

VICEROY HOTELS LIMITED

Regd Off: D No. 8-2-120/115/14, 5th Floor, Shangrila Plaza, Road No.2, Banjara Hills, Hyderabad- 500034, AP
Email: secretarial@viceroyp-hotels.com, Website: www.viceroyp-hotels.com

NOTICE

March 26, 2011

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001

Dear Shareholder(s),

The Company is proposing to hive-off its 'Chennai Project Division' comprising 'Chennai Hotel Project' and 'Chennai Residential Project' as a going concern on Slump Sale basis, subject to the approval of the Shareholders in terms of Section 293 (1) (a) of the Companies Act, 1956. Accordingly, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, NOTICE is hereby given that the Company is seeking Consent of its Members by passing an Ordinary Resolution through Postal Ballot in respect of the Special Business as mentioned above.

The proposed Special Business, along with Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 and a Postal Ballot Form is enclosed for your consideration. The Board of Directors in their meeting held on March 26, 2011 has appointed Mrs. Shilpa Kotagiri, Practicing Company Secretary, as Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed in the attached self addressed, prepaid postage envelope, so as to reach the Scrutinizer on or before the close of working hours on May 31, 2011. The Ballot Forms received after the said date will be treated as not received. The Scrutinizer will submit his report to the Chairman and Managing Director after completion of the scrutiny and the result of the Postal Ballot shall be announced on June 03, 2011 at 5 p.m. at the Registered Office of the Company. The result of the Postal Ballot will also be posted on the Company's website www.viceroyp-hotels.com besides communication to the Stock Exchanges where the Company's shares are listed and also through Paper Advertisement in at least one English and one Vernacular language newspaper circulating in Hyderabad.

The date of Declaration of result shall be deemed to be date of passing of the said Resolution.

SPECIAL BUSINESS – ORDINARY RESOLUTION

Item No.1: Hiving-off the Chennai Project Division:

To consider and if deemed fit, to pass through Postal Ballot, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and permissions as may be required from governmental, regulatory, or judicial authority including requisite approvals as may be required from the lenders and other authorities if any, Consent of the Members be and is hereby accorded to the Board of Directors of the Company (the 'Board') to sell, transfer, assign or otherwise dispose-off the 'Chennai Project Division' comprising the 'Chennai Hotel Project' and the 'Chennai Residential Project' to 'Mahal Hotel Private Limited' and 'Esteem Housing Developers Private Limited' respectively, on Slump Sale basis (as defined under the Income Tax Act, 1961) as a going concern for a lumpsum cash consideration of not less than Rs.480 Crores and Rs.20 Crores respectively including outstanding loans pertaining to the Projects, and further subject to the Closing of both the transactions as above happening simultaneously or such other person(s) as identified by the Board on such terms and conditions with effect from such date and in such manner as the Board think fit and proper."

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to negotiate, finalize, enter into and execute all such deeds, documents, agreements, letters and to do such acts, deeds, matters and/or things as may be necessary and/or expedient in their discretion, including through one or more committees that may be constituted by the Board for this purpose, for giving effect to this Resolution and completing the sale of the aforesaid Projects to the purchaser, in the interest of the Company.”

By Order of the Board
For VICEROY HOTELS LIMITED

Hyderabad
March 26, 2011

SD/-
P. LENIN BABU
COMPANY SECRETARY

NOTES:

1. An Explanatory Statement pursuant to section 173 (2) read with section 192A of the Companies Act, 1956 in respect of business under Item No.1 is annexed hereto.
2. The Company has appointed Mrs. Shilpa Kotagiri, Practicing Company Secretary as Scrutinizer for the purpose of the Postal Ballot exercise.
3. The notice will be sent by Registered Post with acknowledgment due to all the Members, whose names would appear in the Register of Members as on April 22, 2011.
4. A Member desiring to exercise vote by Postal Ballot may complete the enclosed Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed Business Reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier or by Registered Post at the expense of the Members will also be accepted. The envelope containing the Postal Ballot should reach the Scrutinizer not later than the close of working hours on May 31, 2011.
5. The result of the Postal Ballot should be announced by the Chairman, or in his absence by any other person authorized by the Chairman, on June 03, 2011 at 5.00 p.m. at the Registered Office of the Company and the resolution will be taken as passed effectively on the date of the announcement of the result by the Chairman or such other authorized person in his behalf, if the result of the Postal Ballot indicates that the requisite majority of the shareholders had assented to the respective Resolution.
6. Subsequently Result of the Postal Ballot will be published in at least one English and one Vernacular language newspaper circulating in Hyderabad.
7. Shareholders are requested to carefully read the instructions printed on the back of the Postal Ballot Form before exercising their vote.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM No. 1:

Members are aware that your Company is implementing a project under 'Chennai Project Division' comprising 'Chennai Hotel Project' and 'Chennai Residential Project' for construction of a Five Star Hotel and a Residential Complex in Chennai. Considering the various aspects and strategic viewpoint, the Board of Directors of your Company felt that it would be prudent to divest the Projects to 'Mahal Hotel Private Limited' and 'Esteem Housing Developers Private Limited' respectively or such other person(s) as identified by the Board, for a consideration of not less than Rs.480 Crores and Rs.20 Crores respectively.

In the opinion of the Board of Directors, the current value derived by the Transaction is attractive. Further, in light of sluggish and recessionary global trends, the value accruing to the Company has convinced the Board of Directors to propose this sale. This sale shall enable the Company to pay-off its debts substantially as well as utilize in the growth of the business.

It is proposed to transfer the Projects to the Acquirers subject to receipt of all consents and approvals including consent of the Shareholders.

The salient features of the proposed Transaction are as under:

1. The sale / transfer of the Projects will be by way of a Slump Sale as a going concern for a lumpsum cash consideration.
2. The consideration shall be payable by the Acquirers to the Company through Escrow Mechanism or otherwise enabling the Company to pay-off its debts pertaining to the Projects directly to the lenders.
3. The sale / transfer of the Projects will be subject to the Closing of both the transactions as above happening simultaneously.
4. The transfer of the Projects is subject to receipt of all consents and approvals including the approval of its Shareholders under Section 293 (1) (a) of the Companies Act, 1956.

Section 293 (1) (a) of the Companies Act, 1956 provides *inter alia* that the Board of Directors of a public company shall not, without the prior consent of the members of the Company sell, lease or otherwise dispose off of the whole or substantially whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially whole of any such undertaking. The members are requested to empower the Board with requisite authority under said Section to sell and transfer the Chennai Projects. Therefore, as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 it is necessary to obtain prior approval of the members pursuant to the said Section through postal ballot process.

The Board of Directors is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence recommends the Resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 to the extent of their respective Shareholding in the Company as would appear in the register of Directors' Shareholding. None of the Directors have any concern or interest in the potential buyer.

By Order of the Board
For VICEROY HOTELS LIMITED

Hyderabad
March 26, 2011

SD/-
P. LENIN BABU
COMPANY SECRETARY