

1st February, 2017

The National Stock Exchange of India Limited Exchange Plaza, 5 th Floor Plot No..C/1, G Block Bandra Kurla Complex Bandra(E) Mumbai – 400 051. Code: EIHOTEL	BSE Limited Corporate Relationship Dept. 1 st Floor, New Trading Ring Rotunda Building Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai-400001 Code:500840	The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata-700001 Code:05
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SUB: DIVIDEND DISTRIBUTION POLICY

Dear Sir / Madam,

In accordance with Regulation 43A of the Security and Exchange Board of India (Listing Obligation Disclosure Requirements) Regulation, 2015, the Board of Directors at the meeting held on 23rd January, 2017, have approved the Dividend Distribution Policy. Copy of the Policy is enclosed for your record.

Kindly take the above in your record and host on your website.

Thanks,

Yours faithfully

For **EIH Limited**


S.N. Sridhar
Company Secretary

ElH Limited

(A member of  *The Oberoi Group*)

POLICY FOR DISTRIBUTION OF DIVIDEND

1. Statutory Mandate

The Board of Directors (The ‘Board’) of ElH Limited (“the Company”) has adopted the following Policy for Distribution of Dividend to the Shareholders of the Company.

2. Background

The hospitality industry is a capital-intensive industry. Most hotels of ElH Limited are owned by the Company and entails substantial capital outlays.

A large proportion of the financing of the Company is through equity capital. With a low level of borrowing in proportion to equity capital, the outlay on dividend forms a substantial part of the cost of capital. It is the Company’s endeavour to maintain and pay dividend keeping market expectations in mind. The dividend paid as a proportion of earnings has been maintained accordingly.

The prevailing socio-economic and geopolitical environment directly impacts profit in the hospitality industry. Business and leisure travel, both domestic and foreign, depend on factors that are beyond the control of the Company. In the past, the need to meet the general investor’s expectations of return on equity during the years of instability has resulted in a relatively high payout ratio.

3. Policy

This Policy for Distribution of Dividend to Shareholders of the Company is framed in terms of Regulation 43 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Listing Regulations”).

4. Dividend

The Board will finalise the dividend to be declared by the Company based on the above stated background while also considering the following:

Dividend will be declared once a year based on the profits as per the Audited Financial Statements for the year.

The Board may declare an interim dividend after satisfying themselves about the

distributable profit.

Normally, the Dividend will be declared out of the current year's profit of the Company, subject to the following:

- i) Company's need of Capital Expenditures/Investment ;
- ii) Cash Flow position.

Given that profits can be volatile, the Board will Endeavour to achieve stability, to the extent feasible, in the quantum of Dividend paid to Shareholders.

Should the current year's profit be inadequate, the Board may, after considering the Carried Forward Balance in the Profit & Loss Account of the Company, declare dividend or declare dividend out of Reserves, as is permitted under the law.

As such, the Company may declare the Dividend out of:

- i) Current year's profit -
 - a) after providing for depreciation in accordance with Sub-section (2) of Section 123 of the Companies Act, 2013 ("Act") and
 - b) after transfer of such percentage of its profits for that Financial Year to reserves as may be required under the law and as the Board of Directors may deem fit; OR
- ii) Carried Forward Balance in the Profit & Loss Account; OR
- iii) Free Reserve as may be permitted under law; OR
- iv) A combination of (i), (ii) and (iii) above.

5. Factors to be considered for declaration of Dividend

- i) Capital Expenditure /Investment requirement of the Company for:
 - a) New projects;
 - b) Ongoing projects including expansion, renovation or modernisation etc.
 - c) Acquisition of major fixed assets including land and buildings;
 - d) Acquisition of any business entity etc.

- ii) Payment of any major liability;
- iii) Any other requirements for fund conservation;
- iv) Agreement with lending institutions.

6. Revision in the Policy

The Board of Directors will review the policy from time to time or when changes may be required.

7. General

All the words and expressions used in this Policy, unless defined hereinafter, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.
