

# EIH LIMITED

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## HOTELS

## OBEROI

Chairman: P. R. S. Oberoi

SEC: G. Ganguli

AUD: Ray & Ray

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1949	500840	EIH.IN	2	98.6	-3.2	58.1	19.8	15.8	10.1	38,744.9	37.4	INE230A01015

### SHAREHOLDING

		FX Transaction (FY06)	
Indian Promoters	: 46.3%	Exports (fob)	Rs m 4,454
Foreign collaborators	: 0.0%	Imports (cif)	Rs m 293
Indian inst/Mut Fund	: 16.2%	Fx inflow	Rs m 4,494
FII's/GDR	: 5.6%	Fx outflow	Rs m 761
Free float	: 31.9%	Net fx	Rs m 3,733
Shareholders	: 61,755		

	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

### EQUITY SHARE DATA

High	Rs	323	339	764
Low	Rs	154	205	307
Sales per share	Rs	90.7	121.8	155.3
Earnings per share	Rs	-1.3	4.7	37.3
Cash flow per share	Rs	8.6	16.4	28.6
Dividends per share	Rs	3.00	4.00	10.00
Dividend yield (eoy)	%	1.3	1.5	1.9
Book value per share	Rs	159.5	160.5	186.5
Shares outstanding (eoy)	m	52.39	52.39	52.39
Bonus/Rights/Conversions	-	-	-	-
Price / Sales ratio	x	2.6	2.2	3.4
Avg P/E ratio	x	nm	57.5	14.4
P/CF ratio (eoy)	x	31.1	19.3	11.5
Price / Book Value ratio	x	1.5	1.7	2.9
Dividend payout	%	nm	84.5	26.8
Avg Mkt Cap	Rs m	12,495	14,250	28,055
No. of employees	'000	7	8	8
Total wages/salary	Rs m	1,309	1,508	1,666
Avg. sales/employee	Rs Th	664.9	839.6	1,011.1
Avg. wages/employee	Rs Th	183.2	198.4	207.1
Avg. net profit/employee	Rs Th	nm	32.6	243.0

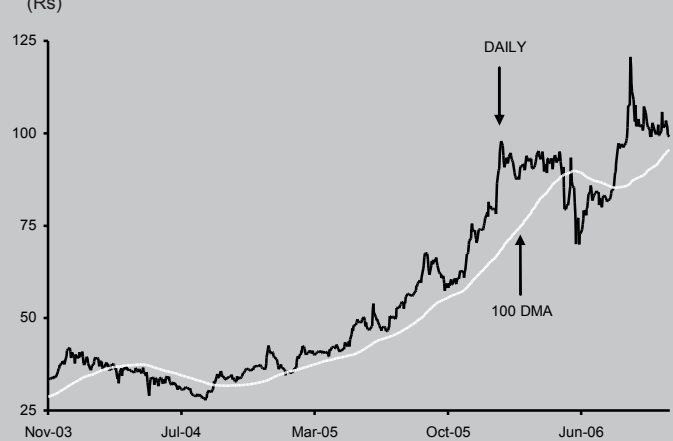
### INCOME DATA

Net Sales	Rs m	4,751	6,382	8,135
Other income	Rs m	618	397	537
Total revenues	Rs m	5,369	6,779	8,672
Gross profit	Rs m	516	1,610	2,721
Depreciation	Rs m	471	490	494
Interest	Rs m	534	922	1,039
Profit before tax	Rs m	129	595	1,725
Minority Interest	Rs m	93	17	-16
Prior Period Items	Rs m	0	0	0
Extraordinary Inc (Exp)	Rs m	-46	-122	951
Tax	Rs m	245	242	705
Profit after tax	Rs m	-69	248	1,955
Gross profit margin	%	10.9	25.2	33.4
Effective tax rate	%	189.9	40.7	40.9
Net profit margin	%	nm	3.9	24.0

### BALANCE SHEET DATA

Current assets	Rs m	3,167	3,906	4,740
Current liabilities	Rs m	1,767	1,988	3,062
Net working cap to sales	%	29.5	30.1	20.6
Current ratio	x	1.8	2.0	1.5
Inventory Turnover	Days	27	24	22
Debtors Turnover	Days	49	48	47
Net fixed assets	Rs m	15,401	15,379	15,511
Share capital	Rs m	524	524	524
"Free" reserves	Rs m	5,736	5,710	7,068
Net worth	Rs m	8,355	8,406	9,769
Long term debt	Rs m	5,635	6,182	7,153
Total assets	Rs m	20,968	21,222	22,360
Interest coverage	x	1.2	1.6	2.7
Debt to equity ratio	x	0.7	0.7	0.7
Sales to assets ratio	x	0.2	0.3	0.4
Return on assets	%	nm	1.2	8.7
Return on equity	%	nm	3.0	20.0
Return on capital	%	3.3	8.0	17.7
Exports to sales	%	54.9	53.2	54.8
Imports to sales	%	3.4	2.7	3.6

### ADJUSTED DAILY SHARE PRICE DATA



	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

### CASH FLOW

From Operations	Rs m	161	425	2,632
From Investments	Rs m	-585	-368	-1,041
From Financial Activity	Rs m	861	-253	-1,648
Net Cashflow	Rs m	436	-196	-57

### INTERIM RESULTS #

		3QFY06	4QFY06	1QFY07	2QFY07
Net sales	Rs m	2,195	2,271	1,923	1,922
Gross profit	Rs m	823	807	519	344
Gross profit margin	%	37.5	35.5	27.0	17.9
Net profit	Rs m	231	390	247	131
Net profit margin	%	10.5	17.2	12.8	6.8

### KEY DATA

Parameters	Unit	FY04	FY05	FY06
Rooms	NOS	2,014	2,014	3,132
Room revenues	% of sales	49.0	51.3	49.2
F&B revenues	% of sales	40.5	38.4	38.9
Average rooms rates	Rs	4,967	5,899	8,150
Occupancy rate	%	61.0	67.0	68.0

### NOTES

East India Hotels (EIH) is a member of the Oberoi Group that runs and manages luxury hotels in India and abroad. The total number of rooms (managed and owned) put together stood at around 3,082 in FY06, of which an estimated 1,068 were managed. While the promoters hold 46% stake in the company, ITC (the cigarette manufacturer with large interest in the hospitality sector) holds 14.6%. EIH's property mix is comparatively at a premium range as compared to Indian Hotels (Taj) and ITC (Welcome and Sheraton, to name a few). The company has also signed an agreement with Hilton, not only to enable it to attract Hilton visitors, but also increase the current ARR's of existing Trident properties over the long-term to a relatively higher level.

EIH's property mix is skewed towards luxury travelers in the business and leisure segments. Its presence in key gateway cities led to the topline growth of 36% YoY in FY06. The company has been successful in managing costs. Operating margins expanded by 8.2% and stood at 33.4% in FY06 on the back of operating leverage. The profits excluding the extraordinary item were up 110% YoY.

The company in the last one-year has undergone a major restructuring exercise. In order to improve profitability and fund the expansion plans (besides the Mumbai expansion, in the long term, the company plans to increase presence in Bangalore apart from growing through management contract route), EIH disposed some of its excess land. In another step, the company transferred its Orissa and Shimla properties to EIH Associated Hotels, which is likely to boost the asset turnover ratio and unlock cash. The expansion and the restructuring benefit will start filtering in from FY08. With the hotel prospects looking good and favourable demand supply gap prevailing in the country, EIH will stand to benefit due to its property locations.