Letter of Offer
September 10, 2012
For our Equity Shareholders only

EIH Associated Hotels Limited

A member of The Oberoi Group

We were incorporated in India on March 21, 1983 as 'Pleasant Hotels Limited' under the Companies Act. On October 25, 1989, our name was changed to 'Oberoi Associated Hotels Limited' consequent upon issue of a fresh certificate of incorporation. On November 1, 1996, our name was further changed to our present name 'EIH Associated Hotels Limited' consequent upon issue of a fresh certificate of incorporation. For details of change of our name, please see the chapter "History and Other Corporate Matters" on page 55.

Registered Office: 1/24, G.S.T. Road, Meenambakkam, Chennai - 600 027, Tamil Nadu, India. **Tel:** +91 44 2234 4747; **Fax**: +91 44 2234 6699
Contact Person: Ms. Indrani Ray, Company Secretary and Compliance Officer; **E-mail**: invcom@tridenthotels.com
Website: http://www.eihassociatedhotels.in

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

ISSUE OF 10,881,481 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 100 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 90 PER EQUITY SHARE FOR AN AGGREGATE AMOUNT OF ₹ 1,088.15 MILLION TO OUR EXISTING EQUITY SHAREHOLDERS ON A RIGHTS BASIS IN THE RATIO OF 5 FULLY PAID-UP EQUITY SHARE(S) FOR EVERY 9 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. SEPTEMBER 12, 2012 ("THE ISSUE"). THE ISSUE PRICE FOR THE EQUITY SHARE IS 10 TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER "TERMS OF THE ISSUE" ON PAGE 160.

GENERAL RISKS

Investment 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 Issuer and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the section "Risk Factors" on page xii before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this 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 this 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 BSE Limited ("**BSE**"), the National Stock Exchange of India Limited ("**NSE**") and the Madras Stock Exchange Limited ("**MSE**"), (together the "**Stock Exchanges**"). We have received "in-principle" approvals from BSE, NSE and MSE for listing the Equity Shares to be allotted in the Issue *vide* their letters dated April 26, 2012, April 27, 2012 and April 27, 2012, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
AMBIT Acumen at work **AMBIT CORPORATE FINANCE PRIVATE LIMITED** Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai - 400 013 Maharashtra, India. **Tel:** +91 22 3982 1819 **Fax:** +91 22 3982 3020 **E-mail:** rightissues@ambitpte.com **Investor Grievance E-mail:** customerservicemb@ambitpte.com **Website:** www.ambitholdings.com **Contact Person:** Praveen Kumar Sangal/ Sundeep Parate **SEBI Registration Number:** INM000010585	LINK INTIME INDIA PVT LTD **LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai – 400 078 Maharashtra, India. **Tel:** +91 22 2596 7878 **Fax:** +91 22 2596 0329 **Investor Greivance E-mail:** eahl.rights@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Pravin Kasare **SEBI Registration Number:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
September 26, 2012	**October 3, 2012**	**October 12, 2012**

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

In this 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. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "EIH Associated Hotels Limited", "EIHA", "the/ our Company", "we", "our" and "us" are to EIH Associated Hotels Limited or, if the context requires or suggests otherwise, EIH Associated Hotels Limited and our Subsidiary on a consolidated basis, and references to "you" are to the prospective investors in the Equity Shares.

Conventional and General Terms/ Abbreviations

Term	Description
Act/ Companies Act	The Companies Act, 1956
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BFSI	Banking, Financial Services and Insurance
bps	Basis Points
BR	Base Rate
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant Identity
EGM	Extra-Ordinary General Meeting
EPS	Earnings per Share
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, including 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
FCNR (B)	Foreign Currency Rupee Loan
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
IFSC	Indian Financial System Code
ISIN	International Securities Identification Number
IT Act	The Income Tax Act, 1961

Term	Description
IT/ ITeS	Information Technology/ Information Technology enabled Services
Indian GAAP	Generally accepted accounting principles followed in India
MICR	Magnetic Ink Character Recognition
Mutual Fund/ MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
MSE	Madras Stock Exchange Limited
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NH	National Highway
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
OCB	Overseas Corporate Body
p.a	Per annum
PAN	Permanent Account Number under the IT Act
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
Registrar of Companies/ RoC	Registrar of Companies, Tamil Nadu, Chennai
Regulation S	Regulation S under the Securities Act
Rupees/ INR/ ₹/ Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Securities Act	U.S. Securities Act of 1933
STPLR	Short Term Prime Lending Rate Loan
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S./ US/ USA	United States of America

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders with respect to the Issue in accordance with the SEBI ICDR Regulations
Allotment	Allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom our Equity Shares will be alloted pursuant to the Issue
Application	Unless the context otherwise requires, refers to an application for Allotment of Equity Shares in this Issue.
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by ASBA Investors to make an application authorizing the SCSB to block the amount payable on application in ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be

Term	Description
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: a. Who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; b. Who have not renounced their Rights Entitlements in full or in part; c. Who are not Renouncees; and d. Who are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs and other Investors whose application value exceeds ₹ 0.20 million complying with the above conditions may participate in this Issue through the ASBA process only
Bankers to the Issue	Federal Bank Limited, HDFC Bank Limited and The Hongkong and Shanghai Banking Corporation Limited
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 we would issue for the Equity Shares Allotted to 1 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/cms/sebi_data/attachdocs/1345612849756.html
Designated Stock Exchange	BSE
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/cms/sebi_data/attachdocs/1345612849756.html
Draft Letter of Offer	The draft letter of offer dated March 29, 2012 filed with SEBI for its observations which does not contain complete particulars of the Issue
Equity Shareholders/ Eligible Equity Shareholder(s)	A holder/beneficial owner of our Equity Shares as on the Record Date
Investor(s)	The Equity Shareholders(s) on the Record Date, applying in this Issue, and the Renouncees who have submitted an Application to subscribe to the Issue
Issue/ Rights Issue	Issue of 10,881,481 fully paid-up Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 100 per Equity Share including a share premium of ₹ 90 per Equity Share for an aggregate of ₹ 1,088.15 million to our existing Equity Shareholders on a rights basis in the ratio of 5 fully paid-up Equity Shares for every 9 fully paid-up Equity Shares held by them on the Record Date (i.e. September 12, 2012).
Issue Closing Date	October 12, 2012
Issue Opening Date	September 26, 2012
Issue Price	₹ 100 per Equity Share
Issue Size	This Issue of 10,881,481 Equity Shares for an aggregate amount of ₹ 1,088.15 million
Issue Proceeds	The gross proceeds to be raised through this Issue
Lead Manager/ Ambit	Ambit Corporate Finance 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 us and the Stock Exchanges
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the chapter "Objects of the Issue" on page 17
Qualified Foreign Investors/ QFI	Non-resident investors, other than SEBI registered FIIs and SEBI registered FVCIs, who meet the Know Your Customer requirements of SEBI, and are from jurisdictions which are Financial Action Task Force compliant and with which SEBI has signed memorandum of understandings under the International Organization of Securities Commissions framework
QIBs or Qualified	Public financial institutions as specified in section 4A of the Companies Act,

Term	Description
Institutional Buyers	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 the Insurance Regulatory Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, 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 and insurance funds set up and managed by the Department of Posts, India
Record Date	September 12, 2012
Refund Banker to the Issue	HDFC Bank Limited
Registrar to the Issue/ Registrar	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/ have acquired Rights Entitlements from Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 0.2 million (including HUFs applying through their Karta)
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/cms/sebi_data/attachdocs/1345612849756.html
Stock Exchange(s)	BSE, NSE and MSE, where our Equity Shares are presently listed
Underwriters to the Issue	Ambit and Federal
Underwriting Agreements	The agreements dated September 10, 2012 and September 7, 2012 entered into between the Company & Ambit, and the Company & Federal, respectively.

Company Related Terms

Term	Description
Articles/ AoA/ Articles of Association	Our articles of association, as amended
Auditors	Our statutory auditors, Ray & Ray, Chartered Accountants
Board of Directors/Board	Our board of directors or any duly constituted committees thereof
EIH Limited	EIH Limited a company registered in India and having its registered office at 4, Mangoe Lane, Kolkata - 700 001, West Bengal, India, one of our Promoters and operator of our Hotels
Equity Shares	Equity shares of face value of ₹ 10 each
Federal	Federal Bank Limited a bank incorporated under the laws of India and having its office at C wing , 2nd Floor, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
Group Companies	Includes those companies, firms and ventures that are promoted by our Promoters, irrespective of whether these entities are covered under section 370(1) (B) of the Companies Act.
Hotels	The hotels owned by us and IHML, namely the Trident hotels at Agra, Jaipur, Udaipur, Chennai, Bhubaneswar, Cochin, The Oberoi Rajvilās, Jaipur and The Oberoi Cecil, Shimla
Memorandum/ MoA/ Memorandum of Association	Our memorandum of association, as amended
Oberoi Group	The group of companies affiliated through the common ownership interests of

Term	Description
	our Chairman Mr. Prithviraj Singh Oberoi, his family and certain of their affiliates
OHPL	Oberoi Hotels Private Limited
Promoter and Promoter Group	EIH Limited, Satish Raheja, Manali Investment & Finance Private Limited, Coronet Investment Private Limited, Oberoi Holdings Private Limited, Oberoi Hotels Private Limited, P R S Oberoi, Rajan B Raheja, Oberoi Plaza Private Limited and Bombay Plaza Private Limited
Registered Office	Our registered office located at 1/24, G.S.T. Road, Meenambakkam, Chennai 600 027, Tamil Nadu, India
Subsidiary/ IHML	Our wholly owned subsidiary, 'Island Hotel Maharaj Limited'

Technical/ Industry Related Terms

Term	Description
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 period
CBD	Central Business District
Covers	Number of guests served in restaurants, bars and banquets
F&B/ Food & Beverage	Food and beverage
FTA	Foreign Tourist Arrival
GDP	Gross Domestic Product
GDS	Global Distribution System
HRACC	Hotel Restaurant Approval and Classification Committee
IBEF	India Brand Equity Foundation
IMF	International Monetary Fund
MICE	Meetings, Incentives, Conventions and Events
MoT	Ministry of Tourism, Government of India
NCR	National Capital Region
Occupancy Percentage/ OR	Total number of rooms sold for a given period divided by the total number of rooms available for that period
OCC	Oberoi Contact Centre
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.
TSA(s)	The Technical Services Agreement(s) entered into by us with EIH Limited for operation of our Hotels
UT(s)	Union Territory(ies)
UNWTO	United Nations World Tourism Organisation
WTTC	World Travel and Tourism Council
y-o-y	Year on year

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms defined in the chapters "Statement of Tax Benefits", "Financial Statements" and "Terms of the Issue" on pages 24, 64 and 160, respectively, shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this 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 this Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent this Letter of Offer / Abridged Letter of Offer and CAFs. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer had been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this 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 rights or Equity Shares referred to in this Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this 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 this Letter of Offer.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

European Economic Area Restrictions

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer may be made to the public of any rights or Equity Shares which are the subject of the offering contemplated by this Letter of Offer in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer to the public of such rights or Equity Shares may be made in that Relevant Member State:

(a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the

Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of rights or Equity Shares shall require us or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, 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 any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Each purchaser of the rights or Equity Shares described in this Letter of Offer located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1) (e) of the Prospectus Directive.

In the case of any rights or Equity Shares in this Issue being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the Lead Manager will use their reasonable endeavours, by the inclusion of appropriate language in this Letter of Offer, to procure that such financial intermediary will be deemed to have represented, acknowledged and agreed that the rights or Equity Shares acquired by it 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 Equity Shares in this 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.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom

The Lead Manager:

(a) has not offered or sold, and prior to the expiry of a period of six months from the issue date of any rights or Equity Shares, will not offer or sell any of our securities to persons in the United Kingdom except to “qualified investors” as defined in section 86(7) of the Financial Services and Markets Act 2000 (“FSMA”) or otherwise in circumstances which have not resulted in an offer to the public in the United Kingdom;

(b) has complied and will comply with an applicable provisions of FSMA with respect to anything done by it in relation to the rights or Equity Shares in, from or otherwise involving the United Kingdom; and

(c) in the United Kingdom, will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); and/or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Letter of Offer and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

NO OFFER IN THE UNITED STATES

The Rights Entitlement and the Equity Shares offered in this Issue have not been and will not be registered under the United States Securities Act of 1933 (“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."), or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The offering to which this 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 offered in this Issue or Rights Entitlement. Accordingly, this Letter of Offer or the Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither we nor any person acting on behalf of us will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who we or any person acting on behalf of us has reason to believe is, either a "U.S. Person" (as defined in Regulation S) or otherwise 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 in this Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. We are making the Issue on a rights basis to Eligible Equity Shareholders 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 offered in this Issue will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for such Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

We reserve the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Equity Shares offered in the Issue or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person (as defined in Regulation S); (iv) where a registered Indian address is not provided; or (v) where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

References in this Letter of Offer to "India" are to the Republic of India and the "Government" or the "Central Government" is to the Government of India ("**GoI**").

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from our audited consolidated financial statements. Our Financial Year commences on April 1 for a year and ends on March 31 of the next year. In this Letter of Offer, the audited financial statements for the FY 2010-11 and FY 2011-12 have been included. For details of such financial statements, please see the chapter "Financial Statements" on page 64.

We publish our financial statements in Indian Rupees.

In this 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. Numerical values have been rounded off to two decimal places.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated on the basis of our audited consolidated financial statements prepared in accordance with Indian GAAP.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees in Million.

For definitions, see the chapter "Definitions and Abbreviations" on page i.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications, CRISIL report 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 we 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 this 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 (in ₹)	Average* (in ₹)	High* (in ₹)	Low* (in ₹)
2010	45.14	47.42	50.53	44.94
2011	44.65	45.27	45.95	44.65
2012	51.16	47.95	54.24	43.95

Month ended	Period End (in ₹)	Average* (in ₹)	High* (in ₹)	Low* (in ₹)
March, 2012	51.16	50.32	51.31	49.15
April, 2012	52.52	51.80	52.79	50.56
May, 2012	56.42	54.47	56.42	52.86
June, 2012	56.31	56.03	57.22	55.15
July, 2012	55.81	55.49	56.38	54.55
August, 2012	55.72	55.56	56.08	55.15

1. Source: RBI website at www.rbi.org.in
*2. *Note: High, low and average are based on the RBI reference rate*

FORWARD LOOKING STATEMENTS

Certain statements in this Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters "Risk Factors", "Industry" and "Our Business". Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as "aims", "anticipate", "believe", "could", "continue", "estimate", "expect", "future", "goal", "intend", "is likely to", "may", "plan", "predict", "project", "seek", "should", "targets", "would" 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 this 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:

- 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;
- 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;
- adverse political, social and economic developments in India. and
- any adverse outcome in the material legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please see the chapters "Risk Factors" and "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages xii, 46 and 127 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 we nor the Lead Manager nor any of their respective affiliates 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 we 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, we 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 for the Equity Shares allotted pursuant to this Issue.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this 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 Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our 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 xi. 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 of hotels and therefore we are subject to the general risks encountered in the hotel and travel industry.**

   Our primary business is the ownership of hotels in India. A number of factors, many of which are common to the hotel and travel industry 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, terrorism, 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 FY 2008-09 and 2009-10. In these years, domestic and international travel was 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 the risks common to the hotel and/ or travel industry including these risks were to materialise, our business, financial condition and results of operations would be adversely affected.

2. We are currently not contemplating any specific plan for expansion and consequently we may have limited growth.

We currently own 8 Hotels. We commenced our operations in 1988 with 1 Hotel property Trident, Chennai. Thereafter in 1997, we set up The Oberoi Rajvilās, Jaipur. Pursuant to provisions of the Companies Act, we entered into a scheme of amalgamation and a scheme of arrangement with our erstwhile group company Indus Hotels Corporation Limited in 2005 and with one of our Promoters, EIH Limited in 2006, respectively. Between 2005 -2006 we have inorganically grown with the transfer of Trident Hotels at Agra, Jaipur, Udaipur, Bhubaneshwar and Cochin and The Oberoi Cecil, Shimla to us. We are currently not contemplating any specific expansion plans for acquiring or developing new hotel properties and/ or increasing the number of rooms in our existing Hotels. While room revenue, represents a significant portion of our income, we will continue to depend on our existing Hotels for the same.

3. Our Hotels Trident, Chennai and The Oberoi Rajvilās, Jaipur historically accounted significantly to our revenues and a decline in the business of these Hotels could adversely affect us.

A significant proportion of our revenue has historically been derived from Trident, Chennai and The Oberoi Rajvilās, and these markets and these Hotels are likely to continue to account for a significant portion of our business in the future. Trident, Chennai and The Oberoi Rajvilās, Jaipur accounted for approximately 43% of our total consolidated income both in FY 2010-11 and FY 2011-12. Our business, financial condition and results of operations could be materially affected by factors such as an economic downturn, increases in competition, changes in travel patterns and *force majeure* events.

4. We are involved in various legal proceedings which could have an adverse impact on us.

There are outstanding material legal proceedings involving us and our Subsidiary which may adversely affect our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against us by courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability.

A classification of the outstanding material legal proceedings instituted against and by us, our Subsidiary and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below.

Litigation against us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Approximate aggregate amount ascertainable* (₹) in million
1.	Criminal	3	Not ascertainable
2.	Tax	17	37.67
Total		20	37.67

**The amount is subject to interest and penalty, if any, levied by any competent authority.*

Litigation by us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Approximate aggregate amount ascertainable* (₹) in million
1.	Criminal	2	0.28
Total		2	0.28

**The amount is subject to interest and penalty, if any, levied by any competent authority.*

Litigation against our Subsidiary
Nil

Litigation by our Subsidiary

Sr. No.	Nature of the litigation	Number of outstanding litigations	Approximate aggregate amount ascertainable* (₹) in million
1.	Tax	1	Not ascertainable
Total		1	Not ascertainable

**The amount is subject to interest and penalty, if any, levied by any competent authority.*

Out of the outstanding material litigations wherein the amounts involved are quantifiable, we have not provided for or included in contingent liability as on March 31, 2012 amounts involved in two litigations aggregating to ₹ 22.69 million. We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that similar proceedings will not be initiated against us and our Subsidiary in the future. For further details of the outstanding material litigations involving us and our Subsidiary, please see the chapter "Outstanding Litigations and Defaults" on page 142.

5. **Some of our Directors and Promoter and Promoter Group entities are involved in various criminal proceedings.**

There are outstanding criminal proceedings involving some of our Directors and Promoter and Promoter Group entities. These criminal proceedings are pending at different levels of adjudication before various courts.

A classification of the criminal proceedings involving our Directors and Promoter and Promoter Group entities and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below:

Criminal Litigations against our Directors and our Promoter and Promoter Group entities

Sr. No.	Name of Promoter/ Promoter group entity	Number of outstanding litigations	Approximate aggregate amount ascertainable# (₹) in million
1.	EIH Limited	1	Not ascertainable
2.	Rajan Raheja	3*	Not ascertainable
3.	Satish Raheja	3*	1.52
4.	Rajesh Kapadia	2*	Not ascertainable
Total		5*	1.52

** 2 of these cases are common to Mr. Rajan Raheja, Mr. Satish Raheja and Mr. Rajesh Kapadia*
#The amount is subject to interest and penalty, if any, levied by any competent authority.

6. **We are dependent on EIH Limited, one of our Promoters, for operating our Hotels, technical knowledge, expertise, skill and experience.**

We have entered into TSAs with EIH Limited, one of our Promoters, for operating all our Hotels. Under the TSAs, we have paid EIH Limited ₹ 115.49 million on a consolidated basis for FY 2010-11 and ₹ 123.13 million on a consolidated basis for FY 2011-12 respectively for its services. Pursuant to the TSAs, EIH Limited has absolute and sole discretion in the supervision of the operation of the

Hotels and is, inter alia, responsible for operating the Hotels, providing technical knowledge, expertise, skills, experience for operating the Hotels, obtaining the requisite approvals, performing sales and promotion activities. The TSAs are long-term contracts, entered into on exclusive basis and are renewable at the option of either party on the same terms and conditions. The TSAs for The Oberoi Rajvilās and Trident, Cochin are due for renewal in January 2015 and August 2019, respectively. Should the royalty agreements with OHPL be terminated, EIH Limited may exercise its right to terminate the TSAs. In such contingency, we cannot assure you that we will be able to successfully rebrand our Hotels and/ or renew TSAs with EIH Limited. Consequently, our business, financial condition and results of operation may be adversely affected. For further details on the conduct of business and fees payable for the services under the TSAs, please see the chapter "Our Business" on page 46.

7. Our current business model of operating hotels under TSAs restricts us from growing organically/ inorganically.

We own hotel properties and as part of our business strategy focus on owning and maintaining such hotel properties. We have entered into TSAs and royalty agreements for operating and branding all Hotels owned by us. We, therefore, have as a strategy relied upon EIH Limited for operating hotels. This business model restricts us from growing organically/ inorganically.

8. Non-competition clauses in the TSAs may adversely affect our business by limiting our ability to own new hotels.

Pursuant to the TSAs, neither us nor EIH Limited, the operator shall enter into any arrangement for owning, renting, leasing and for operating another hotel in same city in which our Hotel is located, either directly or indirectly, without the express written consent of the other party. Such non-competition clauses may limit our ability to own new hotels in same city in which our Hotel is located without prior consent of EIH Limited. For operating such new hotels we may be required to enter into TSA with EIH Limited and we cannot assure you that we will be able to negotiate such TSAs on terms favorable to us or on terms similar to the TSAs entered into by us earlier or obtain consent of EIH Limited. As a result of these clauses, we may be unable to pursue development or acquisition opportunities that could have been beneficial to us, which could, in turn, have an adverse effect on our growth.

9. TSAs and the royalty agreements are complementary and therefore we may not be able to terminate TSAs unless there is a breach by EIH Limited.

We have entered into TSAs with EIH Limited for operating all the Hotels. We have also entered into royalty agreements with OHPL for usage of "The Oberoi" and "Trident" logo and insignia for all our Hotels. Under the royalty agreements, we have paid OHPL a royalty of ₹ 18.27 million on a consolidated basis for FY 2010-11 and ₹ 19.86 million on a consolidated basis for FY 2011-12 for usage of its logo and insignia. TSAs and the royalty agreements are complementary to each other. In case of termination of royalty agreements, the TSAs shall stand terminated. Further, any breach of the TSAs by us shall be deemed to constitute an event of default for the royalty agreements and in such scenarios, we may not be able to avail services from EIH Limited and use "The Oberoi" and "Trident" logo and insignia which could, in turn, have an adverse effect on our business.

The TSAs entered with EIH Limited may not be terminated by us unless an event of default is committed by EIH Limited. Further, the TSAs will survive transfer of the property on which our Hotels are situated and these Hotels would continue to be operated by EIH Limited despite such transfer. Such covenents in the TSAs may restrict our ability to alienate our Hotel properties, should a business condition so arise. For further details on the conduct of business please see the chapter "Our Business" on page 46.

10. Our revenues include revenues from Hotel properties situated on leasehold land and we are subject to the risks, including non-renewal, termination and disputes, associated with such contracts which could adversely affect our business operations and financial condition.

We have entered into lease agreements in respect of 6 of our Hotels. Our Trident Hotels at Agra and Udaipur are situated on land sub-leased to us by EIH Limited. Under these lease agreements, in the FY

1993-94 and FY 1995-96, we have paid one-time lease premium of ₹ 14.40 million and ₹ 17.50 million to EIH Limited for the Trident Hotels at Agra and Udaipur respectively. The lease agreements for the Trident Hotels at Agra and Udaipur are valid for 85 years from 1994 till 2079 and for 69 years from 1995 till 2064 respectively. Further, our Trident Hotels at Jaipur, Cochin, Bhubaneshwar and some portions of The Oberoi, Rajvilās are also situated on leasehold lands. These lease agreements may not be renewed when they expire and in some events can be terminated prior to their expiration. Moreover, since the lease arrangements are subject to renewal from time to time in which case there may be an increase in lease premium/ rentals payable. Failure to renew the said lease agreements would adversely impact our revenues from business operations, financial condition and profitability. Consequently, the said lease deeds may be inadmissible as evidence in a court of law, unless the defects are rectified.

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.**

We are required to make significant investments to own and maintain our Hotel properties. The fixed costs associated with owning hotels, including committed maintenance costs, property taxes, leasehold payments and maintaining minimum levels of services may be significant. As owners of the Hotel property we are required to incur certain fixed costs like leasehold rents and premium, property taxes etc on a recurring/continuous basis. Even if the demand for business travel and or for luxury leisure travel is adversely affected, we will be required to continue to incur fixed costs to maintain our Hotel properties. Further, 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. **The success of our business is dependent on our ability to anticipate and respond to client requirements. In the event that we are unable to identify and understand contemporary and evolving customer tastes or to deliver quality service as compared to our competitors, it could adversely affect our business.**

We are engaged in the hospitality industry and are driven by the quality of service we provide and by meeting the expectations of our clients. We strive to keep up with the evolving client requirements to enhance our existing business and level of customer service. Owing to increase in competition, and in the event that we are unable to identify and understand contemporary and evolving customer tastes or to deliver quality service as compared to our competitors, it could adversely affect our business.

13. **The hospitality industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may affect the demand for our properties and adversely affect our operations.**

Hospitality industry is affected by changes in consumer preferences, national, regional and local economic conditions and demographic trends. Market perception of our properties and services may change which could impact our continued business success and future profitability. If we are unable to adapt our services successfully, meet changes in consumer demands and trends, our business and financial condition may be adversely affected.

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

The contingent liabilities not provided in FY 2010-11 and FY 2011-12 aggregated to ₹ 152.16 million and ₹ 159.39 million, respectively on consolidated basis. In the event that any of our contingent liabilities materialise, our financial condition may be adversely affected. For details see the chapter “Financial Statements” on page 64.

15. **The proposed amalgamation of our wholly owned subsidiary, IHML with us may affect our**

profits and networth post amalgamation, as IHML is a loss making company.

On March 28, 2012 our Board has approved the proposed amalgamation of IHML with us. While the proposed amalgamation would provide benefits in terms of consolidation and synergies, IHML being a loss making entity, the same may affect our profits and networth post amalgamation. Our Subsidiary has incurred losses in the last 3 financial years as follows:

(₹ in million)

Particulars	FY 2011-12	FY 2010-11	FY 2009-10
Profit / (Loss) After Tax	(13.14)	(26.93)	(28.03)

Since the proposed amalgamation is subject to approval and consent of the Madras High Court and regulatory authorities, any delay/ decline in approval of the proposed amalgamation may adversely affect the intended benefit and synergies.

16. We have not entered into any definitive agreements to monitor the utilization of the Issue Proceeds.

As per the SEBI ICDR Regulations, appointment of monitoring agency is required only for Issue size above ₹ 5,000 million. Hence we have not appointed any monitoring agency and the deployment of Net Proceeds as stated in the chapter "Objects of the Issue" on page 17 is not subject to monitoring by any independent agency.

Further, pending utilization of the Net Proceeds of the Issue, our management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the same. We intend to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and deposits with banks as may be approved by the Board. During this period depending on options available, we may also consider temporarily investing the funds in interest/ dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration and/ or to temporarily deposit the funds in cash credit accounts with banks for reducing overdraft and short-term loans, gilt edged securities and other interest bearing securities as may be approved by the Board. For further details please see the chapter "Objects of the Issue" on page 17.

17. 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.

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

Our business depends on the widely recognised "The Oberoi" and "Trident" brand names. Our rights to these brand names and trademarks are a crucial factor in marketing our products. Establishment of the "The Oberoi" and "Trident" brands in India and globally is material to our operations. We have entered into royalty agreements with OHPL, one of our Promoter and Promoter Group entities, under which we are entitled to use the Oberoi and Trident name, logo and insignia with regard to our Hotels. The royalty fee to use these logos and insignia is 1% of our revenue from operations where these logo and insignia are used. We paid ₹ 18.27 million in royalties for the use of these names, logo and insignia for FY 2010-11 on a consolidated basis and ₹ 19.86 million for FY 2011-12 on a consolidated basis. The term of these agreements for usage of Oberoi name expires in 2015 for The Oberoi Rajvilās, Jaipur and 2027 for the Oberoi Cecil, Shimla. The term of these agreements for usage of Trident name expires in

2019 for Trident Hotels at Agra, Jaipur, Udaipur, Cochin, in 2030 for the Trident, Chennai and in 2027 for the Trident, Bhubaneshwar. 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 OHPL, 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" logo and insignia 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.

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

As of August 24, 2012, we had ₹ 2,354.38 million of secured loans on a consolidated basis. The agreements in respect of some of the borrowings 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 borrowings, and any other indebtedness when it matures, there can be no assurance that we will be able to do so.

20. A significant portion of Net Proceeds would be utilised for prepayment / repayment of loans and hence would not result in creation of tangible assets.

We intend to use a significant portion of the Net Proceeds towards prepayment / repayment of debts outstanding on the books of the Company. We propose to utilise 82.71% of the Issue Proceeds for prepayment / repayment of debt. The Issue proceeds shall not result in the creation of any tangible assets.

For further details on the use of the Issue Proceeds, please see the chapter "Objects of the Issue" on page 17.

21. 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. 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 Promoter Group currently hold 75% 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. After completion of the Issue, our Promoters and Promoter Group will continue to collectively exercise control over us and consequently, will continue to have the ability to cause us to take actions that may not be in, or may conflict with your interests.

22. Our business is seasonal in nature.

Our revenues and cash flows are affected by seasonality. 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 financial 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. For example, in the second half of FY 2011-12, we generated 62.63% of our standalone revenues for the year, compared to 37.37% in the first half, representing an increase of approximately 67.59% in standalone revenues in the high season over the low season. 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 in Shimla in the Himalayas which experience seasonality at other times of the year, our quarterly results of operations could fluctuate significantly.

23. We have entered into, and will continue to enter into, transactions with our Promoter and Promoter Group entities or other related parties.

In the ordinary course of our business, we enter into transactions with our Promoter and Promoter Group entities or other related parties that include our Subsidiary, key managerial personnel, directors, their relatives and entities in which our Promoters/ directors/ key managerial persons may be deemed to be interested. With EIH Limited, one of our Promoters, we have entered into TSAs for operation of our Hotels. Under the TSAs we pay EIH Limited a technical services fee linked to our gross operating profit for each of the Hotels. We also make additional payment to EIH Limited under TSAs towards sales and marketing support and this payment is linked to the total revenue of the Hotels. The OCC operated by EIH Limited, also supports the guest origination for us and we pay EIH Limited a fee, on a per instance basis, in respect of completed guest stay booked through the OCC. For information regarding the TSAs, please see the chapter "Our Business" on page 46.

We have entered into royalty agreements with OHPL, one of our Promoter and Promoter Group entities, in respect of each of our Hotels. Under these agreements, we make royalty payments linked to our turnover to OHPL for use of "Trident" and "The Oberoi" logo and insignia.

Further, we invested an amount of ₹ 8.69 million in the equity shares of Mercury Travels Limited. As on March 31, 2012, we hold 217,175 equity shares of Mercury Travels Limited representing 5.1% of its shareholding. Further, one of our Promoters, EIH Limited, holds 849,575 equity shares of Mercury Travels Limited representing 19.99% of its shareholding.

We may enter into transactions with our Promoter and Promoter Group entities or other related parties in the future. While we believe that such transactions have been/ would be conducted on an arm's length basis, there can be no assurance that we might not have achieved/ may not achieve more favourable terms had such transactions not been entered into with our Promoter and Promoter Group entities or other related parties.

For information regarding our related party transactions, please see the chapter "Financial Statements", on page 64. Our business is expected to continue to have such transactions in the future.

24. Our business and growth prospects may be disrupted if we are not able to identify, employ or source expert personnel.

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 is intense due to the scarcity of qualified individuals. We may experience difficulties in transferring existing personnel to certain regions in which we operate or may operate in the future. 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.

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

The severe recessionary impact of the 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 travel and hospitality industry has been substantially affected by the downturn precipitated by the global financial crisis. Consequently we saw a reduction in demand for both business and leisure travel in our Hotels. Although consumer sentiments have improved, should industry demand continue to soften, our results of operations and financial condition could be substantially and adversely affected.

26. Terrorist attacks and other security threats may discourage travel, which would have a significant impact on our business.

Terrorist attacks result in an overall reduction in the number of visitors to India since several countries have been issuing travel advisories and many companies have curtailed travel. This may have an adverse impact on our business, financial condition and results of operation.

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. Any future unforeseeable event such as terrorist attacks or other security breach at one or more of our properties could negatively impact "The Oberoi" and "Trident" brands, damage our reputation and have a significant adverse impact on our business.

27. 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.

We function in a highly competitive industry. Our Hotels 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 both from domestic, international hotel chains and even sometimes hotels owned/ managed by the Oberoi Group. The major international hotel chains have some competitive advantages over us due to their global spread of operations, greater brand visibility, financial resources, 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 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. 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. Any failure by us to compete effectively could have a material adverse effect on our business, financial condition and results of operations.

28. Disruptions in the operations of our properties, services and facilities could affect our business and results of operations.

Our business involves providing services, amenities and facilities such as food items, consumables or other utilities and services to our customers and guests. Maintaining an inventory of such particular requirements demands significant logistical effort. A failure in our operational and delivery systems, shortages or interruption in the supply of essentials (caused by weather or otherwise) and a resultant failure to maintain the frequency of deliveries to our properties or the quality of the deliverables may impact the ability of our properties to service our customers, thus affecting our reputation and sales. Failure to provide the deliverables could also be impacted by reasons beyond our control, such as a strike by freight and transport operators. Furthermore, any unavailability or breakdown of equipment, such as refrigerators, boilers, air-conditioners, laundry equipments installed in our properties may hamper the timely delivery and sales of our rooms and other facilities which may have an adverse effect on our business operations.

29. Reduction or less than anticipated stay by guests or members at our properties may result in a loss of revenue generation opportunities and adversely impact our revenues.

In the event of reduction or less than anticipated stay by our guests or members at our properties at any given time, may lead to a large number of unused rooms and other facilities. This could also lead to a loss of revenue generation opportunities.

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

All 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.

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

32. 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.

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.

33. 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 structural alterations and 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.

34. 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. We rely on reservations systems of EIH Limited, which use 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 EIH Limited's ability to continue to drive reservations for our Hotels, if they consolidate and demand higher commissions, leading to a higher cost of distribution.

We believe that the reservations systems at Oberoi Contact Centre and our own website resources are subject to a very high pace of change and poses a risk that we may not adapt quickly enough at all times.

35. The hospitality industry is 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 are subject 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 of hotel properties may be liable for failing to maintain air and water pollution within the prescribed levels, or for failing to comply with various environmental regulations while constructing and/ or 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 ability to develop/ grow. 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.

36. Our business is subject to government regulations and requires periodic approvals and renewals and changes in these regulations or in their implementation, or our failure to obtain or renew certain approvals or licenses in the ordinary course of business in a timely manner or at all, may adversely affect our operations

Our business is subject to various regulations in the areas in which we operate and health, safety and environmental regulations. In case of non compliances with any or all applicable regulations, our business and results of operations could be adversely affected. Further, some of our licenses for our existing operations have expired and have made the necessary applications for renewal of the same. For further details of pending Government and Other Approvals, please see "Government and Other Approvals" on page 146. If we are unable to obtain the requisite approvals in a timely manner or at all, our business operations and results may be 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.

RISKS ASSOCIATED WITH THE EQUITY SHARES

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 Issue, 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 Issue or the prices at which our Equity Shares will trade in the market subsequent to this Issue. 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 MSE in a timely manner or at all, and any trading closures at the BSE, the NSE and the MSE 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 MSE. 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 MSE 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 10,881,481 fully paid-up Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 100 per Equity Share including a share premium of ₹ 90 per Equity Share for an aggregate amount of ₹ 1,088.15 million to our existing Equity Shareholders on a rights basis in the ratio of 5 fully paid-up Equity Shares for every 9 fully paid-up Equity Shares held by them on the Record Date (i.e. September 12, 2012).

2. As on March 31, 2012, our net worth on a consolidated basis was ₹ 1,023.08 million (excluding revaluation reserves), and on standalone basis was ₹ 1,190.34 million as described in the chapter "Financial Statements" on page 64.

3. The details of our transactions with the related parties for the financial year and outstanding balances as on March 31, 2012 are as follows:

Nature of Transactions		Island Hotel Maharaj Limited Rupees Million	EIH Limited Rupees Million
Purchases			
Goods and Services		0.02	79.83
Fixed Assets		-	0.41
	Total	**0.02**	**80.24**
Expenses			
Management Contract		-	121.32
License Agreement			0.24
	Total	**-**	**121.56**
Other Payments			
Equity Dividend		-	17.68
	Total	**-**	**17.68**
Sales			
Goods and Services		0.20	5.16
Fixed Assets		-	0.15
	Total	**0.20**	**5.31**
Payments			
Others		10.45	-
	Total	**10.45**	**-**
Outstanding Balances			
Payables			
For Goods & Services		-	10.90
For Management Contract		-	52.96
	Total	**-**	**63.86**
Receivables			
For Goods & Services		0.07	1.82
Advance		10.45	-
	Total	**10.52**	**1.82**
Investments		889.36	-
	Total	**889.36**	-

4. There has been no financing arrangement whereby the Promoter Group, the Directors of our corporate Promoters, our Directors and their relatives have financed the purchase by any other person of our

securities 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 this Letter of Offer with the Stock Exchanges.

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 160.

This issue of Equity Shares is being made by us as set forth below:

Equity Shares offered in this Issue	10,881,481 Equity Shares
Rights Entitlement	5 Equity Share(s) for every 9 fully paid-up Equity Share(s) held on the Record Date.
Record Date	September 12, 2012
Face Value per Equity Share	₹ 10
Issue Price per Equity Share	₹ 100
Equity Shares outstanding prior to the Issue	19,586,666 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	30,468,147 Equity Shares
Terms of the Issue	For more information, please see the chapter "Terms of the Issue" on page 160.
Use of Issue Proceeds	For further information, please see the chapter "Objects of the Issue" on page 17.

Terms of Payment

Due Date	Amount
On the Issue application (i.e. alongwith the CAF)	The full amount of ₹ 100 is payable on application

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our audited consolidated and standalone financial statements as on and for FY 2010-11 and FY 2011-12 prepared in accordance with Indian GAAP and the Companies Act, prepared in accordance with Indian GAAP and the Companies Act.

Our summary financial information presented below, is in ₹ 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 this Letter of Offer.

Balance Sheet as at 31st March, 2012 (Standalone)

				As at 31st March	
				2012	2011
			Rupees Million	**Rupees Million**	Rupees Million
I.	**EQUITY AND LIABILITIES**				
(1)	**SHAREHOLDERS' FUNDS**				
	a)	Share Capital	**195.87**		195.87
	b)	Reserves and Surplus	**994.47**		929.21
				1,190.34	1,125.08
(2)	**NON-CURRENT LIABILITIES**				
	a)	Long Term Borrowings	**1,203.06**		1,136.69
	b)	Deferred Tax Liabilities (Net)	**223.02**		160.01
	c)	Other Long Term Liabilities	**29.86**		33.60
	d)	Long Term Provisions	**7.66**		7.73
				1,463.60	1,338.03
(3)	**CURRENT LIABILITIES**				
	a)	Short Term Borrowings	**1,030.00**		930.00
	b)	Trade Payables	**140.43**		130.87
	c)	Other Current Liabilities	**155.37**		445.35
	d)	Short Term Provisions	**72.02**		59.64
				1,397.82	1,565.86
	TOTAL			**4,051.76**	4,028.97
II.	**ASSETS**				
(1)	**NON-CURRENT ASSETS**				
	a)	Fixed Assets			
		i) Tangible Assets	**2,540.63**		2,598.70
		ii) Intangible Assets	**0.19**		0.04
		iii) Capital Work-in-Progress	**13.45**		7.65
			2,554.27		2,606.39
	b)	Non-Current Investments	**898.40**		898.06
	c)	Long Term Loans and Advances	**50.80**		35.57
	d)	Other Non-Current Assets	**0.09**		0.09
				3,503.56	3,540.11
(2)	**CURRENT ASSETS**				
	a)	Inventories	**66.54**		67.68
	b)	Trade Receivables	**145.46**		139.37
	c)	Cash and Bank Balances	**97.77**		86.72
	d)	Short Term Loans and Advances	**234.27**		191.77
	e)	Other Current Assets	**4.16**		3.32
				548.20	488.86
	TOTAL			**4,051.76**	4,028.97

Statement of Profit and Loss for the year ended 31st March, 2012 (Standalone)

			Year ended 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
I.	Revenue from Operations		**1,876.93**	1,734.46
II.	Other Income		**27.61**	28.96
III.	**Total Revenue (I + II)**		**1,904.54**	1,763.42
IV.	Expenses :			
	Cost of Materials Consumed		**154.09**	131.93
	Employee Benefits Expense		**308.94**	296.09
	Finance Costs		**274.11**	254.53
	Depreciation and Amortization Expense		**127.24**	127.45
	Other Expenses		**864.88**	770.56
	Total Expenses		**1,729.26**	1,580.56
V.	Profit Before Exceptional and Extraordinary Items & Taxation (III-IV)		**175.28**	182.86
VI.	Exceptional Items- Profit		**21.28**	-
VII.	Profit Before Taxation (V+VI)		**196.56**	182.86
VIII.	Tax Expense			
	(1) Current Tax	**39.50**		37.00
	Less: MAT Credit Entitlement	**39.50**		34.60
	Net Current Tax	**-**		2.40
	(2) Deferred Tax	**63.01**		60.29
			63.01	62.69
IX.	Profit for the Period (VII-VIII)		**133.55**	120.17
X.	Earnings Per Equity Share :			
	(1) Basic		**6.82**	6.14
	(2) Diluted		**6.82**	6.14

Cash Flow Statement (Standalone)

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	**196.56**	182.86
Adjustments for :		
Depreciation and Amortisation Expenses	**127.24**	127.45
Finance Costs	**274.11**	254.53
Wealth Tax	**0.04**	0.05
Loss on sale of Fixed Assets (Net)	**10.95**	8.67
Interest received	**(4.69)**	(7.04)
Dividend received	**-**	(0.07)
Income from exceptional items	**(21.28)**	-
Operating Profit before Working Capital changes	**582.93**	566.45
Adjustments for :		
Inventories	**1.14**	(2.77)
Trade & Other Receivables	**(12.81)**	(31.92)
Trade Payables	**8.39**	56.88
Cash generated from Operations	**579.65**	588.64
(Payment)/Refund of direct taxes	**(38.24)**	(31.01)
Interest received on Income Tax Refund	**2.07**	5.06
Cash generated from Operating Activities	**543.48**	562.69
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Advances	**(115.78)**	(101.24)
Sale of Fixed Assets	**40.77**	2.49
Purchase of investments	**(0.34)**	(83.99)
Advance to subsidiary	**(10.45)**	-
Interest received	**2.66**	1.95
Dividend received	**-**	0.07
Cash used in Investing Activities	**(83.14)**	(180.72)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	**(273.56)**	(261.08)
Proceeds from Borrowings		
Term Loan	**500.00**	1,000.00
Unsecured Loan	**500.00**	-
Working Capital Demand Loan	**-**	430.00
Short Term Loan	**500.00**	-
Repayment of		
Term Loan	**(727.00)**	(782.25)
Unsecured Loan	**(500.00)**	(420.00)
Working Capital Demand Loan	**(400.00)**	(310.00)
Dividend paid	**(48.73)**	(29.25)
Cash used in Financing Activities	**(449.29)**	(372.58)
Net (Decrease)/Increase in Cash and Cash Equivalents	**11.04**	9.40
Cash and Cash Equivalents at the beginning of the year	**86.81**	77.42
Cash and Cash Equivalents at the end of the year	**97.86**	86.81

Balance Sheet as at 31st March, 2012 (Consolidated)

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
I.	**EQUITY AND LIABILITIES**			
(1)	**SHAREHOLDERS' FUNDS**			
	a) Share Capital	**195.87**		195.87
	b) Reserves and Surplus	**834.62**		782.96
			1,030.49	978.83
(2)	**NON-CURRENT LIABILITIES**			
	a) Long Term Borrowings	**1,203.28**		1,137.38
	b) Deferred Tax Liabilities (Net)	**153.20**		93.24
	c) Other Long Term Liabilities	**30.34**		34.03
	d) Long Term Provisions	**8.48**		8.77
			1,395.30	1,273.42
(3)	**CURRENT LIABILITIES**			
	a) Short Term Borrowings	**1,043.02**		936.99
	b) Trade Payables	**148.51**		140.10
	c) Other Current Liabilities	**161.55**		454.81
	d) Short Term Provisions	**72.05**		59.64
			1,425.13	1,591.54
	TOTAL		**3,850.92**	3,843.79
II.	**ASSETS**			
(1)	**GOODWILL (ON CONSOLIDATION)**		**347.16**	347.16
(2)	**NON-CURRENT ASSETS**			
	a) Fixed Assets			
	i) Tangible Assets	**2,845.75**		2,916.86
	ii) Intangible Assets	**0.19**		0.04
	iii) Capital Work-in-Progress	**13.45**		7.80
		2,859.39		2,924.70
	b) Non-Current Investments	**9.04**		8.70
	c) Long Term Loans and Advances	**43.88**		38.91
	d) Other Non-Current Assets	**0.09**		0.09
			2,912.40	2,972.40
(3)	**CURRENT ASSETS**			
	a) Inventories	**72.91**		74.01
	b) Trade Receivables	**163.80**		149.92
	c) Cash and Bank Balances	**103.26**		87.88
	d) Short Term Loans and Advances	**246.47**		208.41
	e) Other Current Assets	**4.92**		4.01
			591.36	524.23
	TOTAL		**3,850.92**	3,843.79

Statement of Profit and Loss for the year ended 31st March, 2012 (Consolidated)

			Year ended 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
I.	Revenue from Operations		**1,967.12**	1,810.37
II.	Other Income		**28.76**	29.60
III.	**Total Revenue (I + II)**		**1,995.88**	1,839.97
IV.	Expenses :			
	Cost of Materials Consumed		**162.92**	139.73
	Employee Benefits Expense		**333.15**	318.73
	Finance Costs		**275.72**	265.27
	Depreciation and Amortization Expense		**141.68**	141.80
	Other Expenses		**923.32**	821.31
	Total Expenses		**1,836.79**	1,686.84
V.	Profit Before Exceptional and Extraordinary Items & Taxation (III-IV)		**159.09**	153.13
VI.	Exceptional Items- Profit		**21.28**	-
VII.	Profit Before Taxation (V+VI)		**180.37**	153.13
VIII.	Tax Expense			
	(1) Current Tax	**39.50**		37.00
	Less: MAT Credit Entitlement	**39.50**		34.60
	Net Current Tax	**-**		2.40
	(2) Deferred Tax	**59.96**		57.49
			59.96	59.89
IX.	Profit for the Period (VII-VIII)		**120.41**	93.24
X.	Earnings Per Equity Share :			
	(1) Basic		**6.15**	4.76
	(2) Diluted		**6.15**	4.76

Cash Flow Statement (Consolidated)

	Year ended 31st March	
	2012	2011
	Rupees Milion	Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	**180.37**	153.13
Adjustments for :		
Depreciation and amortisation expenses	**141.68**	141.80
Finance Costs	**275.72**	265.27
Wealth Tax	**0.04**	0.05
Loss on sale of fixed assets (net)	**10.95**	8.49
Interest received	**(4.71)**	(7.05)
Dividend received	**-**	(0.07)
Income from exceptional items	**(21.28)**	-
Operating Profit before Working Capital changes	**582.77**	561.62
Adjustments for :		
Inventories	**1.09**	(3.54)
Trade & Other Receivables	**(21.25)**	(30.52)
Trade Payables	**3.36**	60.11
Cash generated from Operations	**565.97**	587.67
(Payment)/Refund of direct taxes	**(33.40)**	(32.01)
Interest received on Income Tax Refund	**2.07**	5.06
Cash generated from Operating Activities	**534.64**	560.72
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, Capital Advances and other advances	**(117.97)**	(104.21)
Sale of Fixed Assets	**41.25**	2.90
Purchase of investments	**(0.34)**	-
Interest received	**2.66**	1.95
Dividend received	**-**	0.07
Cash used in Investing Activities	**(74.40)**	(99.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	**(275.17)**	(271.83)
Proceeds from Borrowings		
Term Loan	**500.00**	1,000.00
Unsecured Loan	**500.00**	500.00
Working Capital Demand Loan	**-**	430.00
Short Term Loan	**500.00**	-
Cash Credit from Banks	**6.04**	
Repayment of		
Term Loan	**(727.00)**	(842.26)
Unsecured Loan	**(500.00)**	(920.00)
Working Capital Demand Loan	**(400.00)**	(310.00)
Cash Credit from Banks	**-**	(8.80)
Dividend paid	**(48.73)**	(29.25)
Cash used in Financing Activities	**(444.86)**	(452.14)
Net (Decrease)/Increase in Cash and Cash Equivalents	**15.38**	9.29
Cash and Cash Equivalents at the beginning of the year	**87.97**	78.68
Cash and Cash Equivalents at the end of the year	**103.35**	87.97

GENERAL INFORMATION

Registered Office

EIH Associated Hotels Limited

1/24, G.S.T. Road
Meenambakkam
Chennai - 600 027
Tamil Nadu, India.

Tel: +91 44 2234 4747
Fax: +91 44 2234 6699
Website: http://www.eihassociatedhotels.in
Email: invcom@tridenthotels.com

Registration Number: 009903

Corporate Identification Number: L92490TN1983PLC009903

Address of the Registrar of Companies

Registrar of Companies, Tamil Nadu, Chennai
Block No.6, B Wing,
2nd Floor, Shastri Bhawan 26
Haddows Road
Chennai – 600 034
Tamil Nadu, India

Company Secretary and Compliance Officer

Ms. Indrani Ray

4, Mangoe Lane
Kolkata – 700 001

Tel: +91 33 4000 2257
Fax: +91 33 2248 6785
Email: invcom@tridenthotels.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

Ambit Corporate Finance Private Limited
Ambit House, 449, Senapati Bapat Marg
Lower Parel, Mumbai - 400 013
Maharashtra, India.

Tel: +91 22 3982 1819
Fax: +91 22 3982 3020
E-mail: rightissues@ambitpte.com
Investor Grievance E-mail: customerservicemb@ambitpte.com
Website: www.ambitholdings.com
Contact Person: Praveen Kumar Sangal/ Sundeep Parate

SEBI Registration Number: INM000010585

Bankers to the Issue

Federal Bank Limited

Large Corporate Department , C-Wing
2nd Floor, Laxmi Towers, Bandra (East),
Bandra Kurla Complex
Mumbai-400 051, India

Tel: +91 22 2656 7532
Fax:+91 22 2656 6622
Email: sunnynv@federalbank.co.in
Website: www.federalbank.co.in
Contact Person: Sunny N V
SEBI Registration Number: INBI00000083

HDFC Bank Limited

Lodha I Think Techno Campus, Office 3rd floor,
Crompton Greaves Limited, Next to Kanjurmarg
Railway Station, Kanjurmarg (East)
Mumbai- 400 042, India

Tel : +91 22 3075 2927
Fax: +91 22 2579 9801/809
Email: uday.dixit@hdfcbank.com,
Website: www.hdfcbank.com
Contact Person: Uday Dixit
SEBI Registration Number: INBI00000063

The Hongkong and Shanghai Banking Corporation Limited
1st Floor, JMD Regent Square, DLF Phase-II,
Gurgaon Mehrauli Road, Gurgaon- 122 002

Tel: +91 124 418 2209
Fax: +91 22 4035 7657
Email: puuneetdhawan@hsbc.co.in
haribhaskar@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Puuneet Dhawan /Hari Bhaskar
SEBI Registration Number: INBI00000027

Legal Counsel to the Issue

Khaitan & Co
One Indiabulls Centre
Tower 1, 13th Floor
841 Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India

Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078
Maharashtra, India

Tel: +91 22 2596 7878
Fax: +91 22 2596 0329
Investor Greivance E-mail: eahl.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare
SEBI Registration Number: INR000004058

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 http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html.

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

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of Ambit Corporate Finance Private Limited, inter alia, is as follows:

S. No	Activities
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting of this Letter of Offer and of advertisement/publicity material including newspaper advertisements and brochure/ memorandum containing salient features of this Letter of Offer. Compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Selection of various agencies connected with the Issue, namely Registrars to the Issue, printers, bankers to the Issue and advertisement agencies.
4.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Issuer.
5.	Ensuring compliance with the SEBI Regulations and other requirements and formalities specified by SEBI and the recognized stock exchanges where specified securities being offered are proposed to be listed.

Debenture trustee

This being an issue of equity shares, a debenture trustee is not required.

Monitoring Agency

As the Issue size will be less than ₹ 5,000 million, under the SEBI Regulations, we are not required to appoint a monitoring agency. However, the Audit Committee of the Board will monitor the utilization of Issue Proceeds.

Appraisal Agency

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

Underwriters and details of Underwriting Agreements

We have entered into Underwriting Agreements dated September 10, 2012 and September 7, 2012 with Ambit and Federal, respectively for underwriting the Equity Shares offered through this Issue, to the non-promoter shareholders. Pursuant to the terms of the Underwriting Agreements, the obligations of the Underwriters are several and are subject to certain conditions specified therein, including the Assured Subscription having been brought in by the Promoters and the Promoter Group. Assured Subscription shall mean subscription by the Promoter and the Promoter Group to the full extent of their Rights Entitlement of Equity Shares in the Issue, including renunciations, if any, amongst the Promoter and Promoter Group. The Underwriters have agreed to subscribe / procure subscription for the devolved shares of the Rights Issue in the ratio of their respective underwriting obligations. The Underwriters have agreed to underwrite for shares and amounts specified below at the Issue Price:

Name and address of the Underwriter	Amount underwritten (₹ in millions)
Ambit Corporate Finance Private Limited Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai - 400 013	136.03
Federal Bank Limited C wing , 2nd Floor, Laxmi Towers Bandra Kurla Complex, Bandra (East) Mumbai- 400 051	136.03*

*but not exceeding ₹ 272.06 million, subject to terms and conditions of the underwriting agreement dated September 7, 2012.

We have ensured that the Underwriters have sufficient resources to enable them to discharge their underwriting obligations in full.

If we do not receive the minimum subscription of 90% of the Issue including devolvement of underwriting of the undersubscribed portion 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, we 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 8 days after we become liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), we and every Director 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.

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 138.

Issue Schedule

Issue Opening Date:	September 26, 2012
Last date for receipt of request for SAFs:	October 3, 2012
Issue Closing Date:	October 12, 2012

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.

CAPITAL STRUCTURE

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

(in ₹)

	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised Share Capital		
40,000,000 Equity Shares of ₹ 10 each	400,000,000	
1,000,000 Redeemable Preference Shares of ₹ 100 each	100,000,000	
Issued, subscribed and paid up capital before the Issue		
19,586,666 Equity Shares of ₹ 10 each fully paid-up	195,866,660	
Present Issue in terms of this Letter of Offer		
10,881,481 Equity Shares at an Issue Price of ₹ 100 per Equity Share	108,814,810	1,088,148,100
Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
30,468,147 Equity Shares of ₹ 10 each	304,681,470	
Securities premium account		
Securities Premium Account before the Issue	126,000,000	
Securities Premium Account after the allotment of the Equity Shares (assuming full subscription for and allotment of the Rights Entitlement)	1,105,333,290	

Note: This Issue has been authorised by the Board of Directors under section 81(1) and other provisions of the Companies Act pursuant to a resolution dated March 28, 2012.

As on the date of this Letter of Offer, the Company does not have any outstanding options or convertible securities.

Notes to the Capital Structure

1. **Our shareholding pattern as on August 24, 2012 is as follows:**

Category Code (I)	Category of shareholder (II)	Number of shareholders (III)	Total Number of shares (IV)	Number of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage IX = (VIII)/IV) *100
(A)	**Shareholding of Promoter & Promoter Group**							
1	**Indian**							
(a)	Individual/Hindu Undivided Family	2	62,670	62,670	0.32%	0.32%	NIL	NIL
(b)	Central Government/State Government(s)							
(c)	Bodies Corporates	7	10,265,222	10,265,222	52.41%	52.41%	NIL	NIL
(d)	Financial Institution/Banks							
(e)	Any Other(specify)							
	Sub-Total (A) 1	**9**	**10,327,892**	**10,327,892**	**52.73%**	**52.73%**	**NIL**	**NIL**
2	**Foreign**							
(a)	Individuals	1	4,361,600	4,361,600	22.27%	22.27%	NIL	NIL

	(Non-Resident Individuals/Foreign Individuals)							
(b)	Bodies Corporates							
(c)	Institutions							
(d)	Qualified Foreign Investor							
(e)	Any Other(specify)							
	Sub-Total (A) 2	**1**	**4,361,600**	**4,361,600**	**22.27%**	**22.27%**	**NIL**	**NIL**
	Total Shareholding of Promoter & Promoter Group (A)= (A)1 + (A)2	**10**	**14,689,492**	**14,689,492**	**75.00%**	**75.00%**	**NIL**	**NIL**
(B)	**Public Shareholding**							
1	**Institution**							
(a)	Mutual Funds/UTI	3	800	NIL	0.00%	0.00%		
(b)	Financial Institution/Banks	4	2,900	2,000	0.01%	0.01%		
(c)	Central Govt./State Govt.							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors	3	2,791,561	2,791,261	14.25%	14.25%		
(g)	Foreign Venture Capital Investors							
(h)	Qualified Foreign Investor							
(i)	Any Other(specify)							
	Sub Total (B)(1)	**10**	**2,795,261**	**2,793,261**	**14.27%**	**14.27%**	**NIL**	**NIL**
2	**Non-Institutions**							
(a)	Bodies Corporate	300	465,593	454,691	2.38%	2.38%		
(b)	Individuals							
	(I). Individual shareholders holding nominal share capital upto Rs.1 lakh	5,676	1,078,220	814,692	5.50%	5.50%		
	(ii). Individual shareholders holding nominal share capital in excess of Rs.1 lakh	9	518,241	518,241	2.65%	2.65%		
(c)	Qualified Foreign Investor							
(d)	Any Other(specify) :-							
	NRI	89	39,657	18,175	0.20%	0.20%		
	TRUST	3	202	202	0.00%	0.00%		
	Sub Total (B)(2)	**6,077**	**2,101,913**	**1,806,001**	**10.73%**	**10.73%**	**NIL**	**NIL**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**6,087**	**4,897,174**	**4,599,262**	**25.00%**	**25.00%**	**NIL**	**NIL**
	TOTAL (A)+(B)	**6,097**	**19,586,666**	**19,288,754**	**100.00%**	**100.00%**	**NIL**	**NIL**

(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**-**	**-**	**-**	**-**	**-**	-	-
	(i) promoter and promoter group							
	(ii) Public							
	GRAND TOTAL (A+(B)+(C)	**6,097**	**19,586,666**	**19,288,754**	**100.00%**	**100.00%**	**NIL**	**NIL**

The list of Equity Shareholders belonging to the category "Promoter and Promoter Group" as on August 24, 2012 is detailed in the table below:

Sr. No.	**Name of the shareholder**	**Details of Shares held**		**Encumbered shares (*)**			**Details of warrants**		**Details of convertible securities**		**Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital**
		Number of shares held	**As a % of grand total (A)+(B+(C)**	**No.**	**As a percentage**	**As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)**	**Number of warrants held**	**As a % total number of warrants of the same class**	**Number of convertible securities held**	**As a % total number of convertible securities of the same class**	
(I)	***(II)***	***(III)***	***(IV)***	***(V)***	***(VI)= (V)/ (III)* 100***	***(VII)***	***(VIII)***	***(IX)***	***(X)***	***(XI)***	***(XII)***
1	EIH LIMITED	7,071,333	36.10	NIL	NIL	NIL	NIL	NIL	NIL	NIL	36.10
2	MANALI INVS & FIN PVT LTD	1,463,540	7.47	NIL	NIL	NIL	NIL	NIL	NIL	NIL	7.47
3	CORONET INVS PVT LTD	1,342,864	6.86	NIL	NIL	NIL	NIL	NIL	NIL	NIL	6.86
4	OBEROI HOLDINGS PVT LTD.	271,874	1.39	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.39
5	OBEROI HOTELS PVT LTD.	111,733	0.57	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.57
6	P R S OBEROI	32,670	0.17	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.17
7	RAJAN B RAHEJA	30,000	0.15	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.15
8	OBEROI PLAZA PVT LTD.	2,260	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.01
9	BOMBAY PLAZA	1,618	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.01

	PVT LTD.										
10	SATISH RAHEJA	4,361,600	22.27	NIL	NIL	NIL	NIL	NIL	NIL	NIL	22.27
	TOTAL	**14,689,492**	**75.00**	**NIL**							**75.00**

Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "public" and holding more than 5% of the total number of shares of the Company as on August 24, 2012 is detailed in the table below:

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	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}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	THE ROYAL BANK OF SCOTLAND PLC AS TRUSTEE OF THE JUPITER INDIA FUND	1,955,000	9.98	NIL	NIL	NIL	NIL	9.98
	TOTAL	**1,955,000**	**9.98**	**NIL**	**NIL**	**NIL**	**NIL**	**9.98**

The list of Equity Shareholders, other than the Equity Shareholders belonging to the category "Promoters and Promoter Group", holding more than 1% of our paid-up capital as on August 24, 2012 is detailed in the table below:

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED A/C JUPITER SOUTH ASIA INVESTMENT	836,261	4.27	NIL	NIL	NIL	NIL	4.27

	COMPANY LIMITED-SOUTH ASIA ACCESS FUND							
2	THE ROYAL BANK OF SCOTLAND PLC AS TRUSTEE OF THE JUPITER INDIA FUND	1,955,000	9.98	NIL	NIL	NIL	NIL	9.98
3	KAMAL KABRA	200,700	1.02					1.02
	TOTAL	**2,991,961**	**15.28**	**NIL**	**NIL**	**NIL**	**NIL**	**15.28**

* *including underlying shares assuming full conversion of warrants and convertible securities*

Statement showing details of Depository Receipts as on August 24, 2012 is detailed in the table below:

Sr. No.	Type of outstanding Depository Receipts (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
1	NIL	NIL	NIL	NIL

2. There have been no acquisition of Equity Shares by the Promoters and the members of the Promoter Group within the last one year preceding the date of this Letter of Offer.

3. Our Promoter and Promoter Group, have confirmed vide their letters dated March 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, including renunciations, if any, amongst the Promoter and Promoter Group, in compliance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement as stipulated in the Listing Agreements.

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

6. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed.

7. We have entered into Underwriting Agreements dated September 10, 2012 and September 7, 2012 with Ambit and Federal, respectively for underwriting the Equity Shares offered through this Issue to the non-promoter shareholders. For details of the Underwriting Agreement please see the chapter "General Information" on page 8. We have ensured that the Underwriters have sufficient resources to enable them to discharge their underwriting obligations in full.

8. The ex-rights price of the Equity Shares as per regulation 10(4) (b) of the Takeover Regulations is ₹ 141.19.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment/ pre- payment, in full or in part, of certain loans availed by us; and
2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and undertake the objects of the Issue.

The fund requirements and deployment described below are based on internal management estimates and have not been appraised by any bank, financial institution or any other external agency. These are based on current circumstances of our business.

We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. Accordingly, the Net Proceeds would be used to meet all or any of the uses of the funds described herein.

In case of variations in the actual utilization of funds earmarked for the purposes set forth below, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be met through our internal accruals, additional equity and/or debt arrangements. In the event that estimated utilization out of the Net Proceeds in a Financial Year is not completely met, the same shall be utilized in the next Financial Year.

Our management will have the flexibility to revise its business plan from time to time and in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Requirement of Funds and means of finance

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	1,088.15
2.	Issue expenses	31.39
3.	Net Proceeds of the Issue	1056.76

Utilization of Net Proceeds

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 proposed to be financed from Net Proceeds (In ₹ million)
1.	Repayment/ prepayment, in full or in part, of certain loans availed by us	900.00
2.	General corporate purposes	156.76
	Total	**1056.76**

Details of the objects of the Issue

The stated objects of the Issue are proposed to be financed entirely out of the proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue. The Net Proceeds, after deduction of all Issue expenses, are estimated to be approximately ₹ 1056.76 million. The details in relation to Objects of the Issue are set forth herein below.

1. Repayment/ prepayment, in full or in part, of certain loans availed by us

We have availed certain long-term and other short-term loan facilities from various banks. The amount sanctioned on a standalone basis under these loan facilities aggregated to ₹ 3,480.00 million and the amount outstanding under these facilities as on August 24, 2012 aggregates to ₹ 2,342.83 million.

The following table provides the details of the various loan facilities availed by us. We may repay/ prepay, entirely or partially, all or any, of the loans stated below subject to utilization of maximum of ₹ 900 million from the Net Proceeds:

Secured Loans

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan**	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
United Bank of India ("UBI") Working capital facility Sanction letter dated November 28, 2008 To be used for the borrower's hotel industry business	**200 million** (₹ 150 million as cash credit, ₹ 50 million letter of credit. These sub-limits are interchangeable)	22.83 million	First charge on borrower's Company's current assets, including merchandise, stores, spares and receivables. Charge on equipments procured through letter of credit Counter guarantee by us for letter of guarantee The facility is additionally secured on the extension of charge on the fixed assets in Trident, Agra, Trident, Jaipur and Trident, Udaipur on a second charge on *pari passu* basis	Repayable on demand	UBI BR + 2.50%, i.e., presently, 12.95% p.a.	-
Royal Bank of Scotland ("RBS") Working capital facility Agreement of Loan dated July 19, 2007 Working capital requirement	**500 million** (May be availed as an overdraft, short term loan)	Nil#	First *pari passu* charge over the movable assets at and property at Trident, Bhubaneswar and The Oberoi Cecil, Shimla	A) **Overdraft:** Can be repaid as and when required without being locked in for a particular tenure. B) **STPLR/ FCNR (B)**:	RBS BR + 125 basis points p.a. i.e., presently 11.00% for overdraft. At negotiated rates in case of a	Prepayments shall be subject to breakage cost as decided by RBS

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan**	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
				Maximum tenor of 12 months from draw down	short term loan	
Federal Bank Limited Line of credit Agreement dated January 13, 2012 Working capital requirements	**500 million**	500 million	First *pari passu* charge on Trident, Udaipur	12 months from draw down	Federal Bank BR, i.e., 10.75%. The interest rate is fixed for the currency of the limit	As per clause 8 of Agreement dated January 13, 2012, in the event of loan being repaid before due date for payment prescribed, the borrower shall pay prepayment charges at a rate of 0% on the amount of prepayment.
Federal Bank Limited Line of credit Agreement dated June 27, 2012 Funding working capital requirements	**500 million**	500 million	First *pari passu* charge yet to be created on Trident, Udaipur.	Lump sum repayment within 12 months. In case the loan is drawn in tranches, repayment in lump sum within due date of each drawal	Base rate, i.e., 10.45% p.a. currently	As per clause 8 of Agreement dated June 27, 2012, in the event of the loan being repaid before due date for payment prescribed, the borrower shall pay prepayment charges at a rate of 0% on the amount of prepayment.
The Hongkong and Shanghai Banking Corporation Limited ("HSBC") Working capital facility Agreement dated August 7, 2009 and	**280 million** (As overdraft or as working capital loan)	70 million	First *pari passu* charge over stocks and receivables Second charge over plant and machinery Second charge over property and assets at The Oberoi	A) Overdraft**:** Repayable on demand. B) Working Capital Loan: Maximum tenor of 12 months	10.80% p.a for overdraft The interest will be charged on daily balances at mutually agreed	-

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan**	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
subsequent sanction letter dated February 10, 2012 Working capital requirement			Rajvilās, Jaipur and the Trident, Chennai	from draw down	rates.	
The Hong Kong and Shanghai Banking Corporation Limited (“HSBC”)[1] Term loan Agreement for term loan dated November 28, 2011 To refinance loans from United Bank of India and ICICI Bank and for general corporate purposes	**500 million**	500 million	First *pari passu* charge over property at The Oberoi Rajvilās, Jaipur and the Trident, Chennai	₹ 150 million each at the end of 30 months and 33 months and remaining ₹ 200 million to be repaid at the end of 36 months The date of draw down is November 29, 2011 and November 30, 2011. The repayment schedule is thus from May 2014 to November 2014	10.88% p.a. with interest reset/ repayment option at the end of 12 months	No prepayment penalty will be levied on prepayment done on interest reset dates/ repayment dates. However, prepayment made other than this will attract penalties at the bank’s discretion
ICICI Bank Limited[2] Term loan Rupee Loan Facility Agreement dated March 23, 2011 To refinance existing debt and capital expenditure	**500 million**	500 million	First *pari passu* charge over property at The Oberoi Rajvilās, Jaipur and the Trident, Chennai	In 20 equal quarterly installments with a moratorium of 8 quarters The date of draw down is March 23, 2011. The repayment schedule is thus from March 2013 to December 2017.	ICICI BR + 2.00%, i.e., presently 11.75% p.a.	No penalty if paid within 45 days of reset of spread with prior notice at least 15 days prior to reset Prepayment premium of 1.00% p.a. on outstanding principal amount with 15 days prior notice to ICICI Bank
United Bank of India Term loan	**500 million**	250 million	First *pari passu* charge over property at The Oberoi Rajvilās,	Repayable in 8 equal quarterly installments after a	UBI BR + 1.25%, i.e., presently, 11.70% p.a.	Prepayment can be done any time without

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan**	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
Agreement of Term Loan dated December 3, 2010 For funding cash flow mismatch			Jaipur and the Trident, Chennai	moratorium of 2 years The date of draw down is December 6, 2010. The repayment schedule is thus from March 2013 to December 2014.		penalty by giving 7 days prior notice

[#] As on August 24, 2012, there has been no draw down on this facility.
*** The Auditors vide their certificate dated August 31, 2012 have confirmed that the above loans have been utilised for the purposes for which the loans were sanctioned by the respective lenders.*
[1] As confirmed by the Auditors vide their certificate dated June 7, 2012, this term loan was utilized by us for part repayment of ₹250 million each towards the following loans:

- *₹250 million towards part repayment of a term loan and corporate loan granted by United Bank of India. This loan was sanctioned for the purpose of refinancing our capital expenditure already incurred during the period from April 1, 2005 to September 30, 2008; and*
- *₹250 million towards part repayment of a loan from United Bank of India. This loan was sanctioned for funding our cash flow mismatch.*
- *The above loans from United Bank of India were utilized for the purpose for which they were sanctioned.*

[2] As confirmed by the Auditors vide their certificate dated July 14, 2012, this term loan was utilized by us for part repayment of the following loans:

- *₹349.90 million and ₹109.34 million towards part repayment (including interest) of an unsecured loan provided by EIH Limited and Hathway Investments Private Limited respectively. These unsecured loans provided by EIH Limited and Hathway Investments Private Limited were utilized for part repayment of the unsecured non-convertible debentures issued by us to EIH Limited pursuant to the scheme of arrangement between us and EIH Limited for transfer of The Oberoi Cecil at Shimla and the Trident, Bhubaneswar; and*
- *₹36.25 million towards part repayment of 2 loans availed by us from United Bank of India. These loans were utilized for the purposes of part financing and renovation of Trident, Chennai and for refinancing our capital expenditure from the period from April 1, 2005 to September 30, 2008.*
- *The remaining amount of ₹4.51 million was used towards capital expenditure.*
- *The above loans from EIH Limited, Hathway Investments Private Limited and United Bank of India were utilized for the purpose for which they were sanctioned.*

Some of our loan agreements provide for the levy of prepayment penalties or premium. We will take such provisions into consideration while deciding the loans to be repaid and/ or pre-paid from the Net Proceeds. We may also be required to provide notice to some of our lenders prior to repayment and/ or prepayment. 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 or prepay the loans, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

2. General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating ₹ 156.76 million for general corporate purposes, including but not restricted to, strategic initiatives, joint ventures, repayment/ prepayment of loans, acquisitions, meeting exigencies which we, in ordinary course of business may face, or any other purposes as may be approved by our Board.

Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹ 31.39 million. The Issue related expenses include, among others, fees to various intermediaries, printing and distribution expenses, statutory auditor fees, legal counsel fees, advertisement expenses, depository fees and other expenses. The estimated Issue related expenses are as follows:

Particulars	Amount (*₹ in million*)	As % of total estimated Issue expenses	As a % of Issue Size
Fees payable to intermediaries including Lead Manager, Underwriters and Registrar to the Issue	19.97	63.62%	1.84%
Others (printing and distribution, stationery, advertising, legal counsel fees, auditors fees, SEBI fees, listing fees, depository fees, out of pocket reimbursements, contingencies etc.)	11.42	36.38%	1.05%
Total estimated Issue expenses	**31.39**	**100%**	**2.89%**

Schedule of utilization of Net Proceeds

The schedule of utilization of Net Proceeds is as follows:

Particulars	Estimated utilization Net Proceeds (₹ in millions)
	By September 30, 2014
Repayment / Prepayment in full or in part of certain loans	900.00
General Corporate Purposes	156.76
Total	**1,056.76**

We propose to repay / pre-pay the loan funds at the earliest from the date of receipt of Issue proceeds.

Interim use of proceeds

Our management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and deposits with banks as may be approved by the Board. During this period depending on options available, we may also consider temporarily investing the funds in interest/ dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration and/ or to temporarily deposit the funds in cash credit accounts with banks for reducing overdraft and short-term loans, gilt edged securities and other interest bearing securities. The funds will not be deployed in equity or in equity related instruments. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Bridge Financing Facilities

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

Monitoring of Utilisation of Funds

We are not appointing a monitoring agency as the Issue is less than ₹ 5,000 million. The Board of Directors/Audit Committee of our Company will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of proceeds of the Issue under a separate head in its balance sheet from FY 2012-13 and such other financial years as may be required under the SEBI Regulations, the Listing Agreement with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purpose for which net proceeds of the Issue have been utilized. We, in our balance sheet for FY 2012-13 and such other financial years as may be required will provide details, if any, in relation to all such Net Proceeds of the Issue that have not been utilized, thereby also indicating investments, if any, of such unutilized net proceeds of the Issue.

Pursuant to clause 49 of the Listing Agreement, we shall, on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by our statutory auditors. Furthermore, in accordance with clause 43A of the Listing Agreement we 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. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of clause 49 of the Listing Agreement.

Key Industry Regulations for the proposed objects of the issue

The key industry regulations for the proposed objects of the Issue are not different from our existing business.

Interest of promoters and directors in objects of the issue

Except as stated above, no part of the Net Proceeds will be paid by us as consideration to the Promoters, our Directors or companies promoted by our 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 Associated Hotels Limited,
1/24, G.S.T Road, Meenambakkam
Chennai- 600 027

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 Associated Hotels 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/judicial authorities/ Courts will concur with the views expressed herein. Our views are based on the existing provisions of law and our interpretation of the same, 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

Nabanita Ray
Partner
Membership No. 58477

Place: Kolkata
Dated: 31st August 2012

STATEMENT OF TAX BENEFITS

The following key tax benefits are available to EIH Associated Hotels 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 or 80-ID 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.

The Finance Act, 2012 provides that the owner of a hotel shall be deemed to be carrying on hotel business, even if the operation of such business is transferred to any other entity and accordingly the Company shall continue to get deduction under section 35AD of the Act.

If the Company constructs a hotel in the specified district having a world heritage site and operation is started on or before 31.3.2013 and if the Company does not choose to avail of deduction under section 35AD of the Act, it can claim deduction of 100% of profit derived from such hotel for 5 consecutive Assessment Years (AY's) commencing from the initial Assessment Year.

(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.

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 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.

1.3 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 l/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

l.4 Debenture Interest:

Interest paid on Debentures will be allowed as a deduction under section 36 (l) (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.

1.5 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 fulfilment of conditions specified in that section.

1.6 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. Business loss for any Assessment Year of any hotel for which deduction under section 35AD of the Act is claimed can be carried forward without time limit and set off against profit of any other hotel.

1.7 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 (lA) to the extent of difference of the tax paid for any assessment year under sub-section (l) 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 l0, 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.

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 or conversion into money.

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 l0(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 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 111 A of the Act(in case of STCG)

iii. In case of an individual or HUF where the total income as reduced by such long term capital gain is below the exemption limit, then such long term capital gain shall be reduced by the amount by which the total income as so reduced to the extent of the shortfall and the tax on the balance of such long term capital gain shall be subject to tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

iv. 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.

1.3 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 115-0 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 I 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 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 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.

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 115-O of the Act.

3.2 Capital Gains:

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 111 A, 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.

3.3 Exemption of capital gains from Income tax

LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act, if it is sold through recognised stock exchange.

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

3.5 Deductions

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

3.6 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 lndia 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, I, 2009 without adequate consideration to an individual or HUF will be taxable in the hands of the transferee under 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

Nabanita Ray
Partner
Membership No. 58477

Place: Kolkata
Dated: 31st August, 2012

SECTION V – ABOUT US

INDUSTRY OVERVIEW

World Economy and Impact of Travel & Tourism

The Global Travel & Tourism Industry saw a rapid rise over the decade preceding 2008, despite occasional dips in the annual growth curve during the period. The onset of the global economic meltdown resulted in a marked downturn in tourism activity during the second half of 2008, and by the end of the year the economic atmosphere was increasingly affecting the industry's performance even in emerging markets. The contraction continued into 2009, which witnessed a decrease of 2.9% in Personal Travel & Tourism and 7.2% in the Business Travel segments.

The Global Travel & Tourism industry had recovered in 2010, with the industry's direct contribution to GDP being ~US$ 1.8 trillion. However, the global economic situation is currently facing major challenges, as reflected in the continuing Eurozone debt crisis and the credit rating downgrade of the United States. If trends in equity and bond markets are symptomatic of a wider reassessment of short and medium-term growth prospects, this will also impact on business planning and, in particular, planning relating to investment and employment.

Nevertheless, positive growth in Travel & Tourism, while lower than initially anticipated, is expected to be maintained. Particularly in the case of Emerging Markets, growth forecast downgrades caused by inflationary pressures and monetary tightening have been relatively modest and projected growth remains high. Activity indicators such as Airline passenger traffic, Overnight tourist arrivals, hotel occupancies and average daily rates in 2011 were all higher than 2010 figures, though the growth rate % was more modest. WTTC's latest forecasts point to positive growth in 2012, though unlikely to exceed 2011's growth level.

(Source: WTTC Economic Impact of Travel & Tourism 2009, 2011 and Jan 2012)

A significant trend in the global industry is the migration to online resources – activities ranging from research into travel & destination options to booking. From 2010-12, the global online travel bookings are forecast to accelerate twice as fast as the overall market and from 2012 onwards, ~1/3rd of the world's Travel & Tourism sales are expected to be made online. Online travel market in India, valued at US$ 4 billion as of 2010, is relatively small because of the comparatively low penetration of internet.

(*Source: WTTC Travel & Tourism 2011, PhocusWright 2010)*

The Indian Economy

The Indian Economy is one of the largest economies in the world with an Estimated GDP (at current market prices) of ₹ 89.1 trillion in FY 2011-12. In the recent past, the economy has withstood two shocks in rapid succession: (a) the global financial crisis in 2007-09 whose ripple effects persisted into the present financial year; and (b) domestic financial pressures caused by a year of negative growth in agriculture in 2008-09 followed by periods of erratic monsoons in 2009-10 and 2010-11. As per recent estimates in the Economic Survey of India, the economy is expected to register a growth of 6.9% in 2011-12, instead of the 9% projected earlier in February 2011. A part of the reason for the slowdown lies in global factors such as the European crisis, stagnation in Japan and hardening international crude oil price. In addition, the tightening of monetary policy, in particular raising the repo rate in order to control inflation and anchor inflationary expectations, resulted in some slowing down of investment and growth particularly in the industrial sector.

(Source: Economic Survey of India, 2010-11 and 2011-12)

Strong economic recovery in Emerging Market Economies (EMEs) during 2009-10, driven largely by domestic demand, had increased the risks of inflation and asset price build-up. In India, a deficient monsoon adversely affected agricultural output, and when coupled with increasing international crude oil prices it resulted in a persistent supply-side inflation that eventually became generalized across non-food manufactured products as well. By the last quarter of FY 2011, inflation risks had risen significantly even in advanced economies, and the European Central Bank increased its policy rates by 25 bps in April 2011 to stem the rise. Monetary policy was tightened by central banks of several emerging markets, including India, China, Brazil, Israel, Thailand and Korea.

In India, price pressures were met by a series of aggressive hikes in policy rates by the RBI, with the policy rates seeing a cumulative raise of 500 bps over the 20 month period starting Feb 2010. Some degree of moderation in inflation was visible in the last quarter of 2011, driven by a fall in vegetable prices, favourable base effects and a fall in pricing power of manufacturers. While the decline in inflation is expected to persist going forward, incomplete exchange-rate pass-through, pressures from suppressed energy prices and structural factors contributing to protein-based food inflation are likely to limit the return to normalcy.

(Source: RBI Macroeconomic and Monetary Developments, 2010, 2011 and 2012)

Despite global and domestic financial constraints, India remains one of the fastest growing economies, in FY 2011-12, with China being the only economy projected to grow faster at 8.2%.

(Source: IMF World Economic Outlook, Jan 2012).

Indian Travel & Tourism Industry

India is rich in natural diversity and tourism offerings range from adventure to rural and wildlife tourism. In addition, the growing medical tourism segment is expected to be a US$ 2.3 billion market by 2012. The growing demand is reflected in the 40% growth in Foreign Tourist Arrivals during 2005-10.

(Source: IBEF, Nov 2011)

Over the period 2000-10, India saw a focus on Travel & Tourism Industry investment, with overall growth of ~600%. However, the growth stemmed from a very low base, and in absolute terms, annual investment is still a small fraction of that made in USA or Europe. The World Economic Forum predicts that by 2015, India's travel & tourism industry will outperform / equal that of France, UK & Japan.

(Source: WTTC Travel & Tourism 2011, WEF Travel & Tourism Competitiveness Report 2011)

Key growth drivers for the domestic industry over the years include:

a) Increasing business travel;
b) Increasing foreign tourist arrivals;
c) Rising domestic leisure travel fuelled by rising domestic income levels

In addition to the above, India had hosted international sporting events such as the ICC Cricket World Cup, Commonwealth Games and the Formula 1 - Indian Grand Prix in 2011. These events attracted sports enthusiasts from across the country and overseas to the locations at which these sporting events and games were held.

Along with the growth drivers mentioned above, the industry also faces some barriers to developing to its full potential viz-a-viz other South-East Asian countries:

a) Visa processes and the associated fees for foreign tourists;
b) Under-developed transportation and civic infrastructure;
c) Security concerns, primarily caused by terrorist attacks;
d) Poor maintenance of heritage and historically important sites.

The government has recognized the importance of the tourism industry and has invested in several policies and campaigns over the years promoting the industry, such as visa-on-arrival and "Incredible India".

The significance of the industry is reflected in the fact that India has the highest number of people directly employed by Travel & Tourism activities. With 24.98 million jobs generated directly in 2011, the industry contributed 5% to the total employment, while the wider effects from investment in Tourism, supply chain and other induced income impacts contributed an additional 2.8% to the total employment in the country. The Direct Contribution of Travel & Tourism to GDP was 1.9% (₹ 1.69 trillion) in 2011, and is expected to grow by 7.7% p.a. to ₹ 3.8 trillion in 2022. Comparatively, the average contribution worldwide, for 2011, is 5.2% of GDP.

(Source: WTTC India Economic Impact, 2012)

Foreign tourist arrivals and domestic tourist visits in India

Foreign Tourist Arrivals (FTAs) in India

The FTAs in India grew from 2.54 million in 2001 to reach 6.29 million in 2011, at a CAGR of 9.5%. During 2011, India registered a positive growth of 8.9% over 2010, which is higher than UNWTO's estimated growth rate of 4.4% for the world in 2011.

FTAs during the period January-June 2012 were 32.37 lakh with a growth of 7.4%, as compared to the FTAs of 30.15 lakh with a growth of 10.8 % during January-June 2011 over the corresponding period of 2010.

Further, Foreign Exchange Earnings (FEE) over the years has also reflected the rise of India as a popular destination for foreign tourists, with FEEs increasing from ₹ 150.8 billion in 2001 to ₹ 775.9 billion in 2011 (Estimated), at a CAGR of 17.8% over the 10 year period.

FEE from tourism in ₹ terms during January-June 2012 were ₹ 437.6 billion with a growth of 24.4%, as compared to the FEE of ₹ 351.6 billion with a growth of 12.1% during January-June 2011 over the corresponding period of 2010.

(Source: Ministry of Tourism, India Tourism Statistics)

Domestic Tourist Visits

There has been a continuous increase in domestic tourist traffic, with CAGR of domestic tourists to all States / UTs from 2000 to 2010 being 13.0%. The year 2011 witnessed a growth of 13.8% in domestic tourist visits over the year 2010 as compared to increase of 11.8% in 2010 over 2009.

(Source: Ministry of Tourism, India Tourism Statistics)

Indian Premium Hotels Industry

The market size of India's Premium Hotel Industry stood at ₹ 163 bn during 2010-11. These hotels can be classified broadly into two types based on location and / or guests that they cater to: (a) Business and (b) Leisure. Though the factors affecting room demand are largely similar between business and leisure destinations, there are some fundamental differences.

(Source: CRISIL Research, Hotels, June 2012)

Business Destinations

- Demand growth correlated with growth of key industries
- Extremely sensitive to macro-economic factors, such as the recent global recession
- Tourism is less seasonal in nature compared to leisure destinations

Leisure Destinations

- Demand growth correlated strongly with growth in Foreign Tourist Arrivals but sensitive to geo-political developments
- Less sensitive to Macro-economic factors compared to Business Destinations
- Tourist arrivals are highly seasonal

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 hotel management company manages the operations of a hotel owned by a third party. In return, the hotel management company 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. *(Source: CRISIL Research, Hotels, August 2011)*

- *Franchise*

  In a franchise arrangement, franchisors license their brands; give the hotel owner the right to use their brand, operating practices and reservations in exchange for a fee. The hotel owners or franchisees are subject to inspection and have to adhere to brand's standard. The franchisee pays an initial fee and an ongoing royalty to the franchisor. This structure allows the franchisor to enjoy significant operating leverage as its costs relatively less to add a new hotel. *(Source: CRISIL Research, Hotels, August 2011)*

- *Lease and 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.. In general, the lessor owns the property and the lessee has an interest in the asset for the duration of the lease agreement. Generally, a 'lease rental' or 'license fee' is a proportion of the gross revenue and is paid to the lessor / licensor. *(Source: CRISIL Research, Hotels, August 2011)*

Reservation and Distribution Channels

Hotels employ various distribution channels for room reservation, these modes may be employed by the hotels companies themselves or by independent agents. 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, car rental companies, etc) to provide and avail of travel-related services. These systems have become markets, linking buyers and sellers and allowing reservations to be made quickly and easily. In a nutshell, GDS provide transaction links between travel suppliers and travellers. According to sources, internationally, GDS accounts for over 74% of the bookings made for city-based hotels.

- *Centralised Reservation Systems*

  The Centralised Reservation Systems (CRS) is a computerised system, which stores and distributes information of hotel pertaining to availability ofrooms, rates and other related services, and through which reservations can be made. Many hotel companies, especially hotel chains, have installed in-house reservation systems, connecting all their properties.

- *Booker*

  The travel manager, executive assistants or secretaries, who form the link between the traveller and the hotel/airline, generally make corporate bookings.

- *Travel Agent*

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

- *Online Travel Portals*

  With the advent of e-commerce, online travel portals have increasingly become one stop site for all travel related services. These are websites dedicated to travel related transactions and reviews such as booking of flight tickets, hotels rooms and travel packages. These websites are connected to GDS/CRS systems which enable them to offer lowest prices prevalent in the distribution network.

- *Marketing Alliances*

  Hotel properties/chains are often associated with marketing alliances. These alliances provide the hotel direct access to reservation network, promotion and Internet coverage. *(Source: CRISIL Research, Hotels, August 2011)*

Cyclical Nature of the Industry

The hospitality sector is cyclical in nature. Business destinations are more sensitive to macro-economic factors. This is reflected by the fact that during the global economic crisis, RevPARs in business destinations declined at a CAGR of 19%, compared to 12% for leisure destinations. Leisure destinations on the other hand, show a greater sensitivity to non-economic factors such as terror attacks and health related travel warnings. This sensitivity is highlighted by sharper reduction in RevPAR growth in leisure destinations during 2001-02 (as a result of the World Trade Centre attacks on September 11). It must be noted that decline in FTA in 2008-09 was largely on account of Mumbai terror attacks on 26th November 2008, the H1N1 outbreak and related travel advisories. Consequently, the RevPARs declined in 2008-09 and 2009-10; this negative effect was compounded by the global slowdown.

While in 2010-11, with a higher growth in nominal GDP and foreign tourist arrivals post the recession, RevPARs in business and leisure destinations have grown by 4% and 9%, respectively.

(Source: CRISIL Research, Hotels, August 2011)

Seasonal Nature of the Industry

The nature of demand in the hotels industry is seasonal. However, the trend in ORs shows a significant variation in business and leisure destinations. The peak season for both business and leisure destinations is October-March. Business destinations maintain relatively constant ORs from April to September.

(CRISIL Hotels Report, 2011)

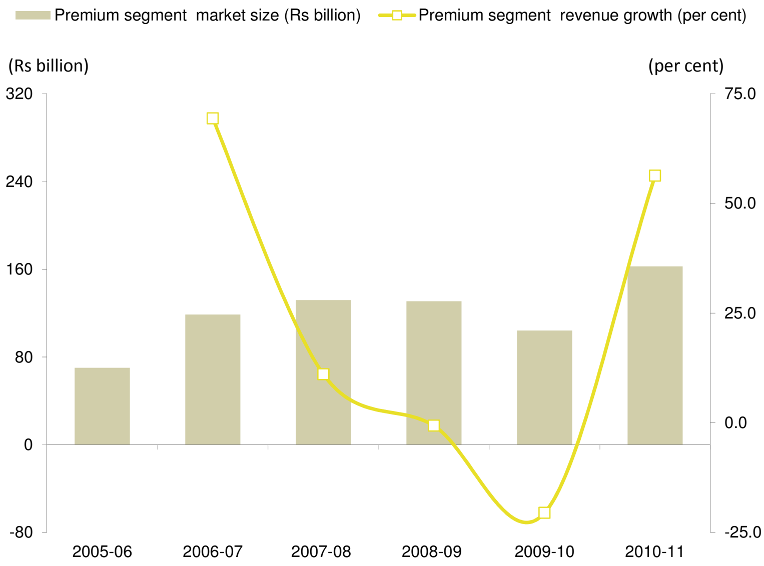
Review of overall growth in Premium Hotels Industry

Revenues rise in 2010-11 on a rebound in macro-economic conditions
An increase in business travel and foreign tourist arrivals propelled the revenues of premium segment hotels (5-star and 5-star deluxe) from ₹ 70 billion to ₹ 132 billion between 2005-06 and 2007-08, a CAGR of 37 per cent. Occupancy rates (ORs) of premium segment hotels crossed 70 per cent across most business destinations during this period, due to a low supply of premium hotel rooms. While the dearth in supply enabled hotels to raise average room rates (ARRs), it also led to an increase in capital expenditure, with several premium hotel projects planned and commissioned during the 3-year period.

The Mumbai terror attack in November 2008 and the economic slowdown impacted room demand across destinations. The situation was exacerbated by a large addition to the existing room inventory, forcing players to reduce ARRs. While in 2008-09, the premium segment (₹ 131 billion) registered a relatively flat revenue growth trajectory, in 2009-10, the revenues of premium segment hotels plummeted 20 per cent to ₹ 104 billion. The premium hotels segment recovered in 2010-11, with revenues growing by 56 per cent to ₹ 163 billion, spurred by an improvement in the macroeconomic environment and increase in foreign tourist arrivals.

(Source: CRISIL Research, Hotels, June 2012)

India's Premium Hotel Industry Size (₹ billion)



(CRISIL Research, Hotels, June 2012)

Business Destinations

Past performance

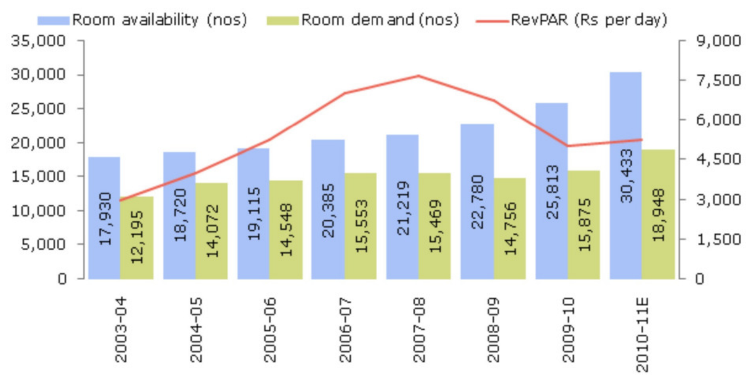
Hotels across key business destinations witnessed high ORs which lead to increase in ARRs during 2003-04 to 2007-08. RevPARs during this period registered a CAGR of 26%.

During 2008-09 and 2009-10, a large amount of new supply became operational in key business destinations and registered a CAGR of 10%. However, due to lower corporate spending on travel as result of global economic slowdown, room demand remained flat. Consequently, RevPARs declined by 19% to ₹ 5,032 in 2009-10 from ₹ 6,729 in 2008-2009.

A recovery in room demand in 2010-11 resulted in an increase in ORs and ARRs by 1% and 3% respectively y-o-y.

(Source: CRISIL Research, Hotels, August 2011)

Business Destinations – Room availability, Room demand and RevPAR

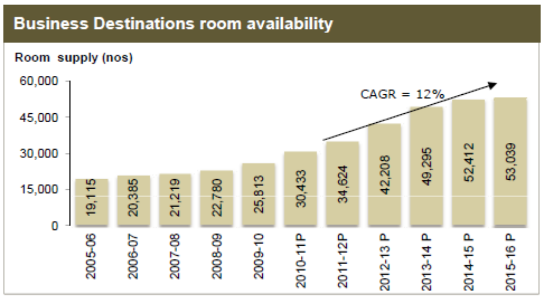


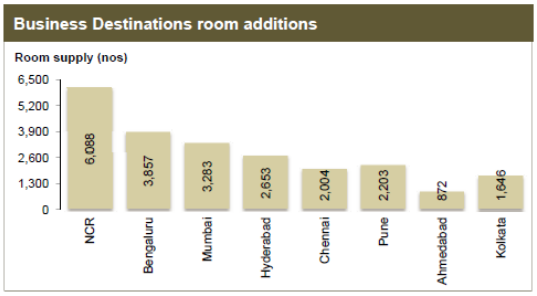
(Source: CRISIL Research, Hotels, August 2011)

Future outlook

Business destinations are expected to see major supply-side growth with an addition of ~22,600 rooms at a CAGR of ~12% through FY11-FY16. As shown in the graph, NCR and Bengaluru will witness the maximum supply additions. *(Source: CRISIL Research, Hotels, August 2011)*

Business Destination – Room Additions (FY11-FY16) Business Destination – Room Availability(FY11-16)





(Source: CRISIL Research, Hotels, August 2011)

Leisure Destinations:

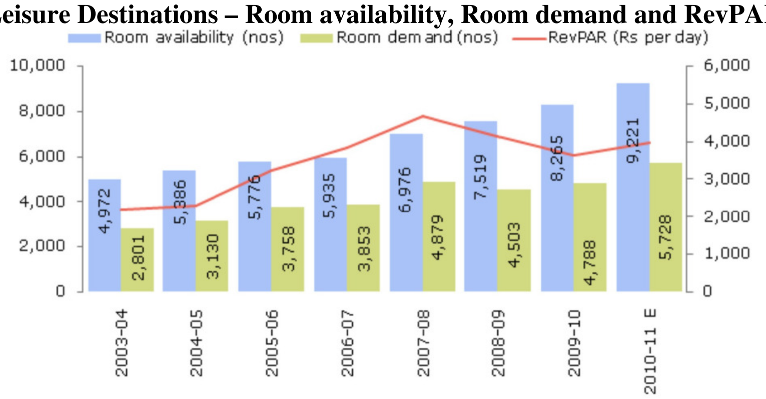
Past performance

Similar to business destinations, during 2003-04 to 2007-08, there was a significant gap in room demand growth (CAGR 20%) and room supply growth (CAGR 8%) in leisure destinations. As a result of the demand-supply gap, ORs remained high and players charged high ARRs, resulting in a rapid growth in RevPARs, which registered a CAGR of 28% during the same period.

However, room demand was severely impacted by the Mumbai terror attacks in November 2008 and the subsequent H1N1 related travel advisories in 2009. The fall in demand was accompanied by large supply additions which registered a CAGR of 9% during the 2008-09 to 2009-10 period. As a result, RevPARs declined by 12% from ₹ 4,113 in 2008-09 to ₹ 3,630 in 2009-10. In 2010-11, with a revival in leisure demand, ARRs and ORs grew by 1% and 4% respectively y-o-y.

(Source: CRISIL Research, Hotels, August 2011)

Leisure Destinations – Room availability, Room demand and RevPAR



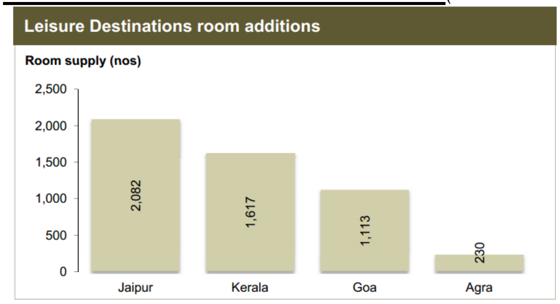
(Source: CRISIL Research, Hotels, August 2011)

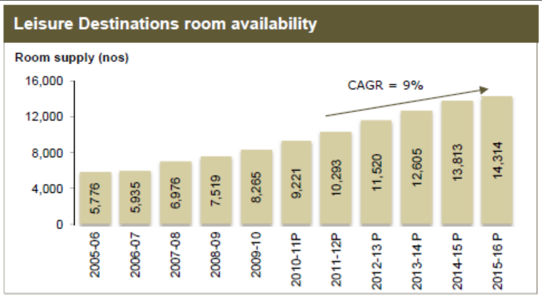
Future outlook

Leisure destinations are projected to witness slower supply growth, with room supply expected to increase by only 5,100 over FY11-FY16 at a CAGR of ~9%. Jaipur and Kerala are expected to witness the maximum supply additions.

(Source: CRISIL Research, Hotels, August 2011)

Leisure Destination – Room Additions *(FY11-FY16)* **Leisure Destination – Room Availability *(FY11-16)***





(Source: CRISIL Research, Hotels, August 2011)

Pan India: Performance and Outlook

Pan India: Performance and Outlook

India	Supply growth	Demand growth	Average ARR (Rs)	ARR growth	Average OR (per cent)	Average RevPAR (Rs)	RevPAR growth
2005-06 to 2007-08	5.4%	5.8%	8,226	23.8%	73.1	6,017	24.3%
2008-09 to 2009-10	9.9%	13.2%	8,652	-10.3%	62.1	5,373	-17.8%
2010-11	16.4%	19.4%	7,952	2.8%	62.2	4,948	5.5%
2011-12 to 2015-16	11.2%	10.1%	8,062	0.9%	58.3	4,697	-0.1%

(Source: CRISIL Research, Hotels, August 2011)

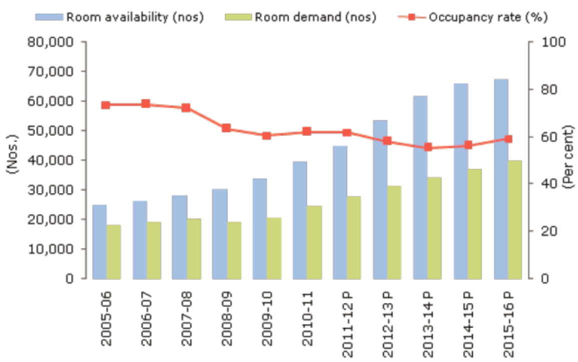
Strong business and leisure travel has led to a robust growth in room demand of around 19% (y-o-y) in 2010-11. (FTAs, which is a key demand driver for premium segment hotels has risen by 9% (y-o-y) during the year). Supply of rooms in the premium category during this period rose by 16% (y-o-y).While ORs increased marginally to 62% in 2010-11 from 61% in 2009-10, ARRs during the year rose by 3% (y-o-y). The increase in ARRs translated into an 6% (y-o-y) growth in revenues per available room (RevPARs).

Business as well as leisure destinations registered a strong recovery in room demand in 2010-11. Among the business destinations, demand in Bengaluru, Kolkata, Chennai and Hyderabad grew by 23-37% whereas that in Mumbai, the National Capital Region (NCR) and Ahmedabad increased by 10-13%. Buoyed by a rise in FTAs, demand in leisure destinations such as Goa, Agra, Jaipur and Kerala rose (by 14-26%).

CRISIL Research believes increase in FTAs and recovery in business-related travel expenditure to translate into a 10% increase (CAGR) in demand for premium segment hotel rooms across 12 cities during 2011-12 to 2015-16. Supply during the same period is likely to grow at an 11% CAGR. Due to a supply overhang, ORs are expected to decline marginally while ARRs would remain flat. As a result, average RevPARs will remain stable at ₹ 4,700.

(Source: CRISIL Research, Hotels, August 2011)

India – Room availability, Room demand and OR



(Source: CRISIL Research, Hotels, August 2011)

Citywise Outlook and Performance Review:

Agra

The city of Agra in the state of Uttar Pradesh is a key tourist attraction on the golden triangle (Delhi, Agra and Jaipur) frequented by many foreign tourists to visiting Northern India. Agra has three UNESCO World Heritage sites, the Taj Mahal, the Agra Fort in the city and Fatehpur Sikri nearby as well as many other buildings and tombs built during the Mughal Empire which attract tourists to Agra.

Performance and Outlook

Strong growth in FTAs had led to a 13% increase (CAGR) in room demand during 2005-06 to 2007-08. As result, ARRs rose by a 25% CAGR and ORs increased from 57% in 2005-06 to 65% in 2007-08. Consequently, average RevPARs increased at a 30% CAGR

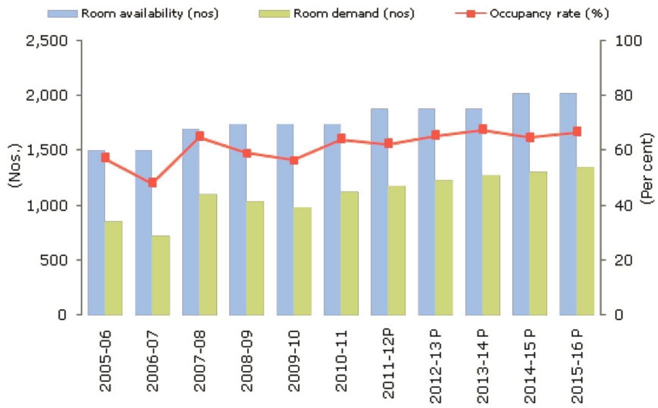
The Mumbai terror attacks in November 2008 coupled with weak macro-economic conditions resulted in a sharp decline in room demand in the country's business as well as leisure destinations. Room demand in Agra fell by a 5% CAGR during 2008-09 to 2009-10. As a result of the decline in ORs, average RevPARs fell marginally to ₹ 3,700 in 2009-10 from ₹ 4,119 in 2008-09.

FTAs gradually recovered in 2010-11, which resulted in a growth in room demand of 13% (y-o-y). Revival in room demand pushed ORs to 64% in 2010-11 from 57% in 2009-10 and ARRs increased by 1% (y-o-y).

Room demand in Agra is likely to grow by 4% (CAGR) over the next 5 years with an increase in FTAs. As supply is expected to grow by 3% (CAGR) to 2,027 rooms during the same period, average ORs are expected to be flat at 65%. Intense competition will restrict players from raising ARRs. Consequently, RevPARs in Agra are estimated to grow by a marginal 2% (CAGR) to ₹ 4,499 during 2011-12 to 2015-16.

(Source: CRISIL Research, Hotels, August 2011)

Agra – Room availability, Room demand and OR



(Source: CRISIL Research, Hotels, August 2011)

Chennai

Chennai, the capital city of the state of Tamil Nadu, has a broad industrial base in the automobile, computer, technology, hardware manufacturing and healthcare industries. The city is India's second largest exporter of information technology (IT) and business process outsourcing (BPO) services. A major chunk of India's automobile manufacturing industry is based in and around the city. Chennai is an important centre for Carnatic music and hosts cultural events, the annual Madras Music Season, which includes performances by many artists.

Performance and Outlook

Business travellers account for 85% of the total hotel room demand in Chennai. While demand in the CBD area is mainly from BFSI and PSU companies, in the Old Mahabalipuram Road region, IT/ITeS companies drive demand. Proximity to electronics and auto manufacturers between Grand Southern Trunk (GST) Road and Sriperumbudur makes the airport area an attractive destination for business travellers to stay.

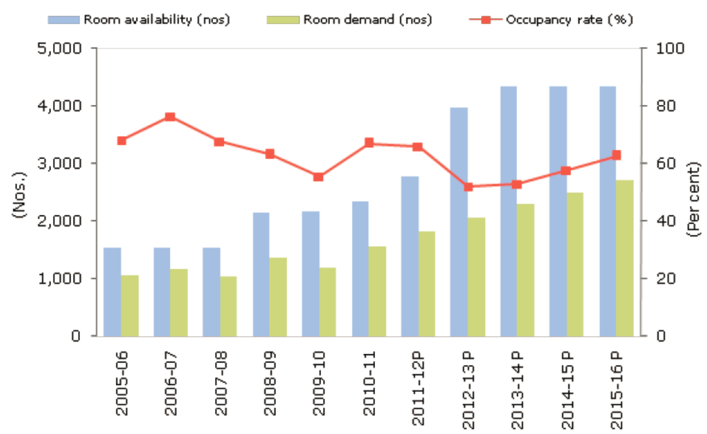
Room demand during 2005-06 to 2007-08 grew due to an increase in demand from corporate travellers. With no significant room supply additions, ORs increased to 68% in 2007-08 from 65%, ARRs rose by 24% (CAGR). Consequently, RevPARs recorded a growth of 26% (CAGR), from ₹ 2,679 in 2004-05 to ₹ 5,298 in 2007-08.

During the global slowdown (2008-09), room demand grew at a slower pace of 7% vis-à-vis a supply growth of 18%. This led to a decline in ARRs and ORs and. consequently RevPARs which fell by 18% to ₹ 4,234. Post the global slowdown, room demand grew by a strong 31% (y-o-y) in 2010-11. Relatively low supply additions of premium hotel rooms in 2010-11 resulted in a 3% (y-o-y) rise in ARRs, which in-turn led to a strong 25% (y-o-y) increase in RevPARs to ₹ 4,478.

Room demand in Chennai is expected to grow by 12% (CAGR) over the next 5 years, which is in line with the strong growth expected in key sectors such as automobiles, electronics and IT/ITeS. However, CRISIL Research believes that a 13% growth (CAGR) in premium room supply during the same period will result in only a marginal growth in ARRs. Further, RevPAR growth is expected to be relatively flat over the next 5 years.

(Source: CRISIL Research, Hotels, August 2011)

Chennai – Room availability, Room demand and OR



(Source: CRISIL Research, Hotels, August 2011)

Jaipur

Jaipur is one of the top leisure destinations of the country owing to its cultural heritage and presence in the Golden-triangle itinerary together with Delhi and Agra. Commercial demand, which is restricted mainly to the city center area, has historically emanated from its large base of garments, gems and jewelry traders. In the recent past, Commercial demand has been supplemented by the addition of the business process outsourcing (BPO) sector, specifically Infosys, Genpact and telecommunication companies such as Airtel, Vodafone, Reliance etc. Telecommunication companies have set up both technical as well as sales offices in Jaipur with the purpose of rolling out 3G services in the state. A convention center planned by the state government in Sanganer is expected to boost MICE (Meetings, Incentives, Conventions and Exhibitions) demand in the city.

(Source: Indian Hotel Industry Survey 2010-11, FH&RAI and HVS Hospitality Services)

Performance and Outlook

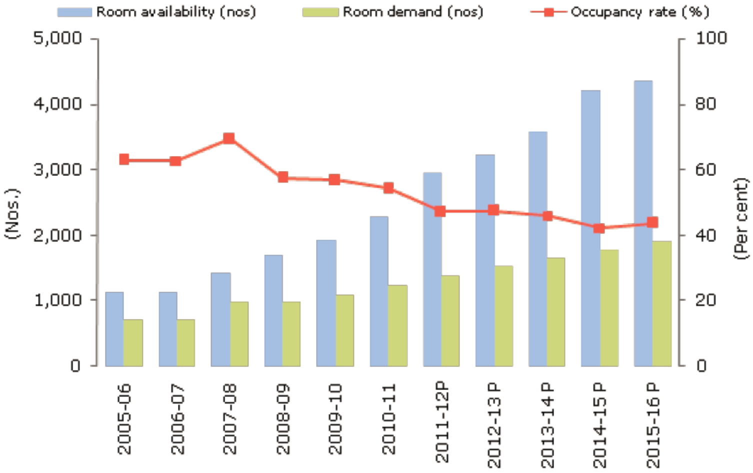
There was a buoyant growth in room demand (mainly driven by FTAs) of 14% (CAGR) during 2005-06 to 2007-08 which enabled players to increase ARRs by 11% (CAGR) while maintaining ORs above 65%. As a result, RevPARs grew by 18% (CAGR). During 2008-09 to 2009-10, room demand declined due to the Mumbai terror attacks and global slowdown. As a result, average RevPARs fell by 19% (y-o-y) to ₹ 3,514 in 2009-10.

In 2010-11, room demand grew by 14% (y-o-y) due to a revival in FTAs post the terror attacks. However, a significant increase in supply (364 rooms were added in 2010-11 to an inventory of 1,920 rooms) led to ORs declining to 54% from 57% in 2009-10. Large supply additions resulted in a decline in ORs. However, players managed to increase ARRs by 5% (y-o-y).

CRISIL Research expects room demand in Jaipur to increase at a 9% (CAGR) during the 2010-11 and 2015-16 period driven by an increase in FTAs. During the same period, supply is expected to grow by a 14% (CAGR) with an addition of 2,082 rooms to an inventory of 2,284 rooms. As a result of the increase in supply, average ORs in the next 5 years are expected to decline to 44% from 54% in 2010-11. We believe that players will be forced to reduce ARRs by a 1% CAGR due to competition. Consequently, RevPARs are likely to dip by 5% (CAGR) to ₹ 2,613 during 2011-12 to 2015-16.

(Source: CRISIL Research, Hotels, August 2011)

Jaipur – Room availability, Room demand and OR



(Source: CRISIL Research, Hotels, August 2011)

Bhubaneswar

Bhubaneswar is the capital city of Odisha (Orissa) and is also popularly known as the 'Temple City of India'. It is an important Hindu pilgrimage center and has hundreds of temples that dot the landscape of the city. It is also an important center for handicrafts that include stone and wood carvings, Patta paintings, tie and dye textiles, brass and bell metal work among many others. The city primarily has hotels in the unbranded segment with a few midmarket and first class hotel brands. Demand for the city is primarily leisure in nature wherein the city acts as a gateway to other cities in Odisha like Puri, Cuttack and Rourkela.

(Source: Indian Hotel Industry Survey 2010-11, FH&RAI and HVS Hospitality Services)

The city has emerged as hub for IT companies with Indian IT companies establishing their presence in Bhubaneshwar. In addition, proposed investments by mining companies in Odisha are expected to make Bhubaneswar a business destination.

Shimla

Shimla, the capital city of Himachal Pradesh, has historically been the summer getaway for domestic travelers emanating from Delhi-NCR, Punjab, Uttar Pradesh and Haryana. As a market the city tends to see peak occupancies in the summer months (April to September) and lower occupancies in the winter ones (October to March). The surrounding areas of Shimla, which include locations like Kasauli, Chail, Nalderah and Kufri have witnessed increased visitation with the opening of several small unbranded midmarket resorts resulting in occupancy pressures in the city. As smaller independent resorts continue to open in the area coupled with opening of other hill stations in Northern India, are expected to impact hotel occupancies and rates in the next few years.

(Source: Indian Hotel Industry Survey 2010-11, FH&RAI and HVS Hospitality Services)

Udaipur

Udaipur, in the state of Rajasthan, is a popular tourist destination famous for its lakes, forts, palaces, havelis, architecture, heritage and culture. The city's location along NH-8, which connects the city to Delhi via Jaipur in the north of India and Mumbai via Ahmedabad in the west, acts as an advantage. The city benefits from a number of domestic and international tourists and by virtue of the number of luxury properties that exist here, Udaipur hotels attract high average rates. Though Udaipur has moderate climate throughout the year as compared to the rest of the state, the period from September to March is considered to be the peak season in the city as the temperatures are very pleasant. The overall performance of the city has been fairly stable for the past five years with a slight dip in 2009/10 owing to a decline in foreign tourists as a result of the global economic crisis. The year 2010 / 11 saw a revival of sorts, albeit at a slow rate. Considering the importance of the city as a popular destination for tourists, we expect the city's performance to be relatively stable in the medium to long term.

(Source: Indian Hotel Industry Survey 2010-11, FH&RAI and HVS Hospitality Services)

Kerala

With the Arabian Sea in the west, the Western Ghats in the east and networked by 44 rivers, the state of Kerala enjoys unique geographical features that, coupled with its unique culture and traditions, have made it one of the most sought after tourist destinations. A long shoreline with serene beaches, tranquil backwaters , ayurvedic health holidays are some of the major tourism attractions offered here. Kerala ranks as one of the country's most advanced societies, with a 100% literacy rate, high levels of cleanliness and a high quality of life for residents overall. Cultural attractions in the state include famous performing arts such as the Kathakali and traditional Carnatic music. In recent years, the government has actively promoted tourism in the state through the "God's Own Country" campaign, transforming Kerala into a niche travel destination.

Past Performance

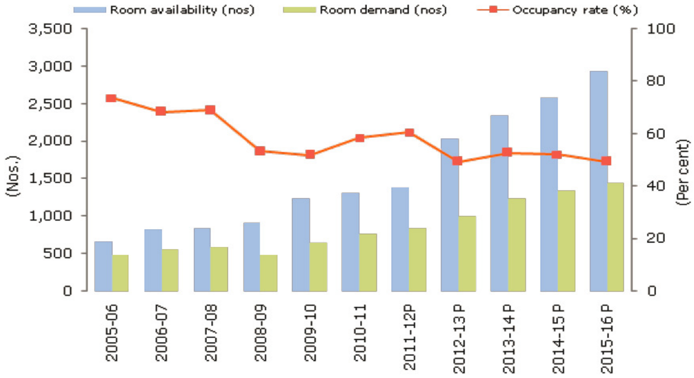
Room demand in Kerala is driven by leisure as well as business travellers, each accounting for 50% share. In Kochi (Cochin), room demand is mainly from business travellers who account for 60% of overall demand. The key industries driving demand in Kochi are shipbuilding, port, chemicals, fertilisers and IT. Out of the total business travellers, 50% are foreign travellers.

During 2005-06 to 2007-08, while room demand in Kerala grew by a 13% CAGR, room supply grew at CAGR of 14%. This led to a decline in ORs from 74 in 2005-06 to 69% in 2007-08. However, players managed to hike ARRs which increased at a CAGR of 20%. Demand grew at a slow pace of 5% during the period of the economic slowdown and Mumbai terror attacks. Supply during the same period grew by a 21% CAGR. This resulted in ORs declining from 69% in 2007-08 to 52% in 2009-10. Also, growth in ARRs slowed down to a CAGR of 5% during 2008-09 to 2009-10.

Post the Mumbai terror attacks and the recovery in macro-economic conditions, there was a rebound in demand and ORs increased to 59% in 2010-11. Driven by an improvement in ORs, RevPARs has increased by 9% (y-o-y) during the year.

(Source: CRISIL Research, Hotels, August 2011)

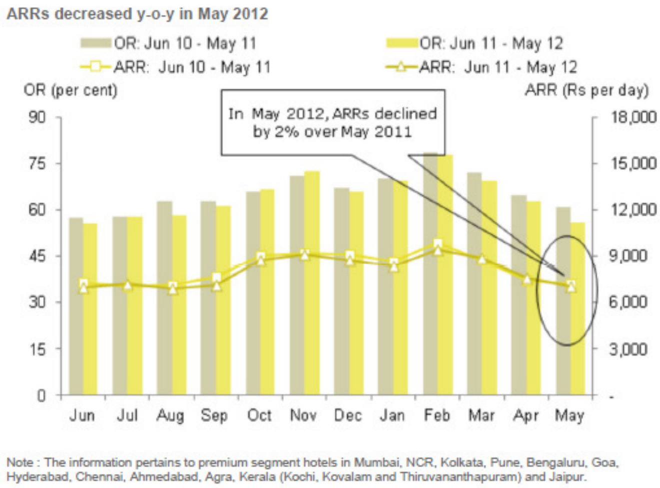
Kerala – Room availability, Room demand and OR



(Source: CRISIL Research, Hotels, August 2011)

Industry Update – May 2012

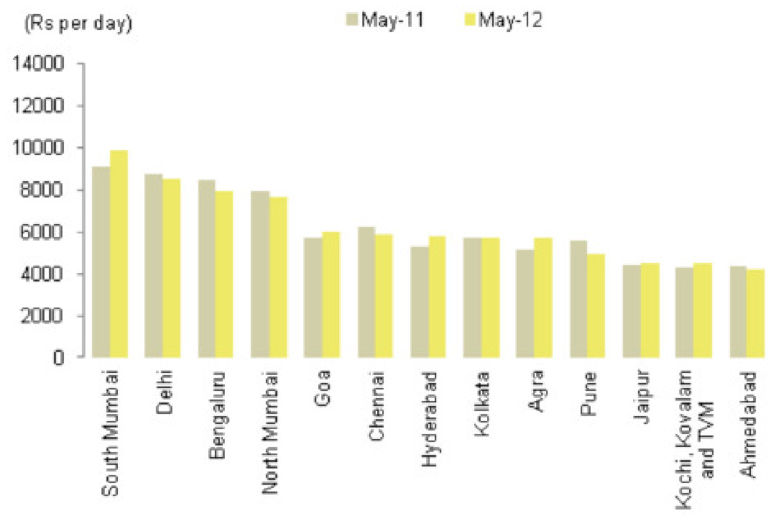
The average RevPAR for premium segment hotels fell by 10 percent y-o-y to ₹ 3,950 in May 2012, mainly driven by a decline in ORs. While the average ORs for premium hotels in 12 major citieis – Mumbai, NCR, Kolkata, Pune, Bengaluru, Hyderabad, Chennai, Goa, Ahmedabad, Agra, Kochi, Kovalam, Thiruvananthapuram and Jaipur – declines by 500 basis points y-o-y to 56 per cent, average room rates (ARRs) declined by 2 per cent y-o-y to ₹ 7,500.



(Source: CRISIL Research, Hotels, May 2012)

ARRs declined by 2 per cent y-o-y in May 2012

ARRs dipped by 2 per cent in May 2012 on a y-o-y basis, mainly driven by a fall in room rates in business destinations. In Pune, intensifying competition among premium hotels pulled down ARRs by 12 percent y-o-y. Lower MICE demand from corporates for premium segment hotels in North Mumbai, Chennai, Bengaluru and Ahmedabad lead to a 4-6 per cent decline in ARRs, while ARRs increased by 9 per cent in South Mumbai and Hyderabad. Leisure destinations like Agra, Jaipur, Goa and Kerala (Kochi, Kovalam and Thiruvananthapuram) witnessed 5-10 per cent increase in ARRs.

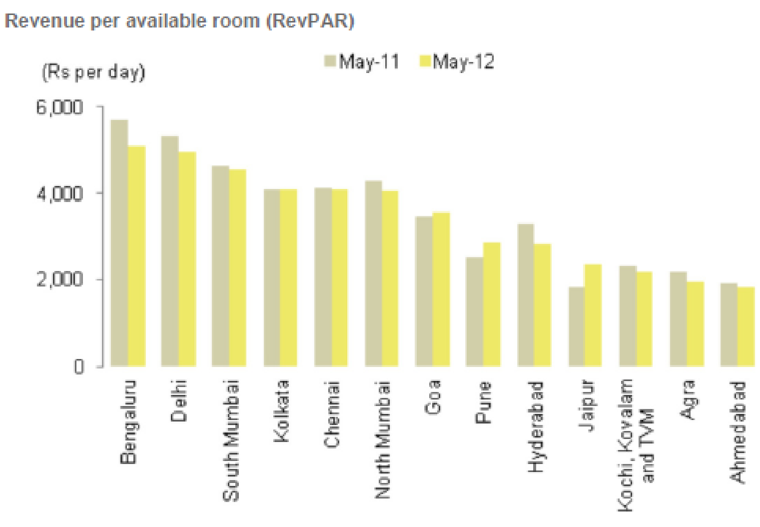


(Source: CRISIL Research, Hotels, May 2012)

RevPARs fell by 10 per cent y-o-y in May 2012

Overall RevPARs for May 2012 declined by 10 per cent on a y-o-y basis, mainly on account of a fall in ORs. RevPARs in business destinations like Delhi and Bengaluru dropped by 8-10 per cent y-o-y owning to a decline in both, ORs and ARRs. However, RevPARs in Pune increased by 13 per cent y-o-y in May 2012 due to a rise in ORs.

Amongst leisure destinations, RevPARs in Goa recorded an increase of 3 per cent y-o-y on account of an increase in ARRs, while those in Jaipur witnessed a rise of 30 per cent y-o-y in RevPARs in May 2012 due to higher ORs. However, lower ORs in Kerala (Kochi, Kovalam and Thiruvananthapuram) and Agra resulted in RevPARs dropping by 5-10 per cent y-o-y basis



(Source: CRISIL Research, Hotels, May 2012)

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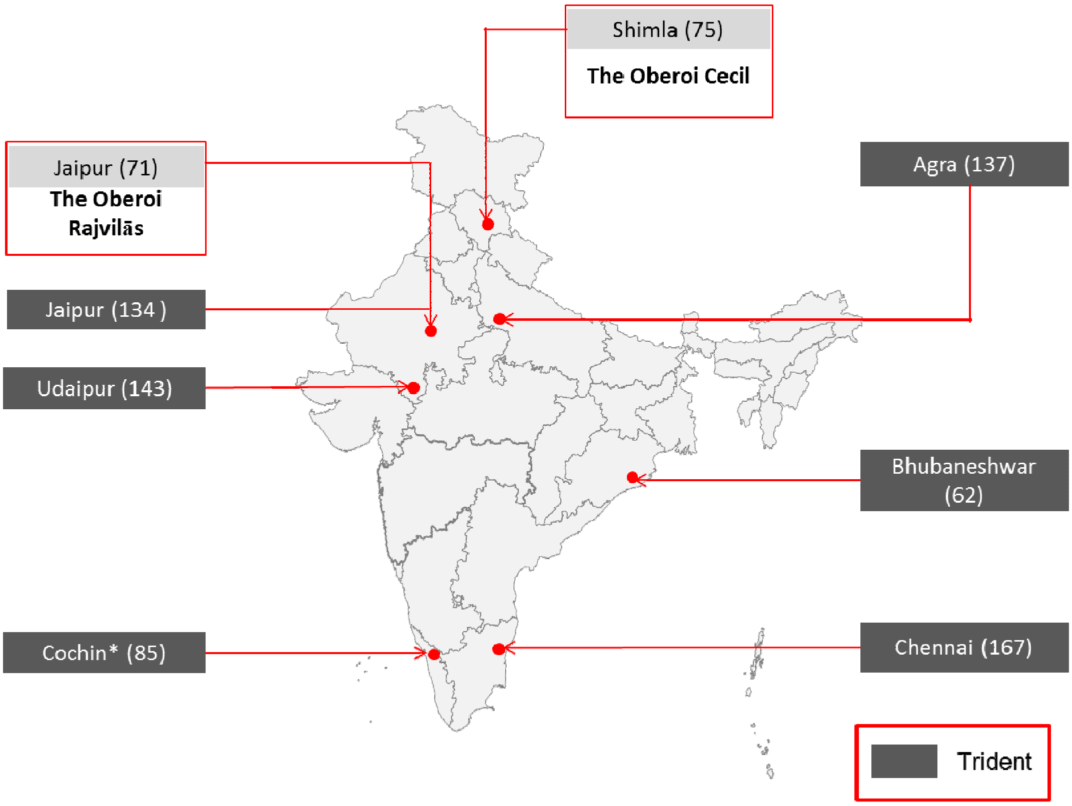
OUR BUSINESS

We are a part of the Oberoi Group, which was founded in 1934 by Late Rai Bahadur M.S. Oberoi and today has grown to be one of the leading and well known hospitality groups in India and are also involved in other businesses such as flight and airport services, car rentals, air charter services, and a printing press. The Oberoi Group owns and manages hotels in India and overseas under "The Oberoi" and "Trident" brands.

We, own 2 Super Luxury Hotels, 2 Business Hotels and 3 Leisure Hotels under "The Oberoi" and "Trident" brands in India. Further, we classify our Hotels in the following manner:

Super Luxury Hotels	Leisure Hotels	Business Hotels
The Oberoi Rajvilās, Jaipur	Trident, Agra	Trident, Chennai
	Trident, Jaipur	
The Oberoi Cecil, Shimla	Trident, Udaipur	Trident, Bhubaneshwar

The following chart shows the locations of The Oberoi and Trident Hotels owned by us:



** Through our wholly owned subsidiary, Island Hotel Maharaj Limited.*

The Oberoi Rajvilās, Jaipur and The Oberoi Cecil, Shimla, our 2 Hotels under the "The Oberoi" brand, are Super Luxury Hotels and primarily cater to foreign and domestic high-end leisure travelers. Our other 6 Hotels under the "Trident" brand, located at Chennai, Agra, Udaipur, Bhubaneshwar, Jaipur and Cochin cater to both business and leisure travellers, who seek high-quality boarding, lodging and recreational facilities at more affordable rates as compared to the 5 star deluxe hotels. The Trident, Cochin is owned through by our wholly owned subsidiary – Island Hotel Maharaj Limited.

For FY 2011-12, our consolidated total income was ₹ 1,995.88 million, compared to ₹ 1,839.97 million in FY 2010-11. Consolidated net profit after tax amounted to ₹ 120.41 million for FY 2011-12 compared to net profit after tax ₹ 93.24 million in FY 2010-11.

Competitive Strengths

Respected brand name in the luxury hospitality industry in India

We are part of the Oberoi Group, which is one of the leading and amongst the most respected hospitality groups in India. "The Oberoi" name is widely recognized as a premier brand in the business as well as leisure segments of India's luxury hospitality industry. In the super luxury segment, The Oberoi Group of hotels has achieved market recognition for providing an holiday experience in terms of location, ambience and facilities.

The "Trident" brand has also created a strong position for itself in the hospitality business and Trident hotels are associated with high quality of service standards amongst the business as well as leisure traveler community.

Presence in diverse geographies across India covering the business, leisure and luxury segments

We have a distinctive mix of business and leisure hotels to cater effectively to different categories of customers. Our Trident Hotels at Bhubaneswar and Chennai are located at central locations and are within easy reach of the major business centres to attract business travelers. Our Trident Hotels at Agra, Jaipur, Udaipur and Cochin and super luxury leisure Hotels - The Oberoi Rajvilās, Jaipur and The Oberoi Cecil, Shimla are located close to tourist destinations. As an added advantage, our geographical diversity provides us with opportunities to achieve synergies in our business.

Commitment to customer satisfaction by continually delivering high quality service

We place great emphasis on high quality service. We believe that our adherence to the highest standards of room, food and service quality as well as very high focus on customer satisfaction has contributed significantly to our reputation. 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 employees provide the key contact point for our customers and the continuous training of our employees helps in maintaining our service standards. To ensure service quality and standards, one of our Promoters, EIH Limited, operates the Oberoi Centre for Learning and Development which imparts comprehensive training for general management, housekeeping and kitchen trainees to all employees of the Oberoi Group.

Experienced management team with a proven track record

We are managed by a team of experienced and professional managers led by our Chairman, Mr. Prithvi Raj Singh Oberoi, who is a leading personality in the hospitality industry. Day to day running of our Hotels is managed by one of our Promoters, EIH Limited. EIH Limited provides us with technical knowledge, expertise, skill and experience possessed by them for the functioning of our Hotels.

Our strategies

Improve ARR, OR and RevPAR in our existing Hotels

We intend to improve ARR, OR 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 Hotels is to ensure the alignment of room rates to market demand and seasonality and to effectively target key customers and customer groups for achieving higher ARR, OR and RevPAR. Further off-season packages at our super luxury and leisure Hotels help us attract guests and mitigate seasonality.

Adherence to Oberoi Dharma

The Oberoi Dharma emphasizes on conducting business in a manner which puts priority on customer service. Further, our people practices are governed by the Oberoi Dharma which emphasizes values such as ethics, teamwork, open communication, employee satisfaction, safety and security which leads to highly motivated workforce. We believe these values help us achieve high and consistent standards of service across our Hotels and help meeting and exceeding expectation of our guests.

Continue to focus on current de-risked business model

We believe that our current business model of ownership of Hotels across super luxury, leisure and business segments provides us a de-risked business model. While our luxury and leisure hotels are frequented by tourists, our business Hotels provide us a more balanced revenue stream through-out the year from business and corporate travellers. Further, our geographic spread also permits us to mitigate seasonality by offering travellers with comprehensive and affordable off-season packages across our Hotels.

To maintain high standards of quality of our Hotels with regular renovation and refurbishment

We continue to invest in regular renovation and refurbishment of our Hotels to maintain higher standards of quality which increases our visibility. We have renovated our Hotel properties earlier and will continue to invest in renovation and refurbishment to maintain high standards of quality.

<u>Our Business Operations:</u>

Super Luxury Hotels

We own 2 Oberoi Hotels under this category at Jaipur and Shimla. The following table provides key information in this regard:

Name of Hotel	Location	Rooms	Year of commencement of operations
The Oberoi Rajvilās	Jaipur	71	1997
The Oberoi Cecil	Shimla	75	1997 (reopened)
Total		**146**	

The Oberoi Rajvilās: This hotel is located at Jaipur, Rajasthan and is set in 32 acres of landscaped gardens offers a range of 71 rooms, tents and villas with private pools. The hotel has 2 restaurants and a library bar. Recreational facilities at the Hotel include swimming pools, a spa, tennis courts and a five-hole pitch and putt golf course. The Oberoi Rajvilās also has conference and business facilities.

Over the last few years, The Oberoi Rajvilās has won multiple awards and accolades from *Travel + Leisure* and *Condé Nast Traveler*. Further, The Oberoi Rajvilās has won the 'Best Five Star Deluxe Hotel in India' by Ministry of Tourism, Government of India, National Tourism Award 2010 – 2011. Some of the recent awards and accolades won by The Oberoi Rajvilās are given below:

Award	*Awarded By*
Top 10 Resorts in the World for Service (ranked 5th)	*Travel + Leisure, World's Best Awards, Readers' Survey 2012*
Top Resorts in Asia for Service (ranked 2nd)	*Travel + Leisure, World's Best Awards, Readers' Survey 2012*
Best Five Star Deluxe Hotel in India	*Ministry of Tourism, Government of India, National Tourism Award 2010 - 2011*
Favourite Boutique Hotel in India (ranked 2nd)	*Condé Nast Traveller, India, Readers' Travel Awards 2011*
Top 15 Resorts in Asia (ranked 3rd)	*Travel + Leisure, World's Best Awards, Readers' Survey 2011*
Top 100 hotels in the world (ranked 8th)	*Travel + Leisure, World's Best Awards, Readers' Survey 2011*

Award	*Awarded By*
Top 100 hotels in the world (ranked 13th)	*Travel + Leisure, World's Best Awards, Readers' Survey 2010*
Top 100 hotels in Asia (ranked 8th)	*Condé Nast Traveler, USA, Readers' Choice Awards 2010*
Top 100 hotels in world (ranked 27th)	*Condé Nast Traveler, USA, Readers' Choice Awards 2010*
Best leisure hotels in Asia and the Indian Subcontinent (ranked 9th)	*Condé Nast Traveler, UK, Readers' Travel Awards 2010*

The Oberoi Cecil: This hotel, located at Chaura Maidan, Shimla, is a Grand Heritage Hotel in the state of Himachal Pradesh in India. Built in 1884, the hotel was extensively renovated and reopened in 1997. The hotel has 2 restaurants and a tea lounge and bar. Recreational facilities at the hotel include a swimming pool, a spa, gymnasium and billiards, board games, bridge tables, toy room and an activity centre. The Oberoi Cecil also has conference and business centre facilities.

The Oberoi Cecil was ranked 7th in top 10 luxury hotels in India by *TripAdvisor,* Travelers' Choice Awards 2009.

Leisure Hotels

We own 3 Trident Hotels under this category at Agra, Jaipur and Udaipur. The following table provides key information in this regard:

Name of Hotel	Location	Rooms	Year of commencement of operations
Trident	Agra	137	1993
Trident	Jaipur	134	1997
Trident	Udaipur	143	1998
Total		**414**	

Trident, Agra: Located close to the Taj Mahal, the hotel has 137 rooms, a restaurant, a bar, a kids club, a gymnasium and a swimming pool. The hotel has 2 meeting rooms and offers business centre facilities.

Trident, Jaipur: The Trident at Jaipur is located close to the Amber Fort and overlooks the Mansagar Lake, two of the tourist attractions in the city. The hotel has 134 rooms, a restaurant, a bar, a solar heated swimming pool and a fitness centre. The hotel also has 2 meeting rooms and offers business centre facilities.

Trident, Udaipur: Located at a major tourist destination, The Trident at Udaipur is close to the city centre as well as the scenic Lake Pichola. The hotel has 143 rooms, a restaurant, a bar, a swimming pool, a children's play room and a fitness centre. The hotel also has 2 meeting rooms and offers business centre facilities.

Business Hotels

We own 3 Trident Hotels under this category at Bhubaneswar, Chennai and Cochin. The following table provides key information in this regard:

Name of Hotel	Location	Rooms	Year of commencement of operations
Trident	Bhubaneswar	62	1986
Trident	Chennai	167	1988

Name of Hotel	Location	Rooms	Year of commencement of operations
Trident*	Cochin	85	1999
Total		**314**	

* *Through our wholly owned subsidiary, Island Hotel Maharaj Limited.*

Trident, Bhubaneswar: Located close to the city centre, the hotel has 62 rooms, a restaurant, a bar, a swimming pool, floodlit tennis courts, a jogging track and a gymnasium. The hotel's business centre facilities include 3 meeting rooms and a range of business services.

Trident, Chennai: Our hotel at Chennai is conveniently located, close to the airport as well as the new business districts of Sriperumbudur, Maramalianagar and Guindy and the Chennai Trade Centre. The hotel has 167 rooms, 2 restaurants (including a speciality sea food restaurant), a bar and swimming pool and spa facilities. The hotel also has 3 meeting rooms and offers a range of business centre facilities.

Trident, Cochin: Located close to the Cochin city centre and many tourist attractions, this hotel has 85 rooms, 2 restaurants, a bar, an Ayurveda centre, a swimming pool and a gymnasium. Business centre facilities are also offered, with 2 meeting rooms available for the same.

For more details on our Hotels, please see the chapter "History and Other Corporate Matters" on page 55.

Our Revenue Segments

We classify our revenues in three segments - room revenue, revenue from Food & Beverages and revenue from other services.

The break-up of our total income for FY 2011-12 and FY 2010-11, on consolidated basis, is as follows:

Particulars	FY 2011-12		FY 2010-11	
	Amount (₹ million)	% of Total Income	Amount (₹ million)	% of Total Income
Rooms Revenue	1,289.52	64.6%	1,228.04	66.7%
Food & Beverage Revenue	573.91	28.8%	490.01	26.6%
Other Services	103.69	5.2%	92.32	5.0%
Other Income	28.76	1.4%	29.60	1.6%
Total Revenue	**1,995.88**	**100.0%**	**1,839.97**	**100.0%**

Rooms

In FY 2011-12, our revenues from rooms were ₹ 1,289.52 million (64.6% of our total revenue) as compared to ₹ 1,228.04 million (66.7% of our total revenue) for FY 2010-11. This income is largely driven by the ORs at our Hotels.

Food and Beverage

In FY 2011-12, our revenues from Food & Beverage were approximately ₹ 573.91 million (28.8% of our total revenue) as compared to ₹ 490.01 million (26.6% of our total revenue) in FY 2010-11. This income is largely driven by the ORs at our Hotels, Covers and average per cover ("APCs").

Other Services

In addition to room and food and beverage revenue, we generate revenue from other services consisting of income from laundry, telephones, internet services, health clubs, beauty salons, spa services, income from our Hotels' business centers, etc. In FY 2011-12, other services generated ₹ 103.69 million (5.2% of our total revenue) and in FY 2010-11, other services contributed ₹ 92.32 million (5.0% of our total revenue). This income is largely driven by the ORs at our Hotels.

Other Income

In addition to revenue from room, food and beverage and other services, we also earn interest and receive dividend from current investments of surplus funds and income from lease rental. In FY 2011-12, other income was ₹ 28.76 million (1.4% of our total revenue) and in FY 2010-11, other income contributed ₹ 29.60 million (1.6% of our total revenue).

Conduct of business

We are primarily in the business of ownership of the Hotels at the 8 locations (including 1 hotel owned by our Subsidiary) mentioned earlier. The day to day running of the Hotels is managed by one of our Promoters, EIH Limited, under a 'Technical Services Agreement'. TSAs are hotel specific and separate TSAs exist for each of our Hotels. Each TSA is valid for 20 years or more at a time and may be renewed for 5 to 10 years at a time.

The TSAs enable us to leverage the technical knowledge, expertise, skill and experience possessed by EIH Limited for the functioning of our Hotels. The terms of the TSAs mandate EIH Limited to cater services to our Hotels and prohibit both parties from owning, renting or operating another hotel in a city where we already have a Hotel without consent of the other party. The cost of operations and maintenance of the Hotels is to be borne by us. EIH Limited conducts centralized purchases of operating supplies, consumable supplies, additions to or replacement of operating equipment and furniture, furnishings and equipment as EIH Limited may deem necessary on behalf of the Hotels, the cost of which is borne by us. We pay EIH Limited a 'Technical Services Fee' of 12.5% of the gross operating profit for each Hotel for these services. The payment is made to EIH Limited on quarterly basis. Under the TSAs, EIH Limited also provides sales and marketing services to all our Hotels. For such services, we pay EIH Limited, on a quarterly basis, 2% of the total revenue of the relevant hotel.

We have also entered into separate 'Royalty Agreements' for use of logos and insignia (for "The Oberoi" and "Trident") owned by one of our Promoter and Promoter Group entities, OHPL. We are required to comply with the Royalty Agreements at all times and a breach of the Royalty Agreements would constitute a breach of the TSAs. We pay OHPL, on a quarterly basis, a royalty equivalent to 1% of the total revenue of the relevant Hotel. The Royalty Agreements require us to maintain certain standards which are applicable to all Oberoi hotels, failing which we shall not be allowed usage of the logos and insignia.

Pricing and revenues

The pricing policy for the rooms in our Hotels is devised and implemented by EIH Limited as part of TSAs.

Pricing policy for our Hotels 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 that is considered in the context of long-term revenue maximization.

In addition to the published rack rates (which are the highest un-discounted rates), there are 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.

EIH Limited is responsible for electronic dissemination of pricing on platforms like global distribution systems, brand websites and online travel aggregators. They also implement 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.

Sales and Marketing

EIH Limited handles the sales and marketing function for us under the TSAs. The corporate marketing department at EIH Limited, whose primary role is to engage and communicate with customers, develops brand advertising campaigns and communication materials to position and differentiate all the Hotels under the "The Oberoi" and "Trident" brands from competitors. This department also sponsors business and social events for brand building and customer engagement. Additionally, EIH Limited is also responsible for showcasing our Hotels through internet-based media, including social media sites such as Facebook and Twitter. They also engage in customer relation management activities with past and prospective customers.

Loyalty programs for our Hotels consist of 'Trident Privilege and Connections', which are aimed at guests and corporate booking agents respectively. These programmes entitle members to various redemption benefits for the points accumulated by spending at our Trident Hotels. EIH Limited also identifies and manages strategic marketing alliances with partners that include premium credit card and concierge service providers. They also partner with the frequent flier programmes of domestic and international airlines. These alliances provide opportunities to communicate special offers to members and assist in increasing business for all Oberoi Group of hotels, including our Hotels.

EIH Limited owns and operates the Oberoi Contact Centre ("OCC"). OCC is a unique centralised information and reservation centre for all Oberoi Group of hotels. OCC acts as the single point of contact for any prospective customer who makes a call. Reservations for all hotels are channelized through the OCC. Associates at OCC undergo 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.

EIH Limited follows a common sales and marketing strategy across all Oberoi Group of hotels with 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 the 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 brands used by Oberoi Group of hotels in India.
- To engage customers through new channels of communication, such as social media.

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.

Employees

As of July 31, 2012, we had approximately 865 employees, including those on deputation and secondment from EIH Limited. As on the date of this Letter of Offer, some of our general managers and other hotel operating managers are EIH Limited employees on deputation or secondment. We have access to EIH Limited's centralized pool of resources for our corporate functions like finance, internal audit, legal, etc.

Our 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. 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 team.

The "Oberoi Group" was ranked 2nd in the Hotels and Resorts Category in India in the Great Places to Work (GPTW) survey, 2011.

Training

Learning and development is promoted across all levels at the Oberoi Group via a broad array of technical and soft-skill training programs. The Oberoi Centre for Learning and Development 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 Oberoi Group. Other learning initiatives include partnerships with academic institutions and management institutes to enhance the leadership development of managers and senior executives.

Property

The following table sets forth details of the properties on which the Hotels are located:

Freehold property

Serial number	Property	Description
1.	Registered Office and Trident, Chennai	Located on freehold land admeasuring 5.38 acres.
2.	The Oberoi Cecil, Shimla	Located on freehold land admeasuring 26,356 square yards.

Leasehold Property

<table>
<tr><th>Serial number</th><th>Property</th><th colspan="2">Description</th></tr>
<tr><td>1.</td><td>Trident, Agra</td><td colspan="2">Located on leasehold land admeasuring 5.9 acres. The lease is valid for 85 years from 1994 till 2079.</td></tr>
<tr><td>2.</td><td>Trident, Jaipur</td><td colspan="2">Located on leasehold land admeasuring 5 bigha, 12 biswas. The lease is valid for 25 years from 1993 till 2018. Further, the lease is renewable for 2 additional terms of 29 years each subject to total leasehold period being up to 84 years.</td></tr>
<tr><td>3.</td><td>Trident, Udaipur</td><td colspan="2">Located on leasehold land admeasuring 27.9 acres. The lease is valid for 69 years from 1995 till 2064.</td></tr>
<tr><td>4.</td><td>Trident, Bhubaneswar</td><td colspan="2">Located on leasehold land admeasuring 12 acres. The lease is valid for 90 years from 1981 till 2071.</td></tr>
<tr><td rowspan="5">5.</td><td rowspan="5">The Oberoi, Rajvilās</td><td colspan="2">Located on a combination of various leasehold lands as follows:</td></tr>
<tr><th>Area</th><th>Validity</th></tr>
<tr><td>1.52 hectares</td><td>99 years from 1997 till 2096</td></tr>
<tr><td>6.23 hectares</td><td>20 years from 1993 till 2013</td></tr>
<tr><td>5.21 hectares</td><td>20 years from 1997 till 2017</td></tr>
<tr><td>6.</td><td>Trident, Cochin</td><td colspan="2">Located on leasehold land admeasuring 1.83 acres. The lease is valid for 30 years from 2002 till 2032</td></tr>
</table>

Intellectual property

We do not own any intellectual property rights including for "The Oberoi" and the "Trident" logo and insignia. Our Hotels use "The Oberoi" and the "Trident" logo and insignia and pay a royalty of 1% of their respective total revenues to OHPL, one of our Promoter and Promoter Group entities, who owns these logos and insignia.

Environmental and health and safety standards

We are subject to 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 have sought to adopt safety monitoring procedures which ensure the security of our guests and employees and conform to 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, natural disasters, terrorism, expropriation of assets, breakdown of machinery and boiler explosion. Our assets are also protected by a business interruption policy that covers loss of profits for up to one year. Our insurance policies do not cover acts of war. We believe that the types and amounts of our insurance are in accordance with industry practice in India.

Investments in related businesses

In FY 2007-08, we invested an amount of ₹ 8.69 million in the equity shares of Mercury Travels Limited. As on March 31, 2012, we hold 217,175 equity shares of Mercury Travels Limited representing 5.1% of its shareholding. Further, one of our Promoters, EIH Limited, holds 849,575 equity shares of Mercury Travels Limited representing 19.99% of its shareholding. We have made an investment into Mercury Travels Limited as it is in the business of travel & tourism and also provides foreign exchange services, which is complementary to our business. We have also entered into agreements with Mercury Travels Limited to provide money changing business, i.e., conversion of foreign currency notes, or travelers cheques into Indian Rupees at our Hotels.

Corporate Social Responsibility

We are committed to environmental conservation and social responsibilities, as reflected in the various initiatives pursued by our Hotels that impact communities located in their vicinity. We contribute to relief funds for emergencies and natural disasters. We continue to reduce our carbon footprint with initiatives that include the use of efficient systems that conserve energy and natural resources, reduce waste, ensure recycling and control pollution.

The Oberoi Rajvilās, Jaipur extends assistance to “With Care” programmes for the under priviledged sections of the society and also supports SOS Children’s Village at Jaipur and the Mother Teresa Foundation. Staff from The Oberoi Rajvilās, Jaipur visits schools in nearby villages to spread awareness of environmental conservation, hygiene and wellness.

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

Trident Hotels in Agra and Udaipur extend assistance to local chapters of Mother Teresa’s Missionaries of Charity. The Trident, Agra also participates in Wildlife programmes by inviting voluntary donations from guests.

The Trident Jaipur supports Bhavani Child Development Centre, a school for dyslexic children, which is involved in providing intensive early intervention for children showing signs of developmental delay and exposed to risk of learning disability.

HISTORY AND OTHER CORPORATE MATTERS

We were incorporated in India on March 21, 1983 as ‘Pleasant Hotels Limited’ under the Companies Act. On October 25, 1989, our name was changed to ‘Oberoi Associated Hotels Limited’ consequent upon issue of a fresh certificate of incorporation. On November 1, 1996, our name was further changed to our present name ‘EIH Associated Hotels Limited’ consequent upon issue of a fresh certificate of incorporation.

We were initially promoted by the Rane Group in Chennai. In 1987, we made a public offer of 25,000,000 Equity Shares of ₹ 10 each, pursuant to which, our Equity Shares were listed on the BSE and the MSE. EIH Limited took over our management in the year 1988. We started operations of our Hotel at Chennai under the brand ‘Trident’ in March 1988. Thereafter, in 1995, we issued 5,250,000 Equity Shares of ₹ 10 each at a premium of ₹ 24 per Equity Share on a rights basis. Subsequently, our name was changed to ‘EIH Associated Hotels Limited’ *vide* a fresh certificate of incorporation dated November 1, 1996.

In 1997, we commenced operations of our second Hotel, ‘The Oberoi Rajvilās’ at Jaipur, thereby making a foray into the 5 star deluxe segment.

Pursuant to scheme of arrangement, Indus Hotels Corporation Limited was merged with us with effect from April 1, 2005. Consequent to the aforementioned merger, 3 Hotels located in Agra, Jaipur and Udaipur owned by Indus Hotels Corporation Limited under the ‘Trident’ brand were transferred to us. Further, the wholly owned subsidiary of Indus Hotels Corporation Limited, namely Island Hotel Maharaj Limited which owned the Trident, Cochin, became our wholly owned subsidiary.

Further, pursuant to a scheme of arrangement entered into between EIH Limited and us, 2 Hotels of EIH Limited namely, ‘The Oberoi Cecil’ at Shimla and the ‘Trident, Bhubaneswar’ were transferred to us with effect from April 1, 2006.

Our Registered Office is situated at 1/24, G.S.T. Road, Meenambakkam, Chennai - 600 027, Tamil Nadu, India.

Major Events

Year	Major Events
1983	Incorporated on March 21, 1983 as Pleasant Hotels Limited.
1987	Public Issue of 25,000,000 Equity Shares. On May 28, 1987 and August 5, 1987 the shares were listed at MSE and BSE Limited respectively.
1988	EIH Limited took over the management.
1989	Name changed to ‘Oberoi Associated Hotels Limited’ effective October 25, 1989.
1995	Rights Issue of 5,250,000 Equity Shares of ₹ 10 each at a premium of ₹ 24 per Equity Share on a rights basis in the ratio of one new Equity Share for every one Equity Share held.
1996	Name changed to ‘EIH Associated Hotels Limited’ effective November 1, 1996.
2005	Indus Hotels Corporation Limited merged with us and its 3 Hotels located in Agra, Jaipur and Udaipur being operated under the ‘Trident’ brand were transferred to us.
2006	2 Hotels earlier managed by EIH Limited namely, ‘The Oberoi Cecil’ at Shimla and the ‘Trident, Bhubaneswar’ were transferred to us pursuant to a scheme of arrangement.
2008	Our securities were listed at NSE on April 8, 2008.

Our Objects

The main objects set out in our Memorandum of Association are:

1. To carry on the business of hoteliers, restaurant, cafe, tavern, beer house, subject to the law of the State, refreshment rooms and lodge-house keepers, motels, auto courts, holiday camps and apartment house keepers, licensed victuallers, manufacturers of and dealers in aerated, mineral, artificial waters and other drinks, purveyors and caterers for public amusements and to the extent permitted by law, wine, beer and spirit merchants, brewers, matters and distillers.

2. To carry on the business of bakers, confectioners, milk sellers, dairy men, grocers, butchers, poulterers, farmers, ice merchants and ice cream makers, and to buy, sell, import and produce, manufacture or otherwise deal in food and food products, meat, groceries, fruits, biscuits, confectionery, linen, furniture and furnishings and other articles required in connection with the main business and to the extent permitted by law in wine, spirit, beer and alcoholic beverages.

3. To build, make, construct, purchase, equip, maintain and improve, alter, lease and work concert halls, ball rooms and music halls, cinema theatres, lodging restaurant houses, chattels, cottages etc. and provide them with television, radio, video, gramophone and other amusements.

4. To carry on the business of travel agents, recognised dealers of foreign exchange and as proprietors and managers of motors and other vehicles, garage proprietors, dealers in curios and to develop and promote tourism.

(4-a) To manufacture, procure, collect, exchange, buy, sell and deal in sculptures, statuettes, engravings, carvings, bronzes, enamels, decorative articles, ornamental articles, jewellery, ornaments, medals and medallions, gems, precious and semi-precious stones, and such other decorative objects, clothes, textiles, books, newspapers, periodicals, photographic materials, guest consumables, works of art and fancy articles as the Company may consider capable of being conveniently dealt in relation to its business.

5. To carry on, either in connection with the business aforesaid or as distinct and separate business, the business of ice makers, ice vendors, manufacturers, hirers of and dealers in refrigerators, Air-conditioners, refrigerating chambers and apparatus relating thereto, warehouse keepers and stores off alt commodities, goods articles in refrigerators, ice chambers or otherwise.

6. To carry on the business of manufacture of and dealers in tobacco, cigars, cigarettes, match-lights, pipes and any other articles required by or which may be convenient to smokers, and of snuff grinders and merchants and box merchants and to deal in any other articles and things commonly dealt in by tobacconists.

OUR MANAGEMENT

As per our Articles of Association, we shall not have less than 3 or more than 12 Directors on our Board. We currently have 8 directors on our board.

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

Name, Address, Occupation, Term, DIN and Designation	Nationality	Age (years)	Other directorships
Mr. Prithviraj Singh Oberoi **Address:** Villa Aashiana Kapashera Bijwasan New Delhi – 110 037, India **Occupation:** Industrialist **Term**: Not liable to retire by rotation **DIN:** 00051894 **Designation:** Chairman	Indian	83	1. EIH 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. Bombay Plaza Private Limited 11. Oberoi Buildings and Investments Private Limited 12. Oberoi Holdings Private Limited 13. Oberoi Hotels Private Limited 14. Oberoi Investments Private Limited 15. Oberoi Leasing and Finance Company Private Limited 16. Oberoi Plaza Private Limited 17. Oberoi Properties Private Limited 18. EIH Holdings Limited, British Virgin Islands 19. EIH International Limited, British Virgin Islands 20. EIH Marrakech Limited, Morocco 21. Island Resort Limited, Mauritius 22. I.R. Limousine Service Limited, Mauritius 23. Oberoi Corporation Limited, United Kingdom 24. Oberoi Holdings Hongkong Limited, Hongkong 25. Oberoi Investments (BVI) Limited, British Virgin Islands 26. Oberoi Mauritius Limited, British Virgin Islands 27. Oberoi Services International Limited, British Virgin Islands 28. Oberoi Services Pte. Limited, Singapore 29. Saudi Oberoi Company Limited, Saudi Arabia 30. EIH Flight Services Limited, Mauritius 31. EIHH Corporation Limited, Hongkong 32. J&W Hongkong Limited, Hongkong 33. J&W Inc, Bahamas
Mr. Rajan Biharilal Raheja	Indian	59	1. EIH Limited

Name, Address, Occupation, Term, DIN and Designation	Nationality	Age (years)	Other directorships
Address: "Rahejas", 87/1 G. B. Marg, Juhu Mumbai – 400 049 Maharashtra, India **Occupation**: Industrialist **Term**: Liable to retire by rotation **DIN**: 00037480 **Designation**: Director			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 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

Name, Address, Occupation, Term, DIN and Designation	Nationality	Age (years)	Other directorships
			41. Varahagiri Investments and Finance Private Limited 42. Vijay Raheja Builders Private Limited 43. Vidur Constructions Private Limited 44. Villa-Capri Developers Private Limited 45. Windsor Realty Private Limited
Mr. Vikramjit Singh Oberoi **Address**: Suite 150, The Oberoi Dr Zakir Hussain Marg New Delhi – 110 003, India **Occupation**: Industrialist **Term**: Period of 5 years effective June 23, 2010, i.e., June 22, 2015 **DIN**: 00052014 **Designation**: Managing Director	Indian	48	1. EIH Limited 2. Mumtaz Hotels Limited 3. Island Hotel Maharaj Limited 4. Golden Jubilee Hotels Limited 5. Mashobra Resort Limited* 6. Bombay Plaza Private Limited 7. Oberoi Buildings and Investments Private Limited 8. Vikramaditya Exports 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. Shib Sanker Mukherji **Address**: 6, Lansdowne Place, Kolkata – 700 029, West Bengal, India. **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00103770 **Designation**: Director	Indian	64	1. EIH Limited 2. Island Hotel Maharaj Limited 3. Mashobra Resort Limited 4. Mercury Car Rentals Limited 5. Oberoi Kerala Hotels and Resorts Limited 6. Oberoi Holdings Private Limited 7. Oberoi Investments Private Limited 8. Oberoi Properties Private Limited 9. Oberoi Buildings and Investments Private Limited 10. EIH International Limited, British Virgin Islands 11. EIH Marrakech Limited, British Virgin Islands 12. EIH Flight Services Limited, Mauritius
Mr. Lakshminarayan Ganesh **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	58	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 Limited 10. JMA Rane Marketing Limited 11. SasMos HET Technologies Private Limited

Name, Address, Occupation, Term, DIN and Designation	Nationality	Age (years)	Other directorships
Mr. Anil Kumar Nehru **Address**: 71 Sector-9 Union Territory of Chandigarh Chandigarh – 160 009, India **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00038849 **Designation**: Independent Director	Indian	71	1. Ayurvet Limited 2. EIH Limited 3. Sanat Products Limited
Mr. Sudipto Sarkar **Address:** 31 Broad Street Kolkata – 700 019 West Bengal, India **Occupation:** Advocate **Term :** Liable to retire by rotation **DIN :** 00048279 **Designation:** Independent Director	Indian	66	1. JSW Steel Limited 2. Vesuvius India Limited 3. Turf Properties Private Limited 4. Indivar Commercial Private Limited 5. Descon Limited 6. B & A Limited 7. Eveready Industries India Limited 8. Island Hotel Maharaj Limited 9. B & A Packaging India Limited 10. McNally Bharat Engineering Company Limited
Mr. Rajesh Kapadia **Address:** 9C Woodlands 67 Dr. G. Deshmukh Marg Mumbai – 400 026 Maharashtra, India **Occupation:** Chartered Accountant **Term :** Liable to retire by rotation **DIN :** 00003272 **Designation:** Independent Director	Indian	55	1. Exide Industries Limited 2. Prism Cement Limited 3. Surin Investments Private Limited 4. Asianet Satellite Communications Limited 5. Goldiam International Limited 6. ING Vysya Life Insurance Company Limited 7. Raheja QBE General Insurance Company Limited 8. Goldiam Jewellery Limited 9. Chloride Eastern Industries Pte. Limited 10. Chloride Eastern Limited

*Alternate Director

Brief biography of our Directors

Mr. Prithviraj Singh Oberoi is our Chairman. 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 Oberoi Group. 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. He was awarded the 'Padma Vibhushan', India's second highest civilian honour, in recognition of his exceptional service to the country in 2008.

Mr. Rajan Biharilal Raheja is a Director on our Board. He holds a 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. Vikramjit Singh Oberoi is our Managing Director. 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 has been on the board of one of our Promoters, EIH Limited since December 15, 1993. He is the Chief Operating Officer and joint Managing Director one of our Promoters, EIH Limited.

Mr. Shib Sanker Mukherji is a Director on our Board. 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 nearly 40 years of experience in the hospitality industry. He is the Vice Chairman of one of our Promoters, EIH Limited.

Mr. Lakshminarayan Ganesh is an Independent Director on our Board. He is a member of 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.

Mr. Anil Kumar Nehru is an Independent Director on our Board. 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. Sudipto Sarkar is an Independent Director on our Board**.** He is Senior Counsel at the High Court of Judicature at Calcutta. Mr. Sarkar holds a Bachelor's degree in Mathematics from Calcutta University. He obtained his Tripos, MA, LLM as well as post graduation in law from Jesus College, Cambridge University and is a Barrister-at-Law of the Gray's Inn, London. He has around 40 years of experience as a practicing lawyer. He is a practising Senior Counsel specializing in the corporate and intellectual property laws.

Mr Rajesh Kapadia is an Independent Director on our Board**.** He holds a Bachelor's degree in Commerce from the University of Bombay. He is a member of the Institute of Chartered Accountants of India. He is the managing partner of G.M. Kapadia & Company and the proprietor of Kapadia Associates. Mr. Kapadia was formerly the President of the Bombay Chartered Accountants Society and was a member of the Director Taxation Committee of the Indian Merchants' Chamber. He has over 25 years of experience as a practicing Chartered Accountant.

None of our Directors are/ were directors of any listed company during the five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from trading on NSE and BSE during their association with the said companies.

Except as disclosed below, none of our Directors are/ were directors of any listed companies, whose shares have been or were delisted from any stock exchange(s) during the period of his association in such Company as a director.

Mr. Lakshminarayan Ganesh was a director in the following companies whose shares were delisted from the stock exchanges during his directorship:

Name of the Companies	Listed on	Term of Director	Date of Delisting	Compulsory or Voluntary Delisting	Reason for Delisting	Whether Relisted (Yes/ No)
Rane Holdings Limited	MSE	June 26, 1986- till date	January 21, 2010	Voluntary	No trade	No
Rane (Madras) Limited	MSE	March 31, 2004- till date	January 21, 2010	Voluntary	No trade	No
Rane Brake Linings Limited	MSE BSE NSE	September 21, 1989 – February 6, 2008	MSE - April 25, 2008 BSE- March 28, 2008 NSE- February 15, 2008	In terms of Scheme of Amalgamation*	Dissolved without winding up on account of amalgamation with Rane Holdings Limited	No
Rane Engine Valves Limited	MSE BSE NSE	April 10, 1989- February 6, 2008	MSE- April 25, 2008 BSE- March 28, 2008 NSE- February 15, 2008	In terms of Scheme of Amalgamation*	Dissolved without winding up on account of amalgamation with Rane Holdings Limited	No

* *In terms of scheme of demerger, merger and amalgamation sanctioned by the High Court of Madras vide its order dated December 12, 2007*

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

We have not entered into any service contracts with our Directors for providing benefits upon termination of employment.

As of the date of this 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.

Corporate Governance

We are in compliance with conditions of corporate governance as stipulated in clause 49 of the Listing Agreement. However, the chairman of our audit committee, Mr. Lakshminarayan Ganesh was unable to attend the AGM held on August 12, 2011. Mr. Shib Sanker Mukherji responded to shareholders' queries in his absence. The details of our audit committee and our investor grievance committee during the period commencing from April 1, 2011 upto August 24, 2012 are as follows:

(a) Audit Committee:

The members of our audit committee are as follows:

(i) Mr. Lakshminarayan Ganesh;
(ii) Mr. Rajan Raheja;
(iii) Mr. Rajesh Kapadia;

(iv) Mr. Anil Nehru; and
(v) Mr. Sudipto Sarkar

Mr. Lakshminarayan Ganesh is the chairman of our audit committee. The terms of reference of our audit committee are in accordance with those specified in clause 49 of the Listing Agreement and section 292A of the Companies Act.

During the FY 2011-12, our audit committee met 4 times on May 29, 2011, August 12, 2011, November 1, 2011 and February 3, 2012. From the period commencing from April 1, 2012 upto August 24, 2012, our audit committee met 2 times on May 28, 2012 and August 9, 2012.

(b) Investors' Grievances Committee:

The members of our investors' grievances committee are as follows:

(i) Mr. Prithviraj Singh Oberoi;
(ii) Mr. Shib Sanker Mukherji;
(iii) Mr. Vikramjit Singh Oberoi; and
(iv) Mr. Sudipto Sarkar.

Mr. Prithviraj Singh Oberoi is the chairman of our investors' grievances committee. The terms of reference of our investors' grievances committee are monitoring response to investor complaints and approving the issuance of duplicate share certificates in lieu of those lost or destroyed. In accordance with clause 49 IV (G) (iv) of the Listing Agreement, our investors' grievances committee has been delegated the power to approve transfers, transmissions, etc. of shares in the physical form.

During the FY 2011-12, our investors' grievances committee met 4 times on May 29, 2011, August 12, 2011, November 1, 2011 and February 3, 2012. From the period commencing from April 1, 2012 upto August 24, 2012, our investors' grievances committee met 2 times on May 28, 2012 and August 9, 2012.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

STANDALONE FINANCIALS
AUDITOR'S REPORT

To
The Members of
EIH Associated Hotels Limited

1. We have audited the attached Balance Sheet of EIH Associated Hotels Limited as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the Branch Accounts audited by us. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

3. As required by the Companies (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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 the Notes 1 to 43 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
      (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
      (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership Number 8608
Firm's Registration Number 301072E

Gurgaon
28th May, 2012

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 fixed 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 which were not material have been properly dealt with in the books of accounts.
(c) During the year no substantial parts of fixed assets have been disposed off by the Company.

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts

iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
(b) In view of our comments in Clause iii (a) above, Clauses iii (b), iii (c) and iii (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
(c) The Company has not taken any loan, secured or unsecured, during the year 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) and 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. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Act have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts, or arrangements entered in the Register made under Section 301 of the Act during the year cannot be compared in absence of market quotations for similar items.

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

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

Sl. No.	Name of the statute	Nature of the dues	Forum where dispute is pending	Amount (Rupees in Millions)
1	Sales Tax:			
	a) Orissa Sales Tax Act	Sales Tax	i) Sales Tax Tribunal, Orissa	0.39
			ii) Orissa High Court	0.31
	b) Uttar Pradesh Commercial Tax Act	Sales Tax	Uttar Pradesh Commercial Tax Appellate Authority	0.50
	Total			1.20

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 and banks.

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

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

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

xv. The Company has no guarantee outstanding as regards loan taken by the Subsidiary Company. Accordingly the provisions of Clause (xv) of paragraph 4 of the aforesaid Order are not applicable to 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 debentures during the year under audit. Accordingly, the provisions of Clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.

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

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

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership Number 8608
Firm's Registration Number 301072E

Gurgaon
28th May, 2012

EIH Associated Hotels Limited
Balance Sheet as at 31st March, 2012

				As at 31st March 2012	2011
		Note	Rupees Million	Rupees Million	Rupees Million
I.	**EQUITY AND LIABILITIES**				
(1)	**SHAREHOLDERS' FUNDS**				
	a) Share Capital	2	**195.87**		195.87
	b) Reserves and Surplus	3	**994.47**		929.21
				1,190.34	1,125.08
(2)	**NON-CURRENT LIABILITIES**				
	a) Long Term Borrowings	4	**1,203.06**		1,136.69
	b) Deferred Tax Liabilities (Net)	5	**223.02**		160.01
	c) Other Long Term Liabilities	6	**29.86**		33.60
	d) Long Term Provisions	7	**7.66**		7.73
				1,463.60	1,338.03
(3)	**CURRENT LIABILITIES**				
	a) Short Term Borrowings	8	**1,030.00**		930.00
	b) Trade Payables	9	**140.43**		130.87
	c) Other Current Liabilities	10	**155.37**		445.35
	d) Short Term Provisions	11	**72.02**		59.64
				1,397.82	1,565.86
	TOTAL			**4,051.76**	**4,028.97**
II.	**ASSETS**				
(1)	**NON-CURRENT ASSETS**				
	a) Fixed Assets	12			
	i) Tangible Assets		**2,540.63**		2,598.70
	ii) Intangible Assets		**0.19**		0.04
	iii) Capital Work-in-Progress		**13.45**		7.65
			2,554.27		2,606.39
	b) Non-Current Investments	13	**898.40**		898.06
	c) Long Term Loans and Advances	14	**50.80**		35.57
	d) Other Non-Current Assets	15	**0.09**		0.09
				3,503.56	3,540.11
(2)	**CURRENT ASSETS**				
	a) Inventories	16	**66.54**		67.68
	b) Trade Receivables	17	**145.46**		139.37
	c) Cash and Bank Balances	18	**97.77**		86.72
	d) Short Term Loans and Advances	19	**234.27**		191.77
	e) Other Current Assets	20	**4.16**		3.32
				548.20	488.86
	TOTAL			**4,051.76**	4,028.97
	SIGNIFICANT ACCOUNTING POLICIES	1			

EIH Associated Hotels Limited
Balance Sheet as at 31st March, 2012 *(Contd.)*

The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For RAY & RAY		P. R. S. OBEROI	*Chairman*
Chartered Accountants		VIKRAM OBEROI	*Managing Director*
R.N.ROY			
Partner		S. S. MUKHERJI	*Directors*
Membership Number 8608		ANIL NEHRU	
Firm's Registration Number 301072E	INDRANI RAY	L. GANESH	
Gurgaon, 28th May, 2012	*Company Secretary*	SUDIPTO SARKAR	

EIH Associated Hotels Limited
Statement of Profit and Loss for the year ended 31st March, 2012

				Year ended 31st March	
				2012	2011
		Note	**Rupees Million**	**Rupees Million**	Rupees Million
I.	Revenue from Operations	21		**1,876.93**	1,734.46
II.	Other Income	22		**27.61**	28.96
III.	**Total Revenue (I + II)**			**1,904.54**	1,763.42
IV.	Expenses :				
	Cost of Materials Consumed	23		**154.09**	131.93
	Employee Benefits Expense	24		**308.94**	296.09
	Finance Costs	25		**274.11**	254.53
	Depreciation and Amortization Expense			**127.24**	127.45
	Other Expenses	26		**864.88**	770.56
	Total Expenses			**1,729.26**	1,580.56
V.	Profit Before Exceptional and Extraordinary Items & Taxation (III - IV)			**175.28**	182.86
VI.	Exceptional Items - Profit	**27**		**21.28**	-
VII.	Profit Before Taxation (V + VI)			**196.56**	182.86
VIII.	Tax Expense				
	(1) Current Tax		**39.50**		37.00
	Less: MAT Credit Entitlement		**39.50**		34.60
	Net Current Tax		**-**		2.40
	(2) Deferred Tax		**63.01**		60.29
				63.01	62.69
IX.	Profit for the Period (VII - VIII)			**133.55**	120.17
X.	Earnings Per Equity Share :				
	(1) Basic			**6.82**	6.14
	(2) Diluted			**6.82**	6.14

The notes are an integral part of these financial statements.
This is the Profit and Loss Account referred to
in our report of even date

For RAY & RAY		P. R. S. OBEROI	*Chairman*
Chartered Accountants		VIKRAM OBEROI	*Managing Director*
R.N.ROY			
Partner		S. S. MUKHERJI	*Directors*
Membership Number 8608		ANIL NEHRU	
Firm's Registration Number 301072E	INDRANI RAY	L. GANESH	
Gurgaon, 28th May, 2012	*Company Secretary*	SUDIPTO SARKAR	

EIH Associated Hotels Limited
Cash Flow Statement

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	**196.56**	182.86
Adjustments for :		
Depreciation and Amortisation Expenses	**127.24**	127.45
Finance Costs	**274.11**	254.53
Wealth Tax	**0.04**	0.05
Loss on sale of Fixed Assets (Net)	**10.95**	8.67
Interest received	**(4.69)**	(7.04)
Dividend received	**-**	(0.07)
Income from exceptional items	**(21.28)**	-
Operating Profit before Working Capital changes	**582.93**	566.45
Adjustments for :		
Inventories	**1.14**	(2.77)
Trade & Other Receivables	**(12.81)**	(31.92)
Trade Payables	**8.39**	56.88
Cash generated from Operations	**579.65**	588.64
(Payment)/Refund of direct taxes	**(38.24)**	(31.01)
Interest received on Income Tax Refund	**2.07**	5.06
Cash generated from Operating Activities	**543.48**	562.69
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Advances	**(115.78)**	(101.24)
Sale of Fixed Assets	**40.77**	2.49
Purchase of investments	**(0.34)**	(83.99)
Advance to subsidiary	**(10.45)**	-
Interest received	**2.66**	1.95
Dividend received	**-**	0.07
Cash used in Investing Activities	**(83.14)**	(180.72)

EIH Associated Hotels Limited
Cash Flow Statement – *Contd.*

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	**(273.56)**	(261.08)
Proceeds from Borrowings		
Term Loan	**500.00**	1,000.00
Unsecured Loan	**500.00**	-
Working Capital Demand Loan	**-**	430.00
Short Term Loan	**500.00**	-
Repayment of		
Term Loan	**(727.00)**	(782.25)
Unsecured Loan	**(500.00)**	(420.00)
Working Capital Demand Loan	**(400.00)**	(310.00)
Dividend paid	**(48.73)**	(29.25)
Cash used in Financing Activities	**(449.29)**	(372.58)
Net (Decrease)/Increase in Cash and Cash Equivalents	**11.04**	9.40
Cash and Cash Equivalents at the beginning of the year	**86.81**	77.42
Cash and Cash Equivalents at the end of the year	**97.86**	86.81

Notes:
1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances and long term fixed deposit balance shown under Other Non Current Assets.
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		P. R. S. OBEROI	*Chairman*
Chartered Accountants		VIKRAM OBEROI	*Managing Director*
R.N.ROY			
Partner		S. S. MUKHERJI	*Directors*
Membership Number 8608		ANIL NEHRU	
Firm's Registration Number 301072E	INDRANI RAY	L. GANESH	
Gurgaon, 28th May, 2012	*Company Secretary*	SUDIPTO SARKAR	

EIH Associated Hotels Limited
Notes to the Accounts

1.
SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS
The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

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

REVENUE RECOGNITION
Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable.
Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract.
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.

PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES
Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

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

FIXED ASSETS
Fixed Assets are stated at cost of acquisition or construction and in case of revaluation of assets at revalued amounts net of impairment loss, if any, less depreciation/amortisation. Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.
Assets acquired on lease/hire purchase basis are stated at their cash values less depreciation/amortisation.
Capital Work-in-Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

DEPRECIATION/AMORTISATION
Depreciation on Fixed Assets other than land and leased vehicles is provided on "Straight Line Method" at the rates, which are in conformity with the requirements of the Companies Act, 1956. Certain fixed assets including long term leasehold land, leased vehicles, building installed on leasehold land are amortised over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Long term leasehold land is amortised over the balance period of lease, commencing from the date the land is put to use for commercial purposes. Vehicles acquired on lease are depreciated over their respective lease period or five years, whichever is earlier.

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

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

FINANCE LEASES

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

INVESTMENTS

Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value. Current investments are valued at cost or market price/fair value, whichever is lower. Earnings on investments are accounted for on accrual basis or when rights to receive payment are established.

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 Statement of Profit and Loss.

TRANSACTIONS IN FOREIGN CURRENCY

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

EMPLOYEE BENEFITS

Short Term Employee Benefit is recognised as an expense in the Statement of Profit and Loss 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 the Company's Scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following projected Unit Credit Method and is treated as liability.
(ii) Leave Encashment on Termination of Service: As per independent actuarial valuation as at the Balance Sheet date following projected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.
(iii) Provident Fund: Liability on account of Provident Fund for most of the employees is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.
   For a few employees, Provident Fund administered by a Recognised Trust, is a Defined Benefit Plan (DBP) wherein the employee and the Company make monthly contributions. Pending the issuance of Guidance Note from the Actuarial Society of India, actuarial valuation is not carried out and the Company provides for required liability at year end, in respect of the shortfall, if any, upon confirmation from the Trustees of such Fund.

BORROWING COST

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

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

TAXES ON INCOME
Income-tax is accounted for in accordance with Accounting Standard (AS-22) – ‘Accounting for Taxes on Income’ notified pursuant to the Companies (Accounting Standards) Rules, 2006.
Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration.
Deferred tax assets on unabsorbed depreciation and carry forward losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

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

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS
Provisions are recognised in terms of Accounting Standard (AS-29) – ‘Provisions, Contingent Liabilities and Contingent Assets’ notified pursuant to the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		As at 31st March **2012** Rupees Million	2011 Rupees Million
2			
SHARE CAPITAL			
AUTHORISED			
40,000,000	(2011 - 40,000,000) Equity Shares of ₹ 10 each	**400.00**	400.00
1,000,000	(2011 - 1,000,000) Redeemable Preference Shares of ₹ 100 each	**100.00**	100.00
		500.00	500.00
ISSUED, SUBSCRIBED, CALLED & PAID UP			
19,586,666	(2011 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below)	**195.87**	195.87
		195.87	195.87

(a) Reconciliation of Share Capital:

Equity Shares:	**As at 31st March 2012**		As at 31st March 2011	
	Number of Shares	**Rupees Million**	Number of Shares	Rupees Million
Balance at the beginning of the year	**19,586,666**	**195.87**	19,586,666	195.87
Closing Balance	**19,586,666**	**195.87**	19,586,666	195.87

(b) Rights, preferences and restrictions attached to shares:
The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Directors subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company:

Equity Shares:	**As at 31st March 2012**		As at 31st March 2011	
	Number of Shares	**% holding**	Number of Shares	% holding
EIH Limited	**7,071,333**	**36.10**	7,071,333	36.10
Satish B Raheja	**4,361,600**	**22.27**	4,361,600	22.27
Royal Bank of Scotland PLC as Trustee of the Jupiter India Fund	**1,955,000**	**9.98**	1,935,160	9.88
Manali Invesments & Finance Pvt. Ltd.	**1,463,540**	**7.47**	1,463,540	7.47
Coronet Invesments Pvt. Ltd.	**1,342,864**	**6.86**	1,342,864	6.86
Total	**16,194,337**	**82.68**	16,174,497	82.58

(d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012):
Of the above 19,586,666 (2011 - 19,586,666) Equity Shares, 9,086,666 (2011 - 9,086,666) Equity shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		As at 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
3			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
i) Profit on re-issue of forfeited shares			
As per last Account	**0.01**		0.01
ii) Investment subsidy received			
As per last Account	**4.50**		4.50
		4.51	4.51
CAPITAL REDEMPTION RESERVE			
As per last Account		**100.00**	100.00
SECURITIES PREMIUM ACCOUNT			
As per last Account		**126.00**	126.00
GENERAL RESERVE			
As per last Account	**500.00**		477.02
Add: Transfer from Profit & Loss Account	**15.00**		22.98
		515.00	500.00
SURPLUS IN STATEMENT OF PROFIT AND LOSS			
As per last Account	**198.70**		158.42
Add: Profit / (Loss) during the year	**133.55**		120.17
	332.25		278.59
Less: Appropriations			
General Reserve	**15.00**		22.98
Proposed Dividend on Equity Shares	**58.76**		48.97
Dividend distribution tax on proposed dividend on Equity Shares	**9.53**		7.94
	83.29		79.89
		248.96	198.70
		994.47	929.21

	As at 31st March	
	2012	2011
	Rupees Million	Rupees Million
4		
LONG TERM BORROWINGS		
Secured (Note 4a):		
A. Term Loans from Banks:		
(i) United Bank of India	**-**	125.00
(ii) United Bank of India	**218.75**	500.00
(iii) ICICI Bank Limited	**475.00**	500.00
(iv) The Hongkong and Shanghai Banking Corporation Ltd.	**500.00**	-
	1,193.75	1,125.00
B. Long Term Maturities of Finance Lease Obligations (Note 42a)	**9.31**	11.69
	1,203.06	1,136.69

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

4 (a)
Particulars of Securities and Terms of Repayment of Term Loans from Banks:

	Name of the Lender	Nature of Security	Terms of Repayment
A.	Term Loan from Banks		
(i)	United Bank of India	The loan together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and secured by way of an Equitable Mortgage of the said properties.	Repayable in 12 quarterly installments (₹ 31.25 Million each in first four quarter, ₹ 62.50 Million each in next four quarters, and ₹ 31.25 Million each in the last four quarters) from the date of draw down i.e.10 February 2009. The loan was pre-paid during the year.
(ii)	United Bank of India	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	Repayable in 8 equal quarterly installments after a moratorium of 2 years from the date of draw down i.e. 6 December 2010. However, ₹ 250 Million was pre-paid during the year.
(iii)	ICICI Bank Limited	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down i.e. 25 March 2011.
(iv)	The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	₹ 150 Million each at the end of 30 months and 33 months and remaining ₹ 200 Million to be repaid at the end of 36 months from the date of draw down i.e. ₹ 250 Million each on 29 November 2011 & 30 November 2011.
B.	Finance Lease Obligations	Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly equated lease rentals over the respective period of lease.

4 (b)
Particulars of Securities and Terms of Repayment of Term Loans from Banks payable within one year:

	Name of the Lender	Nature of Security	Terms of Repayment
(i)	United Bank of India	The loan is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra, Trident, Jaipur and Trident, Udaipur.	Repayable in 18 quarterly installments (₹ 23 Million first four quarter and ₹ 46 Million the remaining quarters) after a moratorium of 2 years from the date of draw down i.e.26 May 2004.
(ii)	United Bank of India	The loan together with interest, etc., are secured by a mortgage by way of first charge by deposit of title deeds in respect of immovable properties, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories, and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.	Repayable in 20 equal quarterly installments from December 2006.

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
5				
DEFERRED TAX LIABILITIES (NET)				
A.	Deferred Tax Liabilities			
	(i) Depreciation		**414.24**	407.78
B.	Deferred Tax Assets			
	(i) Unabsorbed Depreciation	**183.20**		241.90
	(ii) Accrued expenses deductible on payment	**5.81**		3.63
	(iii) Provision for Leave Encashment	**1.28**		1.22
	(iv) Provision for Debts and Advances	**0.93**		1.02
			191.22	247.77
	Deferred Tax Liabilities (Net)		**223.02**	160.01

		As at 31st March	
		2012	2011
		Rupees Million	Rupees Million
6			
OTHER LONG TERM LIABILITIES			
(i)	Trade Payables		
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**26.16**	31.49
(ii)	Other Payables		
	Liability for Capital Expenditure	**1.65**	0.73
	Security Deposits	**0.37**	0.34
	Others	**1.68**	1.04
		29.86	33.60

		As at 31st March	
		2012	2011
		Rupees Million	Rupees Million
7			
LONG TERM PROVISIONS			
A.	Provision for Employee Benefits (Note 24a):		
	(i) Leave Encashment	**7.66**	7.73
		7.66	**7.73**

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		As at 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
8			
SHORT TERM BORROWINGS			
Secured (Note 8a):			
A. Working Capital Loans repayable on demand from Banks:			
(i) The Hongkong and Shanghai Banking Corporation Ltd.	**30.00**		-
(ii) The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.)	**-**		430.00
		30.00	430.00
B. Other Short Term Borrowings from Banks:			
(i) Loan from The Federal Bank Ltd.		**500.00**	-
		530.00	430.00
Unsecured (Note 8b):			
A. Loans From Banks:			
(i) United Bank of India	**-**		500.00
(ii) IndusInd Bank Ltd.	**500.00**		-
		500.00	500.00
		1,030.00	930.00

8 (a)
Particulars of Securities and Terms of Repayment of Short Term Loans from Banks:

	Name of the Lender	Nature of Security	Terms of Repayment
A.	Working Capital Loans repayable on demand from Banks:		
(i)	The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	The Working Capital Loan from HSBC is secured on *pari passu* basis by way of hypothecation of all stocks of inventories and book debts, etc., of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and to be additionally, secured by way of second charge on the fixed assets of the said two properties.	Repayable on demand.
(ii)	The Royal Bank Of Scotland N.V. (Formerly ABN Amro Bank N.V.)	The loan together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and secured by way of an Equitable Mortgage of the said properties.	Repayable on demand.
B.	Other Short Term Borrowings from Banks:		
(i)	The Federal Bank Ltd.	The loan is secured by way of mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Udaipur (Created/ to be created).	Repayable in 12 months from the date of drawdown i.e. ₹ 180 Million on 13 January 2012, ₹ 120 Million on 18 January, 2012 and ₹ 200 Million on 20 January, 2012.

8 (b)
Terms of Repayment of Unsecured Short Term Loans fron Banks:

	Name of the Lender	Terms of Repayment
(i)	United Bank Of India	₹ 150 Million each at the end of 10th & 11th month and remaining ₹ 200 Million to be repaid at the end of 12th month from the date of draw down i.e. July, 2010.
(ii)	IndusInd Bank Ltd.	Repayable in 4 months from the date of drawdown i.e. ₹ 150 Million on 12 December, 2011 and ₹ 350 Million on 17 December, 2011.

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		As at 31st March 2012 Rupees Million	2011 Rupees Million
9			
TRADE PAYABLES			
(i)	Total outstanding dues of Micro Enterprises and Small Enterprises	**0.15**	0.40
(ii)	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises including amount due to Island Hotel Maharaj Limited, Subsidiary Company (₹ 0.06 Million; 2011 - ₹ 0.03 Million)	**140.28**	130.47
		140.43	130.87

Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company.

	2012	2011
Principal amount due and remaining unpaid	**0.15**	0.40

There has neither been any delay in payment nor any interest is due and remaining unpaid on the above principal or any other such dues during the year.

		Rupees Million	As at 31st March 2012 Rupees Million	2011 Rupees Million
10				
OTHER CURRENT LIABILITIES				
A.	Current maturities of long-term debt (Note 4b)			
	(i) United Bank of India	**-**		92.00
	(ii) United Bank of India	**-**		10.00
	(iii) United Bank of India	**-**		250.00
	(iv) United Bank of India	**31.25**		-
	(v) ICICI Bank Limited	**25.00**		-
			56.25	352.00
B.	Current Maturities of Finance Lease Obligations (Note (42a))		**5.18**	4.90
C.	Interest accrued but not due on borrowings		**0.71**	0.16
D.	Other Payables			
	(i) Security Deposits from Shops	**2.00**		1.94
	(ii) Other Deposits	**0.25**		0.27
	(iii) Unclaimed Dividend	**0.85**		0.61
	(iv) Statutory Liabilities	**32.44**		33.44
	(v) Advance from Customers	**16.45**		18.83
	(vi) Other Liabilities	**41.24**		33.20
			93.23	88.29
			155.37	445.35

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
11				
SHORT TERM PROVISIONS				
A.	Provision for Employee Benefits (Note 24a):			
	(i) Leave Encashment		**0.98**	0.02
B.	Other Provisions :			
	(i) Provision for Income Tax	**151.20**		111.70
	(ii) Provision for Wealth Tax	**0.35**		0.31
	(iii) Provision for Proposed Dividend on - Equity Shares	**58.76**		48.97
	(iv) Provision for Tax on Dividend	**9.53**		7.94
			219.84	168.92
			220.82	168.94
	Less: MAT Credit Entitlement (Note 31)		**148.80**	109.30
			72.02	59.64

EIH Associated Hotels Limited
Schedule to Accounts – *Contd.*

12										(Rupees Million)
FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Nature of Assets	Original Cost as at 1st April, 2011	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2012	As at 1st April, 2011	For the Year	Sales / Adjustments	As at 31st March, 2012	**As at 31st March, 2012**	As at 31st March, 2011
(i) Tangible Assets										
Freehold Land	28.92	0.16	-	29.08	-	-	-	-	**29.08**	28.92
Leasehold Land	92.57	-	-	92.57	21.94	10.83	-	32.77	**59.80**	70.63
Buildings	1,897.29	41.92	17.05	1,922.16	335.94	31.32	3.94	363.32	**1,558.84**	1,561.35
Leasehold Buildings	5.62	-	-	5.62	3.51	0.70	-	4.21	**1.41**	2.11
Roads	4.85	-	-	4.85	0.98	0.08	-	1.06	**3.79**	3.87
Sanitary Installation	177.32	0.24	0.08	177.48	29.21	3.02	0.02	32.21	**145.27**	148.11
Plant & Machinery	1,261.02	41.86	37.50	1,265.38	588.83	58.86	24.27	623.42	**641.96**	672.45
Office Equipment	4.58	0.45	0.16	4.87	1.86	0.20	0.10	1.96	**2.91**	2.46
Jetty	0.76	-	-	0.76	0.48	0.04	-	0.52	**0.24**	0.28
Boats	2.70	-	-	2.70	0.74	0.09	-	0.83	**1.87**	1.96
Computers	74.05	3.96	2.37	75.64	57.36	5.68	2.23	60.81	**14.83**	16.70
Furniture & Fittings	242.17	4.16	1.98	244.35	192.48	7.53	1.46	198.55	**45.80**	49.69
Vehicles given on operating lease	15.86	-	-	15.86	5.94	1.51	-	7.45	**8.41**	9.93
Vehicles-Others	29.77	1.54	4.14	27.17	15.20	2.03	3.11	14.12	**13.05**	14.56
Tangible Assets - Own (A)	3,837.48	94.29	63.28	3,868.49	1,254.47	121.89	35.13	1,341.23	**2,527.26**	2,583.02
Leased Vehicles	22.00	5.31	5.29	22.02	6.37	5.30	3.01	8.66	**13.36**	15.63
Leased Assets	0.13	-	-	0.13	0.08	0.04	-	0.12	**0.01**	0.05
Tangible Assets – on Finance Lease (B)	22.13	5.31	5.29	22.15	6.45	5.34	3.01	8.78	**13.37**	15.68
Total (A+B)	3,859.61	99.60	68.57	3,890.64	1,260.92	127.23	38.14	1,350.01	**2,540.63**	2,598.70
(ii) Intangible Assets										
Computer Software	0.93	0.15	-	1.08	0.88	0.01	-	0.89	**0.19**	0.04
(iii) Capital-Work-in-Progress	7.65	84.34	78.54	13.45	**-**	**-**	**-**	-	**13.45**	7.65
	3,868.19	184.09	147.11	3,905.17	1,261.80	127.24	38.14	1,350.90	**2,554.27**	2,606.39
Previous year	3,791.08	153.54	76.42	3,868.20	1,147.17	127.45	12.82	1,261.80	2,606.39	

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
13				
NON-CURRENT INVESTMENTS (Unquoted)				
Trade Investments (valued at cost)				
A.	Investment in Equity Instruments:			
(i)	Investment in Subsidiary:			
	3,197,088 (2011 - 3,197,088) Equity Shares of ₹ 100 each of Island Hotel Maharaj Limited , fully paid including Nil Equity Shares of ₹ 100 each acquired during the year. (2011 - 209,975 Equity Shares of ₹ 100 each fully paid)	**889.36**		889.36
(ii)	Investment in Other Bodies Corporate:			
	217,175 (2011 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid	**8.69**		8.69
(iii)	33,600 (2011 - Nil) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid	**0.34**		-
			898.39	898.05
B.	Investment in Government or Trust Securities:			
(i)	6 year National Savings Certificate		**0.01**	0.01
			898.40	898.06

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
14				
LONG TERM LOANS AND ADVANCES				
Unsecured, considered good (unless otherwise stated)				
(i)	Capital Advances		**2.86**	0.88
(ii)	Security Deposits		**29.62**	28.58
(iii)	Prepaid Expenses		**1.08**	0.59
(iv)	Loans and Advances to Related Parties:			
	Advances to Subsidiary:			
	Island Hotel Maharaj Limited		**10.45**	-
(v)	Other loans and advances			
	Considered good	**6.79**		5.52
	Considered doubtful	**0.21**		0.19
		7.00		5.71
	Less: Provision for doubtful advances	**0.21**		0.19
			6.79	5.52
			50.80	35.57

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

			As at 31st March 2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
15				
OTHER NON-CURRENT ASSETS				
(i)	Long Term Trade Receivables - Considered doubtful	**2.52**		2.74
	Less: Provision for doubtful debts	**2.52**		2.74
			-	-
(ii)	Other Receivables - Considered doubtful	**0.10**		0.13
	Less: Provision for doubtful debts	**0.10**		0.13
			-	-
(iii)	Long term deposits with banks with maturity period more than 12 months			
	Fixed Deposit with Banks (Note a)		**0.09**	0.09
			0.09	0.09

(a) Fixed Deposit of ₹ 0.09 Million (2011- ₹ 0.09 Million) with Banks are pledged with Sales Tax Department.

		As at 31st March 2012	2011
		Rupees Million	Rupees Million
16			
INVENTORIES			
(i)	Provisions, Wines & Smokes	**16.32**	15.62
(ii)	Stores & Operational Supplies	**50.22**	52.06
		66.54	67.68

Inventories are valued at cost which is based on First-in First-out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks are charged to the Statement of Profit and Loss.

			As at 31st March 2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
17				
TRADE RECEIVABLES (Unsecured)				
A.	Considered good			
(i)	Outstanding for a period exceeding 6 months from the date they are due for payment	**4.36**		0.74
(ii)	Others	**141.10**		138.63
			145.46	139.37
			145.46	139.37

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
18				
CASH AND BANK BALANCES				
(i)	Cash on hand		**4.49**	3.89
(ii)	Cheques on hand		**3.26**	6.06
(iii)	Bank Balances			
	Current Accounts	**65.16**		46.77
	Unpaid Dividend Account	**0.85**		0.61
	Fixed Deposits - Maturity less than 3 months	**23.28**		29.09
			89.29	76.47
(iv)	Other Bank Balances			
	Fixed Deposits - Maturity more than 3 months but less than 12 months			
	Margin Money	**0.40**		-
	Others	**0.33**		0.30
			0.73	0.30
			97.77	86.72

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
19				
SHORT TERM LOANS AND ADVANCES				
Unsecured, considered good (unless otherwise stated)				
A.	Advances recoverable in cash or in kind or value to be received			
	(i) Considered good		**23.08**	11.33
B.	Other Loans and Advances			
	(i) Security Deposits		**1.52**	1.59
	(ii) Prepaid Expenses		**20.17**	19.27
	(iii) Advance payment of Income-tax	**40.70**		49.90
	(iv) MAT credit entitlement (Note 31)	**148.80**		109.30
			189.50	159.20
	(v) Fringe Benefit Tax (net of provision)		**-**	0.38
			234.27	191.77

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		As at 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
20			
OTHER CURRENT ASSETS			
Unsecured, considered good (unless otherwise stated)			
(i) Interest Accrued		**0.05**	0.08
(ii) Insurance Claim		**0.82**	1.03
(iii) Other Receivables / recoverable			
Considered Good	**3.29**		2.21
Considered Doubtful	**0.02**		-
	3.31		2.21
Less : Provision for Doubtful Receivables	**0.02**		-
		3.29	2.21
		4.16	**3.32**

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
21		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars and Banquets, etc.		
Rooms	**1,229.18**	1,177.42
Food and Beverage	**547.44**	466.68
Other Services	**100.31**	90.36
	1,876.93	1,734.46

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
22		
OTHER INCOME		
Interest (Gross)	**2.62**	1.98
Interest on Income Tax Refund	**2.07**	5.06
Dividend from Current Investments - Mutual Fund (Non-Trade)	**-**	0.07
Gain on Exchange (Net)	**0.88**	0.01
Provisions & liabilities no longer required, written back	**7.48**	5.81
Others	**14.56**	16.03
	27.61	28.96

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
23		
COST OF MATERIALS CONSUMED		
Opening Stock	**15.62**	13.30
Add : Purchases	**154.79**	134.25
	170.41	147.55
Less : Closing Stock	**16.32**	15.62
	154.09	131.93

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
24		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**271.72**	260.01
Company's Contribution to Provident Fund and Other Funds	**12.90**	12.58
Contribution to Gratuity Fund (including provision of ₹ 1.05 Million; 2011 - ₹ 1.35 Million) (Note 24a)	**2.49**	2.39
Provision for Leave Encashment (Note 24a)	**0.29**	2.60
Staff Welfare Expenses	**21.54**	18.51
	308.94	296.09

24. (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2012 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, 2012		Year ended 31st March, 2011	
			Gratuity (Funded)	**Leave Encashment (Unfunded)**	Gratuity (Funded)	Leave Encashment (Unfunded)
I	**Components of Employer Expenses**					
	1	Current Service Cost	**1.44**	**0.48**	1.05	0.21
	2	Interest Cost	**0.87**	**0.65**	0.66	0.28
	3	Expected return on Plan Assets	**1.07**	**-**	0.83	-
	4	Curtailment Cost/(Credit)	**-**	**-**	-	-
	5	Settlement Cost/(Credit)	**-**	**-**	-	-
	6	Past Service Cost	**-**	**-**	-	-
	7	Actuarial Losses/(Gains)	**1.25**	**(0.84)**	1.51	2.11
	8	**Total expenses recognised in the Statement of Profit and Loss**	**2.49**	**0.29**	2.39	2.60
	The Gratuity Expenses have been recognised in “Contribution to Gratuity Funds” and Leave Encashment in “Provision for Leave Encashment” under Note 24.					

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

24
EMPLOYEE BENEFITS EXPENSE (a) ***(Contd.)***

(Rupees in Million)

			Year ended 31st March, 2012		Year ended 31st March, 2011	
			Gratuity (Funded)	**Leave Encashment (Unfunded)**	Gratuity (Funded)	Leave Encashment (Unfunded)
II	**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2012**					
	1	Present Value of Defined Benefit Obligations	**12.64**	**8.04**	10.79	7.75
	2	Fair Value on Plan Assets	**11.60**	**-**	9.44	-
	3	Status [Surplus/(Deficit)]	**(1.05)**	**(8.04)**	(1.35)	(7.75)
	4	Unrecognised Past Service Cost	**-**	**-**	-	-
	5	**Net Asset/(Liability) recognized In Balance Sheet**	**(1.05)**	**(8.04)**	(1.35)	(7.75)
III	**Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2012**					
	1	Present Value of DBO at the Beginning of Year	**10.79**	**7.75**	8.19	5.15
	2	Current Service Cost	**1.44**	**0.48**	1.05	0.21
	3	Interest Cost	**0.87**	**0.65**	0.66	0.28
	4	Curtailment Cost/(Credit)	**-**	**-**	-	-
	5	Settlement Cost/(Credit)	**-**	**-**	-	-
	6	Plan Amendments	**-**	**-**	-	-
	7	Acquisitions	**-**	**-**	-	-
	8	Actuarial (Gains)/Losses	**1.25**	**0.84**	1.52	2.11
	9	Benefits Paid	**1.71**	**-**	0.63	-
	10	**Present Value of DBO at the End of Year**	**12.65**	**8.04**	10.79	7.75
IV	**Change in Fair Value of Assets during the year ended 31st March, 2012**					
	1	Plan Assets at the Beginning of Year	**9.44**	-	7.73	-
	2	Acquisition Adjustment	**-**	-	-	-
	3	Actuarial Return on Plan Assets	**1.07**	-	0.83	-
	4	Actuarial Gains/(Losses)	**-**	-	-	-
	5	Actual Company Contribution	**2.78**	-	1.51	-
	6	Benefits Paid	**1.71**	-	0.63	-
	7	**Plan Assets at the End of Year**	**11.60**	-	9.44	-
V	**Investments Details**					
	Invested with LIC in Group Gratuity Scheme		**100%**		100%	
VI	**Actuarial Assumptions**					
	1	Discount Rate (%)	**8%**	**8%**	8%	8%
	2	Expected rate of return	**9.4%**	**--**	9.4%	--
	3	Salary Escalation (%)	**3%**	**3%**	3%	3%
	4	Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate		Indian assured lives mortality (1994-96) (modified) Ultimate	

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

24
EMPLOYEE BENEFITS EXPENSE (a) ***(Contd.)***

(Rupees in Million)

		Year ended 31st March, 2012		Year ended 31st March, 2011		Year ended 31st March, 2010		Year ended 31st March, 2009	
VII	**Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Gratuity**	**Leave Encash-ment**	**Gratuity**	**Leave Encash-ment**	**Gratuity**	**Leave Encash-ment**	**Gratuity**	**Leave Encash-ment**
1	Present Value of Defined Benefit Obligations	12.65	8.21	10.79	8.04	8.19	5.13	7.03	4.64
2	Fair Value of Plan Assets	11.60	-	9.44	-	7.73	-	6.99	-
3	Status [Surplus / (Deficit)]	1.05	(8.21)	(1.35)	(8.04)	(0.46)	(5.13)	(0.04)	(4.64)
4	Experience Adjustments of Plan Liabilities	-	(1.04.)	-	2.11	-	(0.17)	-	0.40

Figures for Experience Adjustments in respect of gratuity are not available.

		Year ended 31st March 2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
25			
FINANCE COSTS			
Interest Expense			
Interest on borrowing	**270.17**		237.20
Interest on other loan	**2.88**		2.22
		273.05	239.42
Other Borrowing Costs		**1.06**	3.84
Adjustment for currency / interest swap including MTM losses		**-**	11.27
		274.11	254.53

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

		Year ended 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
26			
OTHER EXPENSES			
A. UPKEEP AND SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		**5.65**	4.67
Expenses on Apartment & Board		**35.68**	31.24
Power & Fuel		**170.13**	154.25
Renewals & Replacement		**25.10**	20.74
Repairs :			
Buildings	**61.58**		60.23
Plant & Machinery	**62.96**		65.35
Others	**17.31**		14.98
		141.85	
		378.41	351.46
B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Expenses for contractual services		**37.97**	35.00
Lease Rent (Note 42b)		**7.31**	7.11
Royalty		**18.95**	17.50
Technical Services Fees		**83.42**	78.96
Advertisement, Publicity & Other Promotional Expenses		**83.58**	79.33
Commission to Travel Agents & others		**72.75**	60.13
Rates & Taxes		**52.99**	39.59
Insurance		**4.62**	5.55
Passage & Travelling		**35.07**	27.84
Postage, Telephone & Telex		**15.24**	13.88
Printing & Stationery		**8.12**	7.43
Musical, Banquet & Kitchen Expenses		**14.62**	13.18
Directors' Fees		**0.65**	0.53
Loss on Sale / Discard of Assets including capital stores		**10.95**	8.67
Auditors' Remuneration			
As Auditor	**1.95**		1.69
Taxation Matters	**0.06**		0.05
Other Services	**0.13**		0.12
		2.14	1.86
Other Expenses		**38.09**	22.54
		486.47	419.10
Total (A+B)		**864.88**	770.56

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
27		
EXCEPTIONAL ITEMS - PROFIT		
Profit on sale of residential flats at Jaipur	**21.28**	-

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

28. Contingent Liabilities and Commitments (to the extent not provided for)

i Claims against the Company not acknowledged as debt:
Claims against the Company not acknowledged as debts pending settlement of disputes amounting to ₹ 157.52 Million (2011 - ₹ 150.29 Million). The Company has paid ₹ 4.44 Million (2011 – ₹ 13.02 Million) under protest.

ii Capital commitments:
The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 1.00 Million (2011 - ₹ 38.07 Million).

29. Proposed Dividend

	As at 31st March, 2012 Rupees Million	2011 Rupees Million
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	**58.76**	48.97
Dividend per Equity Share	**3.00 per share**	2.50 per share

30. Depreciation

Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956:

i. Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.
ii. Leased Vehicles over their respective lease period or five years, whichever is earlier.
iii. Depreciation includes ₹ 10.83 Million (2011 - ₹ 13.01 Million) being provision for amortisation of long term leasehold land.

31. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT) resulting in no additional tax expense for the year (2011 - ₹ 2.40 Million).

32. Proposed amalgamation of our subsidiary (Island Hotel Maharaj Limited)

The Board has approved a Scheme of Amalgamation in the nature of merger of our wholly owned subsidiary, Island Hotel Maharaj Limited with the Company with effect from the appointed date being 1st April, 2011.
The Scheme is subject to and will come into effect upon receipt of necessary approvals and completion of requisite formalities for which steps and proceedings have already been initiated by the companies concerned. Pending the same, no effect of the Scheme has been given in the attached accounts of the Company.

33. Proposed Rights Issue of Equity Shares

The Board of Directors of the Company at a meeting held on 28th March, 2012, approved a Rights issue of Equity Shares upto ₹ 1,100.00 Million. The draft Letter of Offer was filed with the Securities and Exchange Board of India (SEBI) on 30th March, 2012 and can be accessed on the SEBI website.

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

34. CIF Value of Imports:

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

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
i. Provisions, Wines & Smokes	**1.24**	0.56
ii. Components & Spares	**11.66**	8.03
iii. Capital Goods	**22.63**	13.77

b) Total value of Consumption of indigenous and imported materials:

	Year ended 31st March			
	2012		2011	
	Rupees Million	**Percentage**	Rupees Million	Percentage
i. Imported	**1.01**	**0.66%**	0.65	0.49%
ii. Indigenous	**153.08**	**99.34%**	131.28	99.51%
Total	**154.09**	**100%**	131.93	100%

35. Expenditure in Foreign Currencies:

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
Subscription, Travelling & others	**28.12**	25.08

36. Details of Consumption and Purchases:

The Company is not required to give quantitative and value wise information in respect of purchase, consumption, turnover, stock etc. as the same is exempted vide Circular No. SO 301(E) dated 08.02.2011 issued by Ministry of Corporate Affairs, Government of India.

37. Earnings in Foreign Currencies on Sales

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
As per return submitted to DGFT	**1,133.13**	875.16

38. Unhedged Foreign Currency

	As at 31st March,	
	2012	2011
	Rupees Million	Rupees Million
Unhedged foreign currency exposure outstanding	**0.30**	1.72

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

39. Earnings per Equity Share

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each	**133.55**	120.17
Net Profit as per Statement of Profit and Loss and available for Equity Shareholders	**133.55**	120.17
Weighted average number of Equity Shares outstanding	**19,586,666**	19,586,666
Basic and Diluted Earnings per Equity Share in Rupees of face value – ₹ 10.	**6.82**	6.14

40. Segment Reporting

As the Company's activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on "Segment Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

41. Related Party Disclosures

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

(A)

I. Subsidiary Company
Island Hotel Maharaj Limited

II. Key Management Personnel
Mr. Vikram Oberoi – Managing Director

III. Enterprise in which Key Management Personnel have significant influence
EIH Limited

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

(B)
Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2012

Nature of Transactions		Island Hotel Maharaj Limited Rupees Million	EIH Limited Rupees Million
Purchases			
Goods and Services		0.02	79.83
Fixed Assets		-	0.41
	Total	**0.02**	**80.24**
Expenses			
Management Contract		-	121.32
License Agreement			0.24
	Total	**-**	**121.56**
Other Payments			
Equity Dividend		-	17.68
	Total	**-**	**17.68**
Sales			
Goods and Services		0.20	5.16
Fixed Assets		-	0.15
	Total	**0.20**	**5.31**
Payments			
Others		10.45	-
	Total	**10.45**	**-**
Outstanding Balances			
Payables			
For Goods & Services		-	10.90
For Management Contract		-	52.96
	Total	**-**	**63.86**
Receivables			
For Goods & Services		0.07	1.82
Advance		10.45	-
	Total	**10.52**	**1.82**
Investments		889.36	-
	Total	**889.36**	**-**

EIH Associated Hotels Limited
Notes to the Accounts – *Contd.*

42. Leases

a. Fixed Assets acquired under finance lease amounting to ₹ 22.15 Million (2011 - ₹ 22.13 Million) being the assets acquired between 1st April, 2001 and 31st March, 2012. This includes an amount of ₹ 5.31 Million (2011 - ₹ 13.39 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on "Accounting for Leases" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of ₹ 5.34 Million (2011 - ₹ 3.90 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2012 in respect of these assets is as under:

	Year ended 31st March	
	2012 Rupees Million	2011 Rupees Million
Assets taken on lease		
Total Minimum Lease Payments at the year end	**19.19**	21.27
Present value of Minimum Lease Payments	**14.50**	16.59
Not later than one year		
Minimum Lease Payments	**7.26**	5.04
Present value	**5.19**	4.90
Later than one year but not later than five years		
Minimum Lease Payments	**11.93**	16.23
Present value	**9.31**	11.69
Later than five years		
Minimum Lease Payments	**Nil**	Nil
Present value	**Nil**	Nil
(a) Contingent rents recognized as an expense in the Statement of Profit and Loss for the year.	**Nil**	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	**Nil**	Nil

b. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases:
   i) General description of the Company's operating lease arrangements:
   The Company has entered into operating lease arrangements primarily for hiring office premises, site offices and residential premises for its employees and for giving premises on rent to tenants. Some of the significant terms and conditions of the arrangements are:
   – Lease agreements are not non-cancellable in nature and may generally be terminated by either party by serving a notice;
   – The lease agreements are generally renewable by mutual consent on mutually agreeable terms.
   ii) Rent in respect of the above is charged/credited to the Profit and Loss Account.

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

CONSOLIDATED FINANCIALS

AUDITOR'S REPORT
on Consolidated Financial Statements

To
The Board of Directors,
EIH Associated Hotels Limited

We have examined the attached Consolidated Balance Sheet of EIH Associated Hotels Limited ("the Company") and its Subsidiary as at 31st March, 2012, the Consolidated Profit and Loss for the year then ended annexed thereto and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of ₹ 421.71 Million as at 31st March, 2012 and total revenues of ₹ 91.35 Million for the year then ended. These Financial Statements have been audited by other auditor whose audit reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this Subsidiary, is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS - 21) - "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its Subsidiary, included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its Subsidiary, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Notes 1 to 44 give a true and fair view and are in conformity with the accounting principles generally accepted in India:

a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiary, as at 31st March, 2012;
b) in the case of the Consolidated Profit and Loss, of the consolidated results of operations of the Company and its Subsidiary for the year then ended; and
c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its Subsidiary for the year then ended.

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership Number 8608
Firm's Registration Number 301072E

Gurgaon
28th May, 2012

EIH Associated Hotels Limited (Consolidated)
Balance Sheet as at 31st March, 2012

					As at 31st March	
					2012	2011
			Note	**Rupees Million**	**Rupees Million**	Rupees Million
I.	**EQUITY AND LIABILITIES**					
(1)	**SHAREHOLDERS' FUNDS**					
	a)	Share Capital	3	**195.87**		195.87
	b)	Reserves and Surplus	4	**834.62**		782.96
					1,030.49	978.83
(2)	**NON-CURRENT LIABILITIES**					
	a)	Long Term Borrowings	5	**1,203.28**		1,137.38
	b)	Deferred Tax Liabilities (Net)	6	**153.20**		93.24
	c)	Other Long Term Liabilities	7	**30.34**		34.03
	d)	Long Term Provisions	8	**8.48**		8.77
					1,395.30	1,273.42
(3)	**CURRENT LIABILITIES**					
	a)	Short Term Borrowings	9	**1,043.02**		936.99
	b)	Trade Payables	10	**148.51**		140.10
	c)	Other Current Liabilities	11	**161.55**		454.81
	d)	Short Term Provisions	12	**72.05**		59.64
					1,425.13	1,591.54
	TOTAL				**3,850.92**	3,843.79
II.	**ASSETS**					
(1)	**GOODWILL (ON CONSOLIDATION)**				**347.16**	347.16
(2)	**NON-CURRENT ASSETS**					
	a)	Fixed Assets	13			
		i) Tangible Assets		**2,845.75**		2,916.86
		ii) Intangible Assets		**0.19**		0.04
		iii) Capital Work-in-Progress		**13.45**		7.80
				2,859.39		2,924.70
	b)	Non-Current Investments	14	**9.04**		8.70
	c)	Long Term Loans and Advances	15	**43.88**		38.91
	d)	Other Non-Current Assets	16	**0.09**		0.09
					2,912.40	2,972.40
(3)	**CURRENT ASSETS**					
	a)	Inventories	17	**72.91**		74.01
	b)	Trade Receivables	18	**163.80**		149.92
	c)	Cash and Bank Balances	19	**103.26**		87.88
	d)	Short Term Loans and Advances	20	**246.47**		208.41
	e)	Other Current Assets	21	**4.92**		4.01
					591.36	524.23
	TOTAL				**3,850.92**	3,843.79
Significant Accounting Policies			1			
Details of Subsidiary Company			2			

EIH Associated Hotels Limited (Consolidated)
Balance Sheet as at 31st March, 2012 – *Contd.*

The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For RAY & RAY		P. R. S. OBEROI	*Chairman*
Chartered Accountants		VIKRAM OBEROI	*Managing Director*
R.N.ROY			
Partner		S. S. MUKHERJI	*Directors*
Membership Number 8608		ANIL NEHRU	
Firm's Registration Number 301072E	INDRANI RAY	L. GANESH	
Gurgaon, 28th May, 2012	*Company Secretary*	SUDIPTO SARKAR	

EIH Associated Hotels Limited (Consolidated)
Statement of Profit and Loss for the year ended 31st March, 2012

		Note		Year ended 31st March **2012**	2011
		Note	**Rupees Million**	**Rupees Million**	Rupees Million
I.	Revenue from Operations	22		**1,967.12**	1,810.37
II.	Other Income	23		**28.76**	29.60
III.	**Total Revenue (I + II)**			**1,995.88**	1,839.97
IV.	Expenses :				
	Cost of Materials Consumed	24		**162.92**	139.73
	Employee Benefits Expense	25		**333.15**	318.73
	Finance Costs	26		**275.72**	265.27
	Depreciation and Amortization Expense			**141.68**	141.80
	Other Expenses	27		**923.32**	821.31
	Total Expenses			**1,836.79**	1,686.84
V.	Profit Before Exceptional and Extraordinary Items & Taxation (III - IV)			**159.09**	153.13
VI.	Exceptional Items- Profit	28		**21.28**	-
VII.	Profit Before Taxation (V + VI)			**180.37**	153.13
VIII.	Tax Expense				
	(1) Current Tax		**39.50**		37.00
	Less: MAT Credit Entitlement		**39.50**		34.60
	Net Current Tax		**-**		2.40
	(2) Deferred Tax		**59.96**		57.49
				59.96	59.89
IX.	Profit for the Period (VII - VIII)			**120.41**	93.24
X.	Earnings Per Equity Share :				
	(1) Basic			**6.15**	4.76
	(2) Diluted			**6.15**	4.76

The notes are an integral part of these financial statements.

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

For RAY & RAY
Chartered Accountants
R.N.ROY
Partner
Membership Number 8608
Firm's Registration Number 301072E
Gurgaon, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI — *Chairman*
VIKRAM OBEROI — *Managing Director*

S. S. MUKHERJI
ANIL NEHRU
L. GANESH
SUDIPTO SARKAR
Directors

EIH Associated Hotels Limited (Consolidated)
Cash Flow Statement

	Year ended 31st March	
	2012	2011
	Rupees Milion	Rupees Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	**180.37**	153.13
Adjustments for :		
Depreciation and amortisation expenses	**141.68**	141.80
Finance Costs	**275.72**	265.27
Wealth Tax	**0.04**	0.05
Loss on sale of fixed assets (net)	**10.95**	8.49
Interest received	**(4.71)**	(7.05)
Dividend received	**-**	(0.07)
Income from exceptional items	**(21.28)**	-
Operating Profit before Working Capital changes	**582.77**	561.62
Adjustments for :		
Inventories	**1.09**	(3.54)
Trade & Other Receivables	**(21.25)**	(30.52)
Trade Payables	**3.36**	60.11
Cash generated from Operations	**565.97**	587.67
(Payment)/Refund of direct taxes	**(33.40)**	(32.01)
Interest received on Income Tax Refund	**2.07**	5.06
Cash generated from Operating Activities	**534.64**	560.72
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, Capital Advances and other advances	**(117.97)**	(104.21)
Sale of Fixed Assets	**41.25**	2.90
Purchase of investments	**(0.34)**	-
Interest received	**2.66**	1.95
Dividend received	**-**	0.07
Cash used in Investing Activities	**(74.40)**	(99.29)

EIH Associated Hotels Limited (Consolidated)
Cash Flow Statement – *Contd.*

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	**(275.17)**	(271.83)
Proceeds from Borrowings		
Term Loan	**500.00**	1,000.00
Unsecured Loan	**500.00**	500.00
Working Capital Demand Loan	**-**	430.00
Short Term Loan	**500.00**	-
Cash Credit from Banks	**6.04**	-
Repayment of		
Term Loan	**(727.00)**	(842.26)
Unsecured Loan	**(500.00)**	(920.00)
Working Capital Demand Loan	**(400.00)**	(310.00)
Cash Credit from Banks	**-**	(8.80)
Dividend paid	**(48.73)**	(29.25)
Cash used in Financing Activities	**(444.86)**	(452.14)
Net (Decrease)/Increase in Cash and Cash Equivalents	**15.38**	9.29
Cash and Cash Equivalents at the beginning of the year	**87.97**	78.68
Cash and Cash Equivalents at the end of the year	**103.35**	87.97

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances and long term fixed deposit balance shown under Other Non Current Assets.
3. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the year and are treated as part of Investing Activities.

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

For RAY & RAY
Chartered Accountants
R.N.ROY
Partner
Membership Number 8608
Firm's Registration Number 301072E
Gurgaon, 28th May, 2012

INDRANI RAY
Company Secretary

P. R. S. OBEROI *Chairman*
VIKRAM OBEROI *Managing Director*

S. S. MUKHERJI
ANIL NEHRU
L. GANESH
SUDIPTO SARKAR
Directors

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts

1
SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

A. Principles of Consolidation

The Consolidated Financial Statements relate to EIH Associated Hotels Limited ("the Company") and Island Hotel Maharaj Limited ("the Subsidiary Company"). The Consolidated Financial Statements have been prepared on the following basis:

(i) The Financial Statements of the Company and its Subsidiary Company are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) – "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

(ii) The difference between the cost of investment in the Subsidiary Company over the net assets at the time of acquisition of shares in the Subsidiary Company is recognised in the Financial Statements as Capital Reserve or Goodwill, as the case may be.

(iii) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

B. Other Significant Accounting Policies

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

2. Details of Subsidiary Company

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

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

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March **2012** Rupees Million	2011 Rupees Million
3			
SHARE CAPITAL			
AUTHORISED			
40,000,000	(2011 - 40,000,000) Equity Shares of ₹ 10 each	**400.00**	400.00
1,000,000	(2011 - 1,000,000) Redeemable Preference Shares of ₹ 100 each	**100.00**	100.00
		500.00	500.00
ISSUED,SUBSCRIBED,CALLED & FULLY PAID UP			
19,586,666	(2011 - 19,586,666) Equity Shares of ₹ 10 each, fully paid up (Note (a) to (d) below)	**195.87**	195.87
		195.87	195.87

(a) Reconciliation of Share Capital:

Equity Shares:	**As at 31st March 2012**		As at 31st March 2011	
	Number of Shares	**Rupees Million**	Number of Shares	Rupees Million
Balance at the beginning of the year	**19,586,666**	**195.87**	19,586,666	195.87
Closing Balance	**19,586,666**	**195.87**	19,586,666	195.87

(b) Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Directors subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company:

Equity Shares:	**As at 31st March 2012**		As at 31st March 2011	
	Number of Shares	**% holding**	Number of Shares	% holding
EIH Limited	**7,071,333**	**36.10**	7,071,333	36.10
Satish B Raheja	**4,361,600**	**22.27**	4,361,600	22.27
Royal Bank of Scotland PLC as Trustee of the Jupiter India Fund	**1,955,000**	**9.98**	1,935,160	9.88
Manali Invesments & Finance Pvt. Ltd.	**1,463,540**	**7.47**	1,463,540	7.47
Coronet Invesments Pvt. Ltd.	**1,342,864**	**6.86**	1,342,864	6.86
Total	**16,194,337**	**82.68**	16,174,497	82.58

(d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012):

Of the above 19,586,666 (2011-19,586,666) Equity Shares, 9,086,666 (2011-9,086,666) Equity Shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
4			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
i) Profit on re-issue of forfeited shares			
As per last Account	**0.01**		0.01
ii) Investment subsidy received			
As per last Account	**4.50**		4.50
		4.51	4.51
CAPITAL REDEMPTION RESERVE			
As per last Account		**100.00**	100.00
REVALUATION RESERVE			
As per last Account		**7.87**	8.33
Less : Adjustments (refer Note 31(iv))		**0.46**	0.46
		7.41	7.87
SECURITIES PREMIUM ACCOUNT			
As per last Account		**126.00**	126.00
GENERAL RESERVE			
As per last Account	**500.00**		477.02
Add: Transfer from Profit and Loss Account	**15.00**		22.98
		515.00	500.00
SURPLUS IN STATEMENT OF PROFIT AND LOSS			
As per last Account	**44.58**		31.23
Add: Profit / (Loss) during the year	**120.41**		93.24
	164.99		124.47
Less: Appropriations			
General Reserve	**15.00**		22.98
Proposed Dividend on Equity Shares	**58.76**		48.97
Dividend distribution tax on proposed dividend on Equity Shares	**9.53**		7.94
	83.29		79.89
		81.70	44.58
		834.62	782.96

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March 2012 Rupees Million	2011 Rupees Million
5			
LONG TERM BORROWINGS			
Secured (Note 5a):			
A.	Term Loans From Banks:		
	(i) United Bank of India	**-**	125.00
	(ii) United Bank of India	**218.75**	500.00
	(iii) ICICI Bank Limited	**475.00**	500.00
	(iv) The Hongkong and Shanghai Banking Corporation Ltd.	**500.00**	-
		1,193.75	1,125.00
B.	Long Term Maturities of Finance Lease Obligations (Note 43a)	**9.53**	12.38
		1,203.28	1,137.38

5 (a)
Particulars of Securities and Terms of Repayment of Term Loans from Banks:

Name of the Lender		Nature of Security	Terms of Repayment
A.	Term Loan from Banks		
(i)	United Bank of India	The loan together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and secured by way of an Equitable Mortgage of the said properties.	Repayable in 12 quarterly installments (₹ 31.25 Million each in first four quarter, ₹ 62.50 Million each in next four quarters, and ₹ 31.25 Million each in the last four quarters) from the date of draw down i.e.10 February 2009. The loan was pre-paid during the year.
(ii)	United Bank of India	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	Repayable in 8 equal quarterly installments after a moratorium of 2 years from the date of draw down i.e. 6 December 2010. However, ₹ 250 Million was pre-paid during the year.
(iii)	ICICI Bank Limited	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	In 20 equal quarterly installments with a moratorium of 8 quarters from the date of draw down i.e. 25 March 2011.
(iv)	The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)	The loan together with interest, etc., are secured by way of hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future ranking *pari passu* pertaining to The Oberoi Rajvilās, Jaipur and Trident, Chennai and by way of an Equitable Mortgage of the said properties.	₹ 150 Million each at the end of 30 months and 33 months and remaining ₹ 200 Million to be repaid at the end of 36 months from the date of draw down i.e. ₹ 250 Million each on 29 November 2011 & 30 November 2011.
B.	Finance Lease Obligations	Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly equated lease rentals over the respective period of lease.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

LONG TERM BORROWINGS – ***Contd.***

5 (b)
Particulars of Securities and Terms of Repayment of Term Loans from Banks payable within one year:

Name of the Lender		Nature of Security	Terms of Repayment
(i)	United Bank of India	The loan is secured by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Agra; Trident, Jaipur and Trident, Udaipur.	Repayable in 18 quarterly instalments (₹ 23 Million first four quarter and ₹ 46 Million the remaining quarters) after a moratorium of 2 years from the date of draw down i.e.26 May 2004.
(ii)	United Bank of India	The loans, together with interest etc., are secured by a mortgage by way of first charge by deposit of title deeds in respect of immovable properties, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth and the whole of the movable properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories, and other movables, both present and future, ranking *pari passu*, pertaining to Trident, Chennai.	Repayable in 20 equal quarterly instalments from December 2006.

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
6				
DEFERRED TAX LIABILITIES (NET)				
A.	Deferred Tax Liabilities			
	(i) Depreciation		**471.69**	466.83
B.	Deferred Tax Assets			
	(i) Unabsorbed Depreciation	**305.84**		362.39
	(ii) Accrued expenses deductible on payment	**5.81**		3.63
	(iii) Depreciation for the period	**4.39**		5.02
	(iv) Provision for Leave Encashment	**1.52**		1.53
	(v) Provision for Debts and Advances	**0.93**		1.02
			318.49	373.59
	Deferred Tax Liabilities (Net)		**153.20**	93.24

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March 2012 Rupees Million	2011 Rupees Million
7			
OTHER LONG TERM LIABILITIES			
(i)	Trade Payables		
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**26.57**	31.90
(ii)	Other Payables		
	Liability for Capital Expenditure	**1.65**	0.73
	Security Deposits	**0.42**	0.34
	Others	**1.70**	1.06
		30.34	34.03

		As at 31st March 2012 Rupees Million	2011 Rupees Million
8			
LONG TERM PROVISIONS			
A.	Provision for Employee Benefits		
	(i) Leave Encashment	**8.48**	8.77
		8.48	**8.77**

		Rupees Million	As at 31st March 2012 Rupees Million	2011 Rupees Million
9				
SHORT TERM BORROWINGS				
Secured (Note 9a):				
A.	Working Capital Loans repayable on demand from Banks:			
	(i) The Hongkong and Shanghai Banking Corporation Ltd.	**30.00**		-
	(ii) The Royal Bank of Scotland N.V. (Formerly ABN Amro Bank N.V.)	**-**		430.00
	(iii) United Bank of India	**13.02**		6.99
			43.02	436.99
B.	Other Short Term Borrowings from Banks:			
	(i) Loan from The Federal Bank Ltd.		**500.00**	-
			543.02	436.99
Unsecured Loans (Note 9b):				
A.	Loans From Banks:			
	(i) United Bank of India	**-**		500.00
	(ii) IndusInd Bank Ltd.	**500.00**		-
			500.00	500.00
			1,043.02	**936.99**

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

9(a)

Particulars of Securities and Terms of Repayment of Short Term Loans from Banks:

	Name of the Lender	Nature of Security	Terms of Repayment
A.	Working Capital Loans repayable on demand from Banks:		
(i)	The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	The Working Capital Loan from HSBC is secured on *pari passu* basis by way of hypothecation of all stocks of inventories and book debts, etc., of Trident, Chennai and The Oberoi Rajvilās, Jaipur, both present and future, and to be additionally, secured by way of second charge on the fixed assets of the said two properties.	Repayable on demand.
(ii)	The Royal Bank Of Scotland N.V. (Formerly ABN Amro Bank N.V)	The loan together with interest, etc., is secured on *pari passu* basis by hypothecation of entire movable Plant & Machinery including all spare parts and other movable fixed assets both present and future pertaining to The Oberoi Cecil, Shimla and Trident, Bhubaneswar and secured by way of an Equitable Mortgage of the said properties.	Repayable on demand.
(iii)	United Bank of India	Cash credit facility with United Bank of India is secured by way of hypothecation of all inventories, Book-debts, etc. both present and future, pertaining to Trident, Cochin.	Repayable on demand.
B.	Other Short Term Borrowings from Banks:		
(i)	The Federal Bank Ltd	The loan is secured by way of mortgage by deposit of title deeds in respect of the Company's immovable properties pertaining to Trident, Udaipur (Created / to be Created).	Repayable in 12 months from the date of drawdown i.e. ₹ 180 Million on 13 January 2012, ₹ 120 Million on 18 January, 2012 and ₹ 200 Million on 20 January, 2012.

9(b)

Terms of Repayment of Unsecured Short Term Loans fron Banks:

	Name of the Lender	Terms of Repayment
(i)	United Bank of India	₹ 150 Million each at the end of 10th & 11th month and remaining ₹ 200 Million to be repaid at the end of 12th month from the date of draw down i.e. July, 2010.
(ii)	IndusInd Bank Ltd.	Repayable in 4 months from the date of drawdown i.e. ₹ 150 Million on 12 December, 2011 and ₹ 350 Million on 17 December, 2011.

		As at 31st March 2012 Rupees Million	2011 Rupees Million
10			
TRADE PAYABLES			
(i)	Total outstanding dues of Micro Enterprises and Small Enterprises	**0.15**	0.40
(ii)	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**148.36**	139.70
		148.51	140.10

Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 are given below. This is based on information made available to the Company.

	2012	2011
Principal amount due and remaining unpaid	**0.15**	0.40

There has neither been any delay in payment nor any interest is due and remaining unpaid on the above principal or any other such dues during the year.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
11				
OTHER CURRENT LIABILITIES				
A.	Current maturities of long-term debt (Note 5b)			
	(i) United Bank of India	**-**		92.00
	(ii) United Bank of India	**-**		10.00
	(iii) United Bank of India	**31.25**		250.00
	(iv) ICICI Bank Limited	**25.00**		-
			56.25	352.00
B.	Current Maturities of Finance Lease Obligations (Note (43a))		**5.35**	5.08
C.	Interest accrued but not due on borrowings		**0.70**	0.16
	(i) Security Deposits from Shops	**2.00**		1.97
	(ii) Other Deposits	**0.27**		0.34
	(iii) Unclaimed Dividend	**0.84**		0.61
	(iv) Statutory Liabilities	**33.87**		34.90
	(v) Advance from Customers	**17.37**		21.51
	(vi) Other Liabilities	**44.90**		38.24
			99.25	97.57
			161.55	454.81

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
12				
SHORT TERM PROVISIONS				
A.	Provision for Employee Benefits			
	(i) Leave Encashment		**1.01**	0.02
B.	Other Provisions:			
	(i) Provision for Income Tax	**151.20**		111.70
	(ii) Provision for Wealth Tax	**0.35**		0.31
	(iii) Provision for Proposed Dividend on - Equity Shares	**58.76**		48.97
	(iv) Provision for Tax on Dividend	**9.53**		7.94
			219.84	168.92
			220.85	168.94
	Less: MAT Credit Entitlement (Note 32)		**148.80**	109.30
			72.05	59.64

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

(Rupees Million)

13	GROSS BLOCK				DEPRECIATION				NET BLOCK	
FIXED ASSETS	Original Cost as at 1st April, 2011	Additions during the year	Sales / Adjustments	Original Cost as at 31st March, 2012	As at 1st April, 2011	For the Year	Sales/ Adjustments	**As at 31st March, 2012**	**As at 31st March, 2012**	As at 31st March, 2011
(i) Tangible Assets										
Freehold Land	28.92	0.17	-	29.09	-	-	-	**-**	**29.09**	28.92
Leasehold Land	134.54	-	-	134.54	42.29	12.10	-	**54.39**	**80.15**	92.25
Buildings	2,140.36	41.92	17.05	2,165.23	382.55	35.28	3.94	**413.89**	**1,751.34**	1,757.81
Leasehold Buildings	5.62	-	-	5.62	3.51	0.70	-	**4.21**	**1.41**	2.11
Roads	4.85	-	-	4.85	0.98	0.08	-	**1.06**	**3.79**	3.87
Sanitary Installation	196.73	0.24	0.08	196.89	32.96	3.34	0.02	**36.28**	**160.61**	163.77
Plant & Machinery	1,428.29	43.61	37.50	1,434.40	678.83	66.92	24.28	**721.47**	**712.93**	749.72
Office Equipment	4.70	0.45	0.16	4.99	1.88	0.20	0.10	**1.98**	**3.01**	2.56
Jetty	0.76	-	-	0.76	0.48	0.03	-	**0.51**	**0.25**	0.28
Boats	2.70	-	-	2.70	0.75	0.09	-	**0.84**	**1.86**	1.95
Computers	85.48	4.22	2.37	87.33	66.91	6.19	2.23	**70.87**	**16.46**	18.58
Furniture & Fittings	275.33	4.29	1.98	277.64	221.84	8.02	1.46	**228.40**	**49.24**	53.49
Vehicles given on operating lease	15.86	-	-	15.86	5.93	1.51	-	**7.44**	**8.42**	9.95
Vehicles - Others	30.46	1.54	4.14	27.86	15.38	2.11	3.11	**14.38**	**13.48**	15.08
Tangible Assets - Own (A)	4,354.60	96.44	63.28	4,387.76	1,454.29	136.57	35.14	**1,555.72**	**2,832.04**	2,900.34
Leased Vehicles	22.94	5.50	5.86	22.58	6.47	5.52	3.11	**8.88**	**13.70**	16.47
Lease Assets	0.13	-	-	0.13	0.08	0.04	-	**0.12**	**0.01**	0.05
Tangible Assets – on Finance Lease (B)	23.07	5.50	5.86	22.71	6.55	5.56	3.11	**9.00**	**13.71**	16.52
Grand Total (A+B)	4,377.67	101.94	69.14	4,410.47	1,460.84	142.13	38.25	**1,564.72**	**2,845.75**	2,916.86
(ii) Intangible Assets										
Computer Software	0.93	0.15	-	1.08	0.88	0.01	-	**0.89**	**0.19**	0.04
(iii) Capital-Work-in-Progress	7.80	84.75	79.10	13.45					**13.45**	7.80
	4,386.40	186.84	148.24	4,425.00	1,461.72	142.14	38.25	**1,565.61**	**2,859.39**	2,924.70
Previous Year	4,310.11	157.52	81.23	4,386.40	1,335.83	142.25	16.38	**1,461.70**	**2,974.70**	

Note: Land and Buildings were revalued in 1994-1995.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March 2012 Rupees Million	2011 Rupees Million
14			
NON-CURRENT INVESTMENTS (Unquoted)			
Trade Investments (valued at cost)			
A.	Investment in Equity Instruments:		
(i)	Investment in Other Bodies Corporate:		
	217,175 (2011 - 217,175) Equity Shares of ₹ 10 each of Mercury Travels Limited, fully paid.	**8.69**	8.69
(ii)	33,600 (2011 - Nil) Equity Shares of ₹ 10 each of Green Infra Wind Generation Limited, fully paid.	**0.34**	-
		9.03	8.69
B.	Investment in Government or Trust Securities:		
(i)	6 year National Savings Certificate	**0.01**	0.01
		9.04	8.70

		Rupees Million	As at 31st March 2012 Rupees Million	2011 Rupees Million
15				
LONG TERM LOANS AND ADVANCES				
Unsecured, considered good (unless otherwise stated)				
(i)	Capital Advances		**2.86**	0.87
(ii)	Security Deposits		**32.26**	31.20
(iii)	Prepaid Expenses		**1.27**	0.61
(iv)	Other loans and advances			
	Considered good	**7.49**		6.23
	Considered doubtful	**0.21**		0.19
		7.70		6.42
	Less: Provision for doubtful advances	**0.21**		0.19
			7.49	6.23
			43.88	38.91

		Rupees Million	As at 31st March 2012 Rupees Million	2011 Rupees Million
16				
OTHER NON-CURRENT ASSETS				
(i)	Long Term Trade Receivables - Considered doubtful	**2.52**		2.74
	Less: Provision for doubtful debts	**2.52**		2.74
		-		-
(ii)	Other Receivables	**0.10**		0.13
	Less: Provision for doubtful debts	**0.10**		0.13
			-	-
(iii)	Long term deposits with banks with maturity period more than 12 months			
	Fixed Deposit with Banks (Note a)		**0.09**	0.09
			0.09	**0.09**

(a) Fixed Deposit of ₹ 0.09 Million (2011 - ₹ 0.09 Milion) with Banks are pledged with Sales Tax Department.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		As at 31st March	
		2012	2011
		Rupees Million	Rupees Million
17			
INVENTORIES			
(i)	Provisions, Wines & Smokes	**17.45**	16.53
(ii)	Stores & Operational Supplies	**55.46**	57.48
		72.91	74.01

Inventories are valued at cost which is based on First-in First-out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks are charged to the Statement of Profit and Loss.

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
18				
TRADE RECEIVABLES (Unsecured)				
A.	Considered good			
(i)	Outstanding for a period exceeding 6 months from the date they are due for payment	**4.36**		0.79
(ii)	Others	**159.44**		149.13
			163.80	149.92
			163.80	149.92

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
19				
CASH AND BANK BALANCES				
(i)	Cash on hand		**4.81**	4.19
(ii)	Cheques on hand		**3.26**	6.06
(iii)	Bank Balances			
	Current Accounts	**70.19**		47.48
	Unpaid Dividend Account	**0.84**		0.61
	Fixed Deposits - Maturity less than 3 months	**23.28**		29.08
			94.31	77.17
(iv)	Other Bank Balances			
	Fixed Deposits - Maturity more than 3 months but less than 12 months			
	Margin Money	**0.55**		-
	Others	**0.33**		0.46
			0.88	0.46
			103.26	87.88

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
20				
SHORT TERM LOANS AND ADVANCES				
Unsecured, considered good (unless otherwise stated)				
A.	Advances recoverable in cash or in kind or value to be received			
	(i) Considered good		**23.36**	11.64
B.	Other Loans and Advances			
	(i) Security Deposits		**1.64**	1.68
	(ii) Prepaid Expenses		**23.79**	22.50
	(iii) Advance payment of Income- Tax	**48.88**		62.92
	(iv) MAT credit entitlement (Note 32)	**148.80**		109.30
			197.68	172.22
	(v) Fringe Benefit Tax (net of provision)		**-**	0.37
			246.47	208.41

			As at 31st March	
			2012	2011
		Rupees Million	**Rupees Million**	Rupees Million
21				
OTHER CURRENT ASSETS				
Unsecured, considered good (unless otherwise stated)				
(i)	Interest Accrued		**0.09**	0.11
(ii)	Insurance Claim		**0.95**	1.19
(iii)	Other Receivables / recoverable			
	Considered Good	**3.88**		2.71
	Considered Doubtful	**0.02**		-
		3.90		2.71
	Less : Provision for Doubtful Receivables	**0.02**		-
			3.88	2.71
			4.92	4.01

		Year ended 31st March	
		2012	2011
		Rupees Million	Rupees **Million**
22			
REVENUE FROM OPERATIONS			
Income from Guest Accommodation, Restaurants, Bars and Banquets, etc.			
	Rooms	**1,289.52**	1,228.04
	Food and Beverage	**573.91**	490.01
	Other Services	**103.69**	92.32
		1,967.12	1,810.37

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
23		
OTHER INCOME		
Interest (Gross)	**2.64**	1.99
Interest on Income Tax Refund	**2.07**	5.06
Dividend from Current Investments - Mutual Fund (Non-trade)	**-**	0.07
Gain on Exchange (Net)	**0.88**	0.01
Provision for Leave Encashment no longer required, written back	**0.19**	-
Provisions & liabilities no longer required, written back	**7.48**	5.81
Others	**15.50**	16.66
	28.76	29.60

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
24		
COST OF MATERIALS CONSUMED		
Opening Stock	**16.53**	13.96
Add: Purchases	**163.84**	142.30
	180.37	156.26
Less : Closing Stock	**17.45**	16.53
	162.92	139.73

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
25		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**293.49**	279.54
Company's Contribution to Provident Fund and Other Funds	**13.89**	13.62
Contribution to Gratuity Fund (including provision of ₹ 1.13 Million; 2011 - ₹1.46 Million)	**2.68**	2.59
Provision for Leave Encashment	**0.29**	3.14
Staff Welfare Expenses	**22.80**	19.84
	333.15	318.73

	Rupees Million	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
26			
FINANCE COSTS			
Interest Expense			
Interest on borrowing	**271.67**		242.60
Interest on other loan	**2.99**		2.27
		274.66	244.87
Other Borrowing Costs		**1.06**	3.84
Adjustment for currency / interest swap including MTM losses		**-**	16.56
		275.72	265.27

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

		Year ended 31st March	
		2012	2011
	Rupees Million	**Rupees Million**	Rupees Million
27			
OTHER EXPENSES			
A. UPKEEP AND SERVICE COST			
Linen, Uniform Washing & Laundry Expenses		**6.08**	5.08
Expenses on Apartment & Board		**37.73**	33.67
Power & Fuel		**186.35**	170.02
Renewals & Replacement		**26.61**	22.14
Repairs:			
Buildings	**63.12**		62.06
Plant & Machinery	**68.22**		69.42
Others	**18.16**		15.16
		149.50	
		406.27	377.55
B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Expenses for contractual services		**41.14**	37.68
Lease Rent (Note 43b)		**9.85**	9.39
Royalty		**19.86**	18.27
Technical Services Fees		**83.42**	78.96
Advertisement, Publicity & Other Promotional Expenses		**86.27**	82.03
Commission to Travel Agents & others		**75.28**	62.81
Rates & Taxes		**60.08**	45.48
Insurance		**4.94**	5.92
Passage & Travelling		**41.76**	31.58
Postage, Telephone & Telex		**16.06**	14.60
Printing & Stationery		**8.63**	7.98
Musical, Banquet & Kitchen Expenses		**15.62**	14.16
Directors' Fees		**0.65**	0.53
Loss on Sale/Discard of Assets including capital stores		**10.95**	8.49
Auditors' Remuneration			
As Auditor	**2.05**		1.78
Taxation Matters	**0.07**		0.06
Other Services	**0.13**		0.12
		2.25	1.96
Other Expenses		**40.29**	23.92
		517.05	443.76
Total (A+B)		**923.32**	821.31

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

	Year ended 31st March 2012 Rupees Million	2011 Rupees Million
28		
EXCEPTIONAL ITEMS - PROFIT		
Profit on sale of residential flats at Jaipur	**21.28**	-

29. Contingent Liabilities and Commitments (to the extent not provided for)

i) Claims against the company not acknowledged as debt:

a) Claims against the Company not acknowledged as debts pending settlement of disputes amounting to ₹ 157.52 Million (2011 - ₹ 150.29 Million). The Company has paid ₹ 4.44 Million (2011 – ₹ 13.02 Million) under protest.

b) In respect of the Subsidiary Company, The Sales Tax department had during the year 2007 raised a demand of ₹ 0.20 Million towards the sales tax dues for the Assessment Year 1999-2000, and an appeal was filed against the said demand and Order .There was also an excess payment of ₹ 0.26 Million made for the Assessment Year 1999-2000, as reflected in the Statement of Accounts. The Company had also requested the department to adjust the above said payment towards the demanded liability for Sales Tax, for which no actions were taken by the department.

The Appellate Tribunal vide its Order dated 6th December, 2005, in Appeal No. 248/05 had nullified the above said demand and a favorable order was issued. Based on the said Appellate Order the Sales Tax Department has not yet issued the revised Assessment Order nor have issued the Orders for the refund of the excess amount remitted by the Company. The above said excess remitted amount is reflected in the Statement of Accounts since 2007 as recoverable from the Department.

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

Assessment No	Date	Demand Rupees Million	Disputed Amount Rupees Million
24122207 / 2004-05	31.03.2011	0.26	0.17
24122207 / 2003-04	31.03.2011	0.63	0.40
24122207 / 2002-03	31.03.2011	0.26	0.26
24122207 / 2001-02	31.03.2011	0.52	0.44
Total		1.67	1.27

However, ₹ 0.92 Million was remitted under Amnesty Scheme.

ii) Commitments

a) Capital commitments:
The estimated amount of contracts remaining to be executed on Capital Account and not provided for net of advances ₹ 1.00 Million (2011 - ₹ 38.07 Million).

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

30. Proposed Dividend

	As at 31st March, **2012** **Rupees Million**	2011 Rupees Million
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	**58.76**	48.97
Dividend per Equity Share	**3.00 per share**	2.50 per share

31. Depreciation

Depreciation has been provided for in the Accounts on “Straight Line Method” at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for specified assets as stated below, which are depreciated as follows and in respect of which depreciation amounts are not less than those prescribed under the Companies Act, 1956:

i. Buildings, Lift and Electrical Fittings at Regent Estate, Shimla, over their lease period of twenty one years or over the remaining lease period from the date of installation, whichever is earlier.

ii. Leased Vehicles over their respective lease period or five years, whichever is earlier.

iii. Depreciation includes ₹ 10.83 Million (2011 - ₹ 13.01 Million) being provision for amortisation of long term leasehold land.

iv. Depreciation for the year includes amortisation on revalued leasehold land in respect of the Subsidiary Company amounting to ₹ 1.27 Million (2011 - ₹ 1.27 Million) out of which ₹ 0.46 Million (2011 - ₹ 0.46 Million) pertaining to depreciation on revalued portion has been adjusted from Revaluation Reserve.

32. Current Tax

The Company has calculated its tax liability for the year and adjusted the same fully against Minimum Alternative Tax (MAT) resulting in no additional tax expense for the year (2011 - ₹ 2.40 Million).

33. Proposed amalgamation of our subsidiary (Island Hotel Maharaj Limited)

The Board has approved a Scheme of Amalgamation in the nature of merger of our wholly owned subsidiary, Island Hotel Maharaj Limited with the Company with effect from the appointed date being 1st April, 2011.

The Scheme is subject to and will come into effect upon receipt of necessary approvals and completion of requisite formalities for which steps and proceedings have already been initiated by the companies concerned. Pending the same, no effect of the Scheme has been given in the attached accounts of the Company.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

34. Proposed Rights Issue of Equity Shares

The Board of Directors of the Company at a meeting held on 28th March, 2012, approved a Rights issue of Equity Shares upto ₹ 1,100.00 Million. The draft Letter of Offer was filed with the Securities and Exchange Board of India (SEBI) on 30th March, 2012 and can be accessed on the SEBI website.

35. CIF Value of Imports:

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

		Year ended 31st March	
		2012	2011
		Rupees Million	Rupees Million
i.	Provisions, Wines & Smokes	**1.24**	0.56
ii.	Components & Spares	**11.66**	8.03
iii.	Capital Goods	**22.63**	13.77

b) Total value of Consumption of indigenous and imported materials:

	Year ended 31st March			
	2012		2011	
	Rupees Million	**Percentage**	Rupees Million	Percentage
i. Imported	**1.01**	**0.62%**	0.65	0.47%
ii. Indigenous	**161.91**	**99.38%**	139.07	99.53%
Total	**162.92**	**100%**	139.72	100%

36. Expenditure in Foreign Currencies:

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
Subscription, Travelling & others	**28.63**	25.69

37. Details of Consumption and Purchases:

The Company is not required to give quantitative and value wise information in respect of purchase, consumption, turnover, stock etc. as the same is exempted vide Circular No. SO 301(E) dated 08.02.2011 issued by Ministry of Corporate Affairs, Government of India.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

38. Earnings in Foreign Currencies on Sales

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
As per return submitted to DGFT	**1,168.76**	908.80

39. Unhedged Foreign Currency

	As at 31st March,	
	2012	2011
	Rupees Million	Rupees Million
Unhedged foreign currency exposure outstanding	**0.26**	1.72

40. Earnings per Equity Share

	Year ended 31st March	
	2012	2011
	Rupees Million	Rupees Million
Profit computation for both Basic and Diluted Earnings per share of ₹ 10 each	**120.41**	93.24
Net Profit as per Profit and Loss Account and available for Equity Shareholders	**120.41**	93.24
Weighted average number of Equity Shares outstanding	**19,586,666**	19,586,666
Basic and Diluted Earnings per Equity Share in Rupees of face value – ₹ 10.	**6.15**	4.76

41. Segment Reporting:

As the Company’s activity is limited to only hotel operations, there is no separate reportable segment as per the Accounting Standard (AS-17) on “Segment Reporting” notified pursuant to the Companies (Accounting Standards) Rules, 2006.

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

42. Related Party disclosures

The details of transactions entered into with Related Parties during the year are as follows:
(A)

I. Key Management Personnel
Mr. Vikram Oberoi – Managing Director

II. Enterprise in which Key Management Personnel have significant influence
EIH Limited

(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2012

Nature of Transactions		EIH Limited Rupees Million
Purchases		
Goods and Services		84.37
Fixed Assets		0.41
	Total	**84.78**
Expenses		
Management Contract		121.32
License Agreement		0.24
	Total	**121.56**
Other Payments		
Equity Dividend		17.68
	Total	**17.68**
Sales		
Goods and Services		6.71
Fixed Assets		0.15
	Total	**6.87**
Outstanding Balances		
Payables		
For Goods & Services		11.33
For Management Contract		53.67
	Total	**65.00**
Receivables		
For Goods & Services		4.19
	Total	**4.19**
Investments		-
	Total	-

EIH Associated Hotels Limited (Consolidated)
Notes to the Accounts – *Contd.*

43. Leases:

a. Fixed Assets acquired under finance lease amounting to ₹ 22.72 Million (2011 - ₹ 23.0 Million) being the assets acquired between 1st April, 2001 and 31st March, 2012. This includes an amount of ₹ 5.50 Million (2011 - ₹ 14.33 Million) being assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) on "Accounting for Leases" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of ₹ 5.56 Million (2011 - ₹ 3.99 Million) being depreciation charged on these assets.

The yearwise break-up of the outstanding lease obligations as on 31st March, 2012 in respect of these assets is as under:

	Year ended 31st March	
	2012 Rupees Million	2011 Rupees Million
Assets taken on lease		
Total Minimum Lease Payments at the year end	**19.64**	22.43
Present value of Minimum Lease Payments	**14.88**	17.46
Not later than one year		
Minimum Lease Payments	**7.46**	5.32
Present value	**5.35**	5.08
Later than one year but not later than five years		
Minimum Lease Payments	**12.18**	17.11
Present value	**9.53**	12.38
Later than five years		
Minimum Lease Payments	**Nil**	Nil
Present value	**Nil**	Nil
(a) Contingent rents recognized as an expense in the Statement of Profit and Loss for the year.	**Nil**	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	**Nil**	Nil

b. Disclosures in respect of Company's operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on Leases:

i) General description of the Company's operating lease arrangements:
The Company has entered into operating lease arrangements primarily for hiring office premises, site offices and residential premises for its employees and for giving premises on rent to tenants. Some of the significant terms and conditions of the arrangements are:
– Lease agreements are not non-cancellable in nature and may generally be terminated by either party by serving a notice;
– The lease agreements are generally renewable by mutual consent on mutually agreeable terms.

ii) Rent in respect of the above is charged/credited to the Profit and Loss Account.

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

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from our audited financial statements as at and for the FY 2010-11 and the FY 2011-12 and should be read along with significant accounting policies and the notes to the Standalone and Consolidated Financial Statements included in the chapter "Financial Statements" on page 64.

A. Standalone

Particulars	March 31, 2011	March 31, 2012
Weighted average Number of Equity Shares (Basic and Diluted) outstanding during the period/ year	19,586,666	19,586,666
Earning Per Share* (₹):		
- Basic	6.14	6.82
- Diluted	6.14	6.82
Return on Net Worth (%)	10.68	11.22
Net Asset Value Per Share (₹)	57.44	60.77

* *Earnings per Share has been calculated in compliance with Accounting Standard (AS) 20 on 'Earnings Per Share' issued by the Institute of Chartered Accountants of India.*

B. Consolidated

Particulars	March 31, 2011	March 31, 2012
Weighted average Number of Equity Shares (Basic and Diluted) outstanding during the period/ year	19,586,666	19,586,666
Earning Per Share* (₹):		
- Basic	4.76	6.15
- Diluted	4.76	6.15
Return on Net Worth (%)	9.60	11.77
Net Asset Value Per Share (₹)	49.57	52.23

* *Earnings per Share has been calculated in compliance with Accounting Standard (AS) 20 on 'Earnings Per Share' issued by the Institute of Chartered Accountants of India.*

The Ratios have been computed as below:

Earning Per Share (Basic) (₹):
$$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted average Number of Equity Shares outstanding during the period/ year}}$$

Earning Per Share (Diluted) (₹):
$$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted average Number of Diluted Equity Shares outstanding during the period/ year}}$$

Return On Net worth (%):
$$\frac{\text{Net profit}}{\text{Net Worth at the end of the year (excluding revaluation reserves)}}$$

Net Asset Value per Share (₹):
$$\frac{\text{Net Worth attributable to Equity Shareholders}}{\text{Number of Equity shares outstanding at the end of the year}}$$

Net worth (₹): Equity Share Capital + Reserves and Surplus (excluding revaluation reserves)

Capitalization Statement

The statement on our capitalization, on a standalone and on a consolidated basis, is as set out below:

A. Standalone

(₹ in million)

Particulars	Pre-issue as at 31st March 2012	Adjusted for the Issue
Borrowing		
- Short Term Borrowings	1,030.00	*
- Long Term Borrowings (excluding long term maturity of finance lease but including current maturities of long term debt)	1,250.00	*
Total Borrowings	**2,280.00**	**1,380.00**
Shareholders' Funds		
Equity Share Capital	195.87	304.68
Reserves and Surplus	994.47	1,973.81
Total Shareholders' Funds	**1,190.34**	**2,278.49**
Total Borrowings / Equity Ratio	1.92	0.61
Long - term Borrowings / Equity ratio (Assuming entire ₹ 900 million out of Rights Issue proceeds is utilised towards repayment / pre-payment of Long Term Borrowings)	1.05	0.15
Long - term Borrowings / Equity ratio (Assuming entire ₹ 900 million out of Rights Issue proceeds is utilised towards repayment / pre-payment of Short-Term Borrowings)	1.05	0.55

* Cannot be determined as it depends on which borrowing is repaid from the identified borrowings as disclosed under the chapter titled "Objects of the Issue"

B. Consolidated

(₹ in million)

Particulars	Pre-issue as at 31st March 2012	Adjusted for the Issue
Borrowings		
-Short Term Borrowings	1,043.02	*
- Long Term Borrowings (excluding long term maturity of finance lease but including current maturities of long term debt)	1,250.00	*
Total Borrowings	**2,293.02**	**1,393.02**
Shareholders' Funds		
Equity Share Capital	195.87	304.68
Reserves and Surplus (excluding Revaluation Reserve)	827.21	1,806.55
Total Shareholders' Funds	**1,023.08**	**2,111.23**
Total Borrowings / Equity Ratio	2.24	0.66
Long - term Borrowings / Equity ratio (Assuming entire ₹ 900 million out of Rights Issue proceeds is utilised towards repayment / pre-payment of Long-Term Borrowings)	1.22	0.17
Long - term Borrowings / Equity ratio (Assuming entire ₹ 900 million out of Rights Issue proceeds is utilised towards repayment / pre-payment of Short-Term Borrowings)	1.22	0.59

* Cannot be determined as it depends on which borrowing is repaid from the identified borrowings as disclosed under the chapter titled "Objects of the Issue"

The Ratios have been computed as below:

$$\text{Total Borrowings/ Equity Ratio:} \quad \frac{\text{Short Term Borrowings + Long Term Borrowings}}{\text{Equity (i.e., Equity Share Capital + Reserves and Surplus excluding Revaluation Reserves)}}$$

$$\text{Long Term Borrowings/ Equity Ratio} \quad \frac{\text{Long Term Borrowings}}{\text{Equity (i.e., Equity Share Capital + Reserves and Surplus excluding Revaluation Reserves)}}$$

STOCK MARKET DATA FOR EQUITY SHARES

Our Equity Shares are currently listed on BSE, NSE and the MSE. As our Equity Shares are actively traded on both BSE and NSE, stock market data has been given separately for each of these Stock Exchanges. There has been no trading in our Equity Shares on MSE for the last 3 years.

The high and low prices recorded on NSE and BSE for the preceding three FYs and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2012	218.55	August 2, 2011	366,950	75.61	124.00	June 23, 2011	52	0.01	148.96
2011	250.80	September 6, 2010	843,176	203.71	122.20	April 5, 2010	1,568	0.20	165.64
2010	155.00	October 17, 2009	5,748	0.87	55.00	April 1, 2009	5	0.00	106.41

**Based on daily closing prices.*
(*Source: www.bseindia.com*)

NSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2012	217.25	August 2 , 2011	926,375	190.91	124.00	June 23, 2011	747	0.10	148.99
2011	251.95	September 6, 2010	3,285,417	795.98	122.30	June 7, 2010	334	0.05	164.85
2010	155.00	October 16, 2009	422,799	64.17	51.25	April 15, 2009	100,944	6.01	106.29

** Average of the daily closing prices.*
(*Source: www.nseindia.com*)

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	Date of High	High (₹)	Volume (No. of Shares)	Date of Low	Low (₹)	Volume (No. of Shares)	Average Price for the Month (₹)*	Total No of Trading Days
August, 2012	August 23, 2012	168.95	8,377	August 23, 2012	145.50	8,377	151.15	21
July, 2012	July 11, 2012	186.95	31,761	July 26, 2012	139.60	4,488	152.96	22
June, 2012	June 25, 2012	159.90	230	June 6, 2012	146.00	623	150.73	21
May, 2012	May 28, 2012	158.75	39	May 3, 2012	148.05	1,876	153.49	21
April, 2012	April 3, 2012	164.50	6,272	April 2, 2012	148.10	1,235	154.51	20

March, 2012	March 5, 2012	195.00	60,703	March 29, 2012	147.75	2,944	161.50	22

** Average of the daily closing prices.*
(*Source: www.bseindia.com*)

NSE

Month	Date of High	High (₹)	Volume (No. of Shares)	Date of Low	Low (₹)	Volume (No. of Shares)	Average Price for the Month (₹)*	Total No of Trading Days
August, 2012	August 8, 2012	164.80	10,078	August 28, 2012	145.25	1,500	150.44	21
July, 2012	July 11, 2012	189.85	23,617	July 26, 2012	138.00	4,077	152.70	22
June, 2012	June 5, 2012	163.90	54,720	June 6, 2012	142.00	23,547	150.88	21
May, 2012	May 28, 2012	160.90	906	May 16, 2012	146.50	1,389	153.30	22
April, 2012	April 3, 2012	165.00	22,461	April 27, 2012	146.85	1,936	154.76	20
March, 2012	March 5, 2012	193.30	213,081	March 1, 2012	147.00	1,111	161.66	22

** Average of the daily closing prices.*
(Source: www.nseindia.com)

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.

Week end closing prices of the Equity Shares for the last four weeks on the BSE and NSE are as below:

Week Ended on	BSE (₹)	NSE (₹)
August 17, 2012	149.00	149.00
August 24, 2012	150.95	149.05
August 31, 2012	150.45	149.55
September 7, 2012	155.00	154.90

Highest and lowest price of the Equity Shares on BSE and NSE for the last four weeks:

	Closing Rate Highest (₹)	Date	Closing Rate Lowest (₹)	Date
BSE	159.10	September 4, 2012	147.35	August 28, 2012
NSE	158.00	September 4, 2012	146.90	August 28, 2012

The closing price of our Equity Shares on September 10, 2012 was ₹ 153.85 and ₹ 154.65 on the BSE and the NSE, respectively.

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 audited consolidated financial statements as of and for FY 2010-11 and FY 2011-12, including the notes thereto and the reports thereon, prepared in accordance with Indian GAAP, including the notes thereto and the reports thereon, prepared in accordance with Indian GAAP, which are included in this Letter of Offer. Our financial year ends on March 31 and all references to financial year refer to the twelve month period ended on March 31 of the indicated year. You should also read the section titled "Risk Factors" on page xii, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

OVERVIEW

We are a part of the Oberoi Group, which was founded in 1934 by Late Rai Bahadur M.S. Oberoi and today has grown to be one of the leading and well known hospitality groups in India and are also involved in other businesses such as flight and airport services, car rentals, air charter services, and a printing press. The Oberoi Group owns and manages hotels in India and overseas under "The Oberoi" and "Trident" brands.

We, own 2 Super Luxury Hotels, 2 Business Hotels and 3 Leisure Hotels under "The Oberoi" and "Trident" brands in India. Further, we classify our Hotels in the following manner:

Super Luxury Hotels	Leisure Hotels	Business Hotels
The Oberoi Rajvilās, Jaipur	Trident, Agra	Trident, Chennai
	Trident, Jaipur	
The Oberoi Cecil, Shimla	Trident, Udaipur	Trident, Bhubaneshwar

Competitive Strengths

- Respected brand name in the luxury hospitality industry in India
- Presence in diverse geographies across India covering the business, leisure and luxury segments
- Commitment to customer satisfaction by continually delivering high quality service
- Experienced management team with a proven track record

Our strategies

- Improve ARR, OR and RevPAR in our existing Hotels
- Adherence to Oberoi Dharma
- Continue to focus on current de-risked business model
- To maintain high standards of quality of our Hotels with regular renovation and refurbishment

For more details, please refer to section titled "Our Business" on page 46.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by a number of factors, in particular the following:

Occupancy Rate and Average Room Rate

The results of operations are primarily affected by room revenue and food and beverage revenue in Hotels. Room revenue is dependent upon ORs and ARRs. Food and beverages revenue is dependent upon ORs, number of the Covers (number of guests served in restaurants and banquets), Average per Cover (APCs) and banqueting.

Seasonality

Our revenues are generally higher during the second half of each Financial Year as compared to the first half of the Financial Year as there is increased travel in India from October to March when the weather is more favourable. 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 through adequate staffing by way of transfer of employees between hotels and realigning room tarrifs and packages.

Changes in Market Conditions Affecting the Hospitality Sector

Our financial results are driven by factors affecting demand in the hospitality. In particular, the key factor affecting demand is the condition of the Indian economy as well as the global economy. We are dependent on the other economies as well as a large percentage of our guests at our Hotels are foreign travellers. Economic growth drives business and leisure travel as well as conferences, banquets and events which impact the success of our food and beverage operations. In addition, we are also affected by terrorism and consequent travel advisories, worldwide health concerns, geo-political developments, natural disasters, inflation and increase in oil prices which can result in reduction in travel globally and in 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 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. We also will have to compete with any new hotel properties in the cities in which we operate. 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.

Operating Expenses

Our results of operations are affected by cost of Food & Beverages, employees' remuneration and welfare expenses, administrative, selling and other expenses and upkeep and service cost. We have experienced increase in energy costs, resulting from increase in the unit cost of electricity in many of our hotel locations as well as rise in costs of fuel such as diesel etc. We seek to mitigate these increases in energy costs through various energy conservation measures including installation of variable speed drives, high efficiency boilers, energy efficient LED, fluorescent and IR lamps, etc. 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 properties. A significant portion of our operating expenses are fixed in nature.

Interests Rates and the Availability of Financing

We depend on borrowings for a significant portion of our capital needs. Our long term and short term borrowings from banks and financial institutions were ₹ 2,293.02 million for March 31, 2012 and ₹ 2,413.99 million for March 31, 2011. Additionally, finance costs were equivalent to 13.8% of our total income in FY 2011-12 and 14.4% of our total income in FY 2010-11. Due to dependence on debt financing, interest rates and factors affecting the debt markets have significant impact on our results of operations. Increase in interest rates would adversely affect our margins and may impact our ability to obtain necessary financing to meet our capital needs.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

USE OF ESTIMATES

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

REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable.
Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract.
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.

PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

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

GOVERNMENT GRANT

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

FIXED ASSETS

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

Assets acquired on lease/hire purchase basis are stated at their cash values less depreciation/amortisation.
Capital Work-in-Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

DEPRECIATION/AMORTISATION

Depreciation on Fixed Assets other than land and leased vehicles is provided on "Straight Line Method" at the rates, which are in conformity with the requirements of the Companies Act, 1956. Certain fixed assets including long term leasehold land, leased vehicles, building installed on leasehold land are amortised over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Long term leasehold land is amortised over the balance period of lease, commencing from the date the land is put to use for commercial purposes. Vehicles acquired on lease are depreciated over their respective lease period or five years, whichever is earlier.

IMPAIRMENT OF ASSETS

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

FINANCE LEASES

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

INVESTMENTS

Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value. Current investments are valued at cost or market price/fair value, whichever is lower. Earnings on investments are accounted for on accrual basis or when rights to receive payment are established.

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 Statement of Profit and Loss.

TRANSACTIONS IN FOREIGN CURRENCY

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

EMPLOYEE BENEFITS

Short Term Employee Benefit is recognised as an expense in the Statement of Profit and Loss 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 the Company’s Scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following projected Unit Credit Method and is treated as liability.
(ii) Leave Encashment on Termination of Service: As per independent actuarial valuation as at the Balance Sheet date following projected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.
(iii) Provident Fund: Liability on account of Provident Fund for most of the employees is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.
   For a few employees, Provident Fund administered by a Recognised Trust, is a Defined Benefit Plan (DBP) wherein the employee and the Company make monthly contributions. Pending the issuance of Guidance Note from the Actuarial Society of India, actuarial valuation is not carried out and the Company provides for required liability at year end, in respect of the shortfall, if any, upon confirmation from the Trustees of such Fund.

BORROWING COST

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

TAXES ON INCOME

Income-tax is accounted for in accordance with Accounting Standard (AS-22) – ‘Accounting for Taxes on Income’ notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration.

Deferred tax assets on unabsorbed depreciation and carry forward losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

PROPOSED DIVIDEND

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

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' notified pursuant to the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to EIH Associated Hotels Limited ("the Company") and Island Hotel Maharaj Limited ("the Subsidiary Company"). The Consolidated Financial Statements have been prepared on the following basis:

(i) The Financial Statements of the Company and its Subsidiary Company are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) – "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

(ii) The difference between the cost of investment in the Subsidiary Company over the net assets at the time of acquisition of shares in the Subsidiary Company is recognised in the Financial Statements as Capital Reserve or Goodwill, as the case may be.

(iii) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

Financial Statements of our Subsidiary, Island Hotel Maharaj Limited, were audited by Joseph Renji (Membership No.: 4486) Joseph Renji, Chartered Accountant (Firm's Registration No.: 00344S).

OVERVIEW OF INCOME AND EXPENDITURE

The following descriptions set forth information with respect to key components of our income statement.

Income from guest accommodation, restaurants, bars and banquets, etc

- *Room revenue:* Income from rooms represents revenues received for the occupation of rooms at our Hotels.

- *Food and beverages revenue:* Food and beverage income comprises income received from food and beverage sales, including food and beverage items from restaurants and bars, banqueting, in room dining and mini bars.

- *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, etc.

Other Income

- *Other income:* Other income includes interest, interest on income tax refund, gain on foreign exchange, dividend from current investments of surplus funds and lease rentals.

Expenses

- *Cost of Materials Consumed:* This item consists of consumption of 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, etc.

- *Employee Benefit Expenses:* Expenditure on employee remuneration and welfare expenses includes salaries, wages, bonuses, contributions to the provident fund and gratuity fund, provision for leave encashment and staff welfare expenses.

- *Finance Costs:* Finance costs include interest on borrowing and other loans, other borrowing costs and adjustment for currency / interest swaps including MTM losses, if any.

- *Other Expenses:* These costs broadly include: (a) Upkeep and services cost and (b) Administrative, selling and other expenses. Upkeep and services cost include the ongoing maintenance of our properties (including plant and machinery, furniture and fixtures, etc.), cost of utilities such as linen, uniform washing and laundry expenses, expense on apartment and boarding, power and fuel and renewals and replacement. Administrative, selling and other expenses include overhead costs not attributable to any particular property. Significant components of administration, selling and other expenses include technical services fees, advertisement, publicity and other promotional expenses, commission to travel agents and others, insurance, rates and taxes, passage and travelling, royalty, postage, telephone and telex and musical, banquet and kitchen expenses etc.

- *Depreciation and Amortization Expenses:* This item consists of depreciation and amortisation on buildings, plant and machinery, furniture and fixtures, leasehold land, computers, sanitary installations, leased vehicles and other fixed assets.

- *Tax Expense:* We are subject to income tax liability in India pursuant to the IT Act. We make provisions for current tax as well as for deferred tax liability in accordance with AS-22.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our consolidated results of operations for FY 2011-12 and FY 2010-11:

(in ₹ million)

Particulars	Audited FY	
	2011-12	2010-11
Revenue		
Rooms Revenue	**1,289.52**	1,228.04
Food and Beverage Revenue	**573.91**	490.01
Other Services	**103.69**	92.32
Other Income	**28.76**	29.60
Total Revenue	**1,995.88**	1,839.97
Expenses		
Cost of Materials Consumed	**162.92**	139.73
Employee Benefits Expense	**333.15**	318.73
Finance Costs	**275.72**	265.27
Depreciation and Amortization Expense	**141.68**	141.80

Particulars	Audited FY 2011-12	2010-11
Other Expenses	**923.32**	821.31
Total Expenses	**1,836.79**	1,686.84
Profit Before Exceptional and Extraordinary Items & Taxation	**159.09**	153.13
Exceptional Items – Profit	**21.28**	-
Profit Before Taxation	**180.37**	153.13
Tax Expense		
(1) Current Tax	**39.50**	37.00
Less: MAT Credit Entitlement	**39.50**	34.60
Net Current Tax	**-**	2.40
(2) Deferred Tax	**59.96**	57.49
	59.96	59.89
Profit for the Period	**120.41**	93.24

FY 2011-12 compared to FY 2010-11

Revenue

Room Revenues

Our room revenues were ₹ 1,289.52 million (64.6% of total revenue) in FY 2011-12, compared to room revenues of ₹ 1,228.04 million (66.7% of total revenue) in FY 2010-11, reflecting an increase of 5.0%. The increase was primarily due to the improved business and leisure travel environment resulting from the recovery from the global economic downturn. This lead to higher ORs at our Hotels, which was the key contributors to the increase in room revenues.

Food and Beverage Revenue

Food and beverage revenue accounted for ₹ 573.91 million (28.8% of total revenue) in FY 2011-12, an increase of 17.1%, compared to ₹ 490.01 million (26.6% of total revenue) in FY 2010-11. This increase was primarily on account of increased occupancy and Covers.

Other Services

Other services amounted to ₹ 103.69 million (5.2% of total revenue) in FY 2011-12, an increase of 12.3%, compared to ₹ 92.32 million (5.0% of total revenue) in FY 2010-11. This was primarily driven by higher OR at our Hotels.

Other Income

Other income was ₹ 28.76 million (1.4% of total revenue) in FY 2011-12, compared to ₹ 29.60 million (1.6% of total revenue) in FY 2010-11, a decrease of 2.8%.

Total Revenue

Due to the reasons explained above, total revenue for FY 2011-12 was ₹ 1,995.88 million, an increase of 8.5%, compared to total revenue of ₹ 1,839.97 million for FY 2010-11.

Expenditures

Cost of Materials Consumed

In FY 2011-12, we consumed provisions, stores, wines and others amounting to ₹ 162.92 million (28.4% of food and beverage revenue), an increase of 16.6%, as compared to ₹ 139.73 million, (28.5% of food and beverage revenue), in FY 2010-11. This increase was primarily the result of the increase in sales of food and beverages and impact of inflation in cost of materials consumed.

Employee Benefit Expenses

Employee benefit expenses increased to ₹ 333.15 million (16.7% of total revenue), in FY 2011-12, an increase of 4.5% from ₹ 318.73 million (17.3% of total revenue), in FY 2010-11. This increase was primarily on account of regular revision in salaries and wages.

Finance Costs

Finance costs increased to ₹ 275.72 million in FY 2011-12 (13.8% of total revenue), compared to ₹ 265.27 million in FY 2010-11 (14.4% of total revenue), which represented an increase of 3.9%. This increase was majorly on account higher rate of interest on our borrowings.

Other Expenses

Other expenses increased to ₹ 923.32 million (46.3% of total revenue) in FY 2011-12, compared to ₹ 821.31 million (44.6% of total revenue) in FY 2010-11, an increase of 12.4%. This increase was primarily on account of increase in upkeep and services costs and administrative, selling and other expenses.

Upkeep and Service Costs

Upkeep and service costs increased to ₹ 406.27 million (20.4% of total revenue) in FY 2011-12, an increase of 7.6% from ₹ 377.55 million (20.5% of total revenue) in FY 2010-11. The increase was primarily on account of increased power tariffs and cost of fuel, replacements and renewals and repairs.

Administrative, Selling and Other Expenses

Administrative, selling and other expenses increased by 16.5% to ₹ 517.05 million (25.9% of total revenue) in FY 2011-12 from ₹ 443.76 million (24.1% of total revenue) in FY 2010-11. The increase in expenses were primarily on expenses such as commission to travel agents and others, increased rates and taxes, expenses towards passage and travel, technical services fee, and advertisement, publicity and other promotional expenses.

Depreciation and Amortisation

Depreciation and amortisation decreased to ₹ 141.68 million in FY 2011-12 (7.1% of total revenue), a decrease of 0.1% from ₹ 141.8 million in FY 2010-11 (7.7% of total revenue).

Profit Before Exceptional and Extraordinary Items & Taxation

Due to the reasons explained above, during FY 2011-12, profit before exceptional and extraordinary items & taxation was ₹ 159.09 million (8.0% of total revenue), an increase of 3.9% from ₹ 153.13 million (8.3% of total revenue) in FY 2010-11.

Exceptional Items - Profit

Exceptional Items - Profit in FY 2011-12 amounted to ₹ 21.28 million. This was on account on profit on sale of residential flats in Jaipur. There were no exceptional items in the corresponding period of previous year.

Tax Expenses

Tax expenses in FY 2011-12 amounted to ₹ 59.96 million (which included current tax provision of ₹ nil net of MAT credit entitlement and deferred tax provision of ₹ 59.96 million), compared to ₹ 59.89 million in FY 2010-11 (which included current tax provision of ₹ 2.40 million net of MAT credit entitlement, deferred tax provision of ₹ 57.49 million). Our taxation provisions increased in FY 2011-12 primarily as a result of increase in deferred tax liability during the period.

Profit after Taxation

Due to the reasons explained above, profit after taxation was ₹ 120.41 million (6.0% of total revenue) in FY 2011-12, compared to ₹ 93.24 million (5.1% of total revenue) in FY 2010-11.

MATERIAL DEVELOPMENTS

Recent Developments

In accordance with circular no. F.2/ 5/ SE/ 76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI ICDR Regulations, the following information is provided below:

A. *Our working results on standalone basis*

Financial Results for the period between April 1, 2012 to July 31, 2012	₹ in million
Net Sales / Revenue from Operations	493.16
Other Income	0.93
Total Revenue	494.09
Profit before Depreciation, Interest and tax	76.04
Finance Costs	85.22
Depreciation / Amortization	38.68
Profit before Exceptional and Extraordinary Items & Taxation	(47.86)
Exceptional Items – Profit	5.09
Profit before Taxation	(42.77)
Tax Expense	16.34
Profit for the Period	(26.43)

B. *Material changes and commitments, if any, affecting our financial position*

There are no material changes and commitments, other than as disclosed below, which are likely to affect our financial position since March 31, 2012 (i.e. last date up to which audited information is incorporated in this Letter of Offer):

Proposed amalgamation of our Subsidiary (Island Hotel Maharaj Limited)

IHML, our wholly owned subsidiary, currently owns the Trident, Cochin in the state of Kerala. Our board of directors, at their meeting on March 28, 2012, have approved the amalgamation of IHML into us ("**Scheme**").

The appointed date of the Scheme is April 1, 2011. The effective date shall be the date or last of the dates on which certified copies of the order sanctioning the Scheme pursuant to section 391(2) of the Companies Act are filed by our Subsidiary and us with the Registrar of Companies, Chennai, Tamil Nadu. With effect from the appointed date, our Subsidiary shall stand amalgamated with us, as provided in the Scheme. Accordingly, the undertaking/ business of our Subsidiary shall, pursuant to the provisions contained in section 394 and other applicable provisions of the Companies Act and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, stand transferred to and vest in or be deemed to be transferred to and vested in us, as a going concern without any further act, deed, matter or thing so as to become on and from the appointed date, our undertaking/ business.

The reason for undertaking the proposed amalgamation is as follows:

(i) The amalgamation of our Subsidiary into us will enable the businesses to be pursued and carried on more economically and efficiently with better utilisation of the combined resources including infrastructure and administration, increased management attention, greater synergy in operations and reduced costs and expenses. This will provide a fillip to the weak financial position of our Subsidiary as it would become part of a larger and strong amalgamated company.

(ii) Our Subsidiary, post amalgamation, will become part of a larger entity and will therefore have access to the financial resources, greater management attention and superior experience of the amalgamated company. On a standalone basis, our Subsidiary may not be able to sustain itself given its financial position and inability to raise funds. The amalgamation will strengthen our Subsidiary's position and allow its business to leverage the strength, focused management time and resource pool of the amalgamated company, raise funds apart from achieving operational and cost synergies.

(iii) As our business operations expand and considering that our Subsidiary operates in the same line of business as us, there is a need to have a simpler, consolidated and focused business organisation structure. The amalgamation of our Subsidiary with us will enable consolidation of all their hotels for higher efficiencies and synergies.

(iv) The amalgamation is in the interest of the shareholders, creditors and all other stakeholders of the respective companies, and is not prejudicial to the interests of the concerned shareholders, creditors or the general public at large.

We and our Subsidiary have filed peititions dated August 22, 2012 and July 19, 2012 respectively before the High Court of Judicature at Madras and are currently awaiting the court approved scheme for amalgamation.

The basic financial details of our Subsidiary are as follows:

(₹ in million)

Particulars	**FY**	
	2011-12	**2010-11**
Total Revenue	91.35	77.40
Profit/(Loss) after Tax	(13.14)	(26.93)
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(4.11)	(9.01)
Equity Share Capital (par value ₹ 100 per equity share)	319.71	319.71
Reserves and Surplus (excluding revaluation reserve)	55.23	68.37
Networth	374.94	388.08
Net Asset Value (NAV) per share (in ₹)	117.28	121.39

Since IHML is our wholly owned subsidiary, the proposed scheme of amalgamation will not result in any fresh issuance of equity shares and there will not be any change to our equity capital structure on account of the proposed Scheme.

FINANCIAL INDEBTEDNESS

Secured Loans

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
United Bank of India ("UBI") Working capital facility Sanction letter dated November 28, 2008 To be used for the borrower's hotel industry business	**200 million** (₹ 150 million as cash credit, ₹ 50 million letter of credit. These sub-limits are interchangeable)	22.83 million	First charge on borrower's Company's current assets, including merchandise, stores, spares and receivables. Charge on equipments procured through letter of credit Counter guarantee by us for letter of guarantee The facility is additionally secured on the extension of charge on the fixed assets in Trident, Agra, Trident, Jaipur and Trident, Udaipur on a second charge on *pari passu* basis	Repayable on demand	UBI BR + 2.50%, i.e., presently, 12.95% p.a.	-
Royal Bank of Scotland ("RBS") Working capital facility Agreement of Loan dated July 19, 2007 Working capital requirement	**500 million** (May be availed as an overdraft, short term loan)	Nil#	First *pari passu* charge over the movable assets at and property at Trident, Bhubaneswar and The Oberoi Cecil, Shimla	A) **Overdraft:** Can be repaid as and when required without being locked in for a particular tenure. B) **STPLR/ FCNR (B)**: Maximum tenor of 12 months from draw down	RBS BR + 125 basis points p.a. i.e., presently 11% for overdraft. At negotiated rates in case of a short term loan	Prepayments shall be subject to breakage cost as decided by RBS
Federal Bank Limited Line of credit Agreement dated	**500 million**	500 million	First *pari passu* charge on Trident, Udaipur	12 months from draw down	Federal Bank BR, i.e., 10.75%. The interest rate is fixed	As per clause 8 of Agreement dated January 13, 2012, in the

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
January 13, 2012 Working capital requirements					for the currency of the limit	event of the loan being repaid before due date for payment prescribed, the borrower shall pay prepayment charges at a rate of 0% on the amount of prepayment.
Federal Bank Limited Line of credit Agreement dated June 27, 2012 Funding working capital requirements	**500 million**	500 million	First *pari passu* charge yet to be created on Trident, Udaipur.	Lump sum repayment within 12 months. In case the loan is drawn in tranches, repayment in lump sum within due date of each drawal	Base rate, i.e., 10.45% p.a. currently	As per clause 8 of Agreement dated June 27, 2012, in the event of the loan being repaid before due date for payment prescribed, the borrower shall pay prepayment charges at a rate of 0% on the amount of prepayment.
The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) Working capital facility Agreement dated August 7, 2009 and subsequent sanction letter dated February 10, 2012 Working capital requirement	**280 million** (As overdraft or as working capital loan)	70 million	First *pari passu* charge over stocks and receivables Second charge over plant and machinery Second charge over property and assets at The Oberoi Rajvilās, Jaipur and the Trident, Chennai	A) Overdraft**:** Repayable on demand. B) Working Capital Loan: Maximum tenor of 12 months from draw down	10.80% p.a for overdraft The interest will be charged on daily balances at mutually agreed rates.	-
The Hong Kong and Shanghai Banking	**500 million**	500 million	First *pari passu* charge over property at The	₹ 150 million each at the end of 30 months	10.88% p.a. with interest	No prepayment penalty will

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
Corporation Limited ("HSBC") Term loan Agreement for term loan dated November 28, 2011 To refinance loans from United Bank of India and ICICI Bank and for general corporate purposes			Oberoi Rajvilās, Jaipur and the Trident, Chennai	and 33 months and remaining ₹ 200 million to be repaid at the end of 36 months The date of draw down is November 29, 2011 and November 30, 2011. The repayment schedule is thus from May 2014 to November 2014	reset/ repayment option at the end of 12 months	be levied on prepayment done on interest reset dates/ repayment dates. However, prepayment made other than this will attract penalties at the bank's discretion
ICICI Bank Limited Term loan Rupee Loan Facility Agreement dated March 23, 2011 To refinance existing debt and capital expenditure	**500 million**	500 million	First *pari passu* charge over property at The Oberoi Rajvilās, Jaipur and the Trident, Chennai	In 20 equal quarterly installments with a moratorium of 8 quarters The date of draw down is March 23, 2011. The repayment schedule is thus from March 2013 to December 2017.	ICICI BR + 2.00%, i.e., presently 11.75% p.a.	No penalty if paid within 45 days of reset of spread with prior notice at least 15 days prior to reset Prepayment premium of 1.00% p.a. on outstanding principal amount with 15 days prior notice to ICICI Bank
United Bank of India Term loan Agreement of Term Loan dated December 3, 2010 For funding cash flow mismatch	**500 million**	250 million	First *pari passu* charge over property at The Oberoi Rajvilās, Jaipur and the Trident, Chennai	Repayable in 8 equal quarterly installments after a moratorium of 2 years The date of draw down is December 6, 2010. The repayment schedule is thus from March	UBI BR + 1.25%, i.e., presently, 11.70% p.a.	Prepayment can be done any time without penalty by giving 7 days prior notice

Name of the lender and nature, date of the loan agreement/ sanction letter and purpose of loan	Amount sanctioned (in ₹)	Amount outstanding on August 24, 2012 (in ₹)	Security	Repayment date/ schedule	Rate of interest (% per Annum)	Prepayment clause (if any)
				2013 to December 2014.		
United Bank of India* Cash credit and letter of guarantee Sanction Letter dated January 23, 2012 For working capital requirements and to issue guarantee for getting concession in customs duty against import under the Export Promoterion Capital Goods Scheme schemes	**35 million** (₹ 20 million as cash credit and ₹ 15 million as a letter of guarantee)	11.55 million	First *pari passu* charge on inventories, stores, provisions, book debts, etc. of our Subsidiary for the cash credit limit Counter guarantee from our Subsidiary for the letter of guarantee	Repayable on demand	UBI BR + 5.50%, i.e., presently, 15.95 % p.a.	-

* *This loan has been sanctioned to our Subsidiary. This loan will be transferred to our books upon sanction of the proposed scheme of arrangement with our Subsidiary.*
\# *As on August 24, 2012, there has been no draw down on this facility.*

Restrictive Covenants

Many of our financing arrangments contain various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities. Such activities include:

1. Effecting any change in control
2. Effecting any reconstruction or amalgamation
3. Effecting any change in capital structure
4. Making any drastic changes in the management

Besides the aforementioned restrictive covenants, certain financing arrangements entail us to maintain the shareholding of our Promoter and Promoter Group at a certain level.

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 us and our Subsidiary 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 us as of the date of this Letter of Offer.

Further, except as disclosed below, we and our Subsidiary are not aware of any litigation involving moral turpitude, material violations of statutory regulations and or proceedings relating to economic offences which have arisen in the last ten years.

Further, except as disclosed below, we and our Subsidiary are not subject to:

a. Any outstanding litigations which do not impact our future revenues and of our Subsidiary, on a several basis, which impact more than 1% of our networth or the networth of our Subsidiary, for the last completed financial year.

b. Any outstanding litigations which impact our future revenues and of our Subsidiary, on a several basis, which impacts more than 1% of our revenue or the revenue of our Subsidiary, for the last completed financial year.

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil and criminal proceedings. We believe that the number of proceedings in which we are/ were involved is not unusual for a company of our size doing business in India. The amounts involved in these litigations are subject to interest and penalty, if any, levied by any competent authority.

Cases filed against us

Trident, Agra

Criminal cases:

1. A criminal complaint dated June 11, 2008 (no. 1106/2008) was filed by the Nagar Swasthya Adhikari Nagar Nigam, Agra ("**Complainant**") against Mr. Vishal Bharti as our nominee ("**Accused**") before the Court of the Judicial Magistrate, 1st Class, at Agra ("**Court**") under the Prevention of Food Adulteration Act, 1954 for possession and sale of adulterated paneer. The Complainant has prayed the Court to issue summons and commence proceedings against the Accused. The matter is currently pending.

2. A criminal complaint dated July, 1996 (no. 736 of 1996) was filed by the Nagar Swasthya Adhikari Nagar Nigam, Agra ("**Complainant**") against Mr. Toofan Ghosh, the erstwhile Deputy General Manager of the Novotel, Agra (now Trident, Agra) ("**Accused**") before the Court of the Judicial Magistrate, 1st Class, at Agra under the Prevention of Food Adulteration Act, 1954 for possession and sale of adulterated curd. The Accused was granted bail *vide* order dated August 20, 1996. The matter is currently pending.

Tax litigation:

1. The Deputy Administrator, Nagar Nigam, Agra (**"Nagar Nigam"**), filed a writ petition (no. 7196 of 1998) ("**Writ Petition**") before the High Court of Judicature at Allahabad ("**High Court**"), challenging the order of the Court of the 7th Additional District Judge at Agra dated October 29, 1997, which held that the annual value of the property on which the Trident Hotel at Agra ("**Trident, Agra"**) was situated was ₹ 1.50 million. The Nagar Nigam declared the annual value of Trident, Agra as ₹ 7.96 million *vide* an order dated April 7, 1995. During the pendency of the Writ Petition, the Nagar Nigam issued a notice dated April 12, 2007 ("**Notice**") to the Trident, Agra declaring the annual value of the Trident, Agra as ₹ 84.69 million. By an order dated April 5, 2011, the High Court dismissed the Writ

Petition for being infructuous by efflux of time. The Notice is yet to be challenged by us. We are liable to pay property tax at the rate of 13% on the valuation of Trident, Agra as determined by the Notice and the same might be recovered from us.

2. Indus Hotel Corporation Limited, an entity that was merged into us ("**Plaintiff"**) has filed a civil suit (no. 402 of 2000) before the Court of the 7th Additional District Judge at Agra ("**Court**"), against the Jal Sansthan Agra ("**Defendant**") to contest the Defendant's notice dated February 16, 2000 ("**Notice**"), levying a water tax of ₹ 0.53 million on the Plaintiff, for the supply of water for the year 1999-2000. The Plaintiff's has submitted that the Defendant did not supply water to the Plaintiff, and that the Court should conduct an inquiry to determine whether any such supply was ever made. The Defendant has filed a written statement dated November 17, 2003 seeking payment of the amount claimed through the Notice. The matter is currently pending.

3. There is 1 proceeding pending against us before the Central Excise and Sales Tax Appellate Tribunal, Delhi with respect to payment of excise duty. The amount claimed is approximately ₹ 0.08 million.

4. There are 4 proceedings pending against us at various stages of adjudication with respect to payment of entry tax and commercial taxes. The aggregate amount claimed through these proceedings is approximately ₹ 7.31 million.

5. There is 1 proceeding pending against us before the Additional Commissioner (Judicial) Commercial Tax Office, Agra with respect to payment of value added tax. The amount claimed is approximately ₹ 1.37 million.

Trident, Jaipur

Tax litigation:

1. Indus Hotels Corporation Limited, an entity that was merged into us ("**Petitioner**") filed 2 writ petitions (no. 1611 and 839 of 2006) before the High Court of Rajasthan at Jaipur, against assessment orders dated March 16, 1999 ("**First Order**") and October 4, 2000 ("**Second Order**") passed by the Assistant Director, Land and Building Tax Department, Jaipur. The First Order determined the value of the land and buildings of the Petitioner at ₹ 6.69 million as on April 1, 1998 and levied a tax of approximately ₹ 1 million per annum on the same. The Second Order determined the value of the land and buildings of the Petitioner at ₹ 4.72 million as on April 1, 2000 and levied a tax of approximately ₹ 0.7 million per annum on the same. The First Order and the Second Order had also been upheld by an appellate order dated March 18, 2004 passed by the Director, Land and Building Tax, Rajasthan. The Petitioner's submission is that pursuant to a notification issued by the State of Rajasthan, the Petitioner's properties were exempt from land and building tax for a four year period commencing from April 1, 1998. The Petitioner has paid a sum of ₹ 2.81 million under protest. Both matters are currently pending.

2. Indus Hotels Corporation Limited, an entity that was merged into us ("**Petitioner**") filed two writ petitions (no. 226 and 175 of 2002) with respect to the assessment of land and building tax on the apartments owned by the Petitioner in 'Akshat Apartments'. The Assistant Director, Land and Building Tax Department, Chandpole Jaipur ("**Assessing Authority**"), *vide* a notice dated January 13, 1998, has assessed two separate units owned by the Petitioner in Akshat Apartments as one unit and has levied tax at the rate of ₹ 0.02 million per annum. Similarly, *vide* a notice dated January 13, 1999 the Assessing Authority has assessed five separate units owned by the Petitioner in 'Akshat Apartments' as one unit and levied tax of approximately ₹ 0.09 million per annum. The Petitioner's submission is that each of the flats in 'Akshat Apartments' is a separate unit for the purposes of tax assessment. Both matters are currently pending.

3. 1 litigation in respect of the Rajasthan Municipal (Urban Development Tax) Rules, 2007 is pending against us. Details of this case have been disclosed below under the head "**Litigation against us – The Oberoi Rajvilās, Jaipur**".

The Oberoi Rajvilās, Jaipur

Tax litigation:

1. We filed a civil writ petition (SBCWP no. 3374 of 2009) before the the High Court of Rajasthan at Jaipur ("**High Court**") against the State of Rajasthan ("**Respondent"**) and other state authorities challenging the Rajasthan Municipal (Urban Development Tax) Rules, 2007 ("**Rules"**) and the notifications thereunder. Under the Rules, *vide* a notice dated March 6, 2012, the Respondent raised a demand of ₹ 4.56 million on us as Urban Development Tax on the property of The Oberoi, Rajvilās. A similar notice dated February 6, 2009 had been issued to us raising a demand of ₹ 0.42 million on the property of Trident, Jaipur. By an order dated December 12, 2011 ("**Order**"), the High Court dismissed the matter upholding the validity of the Rules and the notifications thereunder and directed us to approach the appropriate authority to contest the specific demands under the notices. We have filed a special leave petition (no. 9267 of 2012) before the Supreme Court of India ("**Supreme Court**") against the Order. The Supreme Court has granted us special leave to appeal against the Order vide its order dated March 19, 2012. Subsequently, the Supreme Court passed an order dated April 30, 2012 restraining the Respondent from taking any coercive steps for recovery of interest and penalty until pendency on the proceedings subject to us making payment of the principal amount claimed. We have made payment of the entire principal amount claimed vide a challan dated March 29, 2012. The matter is currently pending.

Trident, Udaipur

Tax litigation:

1. We filed a civil writ petition (SBCWP no. 6640/2009) against the State of Rajasthan and other state authorities ("**Respondent**") challenging the classification of the entire land and buildings owned by us in Udaipur as commercial properties, and the levy of an urban development tax on the same as being exorbitant and arbitrary. An aggregate demand along with penalty of ₹ 14.91 million for the assessment years 2007-08 to 2012-13 has been claimed from us and we have made payment of ₹ 7.79 million under protest towards the principal amount claimed and ₹ 0.90 million was waived off as rebate. The High Court of Rajasthan at Jodhpur ("**High Court**") dismissed our claim vide order dated April 18, 2012 ("**Order**"). We have filed a special leave petition (no. 16028 of 2012) before the Supreme Court of India ("**Supreme Court**") against the Order. The Supreme Court has granted us special leave to appeal against the Order and has restrained the Respondent from taking any coercive steps for recovery of interest and penalty until pendency on the proceedings subject to us making payment of the principal amount claimed vide its order dated May 14, 2012. Since we have made payment of the principal amount, the Respondent has issued a "no dues" certificate dated June 28, 2012 in respect of the outstanding principal amount. As per a ledger report dated July 9, 2012 issued by the Respondent, the net outstanding amount in respect of these proceedings is ₹ 6.22 million. The matter is currently pending.

Trident, Chennai

Tax litigation:

1. There are 4 proceedings pending against us at various stages of adjudication with regard to CENVAT credit claimed by us from the financial years 2007-08 to 2010-11. The aggregate amount claimed through these proceedings is approximately ₹ 21.19 million.

The Oberoi Cecil, Shimla

Criminal cases:

1. A criminal complaint (no. 154-3/09) dated February 2, 2009 was filed against The Oberoi Cecil, Shimla ("**The Oberoi Cecil**") and Mr. Srikant Peri, General Manager of The Oberoi Cecil (together, the "**Accused"**) before the Court of the Chief Judicial Magistrate at Shimla ("**Court**") under the Prevention of Food Adulteration Act, 1954 for possession and sale of adulterated curd. A bailable warrant was issued against Mr. Srikant Peri and bail was granted to him *vide* order dated August 25,

2009. The Court has directed the Accused to trial vide its order dated July 16, 2011. The matter is currently pending.

Tax litigation:

1. A show cause notice ("**SCN**") (No. V(ST)SCN/ADC(ADT)ADJ/SML/17/11/4922) dated October 13, 2011 was issued by the Additional Commissioner of Central Excise, Central Excise Commissionerate, Chandigarh to us, requiring us to show cause why service tax amounting to ₹ 1.5 million should not be charged to us for rendering services as a "mandap keeper", along with interest and penalty thereon. We have replied to the SCN *vide* letter dated November 30, 2011 pointing out *inter alia* that the said service was rendered complimentary to guests and hence was not subject to service tax. Currently, there have been no further proceedings in this regard.

Cases filed by us

Trident, Agra

Criminal cases:

1. Utkarsh Faujdar, erstwhile General Manager, Trident, Agra filed a first information report (no. 259/2003) dated September 29, 2003 before the Tanganj Police Station, Agra against Mr. Rajender Singh, an employee of one of our contractors, for attempting to commit suicide on the premises of the Hotel. The said person entered the premises of the Hotel without permission and when asked to leave, he began inflicting wounds on himself. The matter is pending.

Trident, Jaipur

Criminal cases:

1. Sudhanshu Bhushan, erstwhile General Manager, Trident, Jaipur, has filed a criminal complaint (no. 350/2004) before the Court of the Judicial Magistrate at Jaipur against Mr. Arun Nayar, the sole proprietor of M/s. Golden Age Tours and Travels, under section 138 of the Negotiable Instruments Act, 1881 for dishonour of a cheque amounting to ₹ 0.28 million. The matter is currently pending.

Cases filed by our Subsidiary

Tax litigation:

1. Island Hotel Maharaj Limited ("**Appellant"**) has filed an appeal (no. 237 of 2001) before the District Court at Ernakulam ("**Court**"), against an order of the Tax Appellate Committee dated February 26, 2000 ("**Order**") fixing the property tax payable by the Appellant at ₹ 0.43 million per half year plus 5% library cess. The Order has been challenged on the basis *inter alia* that other hotels in the area are being charged a lower rate, that the Appellant has been paying lease rent to the Cochin Port Trust for maintenance of facilities like water supply and sanitation, and that the annual value of the Appellant's property has been wrongly estimated. The Appellant has made payments under protest in respect of the Order. The Appellant has prayed that the Court set aside the Order. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

We have 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 this 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 us or in relation to the Issue.

I. Approvals for the Issue:

1. Board resolution dated March 28, 2012 approving the Issue.

2. In-principle approval from BSE dated April 26, 2012.

3. In-principle approval from NSE dated April 27, 2012.

4. In-principle approval from MSE dated April 27, 2012.

5. RBI approval dated May 25, 2012 and subsequent clarification dated August 24, 2012 received from RBI in relation to renunciation of rights entitlement by and to persons resident outside India.

(a) Pending Approvals and Registrations:

As on date of this Letter of Offer the following applications are pending for renewal with respect to our Hotels:

Rajvilās, Jaipur

1. Application dated March 1, 2012 before the Chief Electrical Inspector, Jaipur for re-inspection of our electrical installations.

Cecil, Shimla

1. Application dated January 24, 2012 before the Assistant Excise and Taxation Commissioner, Shimla for renewal of license to sell foreign liquor.

2. Application dated August 27, 2012 before the Indian Performing Right Society Limited for renewal of license for public performance of musical works.

3. Application dated August 28, 2012, before the Inspector of Legal Metrology Department, Shilma for renewal of weighing scale license.

Trident, Agra

1. Application dated March 2, 2012 before the Director of Boilers, Kanpur for inspection of our boilers.

Trident, Chennai

1. Application dated February 29, 2012 before the District Environmental Engineer, Tamil Nadu Pollution Control Board for renewal of our consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.

2. Application dated February 29, 2012 before the Licensing Authority, Chennai for renewal of boarding, lodging and bar license.

3. Application dated February 29, 2012 before the Commissioner of Prohibition and Excise, Chennai for renewal of license to sell liquor and draught beer.

4. Application dated December 28, 2011 before the Commissioner of Police, Chennai to use a place for public entertainment under the Chennai City Police Act, 1988.

Trident, Jaipur

1. Application dated March 1, 2012 before the Indian Performing Right Society Limited for renewal of license for public performance of musical works.

2. Application dated March 25, 2012 before the Assistant Director of Electrical Safety, Jaipur for re-inspection of our electrical equipment.

Trident, Cochin

1. Application dated March 31, 2012 before the Kerala State Pollution Control Board for renewal of our consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Equity Shareholders 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 March 28, 2012. The Rights issue Committee of our Board of Directors, in its meeting held on August 31, 2012 determined the Issue Price as ₹ 100 per Equity Share and the Rights Entitlement as 5 Equity Share(s) for every 9 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 we, nor the Promoters and Promoter Group entities, the Directors or, persons in control of the corporate Promoters, have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

Further, none of the Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company have been prohibited from accessing the capital markets, or restrained from buying, selling or dealing in securities under any order or directions made by the SEBI.

Except as stated below, none of our Directors are associated with the capital markets in any manner.

Mr. Rajan Biharilal Raheja

Mr. Raheja, is associated with ING Investment Management (India) Private Limited, details of which are as follows:

i.	Category of registration	Mutual fund	Portfolio management services
ii.	Registration Number of companies which are/were registered with SEBI	MF/040/99/5	PM/INP000000704
iii.	If registration has expired, reasons for non renewal	N.A.	October 15, 2014
iv.	Details of any enquiry/investigation conducted by SEBI at any time	None	None
v.	Penalty imposed by SEBI (Penalty includes deficiency/warning letter, adjudication proceedings, suspension/cancellation/prohibition orders)	Nil	Nil
vi.	Outstanding fees payable by SEBI by these persons/entities, if any	Nil	Nil

SEBI has not initiated action against any entities with which our Directors are associated.

Further neither we, nor the Promoters and Promoter Group entities, the Group Companies or 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

We are an existing company registered under the Companies Act and our Equity Shares are listed on the BSE, NSE and MSE. We are eligible to undertake this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

We are eligible to make disclosures in this Letter of Offer as per clause (5) Part E of Schedule VIII of the SEBI

ICDR Regulations as we are in compliance with the following:

(a) we have been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with SEBI;

(b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE which are recognised stock exchange with nationwide trading terminals;

(c) we have an investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Further, during the financial year immediately preceding the date of the Letter of Offer we have complied with respect to the following:

- provisions of the Listing Agreement with respect to reporting and compliance under clauses 35, 40A, 41 and 49;
- provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997/ the Takeover Regulations, especially with respect to reporting pertaining to disclosure of changes in shareholding and pertaining to disclosure of pledged shares; and
- provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of regulation 13.

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 THIS LETTER OF OFFER. THE LEAD MANAGER, AMBIT CORPORATE FINANCE PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS 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 THIS 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, AMBIT CORPORATE FINANCE PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 30, 2012 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 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 CENTRAL GOVERNMENT 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 – <u>NOTED FOR COMPLIANCE</u>

(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 LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE</u>

(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 LETTER OF OFFER – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE</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 AS THE PRESENT ISSUE IS A RIGHTS ISSUE</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 DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF SEBI REGULATIONS

(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.

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE LEAD MANAGER, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR NO. CIR/CFD/DIL/5/2011 DATED SEPTEMBER 27, 2011. – NOT APPLICABLE"

THE FILING OF THIS 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 THIS LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Manager

We and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Manager 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 this Letter of Offer with Stock Exchanges. In addition to the Lead Manager, we are also obliged to update and keep the public informed of any material changes till the listing and trading commencement of the Equity Shares offered through this Issue.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This 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 this Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us 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

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of the BSE

As required, a copy of the Draft Letter of Offer had been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, has been included below.

*"BSE Limited ("**the Exchange**") has given vide its letter dated April 26, 2012 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:*

i. *warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
ii. *warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
iii. *take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever"

Disclaimer Clause of the NSE

As required, a copy of the Draft Letter of Offer had been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, has been included below.

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/166972-T dated April 27, 2012 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer Clause of the MSE

As required, a copy of the Draft Letter of Offer had been submitted to the MSE. The Disclaimer Clause as intimated by the MSE to us, post scrutiny of the Draft Letter of Offer, has been included below.

"Madras Stock Exchange Limited does not in any manner-

a. *Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, or*
b. *Warrant that the company's securities will be listed or will continue to be listed on the Madras Stock Exchange, or*
c. *Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of the company.*

It should not, for any reason, be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Madras Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

The Draft Letter of Offer had 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. Pursuant to SEBI's observations, the Letter of Offer is being filed with the Stock Exchanges as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this 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 this Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch this Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent this

Letter of Offer / Abridged Letter of Offer and CAFs. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer had been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this 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 rights or Equity Shares referred to in this Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an address for registration of the Equity Shares in India. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this 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 this Letter of Offer.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

This Issue and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This Issue and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by its acceptance of this Letter of Offer and of the rights or Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the rights or Equity Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the rights and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the rights or Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Equity Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such rights or Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;

(5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Equity Shares, or any economic interest therein, such rights or Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Equity Shares;

(8) the purchaser understands that such rights or Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the purchaser agrees, upon a proposed transfer of the rights or the Equity Shares, to notify any purchaser of such rights or Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Equity Shares being sold;

(10) the Company will not recognize any offer, sale, pledge or other transfer of such rights or Equity Shares made other than in compliance with the above-stated restrictions;

(11) the purchaser agrees that this Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, India only; and

(12) the purchaser acknowledges that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

European Economic Area Restrictions

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer may be made to the public of any rights or Equity Shares which are the subject of the offering contemplated by this Letter of Offer in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer to the public of such rights or Equity Shares may be made in that Relevant Member State:

(a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of rights or Equity Shares shall require us or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, 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 any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each purchaser of the rights or Equity Shares described in this Letter of Offer located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1) (e) of the Prospectus Directive.

In the case of any rights or Equity Shares in this Issue being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the Lead Manager will use their reasonable endeavours, by the inclusion of appropriate language in this Letter of Offer, to procure that such financial intermediary will be deemed to have represented, acknowledged and agreed that the rights or Equity Shares acquired by it 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 Equity Shares in this 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

The Lead Manager:

(a) has not offered or sold, and prior to the expiry of a period of six months from the issue date of any rights or Equity Shares, will not offer or sell any of our securities to persons in the United Kingdom except to “qualified investors” as defined in section 86(7) of the Financial Services and Markets Act 2000 (“FSMA”) or otherwise in circumstances which have not resulted in an offer to the public in the United Kingdom;

(b) has complied and will comply with an applicable provisions of FSMA with respect to anything done by it in relation to the rights or Equity Shares in, from or otherwise involving the United Kingdom; and

(c) in the United Kingdom, will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); and/or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Letter of Offer and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Listing

The existing Equity Shares are listed on the BSE, the NSE and the MSE. We have received in-principle approvals from the BSE, the NSE and the MSE in respect of the Equity Shares being offered in terms of the Issue. We will apply to the BSE, the NSE and the MSE for listing and trading of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer.

We 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 in either of the above cases money is not repaid within 8 days from the day we become 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), we and every Director who is an officer in default shall, on and from expiry of 8 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 Company Secretary and Compliance Officer, Directors, the Auditors, the Lead Manager to the Issue, the Legal Counsel to the Issue, the Registrar to the Issue, CRISIL Limited, the Bankers to the Issue, Underwriters 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 this 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 Letter of Offer and such consent and report have not been withdrawn up to the date of this Letter of Offer. To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by us.

The Auditors’ consent is subject to the condition that they do not accept any responsibility for any reports or matters (including information sent to the Lead Manager) or letters included in this Letter of Offer except for the Auditors' reports. The Auditors shall not be liable to any investor or the Lead Manager or any other third party in respect of this Issue.

Expert Opinion

Other than as stated in the "Auditors' Report" and the "Statement of Tax Benefits" on pages 64 and 24, no expert opinion has been obtained by us in relation to the Issue. Our Auditors are certified by the peer review board of ICAI and hold a valid Peer Review Certificate dated August 9, 2009.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ 31.39 million. The Issue related expenses include, among others, fees to various intermediaries, printing and distribution expenses, statutory auditor fees, legal counsel fees, advertisement expenses, depository fees and other expenses. The estimated Issue related expenses are as follows:

Particulars	Amount (*₹ in million*)	As % of total estimated Issue expenses	As a % of Issue Size
Fees payable to intermediaries including Lead Manager, Underwriters and Registrar to the Issue	19.97	63.62%	1.84%
Others (printing and distribution, stationery, advertising, legal counsel fees, auditors fees, SEBI fees, listing fees, depository fees, out of pocket reimbursements, contingencies etc.)	11.42	36.38%	1.05%
Total estimated Issue expenses	**31.39**	**100%**	**2.89%**

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, we have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. The share transfer and dematerialization for us is being handled by EIH Limited, our share transfer agent. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by our share transfer agent in consultation with the compliance officer.

The Investors' Grievance Committee currently comprises Mr. Prithviraj Singh Oberoi, Mr. Shib Sanker Mukherji, Mr. Vikramjit Singh Oberoi and Mr. Sudipto Sarkar 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 outstanding investor complaints

As on August 24, 2012, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

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./ demat account no./ name and address, contact telephone/ cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF 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 15 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. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078
Maharashtra, India

Tel: +91 22 2596 7878
Fax: +91 22 2596 0329
Investor Greivance E-mail: eahl.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare
SEBI Registration Number: INR000004058

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:

Ms. Indrani Ray

4, Mangoe Lane
Kolkata – 700 001

Tel: +91 33 4000 2257
Fax: +91 33 2248 6785
Email: invcom@tridenthotels.com

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including devolvement of underwriting of the undersubscribed portion 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, we 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 8 days after we become liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), we and every Director 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 are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer and the CAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the FEMA, as amended, applicable guidelines, approval from the Stock Exchanges where our Equity Shares are listed and regulations issued by SEBI, RBI or other statutory authorities and bodies from time to time, the Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process. Investors who are not QIBs or whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process but not both. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see "***Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process***" on page 169.

Authority for the Issue

This Issue to our Equity Shareholders as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under section 81(1) and other applicable provisions of the Companies Act, at its meeting held on March 28, 2012.

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 for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on our Register of Members 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 Designated Stock Exchange.

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 as on the Record Date, i.e., September 12, 2012, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the 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 or have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this 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 in other restricted jurisdictions.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

The face value of Equity Share is ₹ 10.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 100 for cash including a premium of ₹ 90 per Equity Share. The Issue Price has been arrived at by us in consultation with the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of 5 Equity Shares for every 9 Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ 100 per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of 5 Equity Shares for every 9 Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 2 Equity Shares or is not in multiple of 9, the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference for the Allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above the Rights Entitlement.

For example, if an Equity Shareholder holds 2 or 3 Equity Shares, he will be entitled to 1 Equity Share on a rights basis. He will be given a preference for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than 2 Equity Shares and therefore entitled to zero Equity Share under this Issue shall be dispatched a CAF with zero entitlement. They will be given a preference for Allotment of one additional Equity Share if they have applied for the same. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable/ non-renunciable.

For example, if an Equity Shareholder holds one Equity Share, he will be entitled to zero Equity Share on a rights basis. He will be given a preference for Allotment of one 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 issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently listed under the ISIN – INE276C01014BSE and traded on BSE (Scrip code: 523127), NSE (Symbol: EIHAHOTELS) and MSE (Scrip code: EIHASSOHOT). The 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 our Equity Shares.

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. Upon Allotment the Equity Shares shall be traded on Stock Exchange in demat segment only.

We have made an application for "in-principle" approval for listing of the Equity Shares to the BSE, the NSE and the MSE and have received such approval from the BSE, the NSE and the MSE pursuant to the letter numbers DCS/PREF/AK-RT/058/12-13, NSE/LIST/166972-T and MSE/LD/PSK/738/164/12, dated April 26, 2012, April 27, 2012 and April 27, 2012 respectively. We will apply to the BSE, the NSE and the MSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than 7 working days of finalization of basis of allotment. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE, the NSE and the MSE under the existing ISIN for fully paid up

Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders 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 are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholder, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Consolidated Certificates.

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/ transfer/ alienation 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 our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring such nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, 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 their respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily with wide circulation in Tamil Nadu and/ or, will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Subscription by the Promoters and Promoter Group

Our Promoter and Promoter Group, have confirmed vide their letters dated March 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, including renunciations, if any, amongst the Promoter and Promoter Group, in compliance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement as stipulated in the Listing Agreements.

For details please see "***Terms of the Issue - Basis of Allotment***" on page 177.

Procedure for Application

The CAF for Equity Shares would be printed and mailed to all Equity Shareholders. In case the original CAFs are not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar 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 us, the application is liable to be rejected.

Please note that neither us, the Lead Manager, nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process but not both.

Please also note that 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. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares, in full or in part, and for applying for additional Equity Shares;
Part B: Form for renunciation of Equity Shares;
Part C: Form for application for renunciation of Equity Shares by Renouncee(s);
Part D: Form for request for Split Application Forms.

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.

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 CAFs and submit the same along with the application money payable to the collection branches of the Bankers to the Issue 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 or any committee thereof in this regard. Investors at centres not covered by the branches of Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai 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, please see "***Mode of Payment for Resident Equity Shareholders/ Investors***" and "***Mode of Payment for Non-Resident Equity Shareholders/ Investors***" on page 184 and 185.

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 "***Terms of the Issue - Basis of Allotment***" on page 177.

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 we 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 favour of persons or entities in the United States, or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Pursuant to letters dated May 25, 2012 and August 24, 2012, the RBI has allowed the renunciation of Rights Entitlements by a (i) non resident Equity Shareholder to a resident investor, (ii) a non resident Equity Shareholder to a non resident investor and (iii) a resident Equity Shareholder to a non resident investor, on the floor of the Stock Exchanges. However, renunciation of Rights Entitlements by way of private arrangement by (i) non resident Equity Shareholder to a resident investor, (ii) a non resident Equity Shareholder to a non resident investor and (iii) a resident Equity Shareholder to a non resident investor, would require prior approval of the RBI. Renouncees who have acquired the CAF or SAF by way of a private arrangement are required to submit approval from RBI, along with the CAF or SAF. In case the RBI approvals are not submitted, we reserve the right to reject such CAF or SAF.

Renunciations by OCBs

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 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).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

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 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 us 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. However, renounces shall not be entitled to split form(s). 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. The Renouncer will not be entitled to apply for additional Equity Shares.

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 Part ‘C’ 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 SAFs. 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, i.e. October 3, 2012. 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 us/ Depositories, 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 to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

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 (including you), 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 shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

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 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. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement of 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. In case there is one renouncee the above actions can be taken with respect to the CAF and there is no need to apply for SAFs.
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 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 Equity Shareholder for the SAFs should reach the Registrar on or before October 3, 2012 by filling in Part D of the CAF along with entire CAF.
- Only the Equity Shareholder to whom the 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 Equity Shareholder(s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, jointly Equity Shareholders must sign the CAF in the same order as per speciment signatures recorded with us/ Depositories.
- Equity Shareholders cannot utilise both Part A and Part B simultaneously i.e. accepting the offer as well as renouncing the offer. If all the parts are filled in, in that case, the allotments will be made under Part B and C i.e. to the renouncee only and the entry in Part A shall be ignored. Please check the number of Equity Shares registered in your name. In case of any discrepancy in the number of Equity Shares held by you as appearing in the CAF, we are entitled to amend the same on the basis of the entry in the Register of Members and the information provided by the Depositories

Non-resident Equity Shareholders

Application(s) received from Non-Resident/ 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 Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Equity Shareholder 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 8 days from the Issue Opening Date, i.e., September 26, 2012. 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 Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications.

Neither the Registrar, we nor Lead Manager shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

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 cheque/ demand draft (after deducting banking and postal charges) payable at Mumbai which should be drawn in favour of "***EIH Associated Hotels Limited – Rights Issue - R***" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "***EIH Associated Hotels Limited – Rights Issue – NR***" in case of non-resident shareholders applying on repatriable basis and marked "A/c Payee Only" and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "***EIH Associated Hotels Limited – Rights Issue - R***" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "***EIH Associated Hotels Limited – Rights Issue – NR***" in case of non-resident shareholders applying on repatriable basis.

Please also note that shareholder has an option to print the pre-printed plain paper application form from the website of the Registrar to the Issue (website: www.linkintime.co.in) by providing his/ her folio. no./ DP ID/ Client ID to enable the shareholder to apply for the Issue.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, 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 Associated Hotels 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 ₹ 100 per Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- 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;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, 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;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the our records; and
- Additionally by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us and the Lead Manager, as follows:

*"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") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S")). 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 neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/we understand that the Letter of Offer has not been and will not be registered under the Securities Act or any other jurisdiction except that this Letter of Offer has been filed with SEBI for observations.

In making the investment decision, I/we have (i) relied on my/our own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) consulted my/our own independent counsel business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Entitlement or the Equity Shares and have satisfied myself/ourselves concerning, the effects of local laws, and (iii) relied upon my/our own investigation in deciding to subscribe to Rights Entitlement or the Equity Shares offered in the Issue;

I/We are authorized to subscribe for the Rights Entitlement or the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to me/us and I/We have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable me/us to commit to participation in the Issue and to perform obligations in relation thereto.

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, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) 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 we, 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. We 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 October 12, 2012. The Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days.

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/ Rights Issue Committee of Directors, to offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Rights Issue 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 177.

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. We 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 the 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 Lead Manager, we, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process and applications accompanied by payments made by such persons through cheques/ demand drafts are liable to be rejected. The Equity Shareholders who are not QIBs and whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process and not through both.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html. For details on Designated Branches of SCSBs collecting the CAF, please see the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who must apply or 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. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the Designated Branch of the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

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 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 ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, 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 ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by us 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 unblocked by the SCSBs 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 give instructions 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 ASBA Account 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, we 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 process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branches of SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

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 177.

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 are not eligible to participate in this Issue through 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.

The envelope should be superscribed "***EIH Associated Hotels Limited – Rights Issue***". The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us/ Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being EIH Associated Hotels 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 to be blocked at the rate of ₹ 100 per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, 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; and
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records.
- Please note that those who are making the application on plain paper 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 applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.
- Additionally by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us and the Lead Manager, as follows:

*"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") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S")). 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 neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/we understand that the Letter of Offer has not been and will not be registered under the Securities Act or any other jurisdiction except that this Letter of Offer has been filed with SEBI for observations.

In making the investment decision, I/we have (i) relied on my/our own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) consulted my/our own independent counsel business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Entitlement or the Equity Shares and have satisfied myself/ourselves concerning, the effects of local laws, and (iii) relied upon my/our own investigation in deciding to subscribe to Rights Entitlement or the Equity Shares offered in the Issue;

I/We are authorized to subscribe for the Rights Entitlement or the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to me/us and I/We have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable me/us to commit to participation in the Issue and to perform obligations in relation thereto.

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, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) 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 we, 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 UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

(a) Please read the instructions printed on the 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, Abridged 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 ASBA Account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us 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 IT Act, 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 August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order 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 us and/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 depository/ us. 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 shall be eligible to participate under the ASBA Process.

(j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and

Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

(l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

(m) Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs applicants and other applicants applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

(n) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "***Application on Plain Paper***" on page 167.

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 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.

(c) Ensure that your Indian address is available with us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

(d) Ensure that the CAFs are submitted with the Designated Branch of 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 ASBA Account 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 ASBA Account, 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, the residents of Sikkim 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.

(k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(l) Apply under the ASBA process only if you comply with the definition of an ASBA investor.

Don'ts:

(a) Do not apply if your 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 apply if the ASBA account has been used for five applicants.

(g) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

(h) Do not make payment through cheques/ demand drafts in the event you are a QIB or an applicant whose application amount exceeds ₹ 0.2 million.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "***Grounds for Technical Rejection for non-ASBA Investors***" on page 183, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) 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.

(e) Insufficient funds are available with the SCSB for blocking the amount.

(f) Funds in the ASBA Account 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 is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions 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 a restricted jurisdiction or executed by or for the benefit of a "U.S. Person" (as defined in Regulation S).

(j) Renouncees applying under the ASBA Process.

(k) Submission of more than five CAFs per ASBA Account.

(l) QIBs applicants and other applicants applying for more than ₹ 0.2 million and is not a renouncer or renouncee not applying through the ASBA process.

(m) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 0.2 million but has applied separately through split CAFs of less than ₹ 0.2 million and has not done so through the ASBA process.

(n) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(o) Submitting the GIR instead of the PAN.

(p) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

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 AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. 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/PLAIN PAPER APPLICATION.

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 unblocking of ASBA Account. 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 the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instrucuctions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds 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 the ASBA Account.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of us, 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.

Issue Schedule

Issue Opening Date:	September 26, 2012
Last date for receipt of request for SAFs:	October 3, 2012
Issue Closing Date:	October 12, 2012

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.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association 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 9. Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share.

(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 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 in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

(e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

Our Promoter and Promoter Group, have confirmed vide their letters dated March 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, including renunciations, if any, amongst the Promoter and Promoter Group, in compliance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement as stipulated in the Listing Agreements.

We hereby certify that the allotment, in the manner contemplated above, shall be subject to compliance with clause 40A of the Listing Agreement with respect to the requirement of minimum public shareholding of 25% of our post-Issue paid-up capital.

In the event of oversubscription against the Rights Issue, allotment will be considered on an equitable basis with reference to the number of Equity Shares held on the Record Date, within the overall size of the Rights Issue at the sole discretion of the Board but in consultation with the Designated Stock Exchange. No oversubscription shall be retained by us. Even in the event of under subscription, the allotment will be made in consultation with the Designated Stock Exchange.

Underwriters and details of Underwriting Agreements

We have entered into Underwriting Agreements dated September 10, 2012 and September 7, 2012 with Ambit and Federal, respectively for underwriting the Equity Shares offered through this Issue, to the non-promoter shareholders. Pursuant to the terms of the Underwriting Agreements, the obligations of the Underwriters are several and are subject to certain conditions specified therein, including the Assured Subscription having been brought in by the Promoters and the Promoter Group. Assured Subscription shall mean subscription by the Promoter and the Promoter Group to the full extent of their Rights Entitlement of Equity Shares in the Issue, including renunciations, if any, amongst the Promoter and Promoter Group. The Underwriters have agreed to subscribe / procure subscription for the devolved shares of the Rights Issue in the ratio of their respective underwriting obligations. The Underwriters have agreed to underwrite for shares and amounts specified below at the Issue Price:

Name and address of the Underwriter	Amount underwritten (₹ in millions)
Ambit Corporate Finance Private Limited Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai - 400 013	136.03
Federal Bank Limited C wing , 2nd Floor, Laxmi Towers Bandra Kurla Complex, Bandra (East) Mumbai- 400 051	136.03*

*but not exceeding ₹ 272.06 million, subject to terms and conditions of the underwriting agreement dated September 7, 2012.

We have ensured that the Underwriters have sufficient resources to enable them to discharge their underwriting obligations in full**...**

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Allotment Advices/ Refund Orders

We will issue and dispatch Allotment advice/ 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 8 days from the day we become 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) we and every Director who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to pay the money with interest as prescribed under section 73 of the Companies Act.

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 we issue 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 160.

The letter of allotment/ refund order would be sent by registered post/speed post to the sole/first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. 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

Applicants should note that on the basis of name of the applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the CAF, the Registrar to the Issue will obtain from the depositories the applicant's bank account details including nine digit MICR code. Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicant at the applicant's sole risk and neither the Lead Manager nor we shall have any responsibility and undertake any liability for the same. Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 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 NECS facility has been made available (subject to availability of all information for crediting the refund through NECS) except where applicant is eligible to get refunds through NEFT or Direct Credit or RTGS.

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 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. RTGS – If the refund amount exceeds ₹ 0.2 million, 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 NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

4. Direct Credit – Investors having bank accounts with the Refund Banker 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 us.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be borne by the Applicants.

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. We 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 in India or the Indian address provided by the Equity Shareholders from time to time of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. 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. We have signed a tripartite agreement with our share transfer agent (EIH Limited), NSDL and CDSL on October 20, 2000 and October 24, 2000 respectively, 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.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE 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 our records. 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 our records). In case of Investors having various folios 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 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 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 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 our records.

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 the applicant 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 non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by us except as mentioned under the head "***Application on Plain Paper***" on page 167 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 or Abrigded 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 us 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 us for collecting applications, will have to make payment by demand draft payable at Mumbai 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 IT Act, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(d) Investors, holding Equity Shares in physical format, 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) It is mandatory for applicants 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. Shareholders may please note that for shares held in demat mode, the bank account details shall be obtained from the depositories. Shareholders may ensure that the bank account details are updated with the depositories.

(g) 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 us or depositories.

(h) 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 certified true 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 us, 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.

(i) 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 us/ Depositories. 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.

(j) 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, including the regulations relating to QFIs, 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.

(k) 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 our Registrar and Transfer Agent, 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.

(l) SAFs cannot be re-split.

(m) Only the Equity Shareholders and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque/demand draft.

(o) 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.

(p) 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 outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.

(q) 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.

(r) The distribution of this 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 this Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

(e) Ensure that the CAF is submitted at the collection centres of the Bankers to the Issue

(f) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(g) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF;

(h) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

(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 for non-ASBA Investors:

(a) Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Bank to the Issue;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

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 and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- 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 given on the CAF does not match with the specimen signature available with us or the Registrar to the Issue and for renouncee(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 this Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- 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 the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions 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 restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered addressed in India or the Indian address provided by the Equity Shareholders from time to time has not been provided;
- CAFs where we believe 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.
- Applications from QIBs or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million, which are not through ASBA process.

Please read this Letter of Offer or Abridged 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 this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more that 10% of our post-Issue paid-up share capital. 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 our total paid-up share capital, in case such sub-account is a foreign corporate or an individual.

Applications will not be accepted from FIIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

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 NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

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.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than 5% of our paid up equity capital at any point of time. Further, aggregate shareholding of all QFIs shall not exceed 10% of our paid up equity capital at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

QFI applicants which are QIBs or whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process.

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 "***EIH Associated Hotels Limited – Rights Issue - R***";

- Investors residing at places other than places where the bank collection centres have been opened by us 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 "***EIH Associated Hotels Limited – Rights Issue - R***" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. The date of mailing by the applicant and/ or the date of Demand Draft/ Banker's Cheque will not be the criteria for acceptance.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders/ Investors, 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:

  Link Intime India Private Limited

  Unit: EIH Associated Hotels Limited - Rights Issue
  C-13, Pannalal Silk Mills Compound
  LBS Marg, Bhandup (West)
  Mumbai – 400 078
  Maharashtra, India

  Tel: +91 22 2596 7878
  Fax: +91 22 2596 0329
  Investor Greivance E-mail: eahl.rights@linkintime.co.in
  Website: www.linkintime.co.in
  Contact Person: Mr. Pravin Kasare
  SEBI Registration Number: INR000004058

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- All non-resident investors should draw the cheques/ demand drafts in favour of "***EIH Associated Hotels Limited – Rights Issue - NR***", crossed "A/c Payee only" and payable at Mumbai for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "***EIH Associated Hotels Limited – Rights Issue - NR***", crossed "A/c Payee only" and payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

i. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

ii. By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or

iii. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;

iv. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

v. Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of "***EIH Associated Hotels Limited – Rights Issue – NR***" and must be crossed 'account payee only' for the full application amount.

vi. Investors may note that where payment is made by drafts purchased from NRE/ FCNR 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 account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

i. 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 India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

ii. All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'EIH Associated Hotels Limited – Rights Issue – R' and must be crossed 'account payee only' for the full application amount. 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.

iii. 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.

iv. New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

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*".

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 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 us. However, the Bankers to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs 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, in case the application concerned is not made in terms of this Letter of Offer.

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 8 days from the day we become liable to repay it, we and every Director who is an officer in default shall, on and from expiry of 8 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 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 our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;

(iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested till such time they are utilized; and

(iv) We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Our undertakings

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within 7 working days of finalisation 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 us.

4. We undertake 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. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

7. No further issue of securities affecting our equity capital shall be made till the securities issued/ offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

8. At any given time there shall be only one denomination of Equity Shares.

9. We accept full responsibility for the accuracy of information given in this 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 Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

11. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including devolvement of underwriting of the undersubscribed portion 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, we 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 8 days after we become liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), we and every Director 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.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this 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 Associated Hotels Limited-Rights Issue’ on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

  Link Intime India Private Limited

  Unit: EIH Associated Hotels Limited - Rights Issue
  C-13, Pannalal Silk Mills Compound
  LBS Marg, Bhandup (West)
  Mumbai – 400 078

Maharashtra, India

Tel: +91 22 2596 7878
Fax: +91 22 2596 0329
Investor Greivance E-mail: eahl.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare
SEBI Registration Number: INR000004058

- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section "***Risk Factors***" on page xii.

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.

SECTION IX – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at our registered office situated at 1/24, G.S.T. Road, Meenambakkam, Chennai 600 027, India, from 11.00 a.m. to 5.00 p.m. on working days from the date of filing of this Letter of Offer with SEBI until the Issue Closing Date.

(A) MATERIAL CONTRACTS

1. Agreement dated March 28, 2012 entered into between us and the Lead Manager to the Issue.

2. Agreement dated March 28, 2012 entered into between us and the Registrar to the Issue.

3. Underwriting Agreement dated September 10, 2012 and September 7, 2012 entered into between the Company and Ambit and the Company and Federal, respectively.

4. Tripartite Agreement dated October 20, 2000 between us, our share transfer agent (EIH Limited) and the NSDL to establish direct connectivity with the Depository.

5. Tripartite Agreement dated October 24, 2000 between us, our share transfer agent (EIH Limited) and the CDSL to establish direct connectivity with the Depository.

(B) DOCUMENTS

1. Our Memorandum and Articles of Association.

2. Our certificates of incorporation dated March 21, 1983 and fresh certificates of incorporation dated October 25, 1989 and November 1, 1996.

3. Consents of the Directors, Company Secretary and Compliance Officer, Auditors, CRISIL Limited, Lead Manager to the Issue, Bankers to the Issue, Legal Counsel, Underwriters to the Issue and the Registrar to the Issue to include their names in this Letter of Offer to act in their respective capacities.

4. Copy of the resolution of the Board of Directors dated March 28, 2012 authorising the Issue and related matters.

5. The Report of the Auditors being, Ray & Ray, as set out herein dated May 28, 2012 in relation to audited financial statements for FY 2011-12.

6. A report by the Auditors being, Ray & Ray on Statement of tax benefit available to us and prospective shareholders dated August 31, 2012.

7. Certificates dated June 7, 2012, July 14, 2012 and August 31, 2012 issued by the Auditors being, Ray & Ray certifying that the loans have been utilized for the purposes for which they were sactioned by the respective lenders.

8. Copy of the letter of offer for our last rights issue dated August 12, 1995.

9. Our Annual Reports for the last five financial years taken on a standalone and consolidated basis.

10. In-principle listing approvals dated April 26, 2012, April 27, 2012 and April 27, 2012 from BSE, NSE and MSE respectively.

11. Approval dated May 25, 2012 and subsequent clarification dated August 24, 2012 received from RBI in relation to renunciation of rights entitlement by and to persons resident outside India.

12. Due Diligence Certificate dated March 30, 2012 from Ambit Corporate Finance Private Limited.

13. Letter no. CDF/DL/ISSUER/SK/RA/OW/13510/2012 dated June 20, 2012 issued by the SEBI for the Issue.

Any of the contracts or documents mentioned in this 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 this 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 this Letter of Offer are true and correct.

Mr. Prithviraj Singh Oberoi
Chairman

Mr. Vikramjit Singh Oberoi
Managing Director

Mr. Shib Sanker Mukherji
Director

Mr. Rajan Biharilal Raheja
Director

Mr. Lakshminarayan Ganesh
Independent Director

Mr. Anil Kumar Nehru
Independent Director

Mr. Sudipto Sarkar
Independent Director

Mr. Rajesh Kapadia
Independent Director

Mr. Manas Datta
Vice President, Finance and Accounts

Date: September 10, 2012