed Deposit with Mashreqbank, Dubai (Maximum Balance during the year Rs.0.70 Million; 2009-Rs.0.70 Million)		**0.61**	0.70
Current Accounts with :			
Citibank, New York (Maximum Balance during the year Rs. 6.00 Million ;2009-Rs.5.73 Million)		**0.11**	0.01
The Hongkong and Shanghai Banking Corporation Limited, Singapore (Maximum Balance during the year Rs. 3.58 Million ;2009-Rs.3.01 Million)		**0.08**	0.76
Hongkong Bank of Australia Limited, Sydney (Maximum Balance during the year Rs. 3.31 Million ;2009-Rs.3.37 Million)		**0.06**	0.22
The Hongkong and Shanghai banking Corporation Limited, London (Maximum Balance during the year Rs. 8.93 Million ;2009-Rs.12.39 Million)		**6.51**	5.83
Mashreqbank, Dubai (Maximum Balance during the year Rs. 2.22 Millon ;2009-Rs.2.48 Million)		**0.73**	0.41
Cash & Bank Balances of Overseas Subsidiaries		**83.85**	46.00
		648.06	787.43

Schedules to Accounts -- *Contd.*

		As at 31st March	
		2010	2009
	Rupees Million	**Rupees Million**	**Rupees Million**
11			
LOANS AND ADVANCES (Unsecured)			
(Considered good unless otherwise stated)			
Advances towards Equity in :			
Private Limited Companies in which two of the			
Directors are Directors -			
CCA Leisure Services Private Limited - considered doubtful		**0.31**	0.31
Advance towards Equity to :			
Mara Hotels Limited - considered doubtful	**2.50**		2.50
Golden Jubilee Hotels Limited (became jointly controlled entity during the year)	**-**		91.50
		2.50	
Advances recoverable in cash or in kind or for value to be received			
Considered good		**917.25**	1,194.48
Considered doubtful		**179.12**	182.56
		1,099.18	1,471.35
Less: Provision for Doubtful Advances		**181.93**	182.87
		917.25	1,288.48
Loan to Associate : EIH Associated Hotels Limited (repayable on demand)		**320.00**	320.00
(Maximum Balance during the year Rs.320.00 Million; 2009-Rs.320.00 Million)			
Insurance Claim Receivable (Note 5)		**694.36**	740.81
Prepaid Expenses		**97.15**	77.01
Sundry Deposits		**571.51**	276.10
Fringe Benefit Tax (net of Provision)		**7.74**	7.51
MAT Credit Entitlement		**90.84**	45.77
Income Tax Advance/Refund (net of Provision)		**410.75**	406.25
		3,109.60	**3,161.93**
12			
CURRENT LIABILITIES			
Sundry Creditors			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 6)	-		-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,096.60		1,546.82
		1,096.60	1,546.82
Contribution towards Gratuity		**17.44**	1.61
Security Deposits		**147.95**	148.72
Liability for Leased Assets (Note 9)		**258.87**	293.84
Unclaimed Dividend		**25.24**	23.33
Other Liabilities		**536.38**	451.17
Unclaimed Fractional Share sale proceeds		**0.21**	0.21

Interest accrued but not due		**13.74**	13.49
Investor Education and Protection Fund :			
Interest on unclaimed deposits		**0.23**	0.23
Unclaimed Cheques and Warrants - Fixed Deposits		**4.25**	5.26
		2,100.91	2,484.68

13
PROVISIONS

Wealth Tax (net of payment)		**4.85**	4.80
Gratuity		**3.01**	2.89
Leave Encashment (net of payment)		**124.28**	129.02
Proposed Dividend on Equity Shares		**479.80**	479.81
Tax on Dividend		**79.59**	82.47
		691.53	698.99

14
MISCELLANEOUS EXPENDITURE
(to the extent not amortised or adjusted)

As per last Account			
Voluntary Separation Cost	-		17.25
Preliminary expenses	0.23		0.37
		0.23	17.62
Add : Adjustment on account of inclusion of jointly controlled entity			
Deferred Borrowing Cost		**0.59**	-
Add : Amount paid during the year			
Deferred borrowing cost		**9.33**	-
Less : amortised during the year			
Voluntary Separation Cost	-		17.25
Deferred borrowing cost	0.45		-
Preliminary expenses	0.14		0.14
		0.59	17.39
Balance		**9.56**	0.23
Less : Adjustment on acquisition		**0.06**	0.16
Less : Minority Interest		**0.03**	0.07
Balance carried to Balance Sheet		**9.47**	-
Details of Closing Balance :-			
Deferred borrowing cost		**9.47**	-
		9.47	-

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

Schedules to Accounts -- *Contd.*

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

Schedules to Accounts -- *Contd.*

	Year ended 31st March	
	2010 Rupees Million	**2010 Rupees Million**
21		
INTEREST AND FINANCE CHARGES (Note 14)		
On Fixed Loans	**1,049.79**	913.91
On Others	**53.34**	39.00
	1,103.13	952.91

22		
TAX		
Income Tax	**163.50**	920.31
Wealth Tax	**4.12**	4.05
Deferred Tax	**175.78**	107.75
Fringe Benefit Tax	**-**	30.78
	343.40	1,062.89
Tax adjustment relating to earlier year	**4.48**	10.76
	347.88	1,073.65

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

1. **Principles of Consolidation**

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

a. The Financial Statements of the Company, its subsidiary companies and jointly controlled entities are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard on "Consolidated Financial Statements" (AS-21) read with Accounting Standard on "Financial Reporting of Interests in Joint Ventures" (AS-27) notified pursuant to the Companies (Accounting Standards) Rules, 2006.

b. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

c. The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of shares in the subsidiaries and jointly controlled entities is recognized in the Financial Statements as Goodwill or Capital Reserve, as the case may be.

d. In case of associates which are not jointly controlled entities as per Accounting Standard on "Financial Reporting of Interests in Joint Ventures" (AS-27), where EIH Limited holds more than 20% and upto 50% of voting power, Investments in such associates are accounted for using equity method in accordance with Accounting Standard on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) notified pursuant to the Companies (Accounting Standards) Rules, 2006.

e. The Company accounts for its share in the post-acquisition change in net assets of the associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates, to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

f. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the Financial Statements as Goodwill or Capital Reserve, as the case may be.

g. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

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

3. Other Significant Accounting Policies

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

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NOTES TO THE ACCOUNTS

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

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

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

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

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

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

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

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

2. The carrying amount of investments includes goodwill (net) arising on acquisition in the associates EIH Associated Hotels Limited of Rs. 124.42 Million (2009 – Rs. 124.42 Million) computed as per Accounting Standard on "Accounting for Investments in Associates" (AS 23) in Consolidated Financial Statements.

3. The estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 807.10 Million (2009-Rs. 719.15 Million).

4. Contingent Liabilities not provided for in respect of :

(iii) Claims against the Company/Companies pending appellate/judicial decisions :

(a) Sales Tax Rs. 24.64 Million (2009-Rs. 24.52 Million)

(b) Income-tax Rs. 578.48 Million (2009-Rs. 397.35 Million)

(c) Property Tax Rs. 170.64 Million (2009 – Rs. 249.44 Million)

(d) Entertainment Tax Rs. 9.65 Million (2009-Rs. 9.12 Million)

(e) ESI Claim Rs. 11.12 Million (2009 – Rs. 3.13 Million)

(f) Stamp Duty Rs. 10.23 Million (2009 – Rs. 10.23 Million)

(g) Entry Tax Rs. 0.66 Million (2009-Rs. 0.66 Million)

(h) Expenditure Tax Rs. 0.10 Million (2009 – Rs. 0.10 Million)

(i) Customs Duty Rs.452.50 Million (2009 – Rs.452.50 Million)

(j) Excise Duty Rs.19.79 Million (2009 – Rs.9.86 MIllion)

(k) Others Rs. 27.06 Million (2009 – Rs. 14.59 Million)

(iv) Guarantees given to Banks & Financial Institutions for Rs. 239.50 Million (2009- Rs. 239.50 Million) against financial facilities availed by other Companies.

5. The Company is adequately insured against damage caused by terrorist attack on its two Mumbai Hotels, i.e., Trident Nariman Point, Mumbai and The Oberoi, Mumbai. The insurance coverage is on replacement value basis. No final adjustment has been made in the books of account in respect of damage to the properties pending settlement of claim.

The Company has recognized Rs 526.76 Million (2009 – Rs 967.60 Million) as income during the Financial Year on account of insurance claim for losses due to business interruption in respect of Trident, Nariman Point, Mumbai and The Oberoi, Mumbai. Against the total claim of Rs 1,494.36 Million recognized as income by the Company, the insurance company has paid Rs 800 Million. Final settlement of the claim is pending.

6. There are no reportable amount of dues on account of principal and interest or any such payments during the year as required by Micro, Small and Medium Enterprisers Development Act, 2006, in respect of Micro Enterprises and Small Enterprises as defined in the Act. This is based on information made available to the respective Companies other than foreign subsidiaries by such enterprises.

7. (a) Freehold/Leasehold Land of perpetual nature and Buildings at some locations of EIH Limited were revalued on 31st March, 1982 and 31st March, 1993 resulting in surplus of Rs. 2,863.88 Million which is included in the original cost. The valuation was carried out by an approved valuer on the basis of depreciated replacement cost. The nature of indices was not mentioned in the report. The surplus was transferred to Revaluation Reserve.

(b) Buildings of EIH Limited include construction cost of 850 car parking spaces amounting to Rs.292.81 Million which as per the lease agreement dated 4th May, 2001 with MMRD Authority will have to be transferred to the said Authority through a licence agreement for a licence fee of Re.1 per annum.

8. (a) Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets which are depreciated over the useful lives of the assets, which are not less than those prescribed under the Companies Act, 1956.

(b) The depreciation for the year as per Fixed Asset Schedule (Schedule -6) includes Rs. 29.99 Million (2009-Rs. 29.99 Million) being depreciation on the increased value of building due to the effect of revaluation and accordingly, the same has been adjusted from Revaluation Reserve Account in respect of EIH Limited.

(c) In case of Mercury Car Rentals Limited, certain vehicles acquired under repurchase arrangement with the suppliers are depreciated over the period of arrangement and the amounts provided are not less than the amount required as per Companies Act, 1956. Trademarks, Licensed Software, being intangible assets, are amortised over a period of one hundred and twenty months and sixty months respectively. Prefabricated / Porta Cabin / renovation of leased premises – Furniture & Fixture are amortised over that useful life of sixty months or lease period and the amounts provided are not less than the amount required as per the Companies Act, 1956.

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

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

	Year ended 31st March	
	2010	**2009**
	Rupees	**Rupees**
	Million	**Million**
Assets taken on lease		
Total minimum lease payments at the year end	299.42	343.26
Present value of minimum lease payments	258.87	293.84
Not later than one year		

	Year ended 31st March	
	2010	**2009**
	Rupees	**Rupees**
	Million	**Million**
Minimum Lease payments	84.50	83.37
Present value	66.14	63.60
Later than one year but not later than five years		
Minimum Lease Payments	214.92	259.89
Present value	192.73	230.24
Later than five years		
Minimum Lease Payments	-	-
Present value	-	-
(a) Contingent rents recognized as expense in the statement of Profit and loss for the year :	-	-
(b) The total of future minimum sublease payments expected to be received under non-cancelable subleases at the Balance sheet date :	-	-

10. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases.

(a) General description of the Company's operating lease arrangements :

The Company has entered into operating lease arrangements primarily for office premises, site offices, airport/flight services and residential premises for its employees. Some of the significant terms and conditions of the arrangements are :

- agreements may generally be terminated by either party by serving a notice;
- the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement ;
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

(b) Rent in respect of the above are charged to the Profit and Loss Account.

11. The Group has adopted Accounting Standard 15 (AS 15) (revised 2005) on "Employee Benefits". These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation / provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

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

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

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

14. Interest debited to Profit & Loss Account is net of interest capitalised amounting to Rs.285.23 Million (2009 – Rs. 236.33 Million).

15. Oberoi Kerala Hotels & Resorts Limited has approached the Government of Kerala for sale of freehold land at Thekkady, the cost of which is Rs.17.18 Million. Necessary approvals are still awaited.

16. Repairs & Maintenance – Plant & Machinery includes vehicle running, maintenance and tax expenses of Mercury Car Rentals Rs.144.76 Million (2009 – Rs.162.69 Million).

17. In the case of Mashobra Resort Limited ("MRL"), several disputes with the Government of Himachal Pradesh, the joint venture partner, were referred by the High Court of Himachal Pradesh on 17th December, 2003 to an arbitral tribunal consisting of a single arbitrator whose award has been challenged by both the Company and MRL, amongst others. The operation of the arbitration award has been stayed pending substantive hearing of the applications by the High Court. Consequently, the status quo ante of the entire matter stands restored to the position as on 17th December, 2003 and the hotel is being operated by MRL accordingly. The Company, by its letter dated 15th June, 2009, requested Mashobra Resort Limited (MRL) to convert Rs.1005.63 Million of loans provided by the Company to MRL into its equity. MRL is in the process of holding the meeting of the Board of Directors for which it has requested the nominees of Himachal Pradesh Government on the Board, for a suitable date for holding the meeting which is still awaited. The Company has now been legally advised to take necessary steps in this matter. In view of the above and the proposed conversion of loan into equity, loan to MRL has been considered good as the net worth of MRL will become positive on conversion.

18. Earnings per Equity share :

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

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

NAME OF THE RELATED PARTIES :

(I) Associate :

(i) EIH Associated Hotels Limited

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

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

(III) Key Management Personnel

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

Schedules to Accounts -- *Contd.*

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

NATURE OF TRANSACTIONS	Associate		Enterprises in which Key Management Personnel have significant influence		Key Management Personnel/ Relative of Key Management Personnel	
	2010	2009	2010	2009	2010	2009
	(Rs.)	**(Rs.)**	**(Rs.)**	**(Rs.)**	**(Rs.)**	**(Rs.)**
PURCHASES						
Purchase of Goods & Services						
EIH Associated Hotels Limited	1.81	4.62	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.98	0.78	-	-
Total	1.81	4.62	0.98	0.78	-	-
Purchase of Fixed Assets						
EIH Associated Hotels Limited **Total**	0.05	-	-	-	-	-
EXPENSES						
Rent						
Oberoi Hotels Private Limited	-	-	0.36	0.36	-	-
Total	-	-	0.36	0.36	-	-
-						
Royalty						
Oberoi Hotels Private Limited **Total**	-	-	79.79	95.67	-	-
Salary						
Mr. P.R.S. Oberoi	-	-	-	-	25.80	58.44
Mr.S.S. Mukherji	-	-	-	-	26.58	44.94
Mr. V.S.Oberoi	-	-	-	-	14.91	18.16
Mr. A.S. Oberoi	-	-	-	-	14.81	19.26
Total	**-**	**-**	**-**	**-**	**82.10**	**140.80**
SALES						
Sale of Goods and Services					-	-
EIH Associated Hotels						

Limited	42.38	50.70	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.68	1.40	-	-
Total	42.38	50.70	0.68	1.40	-	-
Sale of Fixed Assets EIH Associated Hotels Limited	0.65	0.81	-	-	-	-
Total	0.65	0.81	-	-	-	-
INCOME						
License Agreement Oberoi Holdings Private Limited	-	-	0.69	0.71	-	-
Oberoi Investments Private Limited	-	-	0.13	0.13	-	-
Oberoi Buildings & Investment Private Limited	-	-	1.17	1.19	-	-
Oberoi Plaza Private Limited	-	-	2.41	3.89	-	-
Bombay Plaza Private Limited	-	-	1.87	2.94	-	-
Total	-	-	6.27	8.86	-	-
Management/Technical fees EIH Associated Hotels Limited	97.77	101.12	-	-	-	-
Island Hotel Maharaj Limited	-	-	2.01	2.62	-	-
Total	97.77	101.12	2.01	2.62	-	-
Interest Received EIH Associated Hotels Limited	30.40	30.40	-	-	-	-
	30.40	30.40	-	-	-	-
Dividend Received EIH Associated Hotels Limited	10.60	17.68	-	-	-	-
Total	10.60	17.68	-	-	-	-

Outstanding Balances						
Payables						
For Goods & Services EIH Associated Hotels Limited	0.65	0.80	-	-	-	-
Island Hotel Maharaj Limited	-	-	0.89	0.85	-	-
Total	0.65	0.80	0.89	0.85	-	-
Royalty Oberoi Hotels Private Limited **Total**	-	-	-	13.38	-	-
Security Deposit Bombay Plaza Pvt. Ltd. **Total**	-	-	0.50	0.50	-	-

Loans & Advances and Receivables							
For Goods & Services							
EIH Associated Hotels Limited		6.34	5.96	-	-	-	-
Island Hotel Maharaj Limited		-	-	1.40	0.94	-	-
	Total	6.34	5.96	1.40	0.94	-	-
Loans & Advances							
EIH Associated Hotels Limited		320.00	320.00	-	-	-	-
		320.00	320.00	-	-	-	-
Management/Technical fees							
EIH Associated Hotels Limited		43.62	24.50	-	-	-	-
Island Hotel Maharaj Limited		-	-	0.70	0.28	-	-
	Total	43.62	24.50	0.70	0.28	-	-
Outstanding Financial Facilities							
Against Corporate Guarantees							
EIH Associated Hotels Limited		104.00	104.00	-	-	-	-
Island Hotel Maharaj Limited		-	-	135.50	135.50	-	-
		104.00	104.00	135.50	135.50	-	-

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

	Year ended 31st March	
	2010 Rupees Million	**2009 Rupees Million**
Segment Revenue		
a. Hotels	9,269.29	10,945.86
b. Others	1,208.08	1,204.05
Total	10,477.37	12,149.91
Less: Inter segment revenue	-	-
Net sales/income from Operations	10,477.37	12,149.91
Segment Results		
Profit before Interest and Tax from each segment :		
a. Hotels	3,893.40	5,356.81
b. Others	(298.53)	(174.19)
Total	3,594.87	5,182.62
Less :		
i. Interest	1,103.13	952.91
ii. Other un-allocable expenditure	1,433.98	1,461.08
Profit before Tax	1,057.76	2,768.63
Segment Assets		

Hotels	24,643.96	20,990.80
Others	5,601.08	6,671.77
	30,245.04	27,662.57

Total Liabilities

Hotels	5,039.17	3,721.20
Others	542.73	737.10
	5,581.90	4,458.30

21. Financial Reporting of Interest in Joint Ventures :

Disclosure pursuant to Para 51,52,53 & 54 of Accounting Standard (AS-27) is given below.

						(Rupees) Million
Name of the Jointly Controlled Entities	**Proportion of ownership Interests (%)**	**Description of Interest**	**Aggregate amount related to EIH Limited's interest in jointly controlled entity**			
			Total Assets	**Total Liabilities**	**Total Income**	**Total Expenses**
Oberoi Kerala Hotel & Resorts Limited	80.00	Jointly Controlled Entity	16.59	0.21	0.17	0.27
Mashobra Resort Limited *	78.79	- do -	692.83	227.70	144.69	135.22
Mumtaz Hotels Limited	60.00	- do -	741.82	266.62	352.13	240.22
Golden Jubilee Hotels Limited	16.00	- do -	348.78	100.41	1,03	2.69
L&T Bangalore Airport Hotel Ltd.	26.00	- do -	565.41	378.53	0.45	0.67
Mercury Car Rentals Limited	66.67	- do -	359.34	301.19	504.43	529.42

(Figures are as per unaudited accounts)*

a) Contingent liability that EIH Limited has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers :-
Guarantees given to Banks & Financial Institutions for Rs.1.150,00 Million 2009 – Rs.1,110.00 Million) against financial facilities availed by the jointly controlled entities.

b) EIH Limited's share of the contingent liabilities of the joint ventures themselves: Rs.11.87 Million. (2009-Rs.27.61 Million)

c) EIH Limited is not liable for the liabilities of the other venturers of any joint venture.

d) There are no capital commitments of EIH Limited in relation to its interest in joint ventures and there are no capital commitments that have been incurred jointly with other venturers.

e) EIH Limited's share of capital commitments of the joint ventures themselves amounts to Rs.209.42 Million (2009 – Rs.295.41 Million).

f) CCA Leisure Services has ceased to be a jointly controlled entity during the year.

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

GAUTAM GANGULI
Company Secretary

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from the Company's audited financial statements as at and for the year ended 31 March 2010 included in the Chapter "Financial Statements" on page 86.

A. Standalone

Particulars	
Number of equity shares outstanding at the end of the year ended 31 March 2010	392,953,972
Earning Per Share (₹):	
- Basic	1.46
- Diluted	1.46
Return on Net Worth (%)	4.84
Net Asset Value Per Share (₹)	30.08

B. Consolidated

Particulars	
Number of equity shares outstanding at the end of the year ended 31 March 2010	392,953,972
Earning Per Share (₹):	
- Basic	1.69
- Diluted	1.69
Return on Net Worth (%)	5.66
Net Asset Value Per Share (₹)	29.83

The Ratios have been computed as below:

Earning Per Share (Basic) (₹) $= \dfrac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Number of Equity Shares outstanding at the end of the year}}$

Earning Per Share (Diluted) (₹) $= \dfrac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Number of Diluted Equity Shares outstanding at the end of the year}}$

Return On Net worth (%): $= \dfrac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Net Worth at the end of the year (excluding revaluation reserves)}}$

Net Asset Value per Share (₹) $= \dfrac{\text{Net Worth at the end of the year (excluding revaluation reserves)}}{\text{Number of Equity shares outstanding at the end of the year}}$

Capitalization Statement

The statement on our capitalization, on a standalone and a consolidated basis, is as set out below:

- Standalone

(₹ in millions)

Particulars	**Pre-issue as at 31 March 2010**	**Adjusted for the Issue**
Borrowing		
-Short-Term Debt	1382.44	[●]
- Long - Term Debt	11212.93	[●]
Total Debt	**12595.37**	[●]
Shareholders' funds		
Equity Share Capital	785.91	[●]
Share Application Money pending Allotment	-	[●]

Particulars	Pre-issue as at 31 March 2010	Adjusted for the Issue
Reserves & Surplus	13384.98	[●]
Total Shareholders' Funds	**14170.89**	[●]
Total Debt/ Equity Ratio	**1.07**	[●]
Long-term Debt/Equity ratio	**0.95**	[●]

- Consolidated

(₹ in millions)

Particulars	Pre-issue as at 31 March 2010	Adjusted for the Issue
Borrowing		
-Short-Term Debt	1398.99	[●]
- Long - Term Debt	12957.51	[●]
Total Debt	**14356.50**	[●]
Shareholders' funds		
Equity Share Capital	785.91	[●]
Share Application Money pending Allotment	-	[●]
Reserves & Surplus	13,161.58	[●]
Total Shareholders' Funds	**13,947.49**	[●]
Total Debt/ Equity Ratio	**1.21**	[●]
Long-term Debt/Equity ratio	**1.11**	[●]

The Ratios have been computed as below:

Total Debt/ Equity Ratio $\quad \dfrac{\text{Short Term Debt + Long Term Debt}}{\text{Equity (i.e., Equity Share Capital + Reserves \& Surplus excluding Revaluation Reserves)}}$

Long Term Debt/ Equity Ratio $\quad \dfrac{\text{Long Term Debt}}{\text{Equity (i.e., Equity Share Capital + Reserves \& Surplus excluding Revaluation Reserves)}}$

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Company's Equity Shares are currently listed on the BSE, the NSE and the CSE. Stock market data for our Equity Shares has been given separately for the BSE and NSE. For details of listing of our Equity Shares, please see the chapter "History and Other Corporate Matters" on page 64. As the Company's Equity Shares are actively traded on both the BSE and the NSE, stock market data has been given separately for each of these Stock Exchanges.

- ***The high and low closing prices recorded on the NSE and the BSE for the preceding three Fiscals and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.***

NSE

Year ending March 31	High (Rs.)	Date of High	No. of Shares traded on date of high	Total Volume traded on date of high (Rs. in million)	Low (Rs.)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (Rs. in million)	Average price for the year (Rs.)*
2010	149.9	16-Oct-09	3,075,065	459.06	86.1	1-Apr-09	45,657	3.94	124.19
2009	168.0	11-Sep-08	788,692	131.00	80.9	12-Nov-08	55,923	4.68	119.65
2008	234.2	4-Jan-08	1,557,963	354.45	91.75	2-Apr-07	29,102	2.67	130.65

** Average of the daily closing prices.*

BSE

Year ending March 31	High (Rs.)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (Rs. in million)	Low (Rs.)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (Rs. in million)	Average price for the year (Rs.)*
2010	149.7	16-Oct-09	1,903,166	283.39	86.1	1-Apr-09	6,517	0.56	124.1
2009	168.3	11-Sep-08	491,107	81.52	80.5	12-Nov-08	1,687,271	135.90	119.5
2008	235.0	4-Jan-08	801,556	182.14	91.25	2-Apr-07	11,236	1.03	130.57

Based on daily closing prices.
(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

- ***The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:***

NSE

Month	High (Rs.)	Date of High	No. of Shares traded on date of high	Total number of shares traded on date of high (Rs. in million)	Low (Rs.)	Date of Low	No. of Shares traded on date of low	Total Volume of shares traded on date of low (Rs. in million)	Average price for the month (Rs.)*	Total volume of shares traded in the month	
										In number	(Rs. in million)
August 2010	150.9	30-Aug-10	4,086,058	6,096.06	125.0	6-Aug-10	138,762	17.46	133.7	30,698,688	4,546.91
July 2010	128.6	19-Jul-10	1,046,344	135.05	119.3	6-Jul-10	73,941	8.88	124.2	3,643,988	466.34
June 2010	123.7	23-Jun-10	29,513	3.65	112.9	8-Jun-10	39,424	4.49	118.6	1,216,025	146.00
May 2010	126.1	6-May-10	209,740	26.66	114.4	26-May-10	78,322	9.03	121.0	1,502,885	183.88
April 2010	131.8	9-Apr-10	315,078	41.96	124.3	20-Apr-10	99,088	12.38	128.2	3,636,554	473.41
March 2010	125.1	5-Mar-10	97,260	12.24	118.1	29-Mar-10	142,065	16.96	122.0	1,450,758	177.31

** Average of the daily closing prices.*

BSE

Month	High (Rs.)	Date of High	No. of Shares traded on date of high	Total Volume of Shares traded on date of high (Rs. in million)	Low (Rs.)	Date of Low	No. of Shares traded on date of low	Total Volume of Shares traded on date of low (Rs. in million)	Average price for the month (Rs.)*	Total volume of Shares traded in the month	
										In number	(Rs. in million)
August 2010	150.7	30-Aug-10	2,368,735	353.47	125.2	6-Aug-10	47,870	6.04	133.6	15,142,479	2,242.0
July 2010	128.7	19-Jul-10	550,769	71.18	119.7	6-Jul-10	26,520	3.19	124.2	1,801,271	229.8
June 2010	123.6	28-Jun-10	32,696	4.04	113.2	8-Jun-10	17,514	2.00	118.8	674,109	81.1
May 2010	126.1	3-May-10	35,411	4.51	114.6	26-May-10	23,908	2.76	121.1	692,156	84.8
April 2010	131.7	9-Apr-10	341,612	45.55	124.4	1-Apr-10	34,659	4.27	128.0	2,282,163	298.6
March 2010	124.8	3-Mar-10	28,017	3.45	118.1	29-Mar-10	131,379	15.70	122.1	1,522,280	185.9

Based on daily closing prices.
(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

- ***Details of the volume of business transacted during the last six months on the Stock Exchanges:***

Month	BSE	NSE
August 2010	15,142,479	30,698,688
July 2010	1,801,271	3,643,988
June 2010	674,109	1,216,025
May 2010	692,156	1,502,885
April 2010	2,282,163	3,636,554
March 2010	1,522,280	1,450,758

(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

In the event the high, or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The Company's financial statements are prepared in conformity with Indian GAAP on an annual basis. No attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base it on any other standards.

The areas in which differences between Indian GAAP vis-à-vis IFRS could be significant to the Company's consolidated balance sheet and consolidated statement of profit and loss are summarised below. Potential investors should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this Draft Letter of Offer.

Further, the Company has not prepared financial statements in accordance with IFRS. Accordingly, there can be no assurance that the summary is complete, or that the differences described would give rise to the most material differences between Indian GAAP and IFRS. In addition, the Company has not presently estimated the net effect of applying IFRS on the results of the Company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

The summary includes various IFRS and Indian GAAP pronouncements issued for which the mandatory application dates are later than the date of this Draft Letter of Offer. Indian GAAP comprises accounting standards ('AS') issued by the Institute of Chartered Accountants of India and certain provisions of Listing Agreements with the stock exchanges of India. In certain cases, the Indian GAAP description also refers to Guidance Notes issued by the Institute of Chartered Accountants of India that are recommendatory but not mandatory in nature and also certain accounting treatments specified by a Court Order in a Scheme of Amalgamation/Arrangement.

Subject	IFRS	Indian GAAP
First-time adoption of accounting frameworks	Full retrospective application of all IFRSs effective at the reporting date for an entity's first IFRS financial statements, with some optional exemptions and limited mandatory exceptions. Reconciliations of profit or loss in respect of the last period reported under previous GAAP, of equity at the end of that period and of equity at the start of the earliest period presented in comparatives must be included in an entity's first IFRS financial statements.	Requires retrospective application. In addition, particular standards specify treatment for first-time adoption of those standards.
Basis of presentation	Financial statements must comply with IFRS.	Financial statements must comply with Indian GAAP and the requirements of the Indian Companies Act, 1956 which prescribes the form and content of the financial statements.
Contents of financial statements — General	Financial statements under IFRS comprise: Statement of financial position; statement of comprehensive income (or a separate income statement along with a second statement beginning with profit or loss and detailing components of other comprehensive income); cash flow statements; changes in shareholders' equity and accounting policies and notes. Comparative are provided for the previous year. An additional statement of	Balance sheet, profit and loss account, cash flow statement, Statement of significant accounting policies and notes to accounts are presented for the current year, with comparatives for the previous year.

Subject	IFRS	Indian GAAP
	financial position as at the beginning of the earliest period presented when the Company has changed an accounting policy retrospectively or when the financial statements have been subject to restatement.	
	Subject to specific exemptions, all Companies with subsidiaries are required to present Consolidated financial statements prepared in accordance with IFRS.	Public company: Consolidated financial statements along with the standalone financial statements. However, it is not mandatory for non public companies to present Consolidated financial statements. For a public offering, selected financial data for the five most recent years are required, adjusted to the current accounting norms and pronouncements
Balance sheet (Statement of Financial Position)	Does not prescribe a particular format though illustrative format is presented. IAS 1 also prescribes minimum information to be presented in the Statement of Financial Position. Companies are required to classify assets and liabilities into current and non current for presentation on the Statement of Financial Position. Financial liabilities with covenant breach that are not rectified by the lender before the reporting period are classified as Non current.	The Indian Companies Act prescribes the form and content of balance sheet & profit & Loss Account; short-term/long-term distinction is only required for certain balance sheet items. The balance sheet is not classified into current and non – current. No separate disclosure on the face of the balance sheet is required for restricted accounts.
Income statement (Statement of Comprehensive Income)	Does not prescribe a standard format though illustrative format is presented in IAS 1: Presentation of Financial Statements. Expenditure must be presented in one of two formats (function or nature). IAS 1 also prescribes minimum information to be presented on the face of Statement of Comprehensive income	No prescribed format for the profit and loss account but there are disclosure norms for certain income and expenditure items under the Companies Act and the accounting standards. The Companies Act requires an analysis of expenses by nature. Other industry regulations prescribe industry specific format.
Cash flow statements — format and method	Standard headings, but limited flexibility of contents. Use direct or indirect method.	Similar to IFRS, except that use of indirect method is used for cash flow statement as per Accounting Standard -3
Cash flow statements — definition of cash and cash equivalents	Cash includes overdrafts and cash equivalents with original short-term maturities (less than three months). Cash and cash equivalents are disclosed on the face of the balance sheet.	Cash excludes overdrafts but includes cash equivalents with original short-term maturities of three months or less. Restricted or encumbered cash is not included in cash and cash equivalents and are generally shown separately on the face of the financial statements. Except that restricted or encumbered cash included in cash and cash equivalents is required to be disclosed separately. Cash and bank balances are disclosed on the face of the balance sheet.

Subject	IFRS	Indian GAAP
Cash flows — classification of specific items	(i) Interest and dividend paid — Operating or financing activities. (ii) Interest and dividend received — Operating or investing activities.	(i) Interest and dividend paid — Financing activities. (ii) Interest and dividend received — Investing activities.
Statement of changes in Shareholders' Equity	The statement must be presented as a primary statement. The statement shows capital transactions with owners, a reconciliation of all other components of equity, total comprehensive income for the period &effect of retrospective application of accounting policy changes and restatement of financials on each component of equity.	No separate statement required. However, any adjustments to equity and reserve account are shown in the schedules/notes accompanying the financial statements.
Correction of fundamental errors	As per IFRS/IAS 8, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for the earliest prior period reported.	As per AS 5 requires the Entity to Include the effect in the current year's income statement and disclose separately as a "prior period" item on the face of the income statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.
Changes in accounting policy	As per IFRS/IAS 8, an entity shall restate comparatives and prior-year opening retained earnings including the financial position as at the beginning of the earliest period presented.	As per AS 5 requires the Entity to Include the effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.
Extraordinary items	IFRS/IAS -1 prohibits any items to be disclosed as extraordinary items.	AS 5 specifically requires the nature and amount of extraordinary items to be separately disclosed in the Profit and Loss Account so that its impact on the current profit or loss can be perceived.
Contents of financial statements — Disclosures	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions. Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of secured liabilities and the nature and carrying amount of pledged assets.	Generally, disclosures are not extensive as compared to IFRS. Disclosures are driven by the requirements of the Companies Act and the accounting standards.

Subject	IFRS	Indian GAAP
Consolidation	Consolidated financial statements to become primary financial statements of the Company. The consolidated financial statements include all enterprises that are controlled by the parent. Special Purpose entities in which the Company or the Group doesn't hold a majority stake (e.g.: Land owning Companies) are consolidated if the Company or the Group derives majority benefit from its activities or bears most of the risk.	Consolidation is required when there is a controlling interest, directly or indirectly through subsidiaries, by virtue of holding majority voting shares or control over board of directors.
Accounting for joint ventures in the form of a joint controlled entity (including more than 50 per cent. owned entities)	Both the proportional consolidation and equity methods are permitted. However, proportionate method of accounting is recommended. An exception to the use of the proportional consolidation method is where an interest in a jointly controlled entity is acquired and held exclusively with a view to its subsequent disposal within 12 months of acquisition.	In the consolidated financial statements, the venturer should consolidate the joint venture in case it is also a subsidiary or else to report its interest in the jointly controlled entity using the proportionate consolidation method. The consolidation of such an entity does not preclude other venturer(s) treating such an entity as a joint venture.
Business Combinations	Covered by IFRS-3 i) It allows only purchase method. ii) It requires valuation of assets and liabilities at fair value, including contingent liabilities. iii) Recognition of negative goodwill immediately in Profit and Loss Account.	Covered by AS-14. i) Allows both Pooling of Interest method and Purchase method. ii) Requires valuation at carrying value in the case of pooling method. iii) In the case of purchase method, either carrying value or fair value may be used. iv) Contingent liabilities are not fair valued v) Requires amortisation of Goodwill. vi) Requires negative goodwill to be credited to Capital Reserve.
Revenue recognition General Criteria	Revenue is measured at the fair value of the consideration received or receivable. In cases where the settlement of revenue consideration by cash or cash equivalents is deferred, discounting to present value is required. Revenue is the fair value of the consideration received or receivable. Also, where the inflow of cash or cash equivalents is deferred, discounting to present value is required to be done.	Revenue is recognised at the nominal value of consideration receivable. Discounting to present value is not permitted. Discounting of deferred revenue is normally not required except in case of instalment sales.
Employee benefits Compensated absences	IAS 19 does not allow the deferment of such expenditure even as transitional measure. Liability for VRS has to be recognised based on a formal plan. (Constructive obligation) Recognises actuarial gains and losses	Permits deferment of expenditure incurred on account of termination of services arising in VRS for a transitional period. Termination benefits are recognised based on legal obligation rather constructive obligation. AS15 (Revised) does not permit

Subject	IFRS	Indian GAAP
	either by following "Corridor Approach" or immediately in Profit and Loss Account.	"Corridor Approach" (Deferred recognition of actuarial gains or losses). All actuarial gains and losses are recognised immediately.
Capital issue expenses	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed.	May be set off against the securities premium account
Property, Plant & Equipment	IAS 16 mandates component accounting. Subsequent costs incurred for replacement of a part of an item of fixed assets are required to be capitalised and simultaneously the replaced part has to be decapitalised. Major repairs and overhaul expenditure are capitalised as if it is a separate component. Change in method of depreciation-effect to be given prospectively.	AS-10 recommends but does not mandate component accounting. Only expenditure which increases the future benefits from the existing assets beyond its previous assessed standard of performance is included in gross book value. Repair and overhaul expenditure expenses unless they lead to an increase in capacity. AS-6 requires retrospective recomputation of depreciation and excess/deficit is required to be adjusted in the current period.
Capitalisation of borrowing costs	IAS 23 prescribes borrowing costs to be recognised as expense as benchmark treatment. IASB has revised IAS 23 on Borrowing Costs effective 1st January 2009 by removing the option to immediately expense borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets. Accordingly, all borrowing costs incurred for qualifying assets are to be capitalised.	AS 16 mandates capitalisation of borrowing costs where the relevant conditions are fulfilled.
Depreciation and Amortisation	Allocated on a systematic basis to each accounting period over the estimated useful life of the asset. Estimated useful life and residual value should be reviewed every year. Intangible assets with indefinite life are not amortised but are tested for impairment annually. As per IAS 16, Change in depreciation method is treated as change in accounting estimate and accounted for prospectively. IAS 16 allows fair value accounting (upwards) for fixed assets as an alternative treatment.	As per AS 6, depreciable amount is allocated systematically over the useful life of the underlying asset. At a minimum, the depreciation provided should be at the rates specified in Schedule XIV of the Companies Act. There is no concept of indefinite life intangible assets. As per AS 6, depreciation method change is treated as a change in accounting policy and is applied retrospectively. AS 6 allows the depreciation on revalued value of the asset as AS 10 on fixed assets allows revaluation of assets.
Inventories	Carry at lower of cost and net realisable value. Use FIFO or weighted average method to determine cost. LIFO prohibited.	Valuation method is similar to IFRS. As-2 states that cost of inventories of items that are not ordinarily

Subject	IFRS	Indian GAAP
	Reversal is required for subsequent increase in value of previous write-downs. An entity shall use the same cost formula for all inventories having a similar nature and use to the Entity. For inventories with different nature or use, different cost formula may be justified.	interchangeable and goods or services produced and segregated for specific projects should be assigned by specific identification of their individual costs.
Investments and Investment Property	Investments in are classified as held-to maturity, available-for-sale or at fair value through profit or loss (ie: held trading or designated at inception). Investments classified as held-to-maturity are recorded at amortised cost less impairment, if any. Realised gains and losses are reported in earnings. Investments classified as available-for-sale are reported at fair value. Unrealised gains and losses on the change in fair value are reported in equity, less impairment, if any. Investments classified as trading are reported at fair value with unrealised gains and losses included in earnings. There is an option in IFRS to classify any financial asset "at fair value through profit or loss". Changes in fair values in respect of such securities are recognised in the income statement. This is an irrevocable option to classify a financial asset at fair value through profit or loss. Generally, in a non-consolidated financial statements, investment in subsidiary is accounted under the equity method. IFRS/IAS 40 deals with investment property. It requires that investment property to be initially measured at cost and subsequently measurement can be at cost model or fair value model. IFRS/IAS 32 and IFRS/IAS 39 deals in Financial Instruments. As per AS-39, Similar investments are valued at fair value.	Long-term investments are carried at cost (with provision for other than temporary diminution in value). Current investments carried at lower of cost or fair value. In a non-consolidated financial statements, investment in subsidiary is carried at cost less impairment, if any.
Finance Leases	IAS 17 is applicable to Lease agreement to use land. IAS 37 deals with onerous leases.	AS 19 is not applicable to lease agreement to use land. Accounting treatment of sale and leaseback transactions is different in AS 19 and AS 17. Onerous leases are not dealt by AS 19.

Subject	IFRS	Indian GAAP
Provisions	Discounting required if effect is material.	Discounting is not permitted.
Contingent Assets	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.	Contingent assets are not disclosed in the financial statements. They are normally disclosed in the Directors report.
Contingent liability	Discounting required if effect is material.	Discounting is not permitted. Disclosure may be limited compared to IFRS.
Debt issue costs	Permits, but does not require, direct incremental costs of issuing debt to be deferred as an asset and amortised as an adjustment to yield.	Debt issue costs are expensed as incurred or in some cases also adjusted through the securities premium account as per requirements of the Companies Act, 1956.
Subsequent Events	IAS 10 provides that proposed dividend are recorded as liabilities when declared.	As 4 specifically requires that dividends are recorded as provisions when proposed.
Deferred income taxes	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognise deferred tax assets if recovery is probable.	As per AS-22, Deferred tax assets and liabilities should be recognised for all timing differences subject to consideration of prudence in respect of deferred tax assets. In case of unabsorbed depreciation or carry forward of losses, deferred tax assets should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is certain that such previously unrecognised deferred tax assets will be realised.
Measurement of derivative instruments and hedging activities	Measure derivatives and hedge instruments at fair value. Recognise the changes in fair value in the income statement, except for effective cash flow hedges, where the changes are deferred in equity until effect of the underlying transaction is recognised in the income statement. Ineffective portions of hedges are recognised in the income statement. IFRS requires extensive documentation and effectiveness testing to obtain hedge accounting. Gains/losses from hedge instruments that are used to hedge forecast transaction may be included in cost of non-financial asset/liability (basis adjustment).	Limited guidance on contracts such as forward exchange contracts, equity index futures and options. Currently, there are no specific guidelines for hedge effectiveness. ICAI has issued two standards on financial instruments which are similar to IAS 32 and 39 and effective from 1 April 2009 and are recommendatory for a period of two years.

Subject	IFRS	Indian GAAP
Financial liabilities classification	Classify capital instruments depending on substance of the issuer's obligations. Mandatorily redeemable preference shares classified as liabilities. Liability instruments with option to convert into equity (e.g.: Bonds with option to convert into equity or redeem at the end of a time period) will be accounted as compound financial instruments.	No specific guidance. In practice, classification is based on legal form rather than substance. All preference shares are shown separately as share capital under shareholders' funds.
Capital instruments - purchase of own shares	Shown as deduction from equity.	Purchase of own shares are permitted under limited circumstances subject to the legal requirements stipulated in the Companies Act. On purchase, such shares are required to be cancelled i.e. cannot be kept as treasury stock.
Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	Similar to IFRS. However, non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.
Related Party Disclosures	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.	Disclosure of related party transactions are covered by AS-18. Name of the parties, nature, amount of transactions and yearend outstanding balances are to be shown.
Segment reporting	IASB has issued IFRS 8: Operating segments (effective January 2009) which will replace IAS 14: Segment reporting. Operating segments are determined based on how the Chief Operating Decision Maker (CODM) assesses performance and allocates resources. Detailed disclosure requirements.	As per AS-17, report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure.
Interim Financial Reporting	IAS 34 prescribes minimum disclosure and presentation requirements for interim financial information.	AS 25 does not require disclosure and presentation of of interim financial statements as presently Clause 41 of the Listing Agreement prescribes a format of presentation of quarterly/half yearly financial results and also requires disclosures to be made therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements as of and for the years ended 31March 2009 and 2010, including the notes thereto and the report thereon, prepared in accordance with Indian GAAP and included in this Draft Letter of Offer. Our fiscal year ends on March 31 and all references to fiscal year refer to the twelve month period ended on March 31 of the indicated year. Indian GAAP differs in certain significant respects from US GAAP and IFRS. For more information on these differences, see "Summary of Significant Differences between Indian GAAP, US GAAP and IFRS".

OVERVIEW

We are a leading owner and operator of five star deluxe and five star hotels in metropolitan and major tourist destinations throughout India under the Oberoi and Trident brands. We also operate and have ownership interests in hotels in other countries including Indonesia, Mauritius and Egypt. In addition to our hospitality business, we also provide flight services, car rental, air charter services and airport services and operate a printing press.

Our aim is to achieve unsurpassed excellence with our hospitality services by meeting and exceeding the expectations of our guests in every aspect of our service. We believe this commitment to excellence has enabled us to achieve a leading position in the hospitality industry as illustrated by one of our hotels being vote by *Travel & Leisure* readers as the best hotel in the world in 2010, and four of our hotels being ranked as the top four in Asia and four of the top fifteen in the world in 2010.

We have experienced challenging conditions over the past two fiscal years due to the worldwide economic slowdown, the terrorist attacks in Mumbai on 26 November 2008 and global health concerns such as H1N1, which reduced travel globally and in India. In 2008 and 2009, turbulence in the financial sector led by the sub-prime mortgage crisis in the United States severely impacted the global economy causing most of the world to fall into a deep recession. This resulted in a significant slowdown of international travel. Business conditions were further aggravated by the terrorist attacks on the city of Mumbai in November 2008 which resulted in travel advisories being issued by a number of countries, including the United States. The global H1N1 pandemic also caused a decline in travel in 2009.

In November 2008, our hotels in Mumbai were attacked along with several other places in the city of Mumbai. As a result of these attacks, the Trident, Nariman Point, Mumbai was closed for nearly one month and The Oberoi, Mumbai was closed for approximately 17 months for restoration and renovation. In fiscal year 2009, we recognized ₹ 967.60 million as other income, representing our insurers provisional assessment of business interruption losses resulting from the damages to our Mumbai hotels due to the November 2008 terrorist attack. In fiscal year 2010, we recognized ₹ 526.76 million as other income on account of insurance claims for business interruption. We are in the process of submitting insurance claims for the damage incurred by the hotels. We have received a provisional amount of ₹ 800 million from our insurers. The actual amount of reimbursement and the apportionment of the amount between compensation for damages and business interruption losses will be determined upon settlement of our claims by the insurers.

However, we believe that the positive outlook for the Indian economy will drive growth in the hospitality sector which will accelerate as the world economy improves. We believe our commitment to high standards of excellence positions us well to benefit from this growth.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by a number of factors, in particular the following:

Changes in Market Conditions Affecting the Hospitality Sector

Our financial results are driven by factors affecting demand in the hospitality and airline industries generally. In particular, the key factor affecting demand is the condition of the Indian economy as well as the global economy. We are particularly dependent on the economies of the United States and Europe which account for a large percentage of our guests. Economic growth drives both business and leisure travel as well as conferences, banquets and events which impact the success of our food and beverage operations. As a result our revenue is tied to the economic outlook globally. The challenging economic landscape during our last two fiscal years has contributed to the decline in our revenue during those periods. In addition, we are also affected by terrorism, worldwide health concerns, political instability, natural disasters and increases in oil prices which can result in reduction in travel globally and India. For example, following the terrorist attacks on 26 November 2008 in Mumbai which involved several coordinated attacks at various locations in the city including two of our hotels, we experienced a significant decline in bookings at our hotels throughout India. While we have sought to maintain the highest standards of security for our guests and employees at all of our locations, any perceived threats to the health or safety of travellers in India has a negative affect on our business.

Competition

Hotels owned or operated by us compete for guests with other hotels in a highly competitive industry. Our success is dependent on our ability to compete in areas such as room rates, quality of accommodation, service levels and brand recognition, among others. Our occupancy percentages, average room rates ("ARR"), revenue per available room ("RevPAR") and total revenues are subject to competition in these areas and on the availability and location of hotel rooms. We also will have to compete with any new hotel properties that commence operations in the cities in which we operate. By 2015, 14 new hotels are expected to open in north Mumbai adding over 3,100 rooms, 13 new hotels in Hyderabad adding over3,100 rooms, 15 new hotels in Bangalore adding over 4,100 rooms, 13 new hotels in Delhi adding over 2,600 rooms and 11 new hotels in Gurgaon adding over 2,200 rooms *(Source: CRIS INFAC Hotel Annual Review - Opinion, September 2009)*. We expect to compete with the capacity addition that will occur within the five star deluxe and five star segments. Our ability to respond to the expected growth in business traffic, tourism and hotel room capacity, and the consequent competition in the hotel industry, will be critical to our results of operations.

Seasonality

Our revenues are generally higher during the second half of each fiscal year as compared to the first half of the fiscal year as there is increased travel in India from October to March when the weather is cooler. For example, in the second half of fiscal 2010 the Company generated 57% of revenues for the year, compared to 43% in the first half. Seasonality affects leisure travel and the MICE segment. Business travel generally tends to be less affected by seasonality. We expect that seasonality will continue to have an effect on our business and operations. We seek to mitigate the effects of seasonality by transferring some of our staff between hotels that experience seasonality at different times of the year, such as our hotels in Shimla which experience higher occupancy rates in summer, and by structuring hotel pricing and tourism packages based on seasonality.

Employees and Training

The key element in providing our services at a consistently high level of quality is being able to attract, train and retain our employees. Our employee remuneration and welfare expenses are our single largest category of expenses, accounting for 25.4% of our total income in fiscal year 2010. We believe our hospitality training is among the best in India, and our employees are often recruited by our competitors. We seek to retain our employees by providing competitive compensation packages and providing ongoing training to develop our employees within our organization. We believe that these initiatives enable us to be an attractive employer in an increasingly competitive labour market.

Operating Expenses

Our results of operations are affected by the cost of developing and operating additional rooms, and changes in the cost of energy and the cost of provisions, among others. We have experienced margin pressure over the past two fiscal years as a result of inflation, and expect inflationary trends in India to continue. We have experienced material increases in energy costs, resulting from increases in the unit cost of electricity in many of our hotels' locations as well as a general increase in costs of fuel such as diesel. We seek to mitigate these increases in energy costs through various energy conservation measures which are discussed further in "Business – Strategies – Continue to focus on operational efficiencies". Our hotels have to be renovated periodically to keep up with changing trends and consumer demands, and such renovation may involve significant development and maintenance costs which may not always be anticipated. These costs are likely to be higher in our older hotels and our heritage properties. We expect that our operating expenses will increase in proportion to the addition of new properties to our portfolio. A significant proportion of our operating expenses are fixed or are not proportional to our revenues. Therefore, the ratio of our operating expenses to our revenues tends to increase as our revenues decrease and tends to decrease as our revenues increase.

Other Hospitality and Transport Business

Our flight and airport services contributed 16.9% and car hire business contributed 6.6% of our revenues in fiscal 2010. With the growth in the domestic and international aviation sector in India in response to the growth in business and leisure travel and liberalisation of the government's policies, we expect that our airport and flight service business and car hire business will expand and contribute a higher volume of revenue and cash flow to our business. As an incumbent in this business, we believe we are well positioned to capitalize on these growth opportunities. We expect that our margins will depend on the cost sensitivity of the airline industry and the costs of establishing new flight kitchens.

Interests Rates and the Availability of Financing

We depend on debt financing for a significant proportion of our capital needs. Our loans from banks and others were equivalent to 44.0% of the total amount of our assets. Additionally, interest and finance charges were equivalent to 10.5% of our total revenues in fiscal year 2010. Due to our reliance on debt financing, interest rates and factors affecting the debt markets both in India and internationally have a significant impact on our business. Increased interest rates would reduce our margins and may impact our ability to obtain necessary financing to meet our capital needs. For details on the RBI benchmark rates, please see the chapter entitled "Presentation of Financial Information and Use of Market Data".

CRITICAL ACCOUNTING POLICIES

Basis of accounting

The preparation of financial statements and the application of generally acceptable accounting principles requires our management to make certain estimates and assumptions. Differences between actual and estimated amounts are recognised in the period in which the results are known or materialise.

Revenue recognition

Revenue from hospitality services is recognized when the services are rendered and become chargeable. Revenue from the sale of printing and other materials is recognized at the time of dispatch to customers. As discussed above, we also recognized ₹ 967.60 million in fiscal year 2009 and ₹ 526.76 million in fiscal year 2010 as other income, in relation to our insurance claims for business interruption. We have not yet reached a final settlement with our insurers with respect to these amounts.

Basis of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses (as per AS-21).

Interests in jointly controlled entities have been accounted for by using the proportionate consolidation method (as per AS-27).

The difference between the cost to the Company, of its investment in its subsidiaries and jointly controlled entities, over the Company's portion of equity in these entities as at the date of making the investment is recognised in the financial statements as goodwill or capital reserves, as the case may be.

In the case of foreign subsidiaries, income statement items are consolidated at the average exchange rate prevailing during the year. Balance sheet items are converted at the year-end exchange rate. Any exchange rate difference arising on consolidation is recognised in the exchange fluctuation reserve.

In the case of associates which are not jointly controlled entities as per AS-27, where the Company holds more than 20% and up to 50% of the voting power, are accounted for using the equity method as per AS-23. Our main associate company is EIH Associated Hotels Limited, which is listed on the BSE, NSE and the Madras Stock Exchange. The Company's equity interest in EIH Associated Hotels Limited is 36.10%.

Fixed assets and depreciation

Fixed assets are stated at cost of acquisition or construction less depreciation. Borrowing costs attributable to the acquisition of qualifying assets and all significant expenses incidental to the acquisition are capitalised. The carrying value of fixed assets, which are in excess of their value in use or net realisable value, is recognised as impairment loss.

Depreciation on fixed assets other than land, certain building on leasehold land and leased vehicles is calculated on the straight line method at the rates provided in Schedule XIV of the Companies Act. Certain fixed assets including and buildings on leasehold land (other than on perpetual lease) are amortised over the lives of the respective leases or remaining lease period from the date of installation, if shorter. Vehicles acquired on lease are depreciated over their respective lease period or sixty months whichever is earlier. The depreciation on amounts added on revaluation of buildings is recouped by transfer from revaluation reserves.

Investments

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

Employee benefits

We make regular contributions to our employees' provident fund and also make employees' state insurance contributions. The accruing liability for gratuity and leave encashment benefit is calculated on an actuarial basis and the incremental liability for the year is provided for.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Exchange rate gains or losses are accounted for on realisation. Payments made in foreign currency are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency and monetary items denominated in foreign currency is converted at the exchange rate prevailing at the end of the year.

Revenue and expenditure of overseas sales offices are converted at the average exchange rate for the year. Assets and liabilities other than fixed assets and investments are converted at the exchange rate prevailing at the close of the fiscal year and fixed assets and investments are converted at the month-end exchange rate of the month of acquisition.

Foreign currency loans covered by forward contracts are realigned at the forward contract rates. Those not covered by forward contracts are realigned at year end rates. Differences on realignment are accounted for in the profit and loss account.

Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year.

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

OVERVIEW OF INCOME AND EXPENDITURE

The following descriptions set forth information with respect to key components of our income statement.

Income

- *Room:* Income from rooms represents revenues received for the occupation of rooms at our hotels.

- *Food and beverages:* Food and beverage income comprises income received from food and beverage sales, including food and beverage items from restaurants in our hotels, room service and in-room mini bars, as well as revenue from our flight services and airport services business.

- *Other services:* Other services consists of income from other miscellaneous services, including laundry, telephones, internet services, health clubs, beauty salons, spa services, income from the hotels' business centers and sales from "Tijori" branded shops in our hotels. This also includes management fees received from our managed properties pursuant to our management contracts. This income is generally determined as a percentage of the revenues plus a percentage of the gross operating profit of the property as defined in the management contract. This also includes the technical services fees received during the construction phase of managed hotels, and revenues from flight services and airport services.

- *Other income:* The largest components of other income are revenues from transport and car hire charges and sale of printing materials. Other income also includes our insurance claims for business interruption resulting from the terrorist attacks of November 2008 at our hotels in Mumbai. Interest and miscellaneous income items comprise the other elements of other income.

Expenditure

- *Consumption of provisions, stores, beverages and tobacco:* This item consists of the expenses of purchasing food and beverage items (including alcoholic and non-alcoholic beverages, and food and beverages consumed as part of room service and at restaurants), groceries, food staples and tobacco products used in providing our services as well as the costs of paper and ink used in our printing business.

- *Employee remuneration and welfare expenses:* Expenditure on employee remuneration and welfare expenses includes salaries, wages, bonuses, gratuities, leave encashment (accrued vacation not taken), staff welfare expenses, staff perquisites, commissions to Directors and contributions to the provident fund.

- *Upkeep and service costs:* These costs include the ongoing maintenance of our properties, cost of utilities such as heat, light and power, as well as repairs.

- *Administration, selling and other expenses:* These expenses include our overhead costs not attributable to a particular property or business. Significant components of administration, selling and other expenses include rent, royalty fees, advertising and promotional expenses, commissions, rates and taxes, insurance, travel, postage and vehicle expenses.

- *Interest and finance charges:* Interest and finance charges include interest on secured and unsecured indebtedness and processing charges under such loans.

- *Depreciation:* This item consists of depreciation on buildings, plant and machinery, furniture and fixtures, vehicles and office equipment.

- *Taxation:* We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Also, pursuant to this Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability (the difference between taxable profit and book profit) based on the effect of timing differences. The Government has also introduced a fringe benefit tax on various collective employee benefits which is to be taxed at the employer level. We have paid or made provision for such tax.

The key operating metrics that influence our revenues and profitability are ARR, occupancy percentages and RevPAR. The ARR for a given day is calculated by dividing the room revenues for the day by the number of sold rooms for the day and the ARR for a period is calculated by dividing the room revenue for the period by the total number of sold rooms for the period. We calculate occupancy percentages for a period by dividing the total number of sold rooms for the period by the total number of available rooms for the period and RevPAR for a period is calculated by dividing the room revenue for the period by the total number of available rooms for the period.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our consolidated results of operations as a percentage to our total income for the fiscal years 2009 and 2010:

	Year Ended March 31	
	2009	**2010**
	(% of Total Income)	
Income		
Rooms	39.0%	35.7%
Food and beverages	29.0%	30.4%
Other services	11.7%	14.5%
Other income	20.3%	19.3%
Total	100.0%	100.0%
Expenditure		
Consumption of provisions, stores, wines and others.	9.4%	11.8%
Employee remuneration and welfare expenses	22.4%	25.4%
Upkeep and service cost	13.3%	14.0%
Administrative, selling and other expenses	17.9%	19.8%
Interest and finance charges	7.8%	10.5%
Miscellaneous Expenditure Amortised	0.1%	0.0%
Depreciation	6.2%	8.4%
Total	77.2%	89.9%
Profit before exceptional items and tax	22.8%	10.1%
Exceptional income (expenditure)	—	—
Profit before tax	22.8%	10.1%
Provision for Taxes	8.8%	3.3%
Profit/(Loss) after tax	14.0%	6.8%
Minority share	0.2%	0.5%
EIH's share in profit after tax	13.8%	6.2%
Share in profit (loss) of associates	0.2%	0.1%
Total profit after tax	14.0%	6.3%

Year ended 31 March 2010 compared to year ended 31 March 2009

Income

Room revenues

Our room revenues were ₹ 3,739.99 million in fiscal 2010, compared to room revenues of ₹ 4,738.27 million in fiscal 2009, reflecting a decrease of 21.1%. The decrease was mainly due to depressed business and leisure travel due to the global economic downturn, slightly offset by the opening of the Trident, Bandra Kurla in December 2009. In addition, the terrorist attacks in November 2008 not only resulted in the closure of The Oberoi, Mumbai but also affected bookings across our hotels in India. The adverse effect of these developments on occupancy and ARR, and therefore in our revenues was felt for the full fiscal year 2010, compared to only four months in fiscal year 2009.

Food and beverage income

Food and beverage income accounted for ₹ 3,188.44 million in fiscal 2010, a decrease of 9.5%, compared to ₹ 3,521.67 million in fiscal 2009. This decrease was primarily on account of the continued closure of the restaurants at The Oberoi, Mumbai and reduction in food and beverage business at airport lounges.

Other services income

Other services income amounted to ₹ 1,522.39 million in fiscal 2010, an increase of 7.3%, compared to ₹ 1,418.70 million in fiscal 2009. This increase was primarily because of an increase in revenue from airport lounges on account of services other than food and beverage services.

Other income

Other income was ₹ 2,026.55 million in fiscal 2010, compared to ₹ 2,471.27 million in fiscal 2009, a decrease of 18.0%. This decrease was mainly because we recognized ₹ 967.60 million in fiscal year 2009 compared to ₹ 526.75 million in fiscal year 2010 as a result of our business interruption loss claims relating to the terrorist attacks on our Mumbai hotels in November 2008. The attacks resulted in The Oberoi, Mumbai being closed for 17 months and the Trident, Nariman Point, Mumbai being closed for a month.

Total income

Due to the reasons discussed above, total income for fiscal 2010 was ₹ 10,477.37 million, a decrease of 13.8%, compared to total income of ₹ 12,149.91 million for fiscal 2009.

Expenditures

Consumption of provisions, stores, wines and others

In fiscal 2010, we consumed provisions, stores, wines and others amounting to ₹ 1,236.30 million, or 11.8% of total income, an increase of 8.7%, compared to consumption amounting to ₹ 1,137.80 million, or 9.4% of total income, in fiscal 2009. This increase was the result of the increased input costs for our printing press operations.

Employee remuneration and welfare expenses

Personnel expenses decreased to ₹ 2,658.00 million, or 25.4% of total income, in fiscal year 2010, a decrease of 2.5% from ₹ 2,726.33 million, or 22.4% of total income, in fiscal 2009. During these periods we did not make significant personnel reductions in order to maintain the quality of service at our facilities. Therefore, the proportion of our personnel expenses as a percentage of revenue increased as revenue fell.

Upkeep and service costs

Upkeep and service costs decreased to ₹ 1,470.59 million (14.0% of total income) in fiscal 2010 from ₹ 1,621.19 million (13.3% of total income) in fiscal 2009. Most of these costs are not directly linked to revenue which causes these expenses to proportionally increase as a percentage of our revenue when revenue declines.

Administrative, selling and other expenses

Administrative, selling and other expenses decreased by 4.7% to ₹ 2,073.88 million (19.8% of total income) in fiscal 2010 from ₹ 2,176.54 million (17.9% of total income) in fiscal 2009. We were able to reduce these costs due to the reduction of commissions to travel agents and others as a result of reduced business and cost cutting measures undertaken as a result of the economic crisis which resulted in a reduction in advertisement, publicity and other promotional expenses.

Interest and finance charges

Interest and finance charges increased to ₹ 1,103.13 million in fiscal 2010 (10.5% of total income), compared to ₹ 952.91 million in fiscal 2009 (7.8% of total income), which represented an increase of 15.8%. This increase was the result of an increase in the total amount of debt outstanding during fiscal year 2010. Our outstanding loans as of 31 March 2010 were ₹ 14,356.5 million compared to ₹ 11,445.25 million as of 31 March 2009.

Depreciation

Depreciation expenses increased to ₹ 877.57 million in fiscal 2010, compared to ₹ 749.12 million in fiscal 2009 as a result of additions to our fixed assets during the period, principally the Trident, Bandra Kurla.

Profit before tax

Due to the reasons discussed above, during fiscal 2010, profit before tax was ₹ 1,057.76 million (10.1% of total income), compared to ₹ 2,768.63 million (22.8% of total income) in fiscal 2009.

Provision for taxes

Provision for taxation in fiscal year 2010 amounted to ₹ 347.88 million (which included a current tax provision of ₹ 163.50 million and a deferred tax provision of ₹ 175.78 million), compared to ₹ 1,073.65 million in fiscal year 2009 (which included a current tax provision of ₹ 920.31 million and a deferred tax provision of ₹ 107.75 million). Our tax provisions decreased in fiscal year 2010 primarily as a result of our decrease in taxable profits.

Profit after tax

Due to the reasons discussed above, profit after tax was ₹ 709.88 million (6.8% of total income) in fiscal 2010, compared to ₹ 1,694.98 million (14% of total income) in fiscal 2009. After adjusting minority interests and our share in profits of our associates, profit after tax was ₹ 663.05 million (6.3% of total income) in fiscal 2010, compared to ₹ 1,699.55 million (14% of total income) in fiscal 2009.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary liquidity requirements are to finance our working capital needs and our capital expenditures. We finance working capital needs through cash from operations and short-term borrowings, if necessary. We require working capital to finance recurring expenditures, make necessary advances to suppliers and undertake the maintenance and upkeep of our properties.

Cash Flows

The following table summarises our cash flows for each of the years ended 31 March 2009 and 2010:

	Year Ended March 31	
	2009	**2010**
	(₹ in millions)	
Net cash from operating activities	2,285.84	781.59
Net cash from (used in) investing activities	(3,300.46)	(3,416.26)
Net cash flow from (used in) financing activities	1,342.33	2445.41
Net change in cash and cash equivalents	327.71	(189.26)

Operating activities

Cash flow from operating activities mainly depends on our operating profits and changes in net working capital.

Net cash generated from operating activities in fiscal 2010 was ₹ 781.59 million. Net profit before tax and exceptional items was ₹ 1,057.76 million, the major non-cash adjustment being depreciation for the year amounting to ₹ 877.57 million. Working capital adjustments included a decrease in sundry creditors of ₹ 497.50 million relating to the completion of capital works at Trident, Bandra Kurla, which decreased our net cash from operating activities. Interest paid of ₹ 1,089.83 million and taxes of ₹ 294.93 million reduced our cash flow from operations.

Net cash from operating activities in fiscal 2009 was ₹ 2,285.84 million. Net profit before tax for the year was ₹ 2.768.63 million, the major non-cash adjustment being depreciation for the year amounting to ₹ 749.12 million. Working capital adjustments included a increase in trade and other receivables of ₹ 1,054.96 million due in part to the insurance claims filed as a result of the terrorist attacks at our properties in Mumbai, offset in part by an increase in sundry creditors and other payables amounting to ₹ 437.16 million, mainly relating to the purchase of machinery for a printing press on a finance lease and project creditors for the construction of the Trident, Bandra Kurla. Interest payments of ₹ 984.03 million and taxes of ₹ 1,046.66 million reduced cash flow.

Investing activities

Net cash used in investing activities in fiscal 2010 was ₹ 3,416.26 million, consisting mainly of purchases of fixed assets relating mainly to ongoing hotel developments and the renovation of existing hotels, including The Oberoi, Mumbai. Net cash used in investing activities in fiscal 2009 was ₹ 3,300.46 million, consisting mainly of purchases of fixed assets amounting to ₹ 3,177.24 million relating mainly to the Trident, Bandra Kurla, and investments of ₹ 398.64 million in group companies.

Financing activities

Net cash from financing activities in fiscal 2010 amounted to ₹ 2,445.41 million. We raised term loans of ₹ 3,332.08 million, cash credit from banks of ₹ 548.62 million and unsecured loans of ₹ 850.00 million; repaid term loans of ₹ 1,770.62 million; and paid dividends of ₹ 481.50 million.

Net cash from financing activities in fiscal 2009 amounted to ₹ 1,342.33 million. We raised term loans of ₹ 4,047.98 million and loans from finance companies of ₹ 87.97 million; repaid term loans of ₹ 923.10 million, cash credit from banks of ₹ 890.41 million, unsecured loans of ₹ 120.00 million and loans from finance companies of ₹ 151.74million; and paid dividends of ₹ 708.92 million.

Capital expenditures

Our main capital expenditure requirements are for major building and renovation projects and new hotel developments and investment in joint venture companies. We generally fund these capital expenditure requirements through long-term borrowings or cash from operations. Major components of our capital expenditures for fiscal year 2010 were the establishment of the Trident hotel at Bandra Kurla Complex (₹ 1,329 million) and the restoration and renovation of Mumbai hotels (₹ 1,112 million). Major components of our capital expenditures for fiscal year 2009 were the establishment of the Trident hotel at Bandra Kurla Complex (₹ 1,796 million) and the restoration and renovation of Mumbai hotels (₹ 205 million).The major component of our planned capital expenditures is ₹ 1,000 million for a proposed new flight kitchen at New Delhi.

Our capital expenditure plans are based on market conditions and outlook as of the time these plans were prepared, and on our current strategic objectives. These could change, thereby requiring changes to our capital expenditure plans and expected amounts.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

We have purchase obligations that arise in the normal course of business, primarily consisting of our debt obligations, finance leases for fixed assets, operating leases for our offices premises, site offices, airport and flight services and residential premises for employees, and capital expenditures. Future payments due under our debt obligations, and finance leases and estimated amounts for our proposed flight kitchen in Delhi as at 31 March 2010 are as follows:

	Total	**Within one year**	**More than one year**
	(₹ Millions)		
Debt: (1)			
Secured short-term debt	548.99	548.99	—
Secured long-term debt	12,952.51	3,488.75	9,463.76
Unsecured debt	855.00	850.00	5.00
Finance leases	258.87	66.14	192.73
Capital commitments(2)	1,000.00	900.00	100.00
Total	15,615.37	5,853.88	9,761.49

(1) Including interest accrued and due.

(2) Estimated capital commitment for proposed flight kitchen in Delhi. Does not include ordinary course capital works on hotel properties.

Our purchase obligations can fluctuate significantly from period to period and can materially impact our future operating asset and liability balances, and our future working capital requirements. We intend to use our existing cash balances, together with anticipated cash flows from operations to fund our existing and future contractual obligations. We may incur additional debt in the future in order to finance certain costs of our expansion plans.

CONTINGENT LIABILITIES

Our contingent liabilities not provided for as of 31 March 2010 amount to ₹ 1,544.37 million and consist mainly of claims against the Group pending appellate/judicial decisions in respect of, amongst others, income tax demands of ₹ 578.48 million, customs duty of ₹ 452.50 million and guarantees of ₹ 239.50 million.

RELATED PARTY TRANSACTIONS

For details please refer to the note on "Related Party Transactions" in the financial statements included in this Draft Letter of Offer.

MARKET RISKS

Interest Rate Risk

Our principal exposure to market risks derives from changes in interest rates. Our interest rate risk arises from our short-term and long-term borrowings. Of our total outstanding indebtedness of ₹ 14,356.50 million as of 31 March 2010, ₹ 553.26 million was at fixed interest rates and ₹ 13,803.24 million was at floating interest rates. We are subject to interest rate risk on our floating interest rates as well as for new borrowings or refinancing we may need to make.

Inflation Risk

We are subject to the risks of cost inflation, in particular the costs of energy and manpower. The Indian economy experienced inflation of 11% in March 2010 and this inflation is expected to continue. To the extent we are not able to offset inflation in costs by appropriately pricing our hotel rooms and our other products and services, our profitability could be adversely affected.

SIGNIFICANT DEVELOPMENTS AFTER 31 MARCH 2010 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

On June 30, 2010, EIH International Ltd, a wholly owned subsidiary of our Company completed an acquisition of 45.85% of the equity interest of Amex Investment Ltd, in its international hotels joint venture company EIH Holdings Ltd. With this acquisition, EIH Holdings Ltd is now a wholly owned subsidiary of EIH International Ltd. This subsidiary holds equity investments and hotel management contracts in the existing Oberoi Hotels in Mauritius, Indonesia and Egypt, a hotel management contract for The Oberoi Zahra Nile cruiser in Egypt and long term hotel management contracts for new Oberoi hotel projects planned or under construction in Dubai, Morocco, Greece and a second hotel in Mauritius.

MATERIAL DEVELOPMENTS

Recent Developments

In accordance with circular no. F.2/5/SE/76 dated 5 February 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated 8 March 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Draft Letter of Offer is provided below:

1. Working Results of the Company on a standalone basis for the period from 1 April 2010 to 31 August 2010:

(₹ in million)

Sr.No.	Particulars	Amount
1.	Sales / turnover	3,149.90
2.	Other income	526.22
3.	Total Income	3,676.12
4.	PBIDT	461.29
5.	Interest &Finance Charges	607.14
6.	Provision for Depreciation	341.71
7.	Provision for Tax	(202.29)
8.	Profit /(Loss) after Tax	(285.27)

2. Material changes and commitments, if any, affecting the financial position of the Company

There are no material changes and commitments,other than as disclosed in this Draft Letter of Offer, which are likely to affect the financial position of the Company since 31 March 2010 (i.e. last date up to which audited information is incorporated in the Draft Letter of Offer).

3. Stock Market Data

a. The week end prices of the Equity Shares of the Company for last four weeks on the BSE and NSE are provided in the table below:

Week ended on	Closing Price (In ₹)	
	BSE*	NSE**
24 September 2010	140.4	140.75
17 September 2010	138.15	138.15
9 September 2010	141	140.85
03 September 2010	150.85	150.80

*Source: www.bseindia.com
** Source: www.nseindia.com

b. The highest and lowest prices of the Equity Shares of the Company on the BSE and NSE for last four weeks are provided in the table below:

Name of the stock exchange	Highest (In ₹)	Date	Lowest (In ₹)	Date
BSE	150.85	3 September 2010	135.45	15 September 2010
NSE	150.9	30 August 2010	135.7	15 September 2010

The Company has filed its unaudited financial results for the three months ended June 30, 2010 with the Stock Exchanges in accordance with the requirements under the Listing Agreement.

REVIEW REPORT

To
The Board of Directors of
EIH Limited

1. We have reviewed the accompanying statement of un-audited financial results of **EIH Limited** for the quarter ended 30th June, 2010 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors at its meeting held on 31st July, 2010. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, 'Engagements to Review Financial Statements' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of un-audited financial results for the quarter ended 30th June, 2010 prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **RAY & RAY**
Chartered Accountants
(Registration No. 301072E)

Place: Chennai,
Date: 31st July ,2010

(**R.N. ROY**)
Partner
Membership No. 8608

LIMITED REVIEW UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 3OTH JUNE, 2010

(Rupees in Millions)

	Quarter ended		Year ended
	30.06.2010	30.06.2009	31.03.2010 (Audited)
Net Sales	1863.40	1520.50	7741.30
Other Operating Income	180.00	133.70	730.10
	2043.40	1654.20	8471.40
Insurance Claim	-	526.80	526.80
Total	2043.40	2181.00	8998.20
Expenditure			
a) Consumption of Provisions, Stores, Wines & Others	312.50	254.80	1190.10
b) Employees' Cost	697.10	623.30	2448.00
c) Power & Fuel	193.50	139.30	594.50
d) Depreciation	205.00	148.40	680.30
e) Other Expenditure	589.00	488.70	2261.00
Total	1997.10	1654.50	7173.90
Profit from Operations before Other Income and Interest	46.30	526.50	1824.30
Other Income	8.20	9.70	74.50
Profit before Interest	54.50	536.20	1898.80
Interest	335.20	219.30	1008.90
Profit/(Loss) before Tax	(280.70)	316.90	889.90
Tax	(121.40)	126.40	317.60
Profit/(Loss) after Tax	(159.30)	190.50	572.30
Paid-up Equity Share Capital (Face Value - Rupees 2 each)	785.91	785.91	785.91
Reserves excluding Revaluation Reserve			11032.50
Basic & Diluted Earnings per Equity Share - Rupees	(0.41)	0.48	1.46
Public Shareholding :			
- Number of Equity Shares	210503944	210563235	210503944
- Percentage of Shareholding	53.57	53.58	53.57
Promoter and Promoter Group's shareholding pledged :			
- Pledged Number of Shares	14331516	9514016	6698607
- Percentage of pledged shares on shareholding of Promoter/Promoter Group	7.86	5.22	3.67
- Percentage of pledged shares on Total Share Capital of the Company	3.65	2.42	1.70

LIMITED REVIEW UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 3OTH JUNE, 2010

Promoter and Promoter Group's shareholding non-encumbered :			
- Number of Shares	168118512	172876721	175751421
- Percentage on shareholding of Promoter/Promoter Group	92.14	94.78	96.33
- Percentage on Total Share Capital of the Company	42.78	44.00	44.73

LIMITED REVIEW UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 3OTH JUNE, 2010

(Rupees in Millions)

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

	Quarter ended		Year ended
	30.06.2010	30.06.2009	31.03.2010 (Audited)
Segment Revenue			
a. Hotels	1892.20	2068.90	8493.80
b. Others	151.20	112.10	504.40
Total	2043.40	2181.00	8998.20
Segment Results			
Profit/(Loss) before Tax and Interest from each Segment :			
a. Hotels	431.60	942.90	3596.80
b. Others	(40.20)	(73.70)	(264.10)
Total	391.40	869.20	3332.70
Less :			
i. Interest	335.20	219.30	1008.90
ii.Other un-allocated expenditure	336.90	333.00	1433.90
Profit/(Loss) before Tax	(280.70)	316.90	889.90
Capital Employed			
a. Hotels	19870.60	19476.50	20442.10
b. Others	2575.10	2681.10	2589.20
Total	22445.70	22157.60	23031.30

Notes:

1. The results for the first quarter are not indicative of a full year's working due to the seasonal nature of the Indian hotel industry.
2. The Insurance Claim represents claim for loss due to business interruption at The Oberoi, Mumbai and Trident,

Nariman Point, Mumbai as a result of terrorist attack on Mumbai.

3. The Oberoi, Mumbai commenced operation on 24th April, 2010. The Company is adequately insured on a replacement value basis against damage caused by terrorism on The Oberoi, Mumbai and Trident, Nariman Point, Mumbai. Since settlement of claims for the damage is pending, no effect has been given in the books in respect of damage to the properties.
4. EIH International Ltd, a wholly owned subsidiary of EIH Limited, completed the acquisition of 45.85% equity interest of Amex Investment Ltd in its international Joint Venture Company, EIH Holdings Ltd for USD 45 Million. With this acquisition, EIH Holdings Ltd is now a wholly owned subsidiary of EIH International Ltd.
5. No investor complaint was pending at the beginning of the quarter. One investor complaint was received during the quarter, which was pending at the end of the quarter.
6. Figures have been regrouped or rearranged, wherever necessary.
7. The above Unaudited Financial Results were reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on 31st July, 2010. The Statutory Auditors have carried out a limited review of the above Financial Results.

S.S. MUKHERJI
Vice Chairman

31st July, 2010

In terms of our attached report of even date.
For RAY & RAY
Chartered Accountants
R.N.ROY
Partner
Membership Number 8608
31st July, 2010

FINANCIAL INDEBTEDNESS

Financial Indebtedness

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
State Bank of India Term loan agreement dated 28 January 2003	General corporate purpose which includes normal capital expenditure, expenses for ongoing and future projects of the Company, investments in subsidiaries for their ongoing and future projects and augmentation of the Company's net working capital	1,500	825	First charge by way of mortgage on The Trident, Nariman Point, Mumbai, ranking pari-passu with existing charge in favour of SBI	Nine consecutive half yearly installments with the first installment falling due on 18 February 2008	Sanctioned at 1.50% below State Bank Medium term Lending rate ("SBMTLR") with a reset every 3 years. This was changed with effect from 8 April 2005 to 1.75% below SBMTLR. Current applicable rate is 10.50% p.a. payable monthly[1]	Upto a maximum extent of 1% p.a. on the pre paid amount for the residual period
State Bank of India Term loan agreement dated 4 October 2007	To part finance various new and on-going projects including the project cost of The Trident, Bandra Kurla, Mumbai, being ₹ 8,278.30 million	4,500	4,350	First charge over the immovable and moveable fixed assets of The Trident, Bandra Kurla, Mumbai	24 quarterly installments commencing from the quarter ending 30 June 2009	Sanctioned at an interest rate of 12% p.a. with a reset every year based on 0.75% below State Bank Advance Rate ("SBAR"). This was changed with effect from 31 December 2009 to 1.75% below SBAR. Current applicable rate is 10% p.a. payable monthly [2]	2% on the pre-paid amount

[1] *Current interest rate effective from 8 April 2008 and due for reset on 8 April 2011*

[2] *Current interest rate to be reset annually from the date of first disbursement i.e. 24 October 2010.*

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
United Bank of India Term loan dated 21 October 2003	Converting short term loan obtained by the Company to the extent of ₹ 1,000 million. The balance funds of ₹ 800 million to be utilized towards the project cost of The Trident, Bandra Kurla, Mumbai and general capital expenditure for different units of the Company	1,800	720	First charge by way of mortgage on the immovable and movable fixed assets (both present and future) of The Oberoi Grand, Kolkata ranking pari-passu with the existing charge in favour of the State Bank of Hyderabad	10 half yearly installments commencing from 30 September 2006	10.50 p.a. with monthly rest.	Nil
State Bank of Hyderabad Term loan agreement dated 5 May 2005	Prepayment of the HDFC loan	1,500	1,300	First charge by way of mortgage on The Oberoi Grand, Kolkata ranking pari-passu with the existing charge in favour of the United Bank of India	Repayment to be made in installments as per the following schedule: 1 January 2010- ₹ 200 million 1 January 2011- ₹ 500 million 1 January 2012- ₹ 800 million	7.5% p.a. (Fixed) monthly rests, to be reset every 3 years. [3]	Prepayment will not be allowed under normal circumstances. If prepayment is allowed by the bank, prepayment penalty as per the bank's standard rates will be charged
United Bank of India Term loan agreement dated 30 March 2009	General corporate purposes	1,000	1,000	First charge on the movable and immovable property of The Maidens Hotel in Delhi ranking *pari passu* with	12 equal quarterly installments with the first installment falling due in March, 2011	10.25% p.a. (fixed) with a provision to reset interest rate after 2 years from the date of 1st disbursement[4]	No prepayment charge if the Company gives 30 days prior notice to the bank. Failing which prepayment penalty as per

[3] *To be reset every 3 years.*
[4] *To reset interest rate after 2 years from the date of 1st disbursement i.e. 31 March 2009.*

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
				Hongkong and Shanghai Banking Corporation			the bank's standard rates will be charged
State Bank of Hyderabad Term loan agreement dated 14 March 2007	Relocation of the printing press to Manesar in Haryana and purchase of an Aircraft being the Hawker 850XP	1,100	366.60	₹ 600 million secured by way of mortgage of the land and building and hypothecation of the plant and machinery of the printing press ₹ 500 million secured by hypothecation of the aircraft, being the Hawker 850XP	Repayment to be made in installments as per the following schedule: 1 January 2009- ₹ 366.7 million 1 January 2010- ₹ 366.7 million 1 January 2011- ₹ 366.6 million	2.50% below SBLR (Fixed) i.e. at 10.75% per annum to be reset every year[5]	No prepayment charge if the Company gives 60 days prior notice to the bank and the prepayment is out of internal accruals of the Company. Otherwise, prepayment penalty as per the bank's standard rates will be charged
The Hongkong and Shanghai Banking Corporation Limited Term loan agreement dated 11 September 2009	Capital expenditure and renovation	1,000	1,000	Mortgage of the immovable property of The Maidens Hotel, Delhi by way of a first charge on pari-passu basis with United Bank of India	Repayment to be made in installments as per the following schedule: April 2011- ₹ 250 million October 2011- ₹ 250 million April 2012- ₹ 250 million September 2012- ₹ 250 million	8.25% fixed for the first year on amount outstanding. One-year INR-INBMK (as per Reuters) + 3.65% for the second and third year on outstanding amount[6]	Prepayment will be subject to funding penalties at the bank's discretion
HDFC Bank Limited	To part finance the restoration	1,500	1,000	First pari-passu charge on the present	Repayment to be made in ten equal	8.85% (Fixed) for the first year, i.e. from	Prepayment option available to

[5] *To be reset annually from the date of first disbursement i.e. 20 March 2007.*

[6] *The Company shall as long as any balance shall be owing to the Bank on the said account, pay interest at mutually agreed rates as may be specified from time to time. Subject to compliance with directives of RBI from time to time, such interest to be computed on the daily debit balances of the account / s and charged on the last working day of the month or otherwise in accordance with the practice of the Bank and although the relation of Banker and Customer may have ceased and said debit balance and all other moneys payable to the Bank hereunder shall carry interest at the rate aforesaid*

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
Term loan agreement dated March 26, 2010	and renovation expenditure of The Oberoi, Mumbai and for capital expenditure incurred on The Trident, Bandra Kurla, Mumbai, and other normal capital expenditure			and future, movable and immovable assets of The Trident hotel, Nariman Point, Mumbai[7]	quarterly instalments of ₹ 150 million each with the first instalment falling due on 30 June 2012	the first date of disbursement vide sanction letter dated 22 March 2010. [8]	either party on the interest reset dates, by giving a one month written notice prior to the reset date
ICICI Bank Limited Term loan agreement dated 16 July 2010	Capital expenditure and modernization and expansion of the Oberoi, Mumbai and The Trident, Nariman Point and for the refinancing of the existing debt	4,000	2,000	The first draw down of ₹ 2000 million would be construed as tranche A and would be secured by first pari-passu charge over the Maidens Hotel, Delhi. The balance draw downs of ₹ 2,000 million would be construed as tranche B and would be secured by first pari-passu charge over The Oberoi Grand, Kolkata[9]	Repayment to be made in quarterly instalments of ₹ 200 million each with the first instalment falling due on 30 June 2010 and the last instalment falling due on 30 June 2017	10.00[10]	The Company is entitled to prepay the facility in full or in part on the interest reset dates, or at the end of each six month period from the date of first disbursement being 21 July 2010

[7] *Company was to create security within 90 days from the first disbursement, being 30 March 2010. However, there has been a delay on account of non availability of the NOC from the relevant state government department.*

[8] *Interest from the date of first disbursement at 8.85% for the first year, i.e. from the first date of disbursement. Thereafter the interest rate can be as follows:*

Option I:*Reset at every anniversary starting from the date of first disbursement at prevailing floating / fixed interest rates subject to negotiation between the borrower and the Bank.*

Option II: *Applicable rate of interest will be the prevailing 1 year G-Sec Rate on each anniversary of the initial disbursement plus 425 bps.*

[9] *Company to create security within six months from first disbursement i.e. 21 July 2010*

[10] *For each Tranche will be stipulated by ICICI Bank at the time of disbursement of each Tranche, which shall be sum of I-Base and "spread" per annum, subject to minimum rate of I-Base+2.50% p.a. plus applicable interest tax or other statutory*

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
ICICI Bank Limited Short Term loan Facility agreement dated 7 May 2010.	To meet the working capital requirements and refinancing of short term loans	2,000	2,000	Unsecured	20 October 2010	9.50% p.a. (Fixed) payable monthly	The Company may pay any of the outstanding tranches (in part or full) with applicable prepayment premium, as may be communicated by ICICI Bank.
The Hongkong and Shanghai Banking Corporation Limited Overdraft facility pursuant to the letter dated 31 March 2010		100	100	Unsecured	24 September 2010	8.80	Nil
Royal Bank of Scotland (erstwhile ABN Amro Bank) Credit facilities arrangement letter dated 2 April 2008		750[11]	300	Unsecured	Repayment of the first tranche of ₹ 100 million due on 24 September 2010. Repayment of second tranche of ₹ 200 million due on 8 November 2010	8.00	Pre-payment under any circumstances shall be subject to breakage costs as may be levied by the bank in its sole discretion.
DBS Bank Working		750[12]	700	Unsecured	24 September 2010	7.85	Prepayment and cancellation

levy, if any. Above interest rate shall be reset at the end of every 12 months from the date of disbursement of the first / each Tranche of the Facility as a sum of I-Base + "Spread" prevailing on the reset date subject to minimum rate of I-Base + 2.50% p.a. plus applicable interest tax or other statutory levy, if any. "Spread" would be communicated by the Bank on the reset date.

[11] *Out of the total sanction limit of ₹ 750 million only 300 million has been availed.*

[12] *Out of the total sanction limit of ₹ 750 million only 700 million has been availed.*

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned and availed (In ₹ million)	Amount Outstanding on 15 September 2010* (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
Capital Facilities Agreement dated 9 June 2009							charges to be levied as per the rates prescribed by the bank from time to time.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against the Company and its subsidiaries that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against the Company as of the date of this Draft Letter of Offer.

Further, except as disclosed below, the Company and its subsidiaries are not involved in any litigation involving moral turpitude and nor have any proceedings relating to economic offences been initiated against the Oberoi Group.

Further from time to time, we are involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings, which are pending adjudication, are primarily in the nature of civil cases and in some instances, criminal proceedings. We believe that the number of proceedings in which we are involved is not unusual for a company of our size doing business in India.

Cases filed against the Company

1. The Commissioner of Customs (Preventive) issued a show cause cum demand notice dated 27 June 2008 to the Company alleging that the aircraft imported duty free in May 2007 to be used as a non scheduled operators (Passenger) only, has not been so used which violates the conditions of the customs notification which allowed for the import of the aircraft without payment of duty.

   The notice was issued under section 124 read with section 28 of the Customs Act, 1962 to show cause as to why –

   a) The aircraft valued at ₹ 561,542,299 should not be confiscated under section 111(d) and (o) of the Customs Act, 1962;

   b) An amount of ₹ 139,269,864 as total customs duty should not be demanded under section 28 of the Customs Act, 1962;

   c) Interest as applicable or as fixed under section 28AB of the Customs Act, 1962, on the duty amount should not be demanded; and

   d) Penalty should not be imposed under section 112 and 114A, read with section 140 of the Customs Act, 1962.

   The Company has filed a reply to the notice contesting the allegations.

   The Commissioner of Customs (Preventive) *vide* its order dated 27 July 2010 ordered the confiscation of the aircraft under section 111(o) of the Customs Act, 1962. However, an option was given to redeem the same after paying a sum of ₹ 100,000,000 as redemption fine and also invoking the bank guarantee. The Commissioner of Customs (Preventive) further ordered imposition of customs duty of ₹ 139,269,864 and also imposed a penalty of ₹ 50,000,000. The Company is in the process of initiating appropriate proceedings against the order.

2. Sarla Parekh and others have filed a public interest litigation being writ petition bearing number 276 of 2009 before the Supreme Court of India against the Union of India and the Company praying *inter alia* to frame appropriate rules in hotels with regard to proper and adequate security measures, holding and declaring that the Company is liable to pay adequate compensation to the persons/legal heirs of persons who were injured or who died during the terrorist attacks in Mumbai in November 2008 and to frame appropriate rules and regulations providing for mandatory security requirement in all public places in the State of Maharashtra. The Supreme Court *vide* its order dated 8 January 2010 issued notice upon the Respondents. The matter is pending before the Supreme Court of India.

3. Gajraj Singh filed a first information report bearing number 298/2002 at the Amba Mata police station in Udaipur, against the manager, Oberoi Udaivilas hotel alleging that Gajraj Singh's son while working at the swimming pool at Udaivilas hotel expired due to electrocution, since necessary precautions were not been taken in respect of proper electric supply. On the basis of this first information report, a case under section 304-A of the Indian Penal Code, 1860 was registered. After completion of the investigation, the investigating officer submitted a final report finding that the case relates to accidental death.

Thereafter, Gajraj Singh filed a protest petition bearing number 478 of 2007 before the Additional Chief Magistrate, 2, Udaipur against the manager, Oberoi Udaivilas and others, praying that the court take cognizance against the accused persons. The Magistrate passed an order dated 17 August 2007 to take cognizance of offence against all the accused under Section 304-A of the Indian Penal Code, 1860, on the grounds of negligence, and issued summons against the present general manager of the Oberoi Udaivilas hotel. The Oberoi Udaivilas hotel filed an application before the Magistrate informing that at the time of the alleged incident, Udaivilas hotel was under construction. The protest petition is pending before the Magistrate.

4. The Company has purchased a part of the property known as Oitavo Lanco Praias from Joaquim Manuel Aries Gomes located in Goa. Efigenio Dias and others filed a suit bearing number 84/1996 (thereafter numbered as civil case 644/2001 and thereafter civil suit 267/2004) before the Additional I, Civil Judge, Senior Division, at Margao for declaration, partition, demarcation and cancellation of sale deed. The Court *vide* its order dated 27 December 2007 ("Order") *inter alia* dismissed the Suit.

Efigenio Dias and others appealed against the order before the High Court of Bombay at Panji, Goa bearing appeal lodging number 845 of 2008. The appeal is pending before the High Court of Bombay at Panji, Goa.

5. The State of Haryana acquired land at village Silokhera, Gurgaon, under the Land Acquisition Act, 1894. The State of Haryana *vide* communication dated 19 September 1995 released 30 acres of land in favour of the Company. The Company sold part of the land to DLF Limited. Harkishan filed a public interest litigation bearing number 4542 of 2009 before the High Court of Punjab and Haryana *inter alia* challenging the release of the land at Village Silokhera, Gurgaon, by the State of Haryana, permitting the released land to be sold by the Company to DLF Limited and consequently notifying the land to be part of the Special Economic Zone. The Company is one of the respondents in the public interest litigation. The public interest litigation is pending before the High Court of Punjab and Haryana.

6. The assessment pertaining to the assessment year 2001-02 was re-opened and the Assessing Officer passed an order dated 7 November 2007 under section 147 and 143 (3) of the Income Tax Act, 1961. The Company preferred an appeal to the Commissioner of Income Tax (Appeals) against the said order of the Assessing Officer. The Commissioner of Income Tax (Appeals) passed an order dated 17 March 2009, allowing the company's appeal. The Assessing Officer gave effect to order of Commissioner of Income Tax (Appeals) by passing a fresh order dated 26 March 2009. The said order allowed a refund of ₹ 101.37 million. This refund was subsequently adjusted against demand for other assessment years. Aggrieved by the order of Commissioner of Income Tax (Appeals), the Income Tax Department filed an appeal before the Income Tax Appellate Tribunal. The matter is pending before the Income Tax Appellate Tribunal.

7. The Assessing Officer passed an order dated 20 March 2006, disallowing expenses and adding income amounting to ₹ 340.01 million for the assessment year 2003-04. The additional tax liability on account of this was ₹ 134.07 million inclusive of ₹ 35.63 million on account of interest chargeable under 234D and 220 (2). The Company filed an appeal before the Commissioner of Income Tax (Appeals) against the aforementioned order. The Commissioner of Income Tax (Appeals) *vide* its order dated 20 October 2006 allowed relief to the Company. Both the Company and the Income Tax Department preferred appeal before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals). Meanwhile, the Assessing Officer gave effect to the order of the Commissioner Income Tax (Appeals) by passing an order dated 15 March 2007. Subsequently, the Assessing Officer passed a rectification order dated 26 March 2010 under sections 154, 251, 143 (3) of the Income Tax Act, 1961 revising the interest chargeable under sections 234D and 220 (2) to ₹ 35.63 million. The appeal is pending before the Income Tax Appellate Tribunal.

8. The Assessing Officer passed an order dated 29 December 2006, disallowing expenses and adding income amounting to ₹ 303.64 million for the assessment year 2004-05 thereby increasing the tax liability by ₹ 137.87 million inclusive of ₹ 33.59 million on account of interest chargeable under 234B, 234D and 220 (2). The Company filed an appeal before the Commissioner of Income Tax (Appeals) against the aforementioned order. The Commissioner of Income Tax (Appeals) *vide* its order dated 21 May 2007 allowed relief to the Company. Both the Company and the Income Tax Department preferred appeal before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals). The appeal is pending before the Income Tax Appellate Tribunal.

9. The Assessing Officer passed an order dated 29 December 2007, disallowing expenses and allowing income amounting to ₹ 107.65 million for the assessment year 2005-06 thereby increasing the tax liability by ₹ 46.69 million inclusive of ₹ 33.59 million on account of interest chargeable under 234B, 234D and 220 (2). The Company filed an appeal before the Commissioner of Income Tax (Appeals) against the aforementioned order. The Commissioner of Income Tax (Appeals) *vide* its order dated 23 November 2009 allowed relief to the Company. Both the Company and the Income Tax Department preferred appeal before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals). The appeal is pending before the Income Tax Appellate Tribunal.

10. The Company and Balaji Hotels and Enterprises Limited ("**Balaji**") entered into various agreements giving management rights to the Company in a hotel to be constructed by Balaji on Mount Road, Chennai. While constructing the hotel, Balaji availed financial facilities from various financial institutions and also from the Company to the extent of a principal sum of ₹ 151.2 million. Upon inability of Balaji to complete construction of the hotel, the Company filed a Suit in the Madras High Court. An interim order was obtained by the Company in the suit that in the event Balaji sold the suit property to a third party, notice of the Company's management rights to the proposed hotel would be disclosed. During the pendency of the said suit and the interim order, the financial institutions under the SARFAESI Act, 2002, by way of a Private Treaty, sold the property to Robust Hotels Private Limited ("**Robust**") who in turn reportedly entered into a management agreement with Hyatt Hotels Corporation, United States ("**Hyatt**"). Consequent upon which, the Company moved an application for amendment of the plaint to implead Robust and its directors as well as Hyatt in the suit. The same was allowed by the Madras High Court. Robust filed an appeal with the Division Bench of the Madras High Court challenging the impleading. The appeal was heard on 14 September 2010 and judgment has been reserved. The entire amount advanced by the Company to Balaji has been provided for in the books of accounts of the Company.

Cases filed by the Company

1. The Company was allotted a plot of land admeasuring 2.762 acres situated at Lal Bahadur Shastri Marg, New Delhi, adjacent to, The Oberoi hotel, Dr. Zakir Hussain Marg, New Delhi, in terms of the allotment letter No. L-III/8/13/(16)/82-187 dated 27 June 1995. Since the Land and Development Officer (Ministry of Urban Development, Union of India) failed to execute the necessary license agreement, pursuant to the allotment letter, the Company filed a writ petition bearing No. 3016/2000 seeking mandamus, before the High Court of Delhi, against the Union of India to act pursuant to the allotment letter. The High Court of Delhi disposed of the writ petition by directing Union of India to take a decision within six weeks according to the rights and contentions of the parties. The Union of India instead of taking a decision in furtherance of the allotment letter, chose to cancel the same *vide* their order dated 11 April 2005. Thereafter the Company filed the writ petition bearing No. 8070-71/2005 against the order *inter alia* praying for the setting aside of the order dated 11 April 2005 and executing the license agreement in relation to the subject property in favour of the Company . The High Court of Delhi *vide* order dated 3 July 2008 *inter alia* dismissed the writ petition and directed the Union of India to refund a sum of ₹ 33,500,000 along with interest @ 18 % p.a. to the Company.

   Being aggrieved by the order dated 3 July 2008, the Company and another filed a letters patent appeal bearing No. 342 of 2008, before the High Court of Delhi, against Union of India and others *inter alia* praying for setting aside the order dated 3 July 2008. The Company also moved an interim application *inter alia* praying for an ad interim *ex parte* order staying the order and an *ex parte* order restraining the Union of India from interfering in the peaceful possession of the Company in the subject property in question and from auctioning the subject property. The High Court of Delhi has *vide* order dated 12 July 2008 ordered *status quo* with regard to the possession of the land. The matter is currently pending before the High Court of Delhi at New Delhi.

The Union of India further preferred a cross appeal bearing No. 12746 of 2008 *inter alia* restricting their challenge to the grant of interest @ 18% p.a. payable to the Company. The matter is currently pending before the High Court of Delhi at New Delhi.

2. A Memorandum of understanding ("**MOU**"), a Technical Services Agreement ("**TSA**"), a Technical Assistance Agreement (TAA) was entered into between the Company and Royal Manor Hotel and Industries Ltd ("**RMHIL**") in relation to the construction and management of a five star hotel in Ahmadabad, Gujarat ("**Hotel**").

The chairman and managing director of RHMIL on 30 March 1998 withdrew authorization to operate bank accounts unilaterally and wrote a letter to the General Manager of the Company not to issue any cheques on behalf of the Hotel. The Company wrote to RHMIL that such dealings were not in accordance with the provisions of TSA but in spite of this letter, RHMIL showed inability to cancel instructions to banks. Thereafter, certain differences arose between the parties and the Company filed a civil suit bearing No. 1629/1998 before the City Civil Court, Ahmedabad ("**Civil Suit**") *inter alia* praying for permanent injunction against RMHIL directing it from not interfering with operations of Trident Ahmedabad in accordance with the TSA and to allow operation of bank accounts.

Pending the orders, RMHIL on 5 October 1998, forcibly evicted executives of the Company from the Hotel and further prevented entry of staff. The Hotel operations were taken over by RMHIL and the Company informed the City Civil Court, Ahmedabad on the very date that the TSA had been terminated.

The Company *vide* applications on 26 October 1998 filed an application for the withdrawal of the Civil Suit and also filed an application for referring the parties to arbitration in relation to the aforementioned dispute.

The City Civil Court *vide* order dated 25 November 1998 *inter alia* rejected the application for withdrawal of Civil Suit No.1629/1998 by the Company and rejected the application for referring the dispute for arbitration.

Aggrieved by the aforesaid order a civil revision application bearing No. 298/1999 was filed by the Company in the High Court of Ahmedabad wherein it was *inter alia* prayed that the Order is perverse and that the application under Section 8 of the Arbitration and Conciliation Act, 1996 by the Company be allowed and the parties be referred to arbitration.

Simultaneously, the Company also invoked the arbitration clause in the agreements and parallel arbitration proceedings commenced. The parties appointed the arbitral tribunal comprising of Justice S. Ranganathan (Retd.), Justice A.M. Ahmadi (Retd.) and Justice P.K. Bahri (Retd.)

The Company invoked the arbitration clause and filed a claim to recover damages and loss of profits amounting to ₹ 137,339,369.75/- alongwith interest @ 18 % p.a. from 1 October 1999 till payment and or realization.The above mentioned civil suit, the civil revision application and the arbitration proceedings are pending.

3. Lake Place Hotels and Motels Private Limited ("**Lake Palace**") entered into a license agreement dated 2 May 1989 with the Company *inter alia* granting around 75 acres of land at Hari-das ji ki Magri, Udaipur for the construction, use and operation of hotel(s) to the Company ("**License Agreement**").

The License Agreement was superseded by a lease deed dated 17 December 1992 for the same purpose and of the same land as licensed, and was leased for 72 years ("**Lease Deed**") from 1 May 1992.

However, Lake Palace based on the allegations that the Company unlawfully occupied a piece of land while constructing the boundary wall in the year 1989-90 sent a legal notice *inter alia* threatening to take action for breach of the Lease Deed on ground of unlawfully occupying the piece of land while constructing the boundary wall in the year 1989-90.

The Company invoked and referred the alleged threat of termination, of the Lease Deed to arbitration *inter alia* praying that the Company has not committed any breach of the Lease Deed and the purported termination of the Lease Deed is illegal, null and void and asking for a permanent injunction restraining Lake Palace from interfering with the lawful and peaceful possession of the property, to arbitration. Lake Palace has filed its written statement *inter alia* denying the allegations made in the statement of claim and counter claim *inter alia* praying that Lake Palace is the owner of the land and the Company has no right in the land, the Company be directed to pay *mesne* profit to Lake Palace for wrongful use and occupation at the rate of ₹ 123,750 per month from date of encroachment upto date of payment and the Company be directed to pay mense profit to Lake Palace at the rate of ₹ 2,906,250 per month in respect of demised land from the date of termination of lease till payment. The Company filed its reply to the counter claim *inter alia* denying the allegations made in the counter claim. The arbitration proceedings are pending.

4. The Company and Oberoi Palaces and Resorts International Limited ("OPRIL") ("Plaintiffs") filed a suit for specific performance bearing No. 296/93/1 against Esperenca Leonita Dias and others. ("Defendants") in the Court of Additional Civil Judge Senior Division at Margao ("Suit").The Suit is regarding a property known as 'Setimo Lanco De Praias' admeasuring 3499 Sq Mts situated in village Cavellossim, Goa. The Suit is for specific performance of the agreement to sell and in alternative for compensation to the tune of ₹ 25,000,000.

   The Additional Civil Judge Senior Division at Margao *vide* its order dated 30 October 2004 passed an order *inter alia* dismissing the Suit. The Plaintiff preferred an appeal against the order before the High Court of Bombay, at Panaji, Goa. The appeal is pending before the High Court of Bombay, at Panji, Goa.

5. The Assessing Officer passed an order dated 26 December 2008 for the assessment year 2006-07. The said order disallowed expenses and added income amounting ₹ 85.85 million thereby increasing the tax liability by ₹ 30.16 million. Aggrieved by the said order the company preferred an appeal to the Commissioner of Income Tax (Appeals). The matter is pending before Commissioner of Income Tax (Appeals).

6. The Assessing Officer passed an order dated 29 December 2009 for the assessment year 2007-08. The said order disallowed expenses and added income amounting ₹ 619.21 million thereby increasing the tax liability by ₹ 70.14 million. Aggrieved by the said order the company preferred an appeal to the Commissioner of Income Tax (Appeals). The matter is pending before Commissioner of Income Tax (Appeals).

7. The assessment pertaining to the assessment year 2002-03 was re-opened and the Assessing Officer passed an order dated 31 December, 2009 under section 147 and 143 (3) of the Income Tax Act, 1961. *Vide* the said order the Assessing Officer disallowed expenses, added income and thereby increased the tax liability by ₹ 128.73 million. Aggrieved by the order of Assessing Officer, on 1 February 2010 the Company preferred an appeal with the Commissioner of Income Tax (Appeals). The matter is pending before Commissioner of Income Tax (Appeals).

8. The Company for the assessment year 1998-99 filed a revised return disclosing total income of ₹ 389.80 million and claiming deduction under section 80 HHC of the Income Tax Act, 1961. The Assessing Officer *vide* order dated 17 September 2004 disallowed the deduction under section 80 HHC of the Income Tax Act, 1961 and imposed a penalty of ₹ 55.20. Aggrieved by the order of Assessing Officer the Company preferred an appeal to the Commissioner of Income Tax (Appeal). The Commissioner of Income Tax (Appeal) *vide* order dated 29 November 2004 set aside the order of the Assessing Officer. Against the order of Commissioner of Income Tax (Appeal), the Department of Income Tax preferred an appeal before the Income Tax Appellate Tribunal. The Income Tax Appellate Tribunal *vide* its order dated 8 August 2005, allowed the appeal and reduced the amount penalty to amount of tax involved. Aggrieved by the order of the Income Tax Appellate Tribunal, the Company preferred an appeal before the High Court at Calcutta. The matter is presently pending at the High Court.

Cases filed by the Subsidiaries

1. EIH Holdings Limited entered into a Management and Technical Assistance Services Agreement ("**Agreement**") dated 7 November 2002, for the management of The Oberoi, Mauritius. Pursuant to the Agreement, EIH Holdings Limited was entitled to a Basic Management Fee ("**BMF**") and Incentive Management Fee ("**IMF**"). The Mauritius Revenue Authority ("**MRA**") had in its tax assessment commencing from the year ended 30 June 2001, treated the BMF as royalty and taxed it fully. MRA assessed 50% of IMF as taxable and allowed an expense deduction of 65% of the taxable IMF. The MRA applied a tax rate of 25% on the assessed taxable fee. The MRA, on the basis of its formula, assessed tax including penalty for a sum of ₹ 17,915,564.

   EIH Holdings Limited claimed that only 20% of both the BMF and IMF should be taxed and 80% of the taxable income should be treated as expense deduction. On 4 July 2008, EIH Holdings Limited paid total tax of ₹ 5,374,669. MRA *vide* notice dated 31 October 2008 addressed to EIH Holdings Limited *inter alia* demanded payment of the balance tax amount of ₹ 12,858,138 (which also includes the penalty from July 2008 to October 2008). Being aggrieved by the notice, EIH Holdings Limited on 24 November 2008, filed an application for review of the order before the Representations for Review of Decision under Section 18 of the Mauritius Revenue Authority Act, 2004. The application is pending before the Representations for Review of Decision.

2. Pursuant to a Joint Venture Agreement ("**JVA**") dated 30 October 1995, the Company and the State of Himachal Pradesh ("**Himachal Government**") incorporated a company, namely, Mashobra Resort Limited ("**MRL**") for the development and management of the hotel known as "Wildflower Hall" at Chharabra near Shimla. MRL in pursuance to the JVA was granted freehold land by the Himachal Government.

   The High Court of Himachal Pradesh, pursuant to disputes in relation to land, between MRL and the Himachal Government referred the matter to arbitration.

   Vide Arbitral Award dated 23 July 2005 ("**Award**") *inter alia* extinguished the freehold right to the land and converted the same to leasehold right and provided that on non fulfillment of the conditions of the Award by MRL, the Himachal Government would take immediate possession and management of the hotel.

   MRL filed an application under Section 34 of Arbitration and Conciliation Act in the High Court of Shimla, against State of Himachal Pradesh and others bearing arbitration case No. 60 of 2005 *inter alia* challenging the Award and praying for the setting aside of the Award. The Himachal Government has filed their reply *inter alia* denying the allegations made by MRL and MRL has filed its rejoinder denying the allegations made by the State of Himachal Pradesh in its reply. The matter is pending before the High Court of Shimla.

3. Himachal Pradesh Pollution Control Board ("**HPPCB**") *vide* order dated 24 May 2010 issued a show cause notice to Mashobra Resort Limited ("**MRL**") *inter alia* alleging that MRL is discharging partially treated sewage effluent from the holding tank to the nearby nullah and therefore causing public nuisance. HPPCB also alleged violation of the provisions of the Water Act, 1974 and Air Act, 1981. Further HPPCB, *vide* order dated 24 May 2010 directed the state electricity board to disconnect the power supply for the Wildflower Hall with effect from 31 May 2010.

   Against the Order, MRL filed a writ petition bearing civil writ petition No. 2746 of 2010 before the High Court of Shimla *inter alia* praying for quashing the order. The High Court granted interim relief *vide* order dated 28 May 2010 *inter alia* staying the order. The matter is pending before the High Court of Shimla.

GOVERNMENT APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this chapter "Government and Other Approvals", as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities undertaken by the Company or in relation to the Issue.

I. Approvals for the Issue:

1. Board resolution dated 23 September 2010 approving the Issue.
2. In-principle approval from the BSE dated [●].
3. In-principle approval from the NSE dated [●].
4. In-principle approval from the CSE dated [●].

General:

Permanent Account Number: AAACE6898B

Trademark Applications:

Applications dated 21 June 2010 made to the Registrar of Trade Marks, New Delhi for registration of trade mark 'Ziya' under class 3, 16, 29, 30, 31 & 42 of the Trade Marks Act, 1999 and of Trademark 'Fenix' under class 3, 8, 16, 29, 30, 31, 42 of the Trade Marks Act, 1999 and of Trademark 'the Eau Bar' under class 42, 8, 16, 29, 21, 31 of the Trade Marks Act, 1999.

Approvals for our hotel business:

We require various approvals to carry on our business in India and overseas.

The approvals that we require for our operational hotels include the following:

(a) Approvals and registrations in India.

1. Lodging house licences from the relevant Municipal Corporation / local body.
2. Eating house licences from the relevant Municipal Corporation / local body.
3. Licences for Manufacture and Sale of Eatables (MPFA) from the relevant Municipal Corporation / local body.
4. Gradation from the relevant Municipal Corporation / local body.
5. Approvals for storage of furnace oil and high speed diesel from the Department of Explosives, Government of India / Controller of Rationing and Civil Supply, State Government and Licences Department, Municipal corporation.
6. No objection certificates of Chief Fire Officer and licence from the relevant Municipal Corporation / local body to store LPG cylinders.
7. Boiler inspections undertaken by the relevant Municipal Corporation / local body.
8. Registration under Shops and Establishments Act Shops with the Shops and Establishments Department, relevant Municipal Corporation / Labour department.

9. Sales tax registrations with the relevant State Government.

10. Luxury tax registrations with the relevant State Government.

11. Bar licences to be obtained from the relevant State Excise Department.

12. Approvals for swimming pool from the relevant local body / Commissioner of Police.

13. Licences to keep a place for public amusement, premises licence, ticket selling licence, performance licence from the relevant Commissioner of Police under Rules for Licensing and Controlling Places of Public Amusement, 1960.

14. Licences to keep a place of public entertainment from the relevant Commissioner of Police under the Police Act.

15. Nominations under the Prevention of Food Adulteration Act with the relevant Municipal Corporation / local body.

16. Approvals for claiming income tax incentives from the Department of Tourism, Government of India and local Tourism Department

17. Classification of various hotels by the Department of Tourism, Government of India.

18. Air and water pollution consents under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 from the relevant State Pollution Control Board.

19. License to play music in the hotel from Phonographic Performance Limited / Indian Performing Right Society Limited.

20. License to play music on special events from Phonographic Performance Limited / Indian Performing Right Society Limited.

21. No objection certificates for operating beauty parlours and saloons from the relevant Municipal Corporation / local body.

22. Calibration of weights and measures used in the hotel by the Controller of Weights and Measures of the relevant State Government.

23. Registrations under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 with the Provident Fund Commissioner.

24. Registrations under the Employees Family Pension Scheme, 1971 with the Provident Fund Commissioner.

25. Registrations under the Employees State Insurance Act, 1948 with the Employees State Insurance Directorate in the State.

26. Compliances with the Minimum Wages Act, 1948.

27. Compliance with the Payment of Wages Act, 1936.

28. Compliances with the Payment of Bonus Act, 1956.

29. Compliances with the Contract Labour (Regulation & Abolition) Act 1970.

30. Compliances with the Industrial Employment (Standing Orders) Act, 1946.

31. Compliances with the Maternity Benefits Act, 1961.

32. Compliances with the Equal Remuneration Act.

33. Import licenses from the Director General of Foreign Trade (DGFT), Government of India.

34. Permissions to install diesel generator sets from the Electricity Board of the relevant state.

35. No objection certificates of Chief Fire Officer regarding fire safety.

36. Health and hygiene certificates from the relevant Municipal Corporation / local body.

37. Licenses for operating elevators from the relevant Municipal Corporation / local body.

38. Licenses for money changers, as per the Foreign Exchange Management Act, from the Reserve Bank of India.

39. Licences to operate boats from the relevant Regional Transport Officer, wherever applicable.

40. Boat fitness certificates from the relevant Regional Transport Officer, wherever applicable.

41. Licenses for sale of imported foreign liquor and Indian made foreign liquor from the Collector of Mumbai under the Bombay Prohibition Act 1949.

42. Luxury Tax Certificates for levy collection and payment thereof to the government.

43. Laundry licences from the relevant Municipal Corporation / local body.

44. Registration certificates for cakes and pastries from Central Excise Department.

45. Theatre Certificate from Municipal Corporation / local body.

46. Licences to import and store petroleum installation from the Petroleum and Explosive Safety Organisation, Ministry of Commerce and Industry, Government of India

47. Permissions to install borewell where relevant from the relevant Municipal Corporation / local body.

48. Occupancy certificates from the relevant Municipal Corporation / local body.

49. Importer-Exporter code from the Foreign Trade Development Officer.

50. Professional tax registrations for employees and employer with the Sales Tax Officer.

51. No objection certificates for construction of building from the Airports Authority of India.

52. Cable tax registrations with the Entertainment Tax Department of the relevant State.

53. Licences to keep establishments open for 24 hours from the relevant Municipal Corporation / local body.

(b) Approvals and registrations overseas.

1. Permanent license
2. Limited import license
3. License of selling liquor
4. Hotel License
5. Food and beverages license

II. Pending Approvals and Registrations:

We have obtained the above approvals and the same are valid as of the date of the Draft Letter of Offer. Some of these have expired in the ordinary course of business and applications for their renewal have been submitted.

As on date of the Draft Letter of Offer the following applications are pending with respect to operational hotels in India:

1. Application made to the Local Health Authority, New Delhi dated 30 August 2010 for change of nomination in the name of Mr. Surendran, Chef under section 17 of the Prevention of Food Adulteration Act, 1954 in respect of The Oberoi, New Delhi.

2. Application made to the Office of Excise, Entertainment and Luxury Tax, New Delhi dated 26 February 2010 under the Delhi Liquor License Rules, 1976 for renewal of bar licenses number L-3, L-3F, L-5 and L-5F for the year 2010-11 in respect of The Oberoi, New Delhi.

3. Application made to Delhi Pollution Control Board dated 28 September 2007 for renewal of license under the Air (Prevention and Control of Pollution) Act 1981 and the Water (Prevention and Control of Pollution) Act, 1974 in respect of The Oberoi, New Delhi.

4. Application made to the Deputy Labour Commissioner, New Delhi dated 21 May 2010 for renewal of contract labour registration certificate number CLA/PE/14/2003/DLC(S) in respect of The Oberoi, New Delhi.

5. Application dated 10 March 2009 made to the Insecticide Officer, the Municipal Corporation of Greater Mumbai for renewal of permission for fountains at the main porch, lobby and pool in respect of The Oberoi, Mumbai.

6. Application made to the Collector of Excise, Kolkata on 18 March 2010 for renewal of annual excise license for hotel, restaurant, nine bars, music vocal and instrumental, draught beer for the Financial Year 2010-11 in respect of The Oberoi, Grand.

7. Application made to the Deputy Commissioner of Police on 16 April 2010 for renewal of annual police license / certificate for hotel, restaurant, nine bars, music vocal and instrumental, draught beer for the Financial Year 2010-11 in respect of The Oberoi, Grand.

8. Application made to the Indian Performance Right Society Limited, New Delhi on 26 June 2010 for renewal of public performance license number GL:AGRA:00001 for playing / performance / communication of musical works to the public for the period of 1 July 2010 to 30 June 2011 in respect of The Oberoi Amarvilas.

9. Application made to the Chairman, Hotel and Restaurant Approval and Classification Committee, New Delhi on 18 February 2010 for reclassification of the Oberoi Amarvilas as a 5-star deluxe category in respect of The Oberoi Amarvilas.

10. Application made to the Joint Chief Controller Explosive, Agra on 18 March 2010 for renewal of license number PV(CC)S-345/UP permitting to store compressed gas in respect of The Oberoi Amarvilas.

11. Application made to the Assistant Engineer, Public Health Engineering Department, Udaipur on 16 June 2008 for taking permission for a sewer connection in respect of The Oberoi Udaivilas.

12. Application made to the Ajmer Vidyut Vitran Nigam Limited on 19 April 2010 for renewal of permission for use of Diesel Generator set in respect of The Oberoi Udaivilas.

13. Application made to the Chief Electrical Inspector on 25 March 2010 for electrical no objection certificate for the Financial Year 2010-11 in respect of The Oberoi Udaivilas.

14. Application made to the Assistant Commissioner (Excise and Taxation), Shimla on 24 December 2009 for renewal of bar licenses numbers L-3, L-4, L-5 for the Financial Year 2010-11 and change in the name of the general manager in respect of The Oberoi Cecil.

15. Application made to the Environmental Engineer, Pollution Control Board Regional Office, Shimla on 22 March 2010 for renewal of license number EPPCB/ (1)/2008-22869-71 for pollution control and hazardous waste control for the Financial Year 2010-11 in respect of The Oberoi Cecil.

16. Application made to the Corporation Health Officer, Municipal Corporation, Shimla on 26 April 2010 for renewal of license number 1338 for catering, lodging and bar under the Prevention of Food Adulteration Act, 1954 in respect of The Oberoi Cecil.

17. Application made to the Assistant Commissioner (Excise and Taxation), Shimla on 24 December 2009 for renewal of cedar garden licenses number L-4 and L-3 for the Financial Year 2010-11 in respect of The Oberoi Cecil.

18. Application made to the Indian Performing Right Society Limited, Mumbai on 31 August 2010 for renewal of license number REN for playing / performance / communication of musical works to the public for the Financial Year 2010-11 in respect of The Oberoi Cecil.

19. Application made to the Insecticide Officer on 10 March 2009 for renewal of license for fountains at banquet – Lotus Room, Opium Den, India Jones, Lobby and Frangipani in respect of Trident, Nariman Point, Mumbai.

20. Application made to the Medical Health Officer, Mumbai on 17 September 2010 for renewal of gradation licenses for O22, Cafeteria, Maya and Botticino, the Trident Club Lounge in respect of the Trident, Bandra Kurla, Mumbai.

21. Application made to the Fire Station Officer, Haryana on 18 July 2010 for renewal of no objection certificate number FS 2009/1006 valid upto 23 September 2010 granting permission to run hotel from fire safety point of view in respect of the Trident, Gurgaon.

22. Application made to Haryana State Pollution Control Board, Gurgaon for renewal of consent under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Rule 5 of the Hazardous Waste (Management and Handling Rules) Act, 1981 in respect of the Trident, Gurgaon.

23. Application made to the Indian Performing Right Society Limited, Andheri, Mumbai on 21 August 2010 for renewal of license contract number GL:GUR:00046 valid upto 31 August 2010 for playing / performance / communication of musical works to the public for the Financial Year 2010-11 in respect of the Trident, Gurgaon.

24. Application made to the Delhi State Pollution Control Board for renewal of consent under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 in respect of the Maidens Hotel, Delhi.

25. Application made to the Cantonment Board on 31 March 2010 for renewal of trade license for the Financial Year 2010-11 under the Prevention of Food Adulteration Act, 1954 in respect of the Trident, Chennai.

26. Application made to the Cantonment Board on 31 March 2010 for renewal of trade license for the Financial Year 2010-11 under the Prevention of Food Adulteration Act, 1954 in respect of the Trident, Chennai.

27. Application made to the Commissioner of Prohibition and Excise, Chennai on 22 February 2010 for renewal bar license number D/DIS (F) 58881/86 for the Financial Year 2010-11 in respect of the Trident, Chennai.

28. Application made to the Commissioner of Prohibition and Excise, Chennai on 22 February 2010 for renewal draught beer sale license number 7/87-88 for the Financial Year 2010-11 in respect of the Trident, Chennai.

29. Application made to the Fire Prevention Officer on 3 March 2010 for renewal of no objection certificate to run hotel from fire safety point of view in respect of the Trident Bhubaneshwar.

30. Application made to the Joint Chief Controller of Explosive, Agra on 28 February 2008 for renewal of liquefied petroleum gas pressure vessels license number S/HO/UP/03/103 (s3934) for from the year 2008 to 2011 in respect of the Trident, Agra.

31. Application made to the Central Zoo Authority Delhi on 26 November 2009 for renewal of revised master layout plan of the Safari Park in respect of the Trident, Udaipur.

32. Application made to the Electric Inspectorate of Rajasthan, Udaipur Office on 16 April 2010 for renewal of no objection certificate for electrical installations in respect of the Trident, Udaipur.

33. Application made to the Environmental Engineer, Kerala State Pollution Control Board, Ernakulam on 28 November 2007 seeking permission to operate under the environmental laws in respect of the Trident, Cochin.

34. Application made to the Delhi Pollution Control Committee, New Delhi dated 16 January 2006 for renewal of consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 in respect of the Oberoi, Delhi.

35. Application made to the Secretary, Revenue Department, Corporation of Cochin on 28 February 2010 for renewal of bar, lodging, boarding and restaurant license number 24/1289A for the Financial Year 2010-11 in respect of the Trident, Cochin.

As on date of the Draft Letter of Offer the following applications are pending with respect to operational overseas hotels:

1. Application made to the Ministry of Tourism on 18 August 2010 for renewal of license for operating a hotel establishment in respect of Sahl Hasheesh, Egypt.

2. Application made to the Tourism Authority, Mauritius on March 2010 for obtaining of tourist enterprise license to operate Spa in respect of the Oberoi, Mauritius.

Applications requiring resubmission:

1. Application dated 7 April 2005 made to Chairman, the Department of Tourism, New Delhi for reclassification of the jungle resort in five star deluxe category, in respect of The Oberoi Vanyavilas. The Company shall make resubmission under appropriate category as may be advised by the Department of Tourism.

Applications required to be made:

1. We have entered into Hotel Management Contracts for (a) The Oberoi, Hyderabad, (b) The Oberoi, Gurgaon, (c) The Oberoi, Dubai, (d) The Oberoi, Abu Dhabi, (e) The Oberoi, Oman, (f) The Oberoi, Marrakech, (g) The Oberoi, Scorpio Bay, (h) The Oberoi, Mauritius, (i) Trident, Bangalore, (j) Trident Dehradun, (k) Trident, Hyderabad which are currently under construction. We are required to obtain the required approvals only on receipt of occupancy certificate on completion of construction of the respective hotel property.

As on date of the Draft Letter of Offer the following applications are pending with respect to other business:

1. Application made to the Commissioner of Prohibition and Excise, Chennai dated 16 February 2010 for renewal of liquor license number 01/2001-02 for the Financial Year 2010-11 in respect of the Oberoi Airport Services, Chennai.

2. Application made to Commissioner of Labour on 23 September 2010 for renewal of registration for long distance passenger service in respect of the Mercury Car Rentals.

3. Application made to Government of West Bengal on 24 September 2009 for renewal of registration under the Shops and Establishment Act, 1963 in respect of the Mercury Car Rentals.

4. Application made to the Executive Engineer, Electrical Inspectorate Haryana, Gurgaon on 7 August 2010 for inspection of 3 lifts in respect of the Printing Press.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Equity Shareholders of the Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under Section 81(1) of the Companies Act, at its meeting held on 23 September 2010. The Board in its meeting held on [●] determined the Issue Price as Rs [●] per Equity Share and the Rights Entitlement as [●] Equity Share for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Prohibition by SEBI

Neither the Company, the Promoters, the Promoter Group entities, the Directors or, persons in control of the corporate Promoters, have been prohibited from accessing the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

Except as stated below, none of the Directors of the Company are associated with the capital markets in any manner:

Rajan Biharilal Raheja, one of the Directors of the Company, is associated with ING Investment Management (India) Private Limited, details of which are as follows:

SEBI Registration No.	Mutual Fund Registration. No: MF/040/99/5 Portfolio Management Services Registration No. PM/INP000000704
Category of Registration	Mutual Funds and Portfolio Management Services
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil

SEBI has not initiated action against any entities with which the Directors are associated.

Further neither the Company, the Promoters, the Promoter Group entities, the group companies nor the relatives of the Promoters have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Eligibility for the Issue

The Company is an existing listed company registered under the Companies Act whose Equity Shares are listed on the BSE, the NSE and the CSE. It is eligible to offer the Issue in terms of Chapter IV of the SEBI ICDR.

The Company is in compliance with the provisions specified in Part E of Schedule VIII of the SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO

FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS – NOT APPLICABLE

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION

OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS – <u>NOT APPLICABLE</u>

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS Of THE PUBLIC ISSUE - – <u>NOT APPLICABLE</u>

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – <u>NOTED FOR COMPLIANCE</u>

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC**.

(15) **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Manager

The Company and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this document. You must not rely on any unauthorized information or representations. The Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to the Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be [●].

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the CSE

As required, a copy of this Draft Letter of Offer has been submitted to the CSE. The Disclaimer Clause as intimated by the CSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making the Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Letter of Offer and CAFs only to Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the a public offering of the Equity Shares or Rights Entitlement to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other material relating to the Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or Rights Entitlement or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

United States Restrictions

The Rights Entitlement and the Equity Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States (as defined in Regulation S). The Issue to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement. Accordingly, this Draft Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a U.S. person (as defined in Regulation S).

The Rights Entitlement and the Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlement, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

Neither the Company nor any person acting on behalf of the Company will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, in the United States. Any envelope containing a CAF and postmarked from the United States will not be accepted. Similarly, any CAF in which the exercising holder or subscribing applicant requests Equity Shares to be issued in registered form or credited to a securities account and gives an address in the United States will not be accepted. The Company reserves the right to treat as invalid any CAF which: (i) appears to the Company or its agents to have been executed in or dispatched from the United States; (ii) does not include the relevant certifications; or (iii) where the Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Any payment made in respect of any CAF that does not meet the foregoing criteria will be returned without interest. Any person in the United States who obtains a copy of this Draft Letter of Offer or its accompanying documents is required to disregard it.

Until the expiration of the 40-day period beginning on the date on which the Company will allot and issue the Equity Shares, an offer to sell or a sale of, or subscription for, the Rights Entitlement or the Equity Shares within the United States by a broker/dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Each purchaser of the Rights Entitlement and/or the Equity Shares will be deemed to have represented and agreed as follows (terms defined in Regulation S have the same meanings when used herein):

(a) the purchaser (i) is, and the person, if any, for whose account it is acquiring such Rights Entitlement and/or the Equity Shares is, outside the United States, and (ii) is acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S;

(b) the purchaser is aware that the Rights Entitlement and the Equity Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S; and

(c) the purchaser acknowledges that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Entitlement or the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares or Rights Entitlement to the public in that Relevant Member State from and including the Relevant Implementation Date may be made:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last Financial Year; (2) a total balance sheet of more than Euro 43,000,000 and (3) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company or the Lead Manager pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/7 1/EC and includes any relevant implementing measure in each Relevant Member State.

In the case of any Rights Entitlement or Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights Entitlement or Equity Shares acquired by them in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Rights Entitlement or Equity Shares acquired by them in the Issue to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined who are not financial intermediaries or in circumstances in which the prior consent of the Lead Manager has been obtained to each such proposed offer or resale.

United Kingdom Restrictions

The Draft Letter of Offer is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 does not apply.

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Listing

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Legal Counsels, the Registrar to the Issue, the Monitoring Agency and the Bankers to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer. Ray & Ray, Chartered Accountants, the Auditors of the Company, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Other than as disclosed in the chapter “Financial Statements” on page 86, no expert opinion has been obtained by the Company in relation to the Issue.

Issue Related Expenses

The Issue related expenses include, *inter alia*, lead manager, printing and distribution expenses, advertisement and marketing expenses and registrar, legal and depository fees and other expenses and are estimated at ₹ [●] million (approximately [●] % of the total Issue size) and will be met out of the proceeds of the Issue.

Activity	Expense (₹ in million)	Expense (% of total expenses)	Expense (% of Issue Size)*
Fees of the Lead Manager, Registrar to the Issue, Bankers to the Issue, legal advisor, for other professional services and statutory fees	[●]	[●]	[●]
Advertising, traveling and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Commission payable to SCSBs	[●]	[●]	[●]
Total estimated Issue related expenses	[●]	[●]	[●]

*Amount will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.

Previous Issues by the Company

The Company has not undertaken any public or rights issue during the last five years.

Outstanding Debentures/Bonds and Preference Shares

The Company has not issued any debentures, bonds or preference shares

In 1994, the Company made an offering of global depository receipts representing equity shares of ₹ 10 each ("GDRs").These are currently listed on the London Stock Exchange.

Option to Subscribe

Other than as disclosed in the chapter "Capital Structure" on page 14 the Company has not given any person any option to subscribe for the Equity Shares.

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letter issued by the Company to the Lead Manager entered into by the Company with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter issued by the Company to the Registrar.

Investor Grievances and Redressal System

The Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. The Investors' Grievance Committee currently comprises Mr. Prithviraj Singh Oberoi, Mr. Shib Sanker Mukherji, Mr. Santosh Kumar Dasgupta, Mr. Vikram Singh Oberoi and Mr. Arjun Singh Oberoi and its broad terms of reference include:

- Redressal of Shareholder and investor complaints including, but not limited to, transfer of Equity Shares and issue of duplicate Share Certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.; and

- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by the Company.

Status of Complaints

(a) Total number of complaints received during Fiscal 2008: 2

(b) Total number of complaints received during Fiscal 2009: 6

(c) Total number of complaints received during Fiscal 2010: Nil

(d) Time normally taken for disposal of various types of investor complaints: Not more than one month.

Status of outstanding investor complaints

As on 30 June 2010, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The Company's investor grievances arising out of the Issue will be handled by Karvy Computershare Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA applicants giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Karvy Computershare Private Limited
Plot Nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
India.
Toll Free No.1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: eihrights@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: http:\\karisma.karvy.com
SEBI Registration No.: INR000000221

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Gautam Ganguli
Company Secretary and Compliance Officer
4, Mangoe Lane,
Kolkata- 700 001,
West Bengal, India.
Tel: +91 33 4000 2200

Fax: +91 33 2248 6785
E-mail: invcom@oberoigroup.com

Changes in Auditors during the last three years

There have been no changes in the Auditors of the Company in the last three years.

Capitalization of Reserves or Profits

Other than as disclosed in the chapter "Capital Structure" of the Draft Letter of Offer, the Company has not capitalized any of its reserves or profits in the last five years.

Revaluation of Fixed Assets

There has been no revaluation of the Company's fixed assets in the last five years. For further details, see the chapter "Financial Statements" beginning on page 86.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e.,15 days after the Issue Closing Date), the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the Foreign Exchange Management Act, 1999, as amended ("FEMA"), guidelines and regulations issued by SEBI, guidelines, notifications and regulations for the issue of capital and for listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Basis for the issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Stock Exchanges.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on the Record Date, i.e., [●], you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States.

PRINCIPAL TERMS OF THE EQUITY SHARES

Face Value

Each Equity Share will have the face value of ₹ 2.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between the Company and the Lead Manager.

Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Equity

Shareholders shall be ignored. Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferenctial consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential considerationc for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than [●] Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be despatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of [●] additional Equity Share if he has applied for the same.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN INE230A01015. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of the Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven working days from the finalisation of the basis of allotment. The Company has made an application for "in-principle" approval for listing of the Equity Shares respectively to the BSE, the NSE and the CSE through letters dated [●], [●] and [●] and has received such approval from the BSE pursuant to the letter no. [●], dated [●], from the NSE pursuant to letter no. [●], dated, [●] and from the CSE pursuant to letter no. [●], dated, [●].

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Equity Shareholder holds Equity Shares in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate").

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English language national daily newspaper, one Hindi national daily newspaper and one regional language daily newspaper with wide circulation in West Bengal and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the Equity Shares from time to time.

Additional Subscription by the Promoter

The Promoters have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoter and Promoter Group reserve their right to subscribe to its entitlement of Equity Shares in the Rights Issue, either by itself or through a combination of entities belonging to the Promoter Group, including by subscribing for renunciations, if any, made by other entities in the Promoter Group or any other shareholder, subject to compliance with the Takeover Regulations. The corporate Promoters of the Company being Oberoi Plaza Private Limited, Bombay Plaza Private Limited, Oberoi Leasing and Finance Private Limited, Oberoi Properties Private Limited, Aravali Polymers LLP, Oberoi Building and Investment Private Limited, Oberoi Holdings Private Limited and Oberoi Hotels Private Limited have provided an undertaking dated 27 September 2010 to the Company to apply for additional Equity Shares in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription, the corporate Promoters and/ or the Promoter Group may acquire Equity Shares over and above their respective entitlements in the Rights Issue, which may result in an increase of the shareholding of the Promoters and/ or the Promoter Group above the current shareholding along with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the corporate Promoters and/ or Promoter Group through the Rights Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in the chapter "Objects of the Issue" on page 21, there is no other intention/purpose for the Issue, including any intention to delist the Company, even if, as a result of any Allotments in the Issue to the Promoters and the members of the Promoter Group, the shareholding of the Promoters and/or Promoters Group in the Company exceeds their current shareholding. The corporate Promoters and/or the members of Promoter Group intend to subscribe for any such unsubscribed portion as per the relevant provisions of the applicable law. The corporate Promoter shall subscribe to, and/or make arrangements for the subscription of, such unsubscribed portion as per the relevant provisions of law and in compliance with the listing agreement.

For details, please see the chapter "Terms of the Issue - Basis of Allotment" on page 223.

Procedure for Application

The CAF for Equity Shares would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with the Company, the application is liable to be rejected.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Hyderabad/demand draft payable at Hyderabad to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders/Investors" and "Mode of Payment for Non-Resident Equity Shareholders/Investors" on pages 235 and 236, respectively.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 223.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not Allot and/or register and Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected. Additionally, any renunciation by any Equity Shareholder resident in/outside India to any nonresident is prohibited.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefor.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available		**Action Required**
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*
3. OR	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) **Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee**	Fill in and sign Part D *(all joint holders must sign)* requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. **On receipt of the SAF take action as indicated below.** For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(All joint Renouncees must sign)*
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.

- Request for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.

- Request by the Investor for the SAFs should reach the Registrar on or before [●].

- Only the Equity Shareholder to whom this Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

- SAFs will be sent to the Investor (s) by post at the applicant's risk.

- Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within [●] days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with Demand Draft, net of bank and postal charges payable at Hyderabad which should be drawn in favour of the "[●]" and the Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. Applications on plain paper will not be accepted from any U.S. address.

The envelope should be super scribed "[●]" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being EIH Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order; and
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Additionally, all applicants shall include the following:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept

subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●].

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the chapter "Terms of the Issue – Basis of Allotment" on page 223.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of [●].

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential Allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code. The Promoters have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Takeover Code, the Promoter and Promoter Group reserve their right to subscribe for Equity Shares in this Issue by subscribing for renunciation, if any, made by any other Promoters or Promoter Group or any other shareholders. The corporate Promoters of the Company being Oberoi Plaza Private Limited, Bombay Plaza Private Limited, Oberoi Leasing and Finance Private Limited, Oberoi Properties Private Limited, Aravali Polymers LLP, Oberoi Building and Investment Private Limited, Oberoi Holdings Private Limited and Oberoi Hotels Private Limited have provided an undertaking dated 27 September 2010 to the Company to apply for additional Equity Shares in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent Allotment, the corporate Promoters and Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the corporate Promoters and/or Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the chapter "Objects of the Issue" on page 21, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of Allotments to the Promoters and Promoter Group, in this Issue, the Promoters' shareholding in the Company exceeds their current shareholding. The corporate Promoters and/or Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. The corporate Promoters shall subscribe to, and/or make arrangements for the subscription of, such unsubscribed portion as per the relevant provisions of law and in compliance with the listing agreement.

Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/pmd/scsb.pdf. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not in the United States and are eligible under applicable securities laws to subscribe for the Rights Entitlements and Equity Shares in the Issue; and
- are not a Renouncee.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders are presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*

The Equity Shareholders applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" on page 223.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper, along with Demand Draft, net of bank and postal charges payable at [●] which should be drawn in favour of the "[●]" and the Equity Shareholders should send the same by registered post directly to the SCSB. Applications on plain paper will not be accepted from any U.S. address.

The envelope should be super scribed "[●]" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being EIH Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/draft; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Additionally, all applicants shall include the following:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English**.**

(c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.

(d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**

(e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(j) Only persons outside the United States and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

Do's:

a. Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.

b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

d. Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.

e. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

f. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.

g. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

h. Except for CAFs submitted on behalf of the Central or State Government and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.

i. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

j. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

a. Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

c. Do not pay the amount payable on application in cash, by money order or by postal order.

d. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

e. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

f. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection" on page 229, applications under the ABSA Process are liable to be rejected on the following grounds:

a) Application for Rights Entitlements or additional shares in physical form.
b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
c) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
d) Renouncee applying under the ASBA Process.
e) Insufficient funds are available with the SCSB for blocking the amount.
f) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
g) Account holder not signing the CAF or declaration mentioned therein.
h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
i) CAFs which have evidence of being executed in/dispatched from the United States.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

The Issue is not underwritten.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through Electronic Clearing Service ("ECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see the chapter "Terms of the Issue" on page 216.

The letter of allotment / refund order exceeding ₹ 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of ₹ 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS – Payment of refund would be done through ECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where ECS facility has been made available (subject to availability of all information for crediting the refund through ECS).

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to the Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.

4. RTGS – If the refund amount exceeds ₹ 50 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be despatched under certificate of posting for value up to ₹ 1,500 and through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case the Company issues Allotment advice, the relative shared certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a bipartite agreement with NSDL on 24 May 2000 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. The Company has also signed a bipartite agreement with CDSL on 28 October 1999 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*

- For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

  The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

  If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Equity Shares in physical form.

  The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for Investors

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head "Application on Plain Paper" on page 222 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at [●] of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

(c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(d) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

(g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are

Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

(j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(k) SAFs cannot be re-split.

(l) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Investors must write their CAF number at the back of the cheque /demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (e) above).

(p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) The distribution of the Draft Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Draft Letter of Offer and not to attempt to subscribe for Equity Shares.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given;
- Age of Investor(s) not given (in case of renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;

- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs;
- CAFs accompanied by Stockinvest;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in the United States and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the United States or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "[●]";
- Investors residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked "[●]" payable at [●] directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Karvy Computershare Private Limited
  Plot Nos.17-24, Vittal Rao Nagar,
  Madhapur, Hyderabad – 500 081
  India.
  Tel: +91 40 4465 5000
  Fax: +91 40 2343 1551
  Email: eihrights@karvy.com
  Website: http:\\karisma.karvy.com
  Contact Person: Mr. M. Murali Krishna

- Applications will not be accepted from non-resident Indian in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- Payment by non-residents must be made by demand draft payable at [●]/cheque payable drawn on a bank account maintained at [●] or funds remitted from abroad in any of the following ways:

  Application with repatriation benefits

  - By Indian Rupee drafts purchased from abroad and payable at [●] or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

  - By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in [●]; or

  - By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in [●]; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

  - Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of '[●]' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges.

  Application without repatriation benefits

  - As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in [●] or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at [●]. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of '[●]– Rights Issue - NR' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*".

Dematerialized dealing

The Company has entered into agreements dated 24 May 2000 and 28 October 1999 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE423A01015.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;

(ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;

(iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested; and

(iv) The Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by the Company

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.

3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.

4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. The Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

6. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.

7. At any given time there shall be only one denomination for the Equity Shares of the Company.

8. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'EIH-Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

  Karvy Computershare Private Limited
  Plot Nos.17-24, Vittal Rao Nagar,
  Madhapur, Hyderabad – 500 081
  India.
  Tel: +91 40 4465 5000
  Fax: +91 40 2343 1551
  Email: eihrights@karvy.com
  Website: http:\\karisma.karvy.com
  Contact Person: Mr. M. Murali Krishna

- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the chapter "Risk Factors" on page XI.

- The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Draft Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. The Company and the Lead Manager reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.

  The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX – DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the Company's share capital, including brief summaries of certain provisions of the Memorandum and the Articles of the Company, the Companies Act, the SCRA, and certain other related legislation of India, all as currently in effect relating to the rights attached to the Equity Shares. The following description of the Company's share capital is subject in its entirety to the Memorandum, the Articles, the provisions of the Companies Act and other applicable provisions of Indian law.

General

The authorized share capital of the Company is ₹ 3,000 million divided into 1,500,000,000 Equity Shares of ₹ 2 each. The Equity Shares are listed on the BSE, the NSE and the CSE. As at the date of the Draft Letter of Offer, 392,953,972 Equity Shares were issued and paid-up.

The Company's register of members is maintained at its Registered Office.

Dividends

Under the Companies Act, unless the board of directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The board of directors may also declare interim dividends that do not need to be approved by the shareholders. A company pays dividends recommended by the board of directors and approved by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. Under the Listing Agreements, listed companies are required to declare and disclose their dividends on a per share basis only.

Subject to certain conditions laid down by Section 205 of the Companies Act, no dividend can be declared or paid by a company for any Fiscal Year except out of the profits of the company for that year and/or out of the undistributed profits of the company for any previous Financial Year(s), after providing for depreciation in a manner provided for in the Companies Act. Subject to certain conditions contained in the Companies Act, dividends may also be payable out of moneys provided by the Indian Government or State Government for payment of dividend in pursuance of a guarantee given by that government.

Pursuant to Article 141 of the Articles of the Company, the Equity Shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board of Directors. The dividend recommended by the Board of Directors and approved by the Equity Shareholders at a general meeting is distributed and paid to Equity Shareholders in proportion to the paid-up value of their Equity Shares as on the record date for which such dividend is payable. In addition, as is permitted by Article 144 of the Articles of the Company, the Board of Directors may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date specified as the "book closure date" or "record date". Any dividend payable in cash, may be paid by cheque or warrant sent through post to the registered address of the shareholder entitled to the payment of the dividend or to such shareholder's order or banker or in case of joint shareholders, to the one first named in the register of shareholders. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her shares is outstanding.

The Equity Shares allotted pursuant to the Issue shall rank *pari passu* in all respects with the existing Equity Shares, including in relation to dividend payment.

Any future dividends declared will be recommended by the Board of Directors and approved by the Equity Shareholders at their discretion and will depend on the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of the Company at the time such dividend is considered, and other relevant factors.

Capitalization of Reserves and Issue of Bonus Shares

Article 136 of the Articles of the Company permits the Equity Shareholders in a general meeting to resolve, in certain circumstances, that certain amounts or assets standing to the credit of the share premium account or any reserves or other fund of the Company and available for dividend may be capitalized and distributed amongst such Equity Shareholders entitled to receive the same if distributed as dividend and in the same proportions on the basis of their entitlement and be applied on their behalf by: (i) paying up in full any unissued shares, debentures or debenture stock of the Company or (ii) paying the uncalled liability on any issued shares.

Pre-emptive Rights and Alteration of Equity Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Equity Shares. In accordance with the provisions of Section 81 of the Companies Act, these new Equity Shares will be offered to existing shareholders listed on the members' register or the records of the Depository on the record date in proportion to the amount paid-up on those Equity Shares at that date. The offer will be made by notice specifying the number of Equity Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board of Directors may dispose of the Equity Shares offered in respect of which no acceptance has been received in such manner as the Board of Directors may consider to be most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him/her in favor of any other person.

Under the provisions of the Companies Act, new shares may be offered to any persons, whether or not those persons include existing shareholders, if a special resolution to that effect is adopted by the shareholders of the company in a general meeting or, where only a simple majority of shareholders present and voting have adopted the resolution, the Indian Government's permission has been obtained.

The Articles provide that the Company may in a general meeting, from time to time, increase its capital by the issue of new shares (Article 49), consolidate or sub-divide its share capital (Article 55). The Company may also from time to time by special resolution reduce its share capital (Article 54).

Article 58 of the Articles also provide that if at any time its share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution adopted at a separate meeting of the holders of the shares of that class.

Preference Shares

Preference share capital is that part of the paid-up capital of a company which fulfils the following requirements:

(i) that with respect to dividend, it carries or will carry a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and

(ii) that with respect to capital, it carries or will carry on a winding-up of the company a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up.

Article 56 of the Articles of the Company permits the Company to issue preference shares which are, or at the option of the Company, liable to be redeemed.

General Meetings of Shareholders

There are two types of general meetings of shareholders:

(i) annual general meetings; and /
(ii) extraordinary general meetings.

Under the Companies Act, a company must hold its annual general meeting each year within 15 months of the previous annual general meeting, and in any event not later than six months after the end of each accounting year unless extended by the Registrar of Companies at the company's request for any special reason for a period not exceeding three months.

The Board of Directors may in accordance with Article 65 of the Articles of the Company convene an extraordinary general meeting of Equity Shareholders when necessary or at the request of an Equity Shareholder or Equity Shareholders holding in the aggregate not less than 10% of the paid-up share capital of the Company (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

Article 69 provides that the quorum for a general meeting of the Company is five Equity Shareholders attending in person. Pursuant to Article 69, no business shall be transacted at any general meeting without the appropriate quorum.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy are in the same proportion as the capital paid-up on each share held by such shareholder bears to the total paid-up capital of a company. Voting is by a show of hands, unless a poll is ordered by the chairman of the meeting or demanded by a shareholder or shareholders holding at least 10% of the voting rights in respect of the resolution or by those holding shares on which an aggregate sum of not less than ₹ 50,000 has been paid-up. In case of a tie vote, under Article 73 of the Articles of the Company, the chairman of the meeting has a casting vote.

Ordinary resolutions may be adopted by simple majority of those present and voting. Special resolutions require that the votes cast in favor of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act, matters that require special resolution include amendments to the articles of association, a member's voluntary winding-up, dissolution, change in the name of a company, and the issue of shares to persons other than existing shareholders. Furthermore, under the Companies Act, the approval of a scheme of compromise or arrangement requires the approval of a majority in number representing at least 75% in value of the shareholders or creditors present and voting.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings as if a member both by a show of hands and by a poll, subject to the necessary resolution having been adopted by the corporate shareholder. A proxy may not vote except on a poll and does not have a right to speak at meetings.

The Companies Act allows for a company to issue shares with differential rights as to dividends, voting or otherwise, subject to certain conditions prescribed under applicable law. Pursuant to the Listing Agreements, the Company is prohibited from issuing shares in any manner which may confer on any person superior rights as to voting or dividend compared to the rights on the Equity Shares that are already listed.

Postal Ballot

Under the provisions of the Companies Act, the Indian Government has framed rules for listed companies for voting by postal ballot instead of transacting the business in general meeting of the company, in case of resolutions including resolutions for alteration of the objects clause in the company's memorandum of association, buyback of shares, issue of shares with differential voting rights, a sale of the whole or substantially the whole of an undertaking of a company, giving loans and extending guarantees in excess of prescribed limits, change of the registered office of the company in certain circumstances and for variation in the rights attached to a class of shares or debentures or other securities. The resolution adopted by means of postal ballot shall be deemed to have been duly adopted at a general meeting physically convened.

Convertible Securities and Warrants

The Company, in accordance with the provisions of applicable law, may from time to time issue debt instruments that are partly and fully convertible into Equity Shares and warrants to purchase Equity Shares.

Register of Members and Record Dates

The Company is obliged to maintain a register of members at its registered office or, with the approval of its Equity Shareholders by way of a special resolution and with prior intimation to the RoC, at some other place in the same city. The register and index of beneficial owners maintained by a depository under the Depositories

Act is deemed to be an index of members and register and index of debenture holders. The Company recognises as Shareholders only those persons who appear on its register of members and it cannot recognise any person holding any share or part of it upon any trust, express, implied or constructive, except as permitted by law.

For the purpose of determining the Shareholders, the Company may, after giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district where the Registered Office is situated, close the register for periods not exceeding in the aggregate 45 days in any one year or 30 days at any one time. In order to determine the shareholders entitled to dividends the Company keeps the register of members closed for approximately ten to 20 days, generally before the annual general meeting. Under the Listing Agreements, the Company may, upon at least seven working days' advance notice (or such advance notice as the stock exchanges may reasonably require) to such stock exchanges, set a record date and/or close the register of members in order to ascertain the identity of Shareholders. The trading of shares and the delivery of certificates in respect thereof may continue while the register of members is closed.

Under the Companies Act, the Company is also required to maintain a register of debenture holders.

Annual Reports and Financial Results

The Company's audited financial statements for the relevant Fiscal Year, the directors' report and the auditors' report (collectively the "**Annual Report**") must be laid before the annual general meeting. These also include certain other financial information of the Company, a corporate governance section and management's discussion and analysis and are sent to the Company's shareholders 21 days prior to the annual general meeting. Under the Companies Act, the Company must file its balance sheet and profit and loss account with the RoC within 30 days from the date of the relevant annual general meeting. Under the Listing Agreements, the Company is required to send its Annual Report to the BSE and the NSE. The Company must file an annual return with the RoC which includes a list of its shareholders, debenture holders, its indebtedness and other information within 60 days of the conclusion of its annual general meeting.

The Company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the Registered Office is situated.

The Company files certain information online, including its annual report, interim financial statements, report on corporate governance, shareholding pattern statement, and such other statements, information or reports as may be specified by SEBI from time to time or in accordance with the requirements of its Listing Agreements.

Transfer of Shares

Following the introduction of the Depositories Act and the repeal of Section 22A of the SCRA, the equity shares of a public company became freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since the Company is a public company, the provisions of Section 111A of the Companies Act will apply to it. In accordance with the provisions of Section 111A(2) of the Companies Act, if the Company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered, the transferee may file an appeal with the Indian company law board (the "**Company Law Board**") and the Company Law Board can direct the Company to register such transfer.

Pursuant to its Listing Agreements, in the event that the Company has not effected the transfer of shares within one month, or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the loss of opportunity caused by the delay.

Acquisition by the Company of its Own Shares

A company limited by shares or a company limited by guarantee and having a share capital is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders voting on the matter in accordance with the Companies Act and is also sanctioned by the High Court of Judicature having jurisdiction over the city where the company's registered office is situated. Moreover, subject to certain conditions, a public company or a private company which is a subsidiary of a public company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company.

A company buying back its securities is required to extinguish and physically destroy the securities bought back within seven days of the last date of completion of the buyback.

Disclosure of Ownership Interest

The provisions of the Companies Act generally require beneficial owners of equity shares of Indian companies that are not holders on record to declare to the company details of the holder on record and the holder on record to declare the details of the beneficial owner. Any person who fails to make the required declaration within 30 days from the date beneficial interest in the shares is acquired may be liable for a fine of up to ₹ 1,000 for each day the declaration is not made. Any charge, promissory note or other collateral agreement created, executed or entered into with respect to any share by the ostensible owner thereof, or any hypothecation by the ostensible owner of any share pursuant to which a declaration is required to be made under Section 187C of the Companies Act, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration has not been made. Failure to comply with Section 187C of the Companies Act will, *inter alia*, not affect the obligation of the Company to register a transfer of Equity Shares or to pay any dividends to the registered holder of any Equity Shares in respect of which this declaration has not been made.

Provisions on Squeeze Out of Minority Shareholders

Under the Companies Act, where an arrangement or contract involving a transfer of shares or any class of shares of a company to another company has, within four months after the making of the offer by such other company, been approved by holders holding not less than 90% in value of such class of shares (other than shares already held at the date of the offer by or by a nominee for, the transferee company or its subsidiary), the transferee company has the right to give notice to any dissenting shareholder, within a specified time and in a prescribed manner, that it desires to acquire its shares.

Unless the Company Law Board, upon an application made by a dissenting shareholder within a month of the aforementioned notice, orders otherwise, the transferee company has the right to acquire the shares of the dissenting shareholder on the same terms as those offered to the other shares to be transferred under the arrangement or contract.

Where, in pursuance of any such arrangement or contract, shares in a company are transferred to another company, and those shares, together with any other shares held by the transferee company (or its nominee or subsidiary company) in the transferor company, constitute not less than 90% in value of the shares, the transferee company is required to give notice of such fact to any remaining shareholders within a month of such transfer. Any such remaining shareholder may within three months of the notice given by the transferee company, require the transferee company to acquire its shares. Where such notice is given by such remaining shareholder, the transferee company is bound to acquire those shares on the same terms as provided for under the arrangement or contract for the transfer of the other shares of the transferor company or on such terms as may be agreed or on terms that the Company Law Board (upon an application of either the transferee company or the shareholder) thinks fit to order.

Liquidation Rights

Subject to the provisions of the Companies Act (including the rights of employees, the requirement to pay statutory dues and the rights of creditors as contained in Sections 529A and 530 thereof) and the rights of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of a company's winding-up, the holders of such shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such shares or, in case of a shortfall, proportionately. All surplus assets after payments due to employees, statutory creditors, secured and unsecured creditors and preference shareholders belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such shares respectively at the commencement of the winding-up.

Companies Bill

The Ministry of Corporate Affairs, Government of India, introduced the Companies Bill, 2009 (the "**Companies**

Bill") in the Indian Parliament in August 2009. The Companies Bill seeks to replace the Companies Act and if the Companies Bill is enacted into law, it could alter some of the above-mentioned provisions of the Companies Act. However, it is uncertain whether the Companies Bill will be enacted into law in its current form or at all.

SECTION X – STATUTORY AND OTHER INFORMATION

Option to subscribe

Other than the present Issue, and except as disclosed in the chapter "Terms of the Issue" on page 216, the Company has not given any person any option to subscribe to the Equity Shares of the Company.

The Investors shall have an option either to receive the share certificates or to hold the Equity Shares in dematerialized form with a depository.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at 4, Mangoe Lane, Kolkata- 700 001, West Bengal, from 11.00 a.m. to 2.00 p.m. from the date of the Draft Letter of Offer until the date of closure of the Subscription List.

(A) MATERIAL CONTRACTS

1. Engagement Letter dated 23 September 2010 entered into between the Company and the Lead Manager to the Issue.

2. Memorandum of Understanding dated 25 September 2010 entered into between the Company and the Lead Manager to the Issue.

3. Memorandum of Understanding dated 23 September 2010 entered into between the Company and the Registrar to the Issue.

(B) DOCUMENTS

1. Memorandum and Articles of Association of the Company.

2. Certificate of incorporation of the Company dated 26 May 1949, certificate of commencement of business dated 29 August 1949 and fresh certificates of incorporation of the Company consequent upon change of name dated 1 November 1996.

3. Prospectus of the Company dated 14 September 1956.

4. Consents of the Directors, Company Secretary and Compliance Officer, Auditors, Lead Manager to the Issue, bankers to the Issue, Legal Counsels and the Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.

5. Copy of the Resolution of the Board of Directors dated 23 September authorising the Issue and related matters.

6. The Report of the Auditors being, Ray & Ray, as set out herein dated 27 September 2010 in relation to the audited financial information of the Company.

7. Annual Reports of the Company for the Fiscal Years 2006, 2007, 2008, 2009 and 2010 taken on a standalone and consolidated basis.

8. In-principle listing approval dated [●], [●] and [●] from the BSE, NSE and CSE respectively.

9. Due Diligence Certificate dated 28 September 2010.

10. Bipartite Agreement dated 24 May 2000 between the Company and the NSDL to establish direct connectivity with the Depository.

11. Bipartite Agreement dated 28 October 1999 between the Company and the CDSL to establish direct connectivity with the Depository.

12. Letter no. [●] dated [●] issued by the SEBI for the Issue

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

Name	Signature
Prithviraj Singh Oberoi Chairman and Chief Executive	
Shib Sanker Mukherji Vice Chairman	
Vikram Singh Oberoi Joint Managing Director	
Arjun Singh Oberoi Joint Managing Director	
Santosh Kumar Dasgupta Independent Director	
Anil Kumar Nehru Independent Director	
Rajan Biharilal Raheja Independent Director	
Lakshminarayan Ganesh Independent Director	

Place:
Date:

Biswajit Mitra
Vice President, Accounts and Finance