

MINUTES OF THE PROCEEDINGS OF THE 41ST ANNUAL GENERAL MEETING OF ORIENTAL HOTELS LIMITED HELD ON THURSDAY, JULY 28, 2011 AT SATHGURU SRI GNANANANDA HALL, NARADA GANA SABHA, 314, T T K ROAD, CHENNAI 600018 AT 2.45P.M.

The following Directors were present:

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| 1. Mr. Raymond N Bickson | Director in the Chair |
| 2. Dr. G Sundaram | Director |
| 3. Mr. S B P V Ramamohana Rao | Director |
| 4. Mr. D R Kaarthikeyan | Director |
| 5. Mr. D Vijayagopal Reddy | Director |
| 6. Mr. S Y Syed Meeran | Director |
| 7. Mr. Pramod Ranjan | Director |
| 8. Mr. Ramesh D Hariani | Director |
| 9. Mr. D Varada Reddy | Managing Director |

Statutory Auditors present:

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| Mr. L Mallikarjuna Rao | Senior Partner, Brahmayya & Company, Chartered Accountants – Statutory Auditors |
| Mr. S Laskhmanan | Partner, SNB Associates, Chartered Accountants – Statutory Auditors |
| Mr. L Ravisankar | } Partners, Brahmayya & Company, Chartered Accountants – Statutory Auditors |
| Mr. Nagendra Prasad | |

Mr. D Varada Reddy, Managing Director extended a warm welcome to the Members to the forty first Annual General Meeting of the Company. After ascertaining the quorum, he called the meeting to order.

Mr. D Varada Reddy informed the Members that Mr. R K Krishna Kumar, Chairman of the Board of Directors was unable to attend and preside over the Meeting due to unavoidable circumstances. He also informed the Members that as per the provisions of the Articles of Association of the Company, in the absence of the Chairman of the Board of Directors, the shareholders could elect one of the Directors present as Chairman to preside over the Annual General Meeting. Accordingly, he being a shareholder and the Managing Director of the Company proposed Mr. Raymond N Bickson, Director to chair the Annual General Meeting which proposal was seconded by Mr. S B P V Ramamohana Rao, Director and a shareholder.

On being duly elected to Chair the meeting, Mr. Raymond N Bickson took the Chair and conducted the proceedings.

Mr. Raymond N Bickson extended a warm welcome to the Members for the 41st Annual General Meeting.

After ascertaining the quorum, he called the meeting to order. He introduced the Directors to the Members.

2103 Members were present in person and out of the 442 proxies received, 227 Members represented by their proxies including 6 corporate representatives were present at the meeting.

1. Notice of the Meeting:

With the consent of the Members present, the Notice convening the meeting and the Directors' Report were taken as read. At the request of the Chairman, Mrs. T S Sundarambal, Company Secretary, read out the Auditors Report. The Annexure to the Auditors' report was taken as read.

2. Chairman's address:

With the Directors Report and Annual Accounts having been circulated to the Members well in advance along with the Annual Report, the Chairman mentioned that the Members would have had sufficient time to study the same.

Before making his remarks, he proposed the Resolution for adoption of Accounts as an Ordinary Resolution:

“RESOLVED THAT the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet together with the Auditors' Report as on that date submitted to this meeting be and are hereby adopted.”

The Resolution was seconded by Mr. P M Gopalakrishna.

Before putting the resolution to vote, the Chairman provided a quick overview of the performance of the Company during the year under review, global trend and Indian economy.

On the Economic Scenario, the Chairman stated that:

- The Indian Economy growth in 2010-11 had been swift and broad-based. The economy is back to its pre-crisis growth trajectory. The Services sector continued its near double digit run. With the institutional reforms, the economy's growth is expected to be in double digits in the near future. Despite the fact that this was a period of the Global financial crisis, in 2010-11 India's economy had enjoyed an unprecedented 8.5 per cent growth. This was composed off 5.4 per cent in agriculture, 8.1 per cent in industries and 9.6 per cent in services, but high inflation remains an area of concern.
- The government's assessment was that the Indian economy would grow at 9% in 2011-12 as compared to 8.5% in the previous year and had expressed a commitment to fiscal stimulus in 2011, and to deficit reduction the following two years. The Government had proposed limited privatization of government-owned industries, in part to offset the deficit. It was estimated that, in four years, economic growth could hit ten percent, making India the fastest growing economy in the world.

On the Hospitality & Tourism Industry, the Chairman stated that:

- Tourism in India is the largest service industry, with a contribution of 6.23% to the National GDP and 8.78% of the total employment in India. The Indian Tourism & Hospitality sector had reached new heights and travelers were taking a renewed interest in the country, which augurs well for the hospitality sector. Increase in business travel had driven the hospitality sector to serve their guests better. The number of foreign visitors had reached a record 3.92 million and consequently international Tourism receipts had also increased to US \$ 5.7 billion.
- The World Travel and Tourism Council (WTTC) had named India along with China as one of the fastest growing tourism industries for the next 10 to 15 years. The Indian hospitality sector is expected to show a healthy growth and according to the Ministry of Tourism, the contribution of tourism to India's GDP is 5.9 per cent as compared to worldwide average of 11 percent.
- The Hospitality industry is closely linked with the travel & tourism industry. India is experiencing huge footfalls as a favorite vacation destination of foreigners and natives and the hospitality industry is seriously working towards improving itself. The Indian tourism industry had outperformed the global

tourism industry in terms of growth in the volume of international tourists as well as in terms of revenue.

On the Operating Results of the Company for the year 2010-11, the Chairman informed the Members that:

- The Company's turnover increased by 18 % from ₹ 202.16 crores to ₹ 239.04 crores but the profits dipped marginally on account of higher operating expenses and interest expenses. The higher interest expenses was on account of higher borrowings for the acquisition and construction of Vivanta by Taj Coimbatore and the expansion of Vivanta by Taj Fisherman's Cove.
- The profit before tax (PBT) was lower by 9% at ₹ 32.06 crores as compared to the previous year's ₹ 35.36 crores and the net profit was lower by 4% in the current year at ₹ 22.28 crores compared to ₹ 23.14 crores in the previous year.
- The Board of Directors had recommended a dividend of 80% (Previous Year - 75%) for the financial year 2010-2011, considering the growth in business during the year as well as the future outlook for the economy and the hospitality industry as such.
- The Company had sub- divided its shares from a face value of ₹ 10/- each to a face value of ₹ 1/- each, effective November 12, 2010.

On the Expansion plans, the Chairman informed the Members that:

- The Company had undertaken the expansion of the Vivanta by Taj – Fisherman's Cove by addition of 64 rooms. 50 of the 64 rooms in the expansion block in Vivanta by Taj – Fisherman's Cove had been completed, while work on the balance 14 rooms is underway.
- Further, construction of the 180-room Vivanta by Taj hotel in Coimbatore is progressing as planned. Additionally, a comprehensive renovation plan is underway at the Taj Coromandel, inter alia, covering the swimming pool, lobby, reception, lounge, driveway and porte cochere.

On the future outlook, the Chairman stated that:

- The demand for travel and tourism in India is expected to grow by 8.2% between 2011 and 2020 which would place India at the third position in the

world. India's travel and tourism sector is expected to be the second largest employer in the world. Capital investment in India's travel and tourism sector is expected to grow at 8.8 % over the next decade. The report forecasts India to get more capital investment in the travel and tourism sector and is projected to become the fifth fastest growing business travel destination from 2010 through 2020.

- India presently has over 200,000 hotel rooms spread across hotel categories and guest- houses and is still facing a shortfall of over 100,000 rooms and is far below the number of hotel rooms available in Shanghai or Manhattan. In spite of the rise in costs and the existing inflationary trends, the country is witnessing an unprecedented growth in hotel constructions and would be adding almost 114,000 hotel guest rooms to its inventory over the next five years.
- As the Indian hospitality sector grows, it would begin to see more differentiation in the present hotel positioning. While it is fair to assert that hotels in India are currently witnessing several overlaps between the Budget and Mid-Market segments and then again between the Mid-Market and Upscale segments, it is likely that the picture would become clearer with time. Therefore, in the long term, the prospects of the Indian hospitality industry look bright, with adequate infrastructure support, rise in inward bound travel complemented by robust domestic travel with higher propensity to spend by the domestic clientele.

Acknowledgements

He thanked his colleagues on the Board for their whole-hearted support, employees for their dedication and the shareholders for the confidence reposed in the company. He expressed confidence that with the continued support of the shareholders, the Company would scale greater heights in the years to come.

Before putting the resolution to vote, the Chairman requested the Members to offer their comments and observations on the accounts, if any. The Chairman mentioned that he would answer/clarify the queries/observations of shareholders after all the shareholders complete their queries/observations.

The following Members thereafter addressed the Meeting:

Mr. P M Gopalakrishna
Mr. Padmanabhan

Mr. Prabhu
Mr. Subrahmanyam
Mr. A R Venkitaraman
Mr. P Srinivasalu

Members' questions/observations:

1. Mr. P M Gopalakrishna

- i. He suggested that the Company could have declared higher dividend on the Equity Shares since the face value of equity shares of the Company had been reduced to ₹ 1/- each and also considered issue of bonus shares.
- ii. On the green initiative of the Ministry of Corporate Affairs, he expressed the view that it would not benefit the Company as the Company should send physical copies of Annual Report and other communication to those shareholders who might not have the facility of having computers and on the video conferencing of the Annual General Meetings proposed by the Ministry he was of the view that it would not help companies in reducing costs.
- iii. He suggested that the public shareholders should be considered for appointment as Directors on the Board of the Company like public sector companies wherein a minimum of 3 Directors are from the public shareholders.
- iv. He desired to know the contribution of each Director, the extent of their participation in Committees wherein they are Members and in Board meetings.
- v. He was upset that the quantum of snacks distributed to the shareholders was reduced as compared to the previous years.

Mr. Padmanabhan:

- i. Suggested that the Company should consider delisting the Shares of the Company from Madras Stock Exchange as no trading takes place at the Madras Stock Exchange and hence payment of listing fees is not beneficial to shareholders.
- ii. The Company had not carried out Secretarial Audit which is an integral part of Corporate Governance Report.
- iii. He suggested that details such as the number of shareholders in each category of shareholders and the number of shares of the promoters' group shareholding

which remain in physical form be provided in the shareholding pattern forming part of the Corporate Governance Report.

- iv. He queried on the reasons for not paying the disputed amount of ₹ 626.17 lakhs to various Government authorities towards various taxes which was increasing year after year and which was pending from the year 1998-99 as detailed in Page 55 of the Annual Report and status of arrears payable to Tax Authorities
- v. He desired to know
 - the action plan for recovering doubtful debts as an amount of ₹ 68.66 lakhs had been provided as on 31/3/2011 (Page 65 of the Annual Report).
 - the details of shareholders' deposit placed with the JV Company as disclosed in Page 73 of the Annual Report and the other shareholders who had placed the deposit with the JV Company.
 - details of the land acquired as reported in the Fixed Assets schedule (page 62 of the Annual Report)
 - reasons for not charging off the diminution in value of investments to P & L Account (page 64 of the Annual Report)
- vi. He suggested that instead of carrying forward huge amounts to Balance Sheet, substantial amount could have been transferred to the General Reserve.
- vii. Requested the Board to consider issuing bonus shares as the Company's Reserves were more than 50 times that of the share capital and it was 15-years since the company issued bonus shares.

Mr. Prabhu:

- i. Suggested that information - "Financial highlights of the Company for 2 years" and "Five years at a glance" be clubbed into one as "Financial highlights for 5 years" and given in a single page instead of giving in separate pages (page 4 and page 84 of the Annual Report).
- ii. Desired to know the
 - reason for holding only one meeting of the Shareholders'/Investors' Grievance Committee during the year 2010/11

- austerity measures taken by the Company to reduce operating/general expenses which had increased as compared to the previous year, and
 - the reasons for not circulating the minutes of the Annual General Meeting to the Members.
- iii. Suggested that the Companies should take it up with the Ministry of Corporate Affairs to ensure that the shareholders were given the option to receive communication from companies including annual report in physical form as every shareholder could not be expected to be computer literate to read the communication sent by electronic mode. Some of the shareholders might not even own a computer.

Mr. Subramanyam:

- i. Congratulated the Company/Board/staff for the good performance during 2010/11
- ii. Suggested that the Company should consider issue of bonus shares as it was more than 15 years since the last bonus issue was made and the shareholders investment in the shares had not yielded any return and there had been no value appreciation.
- iii. Suggested that the financial highlights be given for 5 or 10 years.
- iv. Desired to know
 - whether the Company had complied with the listing requirement of maintaining a minimum of 25% public shareholding in the total capital of the company and whether 100% of the promoter/promoter group's shareholding had been dematerialized.
 - Reason for showing the Taj Group's shareholding separately from the promoters' group shareholding in the shareholding pattern appearing on page 45 of the Annual Report.
 - Reason for not providing for diminution in value of investments
- v. Suggested that the names of the hotel units of the Company be given specifying the category viz. 3 star, 4 star, 5 star etc.

- vi. On the green initiative of the Government, he mentioned that the initiative is good but it is a constraint to the shareholders as every shareholder might not own a computer/printer etc. to take the print out of the annual reports sent through electronic mode for reading and even if they own a computer, they might not have net connection. Hence he suggested that the option be given to the shareholders to receive the annual report and other communication from the company through electronic mode or physical form.

Mr. A R Venkitaraman

- i. Congratulated the management/Board members and the staff for the good performance of the Company during the year ended March 31, 2011.
- ii. Suggested that the Company should consider bonus issue since the last bonus issue was made more than 15 years earlier.
- iii. Mentioned that the services of the Share Transfer Agents of the Company are not satisfactory as the shareholders are made to wait for a long time in their office for getting queries clarified.
- iv. Requested clarification for secured loans being additionally secured by way of exclusive first charge of credit card receivables of the Company. (Page 61 of the Annual Report)
- v. Desired clarification for the difference in depreciation amount as stated in the P & L account and Fixed Assets schedule (page 58 and 62 of the Annual Report)

Mr. P Sreenivasalu:

- i. Congratulated the Board/Management and the staff for the excellent performance during 2010/11.
- ii. Suggested that the Company should distribute lunch coupons to the shareholders attending the Annual General Meeting.
- iii. Desired to have clarification/reason for the decline in PAT as compared to the previous year despite an increase in gross revenue from ₹ 202 crores in 2009/10 to ₹ 239 crores in 2010/11
- iv. Wished that the Company earn higher profits in the years to come.

The Chairman thanked the Members for their sentiments and support. He responded to the queries raised by the Members. The Chairman also informed the Members that their suggestions on various issues were taken note of.

Replying to the query of Mr. P M Gopalakrishna on the contribution of the Directors at the Board/Committee meetings, the Chairman mentioned that each and every one of the Directors of the Company are well qualified and are from diversified fields and their collective contribution/advice help the Company to perform well.

Responding to the queries of Mr. Padmanabhan, the Chairman informed the Members that the suggestion for delisting the shares of the Company from Madras Stock Exchange Ltd. would be considered by the Board. On the non compliance of Corporate Governance by not carrying out the Secretarial Audit, the Members were informed that Secretarial Audit was being carried out every quarter and the Report was being filed with the Stock Exchanges within one month from the end of the quarter. Hence the question of non compliance of corporate governance did not arise.

The Chairman also mentioned that Mr. Padmanabhan's suggestions regarding the presentation of shareholding pattern in the Corporate Governance Report were taken note of.

Replying to the other queries of Mr. Padmanabhan, the Chairman informed the Members as detailed hereunder:

- i) **Disputed tax liability:** the said liability as on March 31, 2011 stood at ₹ 626.07 lakhs as compared to ₹ 857.87 lakhs as on March 31, 2010 and the Company was confident of these disputes getting resolved favourably. The reason for the increase in disputed amounts pending payments was due to the demand of ₹ 315.55 lakhs raised by the tax authorities in 2009/10 and appropriate steps were being taken to resolve the disputes and bring down the same to a bare minimum.
- ii) **Doubtful debts:** Provision for doubtful debts was being made as per Company's policy for dues beyond a certain period and efforts were being made to recover the same and the provision would be reversed on collection.
- iii) **Shareholders deposit in a JV Company:** Various other Taj Group Companies had placed shareholders' deposit with the JV Company in which the Company had also placed deposits.

- iv) **Addition of land:** The Company had acquired certain parcels of land in Kovalam Village closer/adjacent to the existing hotel for future expansion.
- v) **Non provision for diminution in value of investments:** The diminution in value of investment was charged off to P & L Account since the diminution in value was not permanent in nature and the investments were being held for long term and not for trading.
- vi) **Transfer of profits to General Reserves:** The amount that was being transferred to General Reserves was higher than the amount required to be transferred as per the provisions of Companies (Transfer of Profits to Reserves) Rules, 1975.

The Chairman informed the Members that the suggestion of Mr. Prabhu for providing the financial highlights for 5 years in one page was taken note of and on the green initiative of the Ministry of Corporate Affairs, the Chairman expressed the view that the green initiative was a great move as it would help in protecting natural resources and the Company would send annual report and other communications in physical form on request.

Replying to the other queries of Mr. Prabhu, the Chairman informed the Members as detailed hereunder:

- i. **Shareholders'/Investors' Grievance Committee:** The Committee meets as and when its intervention is required to resolve shareholders'/investors' grievances and during the year under review, there were no complaints from shareholders and hence the committee met only once to comply with the statutory requirement.
- ii. **Operating and General Expenses:** This was mainly due to the property at Trivandrum viz., Vivanta by Taj - Trivandrum taken on licence by the Company during the later part of the previous year and addition of rooms in Vivanta by Taj-Fisherman's Cove. Due to addition of inventory, the expenses were high but there was a corresponding increase in income also.
- iii. **Minutes of AGM proceedings:** Minutes of AGM proceedings were open to inspection by any Member and copy of the Minutes could be obtained on payment of prescribed fee. The Members were also informed that as per listing requirement, AGM Minutes were also being filed with the Stock Exchanges and Members could read the Minutes through Stock Exchange website.

Answering Mr. Venkitaraman's query on additional security for secured loans, the Chairman informed the Members that the Company had both long term loan of ₹ 170 Crores and working capital facility of ₹ 20 crores and as per the bank's requirement, credit card receivables were offered as additional security to the facilities availed from the Bank.

On a query on the difference in Depreciation as per P&L Account and the Fixed Assets schedule, the Members were informed that the difference of ₹ 2.6 lakhs was capitalized to Capital Work in Progress being the assets used for the projects. This information was given as a Note to Fixed Assets Schedule on page 62.

Clarifying the query of Mr. Sreenivasalu regarding decline in PAT despite an increase in gross revenue, the Chairman informed the Members that the increase in gross revenue was the income earned from the new property in Trivandrum and additional rooms in Fisherman's Cove, the proportionate operating expense, depreciation and interest cost on account of these two had resulted in a marginal dip in PAT.

RESOLUTIONS:

After replying to the queries raised by the shareholders and noting their suggestions and there being no further comments or observations, the Chairman put the first resolution to vote by a show of hands and thereafter declared it to have been passed unanimously.

3. Declaration of Dividend:

Mr. Padmanabhan, proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. Narendran.

“RESOLVED THAT the payment of Dividend recommended by the Directors of the Company at the rate of ₹ 0.80 per share (80%) for the full year on 17,85,99,180 Equity shares, be and is hereby declared payable out of the profits of the Company for the year ended March 31, 2011 to those Members whose names appear on the Register of Members as on July 28, 2011 and the beneficial owners of the shares held in electronic mode as at the close of business hours on July 21, 2011 as per details furnished by the Depositories for the purpose.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

Since the following item related to the re-appointment of Mr. Raymond N Bickson, the Chairman of the Meeting, Mr. Raymond N Bickson vacated the Chair. Proposed

by Mr. S B P V Ramamohana Rao and seconded by Mr. D Vijayagopal Reddy, Mr. D Varada Reddy was elected to Chair. Mr. D Varada Reddy took the Chair and conducted the proceedings.

4. Re-appointment of Mr. Raymond N Bickson as a Director:

Mr. D Varada Reddy proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. Padmanabhan.

“RESOLVED THAT Mr. Raymond N Bickson who retires by rotation in accordance with the provisions of Section 256 of the Companies Act, 1956 read with Article No. 113 of the Articles of Association of the Company, and being eligible for reappointment be and is hereby re-appointed as a Director of the Company.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

Thereafter, Mr. D Varada Reddy requested Mr. Raymond N Bickson to Chair the meeting again. Mr. Raymond N Bickson took the Chair and conducted the proceedings.

5. Re-appointment of Mr. D R Kaarthikeyan as a Director:

Mr. P M Gopalakrishna proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. A R Venkitaraman.

“RESOLVED THAT Mr. D R Kaarthikeyan who retires by rotation in accordance with the provisions of Section 256 of the Companies Act, 1956 read with Article No. 113 of the Articles of Association of the Company and being eligible for reappointment be and is hereby re-appointed as a Director of the Company.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

6. Reappointment of D Vijayagopal Reddy as a Director

Mr. Narendran proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. P M Gopalakrishna.

“RESOLVED THAT Mr. D Vijayagopal Reddy who retires by rotation in accordance with the provisions of Section 256 of the Companies Act, 1956 read with Article No. 113 of the Articles of Association of the Company, and being eligible for reappointment be and is hereby re-appointed as a Director of the Company.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

7. Appointment of Auditors

Mr. A R Venkitaraman proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. P M Gopalakrishna.

“RESOLVED THAT Messrs. Brahmayya & Company, Chartered Accountants, Chennai, Firm Registration No. 000511S and Messrs. SNB Associates, Chartered Accountants, Chennai, Firm Registration No. 015682N be and are hereby re-appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting to jointly audit the Company’s Accounts and any other business / undertaking that the Company may venture into or commence during the financial year 2011/12 on a remuneration as the Board of Directors or the Audit Committee may decide plus the reimbursement of service tax and all the travel and out of pocket expenses actually and properly incurred by the Auditors for the purpose of the Audit.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

8. Appointment of Director

Appointment of Mr. Ramesh D Hariani, as a Director:

Mr. Raymond N Bickson proposed the following resolution as an **Ordinary Resolution**, which was seconded by Mr. Narendran.

“RESOLVED THAT Mr. Ramesh D Hariani who was appointed as a Director, by the Board of Directors, with effect from May 14, 2010 in the casual vacancy caused by the resignation of Mr. Anil P Goel, pursuant to Section 262 of the Companies Act, 1956 read with Article 107(b) of the Articles of Association of the Company, who holds office up to the date of the forthcoming Annual General Meeting and

who is eligible for appointment and in respect of whom the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.”

The Chairman put the resolution to vote on a show of hands and thereafter declared it to have been passed unanimously.

There being no other business to be transacted, the Chairman thanked the shareholders for their active participation at the meeting and declared the meeting as closed.

The meeting concluded with a vote of thanks to the Chair.