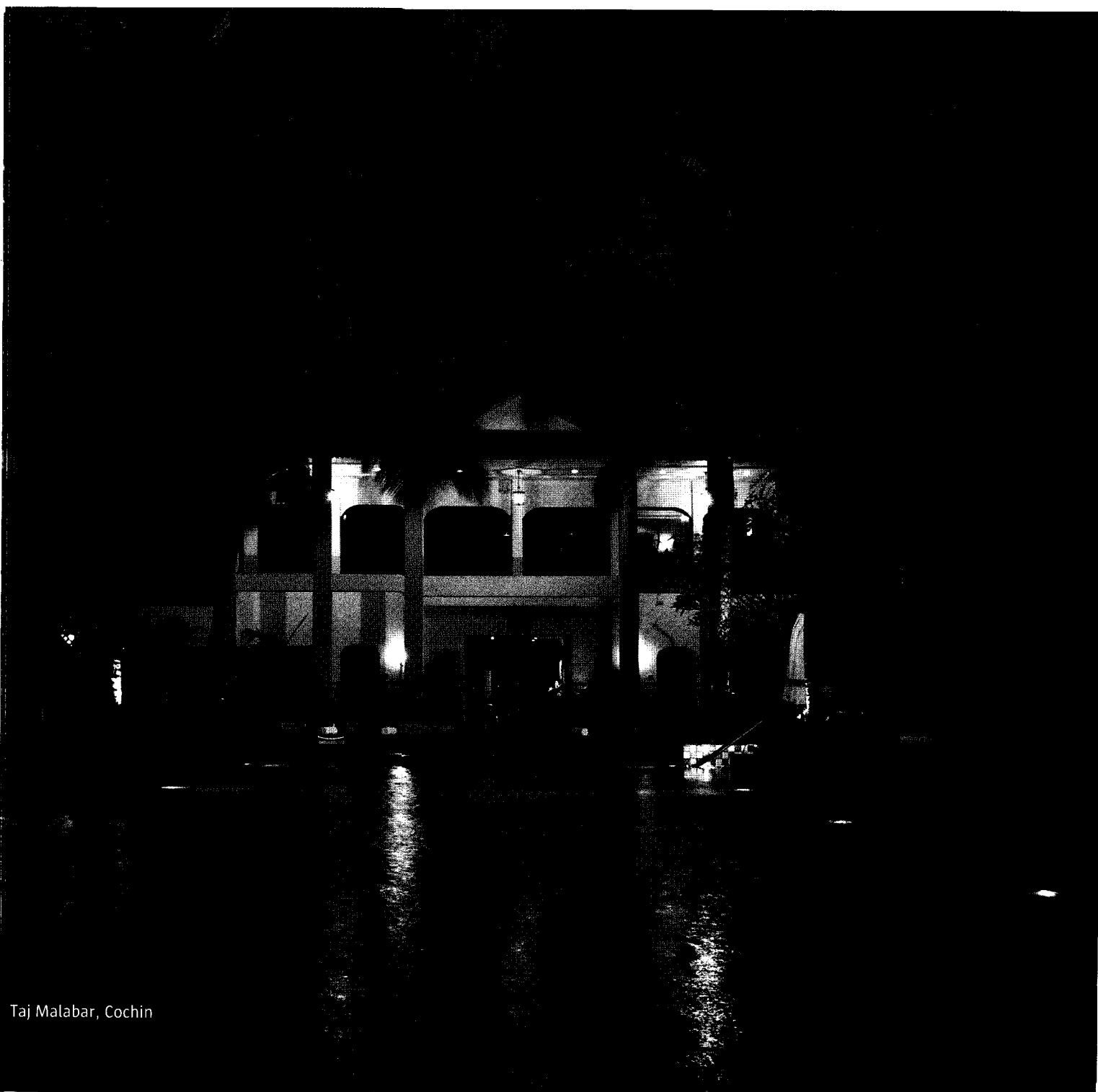


## **ORIENTAL HOTELS LIMITED**

40th ANNUAL REPORT 2009 - 10



Taj Malabar, Cochin



The Gateway Hotel, Madurai

## ORIENTAL HOTELS LIMITED

---

### **BOARD OF DIRECTORS** (As on May 14, 2010)

**R K Krishna Kumar**  
Chairman

**D Varada Reddy**  
Managing Director

**S B P V Ramamohana Rao**

**Dr G Sundaram**

**Raymond N Bickson**

**D Vijayagopal Reddy**

**S Y Syed Meeran**

**Pramod Ranjan**

**D R Kaarthikeyan**

**Diwan Arun Nanda**

**Venu Srinivasan**

**Ramesh D Hariani**

## SHAREHOLDERS' INFORMATION

## ORIENTAL HOTELS LIMITED

<b>Annual General Meeting</b>	<b>July 27, 2010 at 2.30 p.m.</b>
<b>Venue</b>	Sathguru Sri Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018
<b>Company Secretary</b>	<b>T S Sundarambal</b>
<b>Legal Advisor</b>	<b>T Raghavan</b> New No.41, (Old No.40), Kasturi Ranga Road, Alwarpet, Chennai - 600 018
<b>Auditors</b>	<b>Messrs. Brahmaya &amp; Co.,</b> Chartered Accountants No.48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014  <b>Messrs. SNB Associates,</b> Chartered Accountants No.12, III Floor, Gemini Parsn Complex, 121, Anna Salai, Chennai - 600 006
<b>Bankers</b>	<b>Standard Chartered Bank</b> <b>Indian Bank</b> <b>HDFC Bank Ltd</b>
<b>Book Closure Date</b>	July 19, 2010 to July 27, 2010 (both days inclusive)
<b>Registered Office</b>	<b>Taj Coromandel,</b> 37, Mahatma Gandhi Road, Chennai - 600 034 Telephone : 044-66002827 Fax : 044-66002089/98
<b>Secretary's Office</b>	<b>Paramount Plaza, II Floor,</b> 47, Mahatma Gandhi Road, Chennai - 600 034 Telephone : 044-28222827 Fax : 044-28254447 / 28278138 ohlshares.mad@tajhotels.com www.orienthot.co.in
<b>E-mail</b>	
<b>Website</b>	
<b>Listing</b>	
● <b>Equity Shares</b>	<b>Madras Stock Exchange Ltd.</b> Exchange Building, New No.30 (Old No.11) Second Line Beach, Chennai - 600 001 Telephone : 044-25228951 / 4393 Fax : 044-25244897 <b>Bombay Stock Exchange Ltd.</b> Ist Floor, New Trading Ring, Rountana Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Telephone : 022-22721233 / 34 Fax : 022-22721919 <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor, Plot No.C/1, 'G' Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 Telephone : 022-26598100 / 8114 Fax : 022-26598237 / 38 <b>Luxembourg Stock Exchange</b> Societe De la Bourse de Luxembourg SA BP 165 L 2011, Luxembourg Fax : 00352473228 / 3298
● <b>Shares underlying Global Depository Receipts</b>	
<b>ISIN Number</b>	<b>INE750A01012</b>
<b>Stock Code</b>	ORIENTHOT EQ — National Stock Exchange of India Ltd. (NSE) 500314 — Bombay Stock Exchange Ltd. (BSE)
<b>Share Transfer Agent</b>	M/s.Integrated Enterprises (India) Limited, II Floor, Kences Towers, 1, Ramakrishna Street, T.Nagar, Chennai-600 017

**CONTENTS**

	<b>Page Nos.</b>
Financial Highlights	4
Notice to Members	5-10
Directors' Report	11-15
Management Discussion and Analysis	16-26
Corporate Governance	27-46
Auditors' Certificate on Corporate Governance	47
Community Initiatives	48-49
Auditors' Report	50-52
Balance Sheet	53
Profit and Loss Account	54
Schedule 1 : Share Capital	55
Schedule 2 : Reserves and Surplus	56
Schedule 3 : Secured Loans	57
Schedule 4 : Unsecured Loans	57
Schedule 5 : Fixed Assets	58
Schedule 6 : Investments At Cost	59-60
Schedule 7 : Long Term Deposits	61
Schedule 8 : Inventories	61
Schedule 9 : Sundry Debtors (Unsecured)	61
Schedule 10 : Cash and Bank Balances	61
Schedule 11 : Loans and Advances	62
Schedule 12 : Current Liabilities	63
Schedule 13 : Provisions	63
Schedule 14 : Rooms, Restaurants, Banquets & Other Income	64
Schedule 15 : Operating and General Expenses	64-65
Schedule 16 : Notes on Balance Sheet and Profit and Loss Account	66-75
Cash Flow Statement	76-77
Company's General Business Profile	78
Financial Statistics	79
Five Years at a Glance	80
Statement Pursuant to Section 212	81
Summary of Financial Information of Subsidiary Company	82
Consolidated Financial Statements	83-103

**Fortieth Annual General Meeting on  
Tuesday, July 27, 2010 at 2.30 p.m.  
at Sathguru Sri Gnanananda Hall,  
Narada Gana Sabha, 314,  
T.T.K.Road, Chennai - 600 018.**

**ORIENTAL HOTELS LIMITED**  
**FINANCIAL HIGHLIGHTS**

	<b>2009-2010</b>	<b>2008-2009</b>
<b>HIGHLIGHTS</b>	<b>Rupees Lakhs</b>	<b>Rupees Lakhs</b>
Gross Revenue	20,216.69	21,826.08
Profit Before Tax	3,536.99	5,757.84
Taxation	1,222.43	2,025.46
Profit After Tax	2,314.56	3,732.38
Dividend, dividend tax, surcharge and cess	1,561.97	1,880.57
Retained Earnings	2,123.90	3,175.60
Funds Employed	48,833.87	35,839.94
Net Worth	28,637.00	27,884.41
Borrowings	19,065.95	6,766.42
Net Worth per Share	160.34	156.13
Earnings per Equity Share	12.96	20.90
Dividend on Equity Share	75%	90%
Debt : Equity Ratio	0.66 : 1	0.24 : 1

## ORIENTAL HOTELS LIMITED

### NOTICE TO MEMBERS

**NOTICE** is hereby given that the Fortieth Annual General Meeting of the Members of Oriental Hotels Limited will be held at Sathguru Sri Gnanananda Hall, Narada Gana Sabha, 314, T T K Road, Chennai 600 018 on Tuesday, July 27, 2010 at 2.30 p.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the financial year ended March 31, 2010 and the Balance Sheet as on that date and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. S Y Syed Meeran who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S B P V Ramamohana Rao who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr. G Sundaram who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

#### **SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Venu Srinivasan who was appointed as a Director, by the Board of Directors of the Company, in the casual vacancy caused by the resignation of Mr. Ramesh D Hariani, with effect from October 17, 2008 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."

8. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

**RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310, and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII and subject to such other approvals as may be necessary, the Company hereby approves of the re-appointment and the terms of remuneration of Mr. D Varada Reddy as Managing Director of the Company for a period of five years with effect from November 11, 2010 upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment, in such manner as may be agreed to between the Board of Directors and Mr. D Varada Reddy subject to such statutory approvals as may be necessary."

#### **NOTES :**

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of special business under item Nos. 7 and 8 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The Register of Members and the Transfer Books will remain closed from July 19, 2010 to July 27, 2010 (both days inclusive) for payment of dividend.
4. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2010, if approved at the Annual General Meeting, will be paid within 30 days i.e. on or before August 25, 2010 to those Members whose names appear in the Register of Members as on July 27, 2010. In respect of shares held in electronic form, the dividend will

# ORIENTAL HOTELS LIMITED

## NOTICE TO MEMBERS

---

- be payable on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. Pursuant to Section 205A of the Companies Act, 1956 all dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said Fund nor from the Company thereafter. It may be noted that unclaimed interim and final dividends declared for the year ended March 31, 2003 and which remain unclaimed is due for transfer to the Fund by June 26, 2010 and September 25, 2010 respectively. Members who have not encashed their dividends so far for the financial year ended March 31, 2003 are requested to claim the amount from the Company before the above mentioned dates.
  6. Dividends declared and paid up to the financial year ended March 31, 1994 and which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period or earlier are requested to claim the amount from the Registrar of Companies, Tamilnadu, Shastri Bhavan, 26, Haddows Road, Chennai-600 006.
  7. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from the Company Secretary's Office at Paramount Plaza, II Floor, 47 Mahatma Gandhi Road, Chennai 600 034.
  8. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting. **ONLY MEMBERS/ PROXIES WILL BE ADMITTED INTO THE AUDITORIUM FOR THE MEETING.**
  9. Members desiring any information as regards the accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
  10. Members holding shares in physical form are requested to intimate the Company regarding any change in their addresses/bank mandates to enable the Company to address future communication to their correct addresses. Members holding shares in electronic / dematerialised form are requested to inform the Depository Participant (DP) with whom they hold their demat account about changes in their address / bank details for necessary updation.
  11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
  12. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/re-appointment at the meeting are annexed.

By Order of the Board of Directors  
For and on behalf of  
ORIENTAL HOTELS LIMITED

Chennai  
May 24, 2010

T S. Sundarambal  
**COMPANY SECRETARY**

Registered Office:  
Taj Coromandel  
37 Mahatma Gandhi Road  
CHENNAI 600 034



## EXPLANATORY STATEMENT

---

### As required by Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business under items 7 and 8 mentioned in the accompanying Notice dated May 24, 2010.

#### Item No. 7

2. The Board at its meeting held on October 17, 2008 appointed Mr. Venu Srinivasan as a Director in the casual vacancy caused by the resignation of Mr. Ramesh Hariani. Pursuant to the provisions of Section 262 of the Companies Act, 1956 read with Article-107(b) of the Articles of Association of the Company, Mr. Venu Srinivasan holds office as Director of the Company up to the date of this Annual General Meeting. Being eligible for appointment, the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 along with the requisite deposit, from a member proposing his candidature for the office of Director of the Company at the forthcoming Annual General Meeting. The Board commends the appointment of Mr. Venu Srinivasan as a Director of the Company.
3. Mr. Venu Srinivasan, aged about 56-years holds a Bachelor's Degree in Engineering and a Master's Degree in Management from Purdue University, USA. He is the Chairman and Managing Director of TVS Motor Company Ltd., and Managing Director of Sundaram-Clayton Ltd. He is also a Director on the Boards of Cummins India Ltd, Sundaram Fasteners Ltd., Lucas TVS Ltd., Tata Coffee Ltd. and various TVS Group Companies. He is also a member of Investors' / Grievance Committee and Chairman / Member of Audit Committee of some of the TVS Group Companies.
4. Mr. Venu Srinivasan does not hold any equity share in the Company as on March 31, 2010.
5. Mr. Venu Srinivasan is concerned and interested in the resolution relating to his appointment as a Director of the Company.

#### Item No. 8

6. At the Annual General Meeting held on August 29, 2007, the Members of the Company had approved of the reappointment and the terms of remuneration of Mr. D Varada Reddy as Managing Director of the Company. The present tenure of Mr. D Varada Reddy as Managing Director of the Company ends on November 10, 2010.
7. Mr. D Varada Reddy holds a Bachelor's degree in Electronics from Brighton College of Technology, UK and is a Director on the Boards of TAL Maldives Resorts Pvt. Ltd., Taj Lanka Resorts Ltd., OHL International (HK) Ltd. and Prestige Garden Resorts Pvt. Ltd.
8. The Board of Directors is of the opinion that it is in the interests of the Company that Mr. D Varada Reddy be re-appointed as Managing Director for a period of 5-years from November 11, 2010. Accordingly, the Board of Directors at the meeting held on May 14, 2010 on the recommendations of the Remuneration Committee re appointed Mr. D. Varada Reddy as Managing Director of the Company for a further period of five years with effect from November 11, 2010 subject to the approval of the Members and such other approvals as may be necessary.
9. The principal terms and conditions of re-appointment of Mr. D Varada Reddy as Managing Director are as under:
  - A. **Period of Appointment:** 5 years commencing from November 11, 2010.
  - B. **Nature of Duties :** Mr. D Varada Reddy shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him and exercise such powers as may be assigned to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and / or subsidiary including performing duties as assigned by the Board from

EXPLANATORY STATEMENT

---

time to time by serving on the boards of such associated companies and / or subsidiary or any other executive body or any committee of such a company.

C. i) **Remuneration** : Basic Salary within the maximum scale up to Rs.6,00,000/- ( Rupees Six Lakhs only) per month with annual increments which will be effective 1st April each year as may be determined by the Board on the recommendation of the Remuneration Committee. The annual increments will be merit- based and shall take into account the company's performance, incentive remuneration, if any, and / or commission based on certain performance criteria to be laid down by the Board, benefits, perquisites and allowances, as may be determined by the Board from time to time based on the recommendations of the Remuneration Committee of the Board.

ii) **Minimum Remuneration** : Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Mr. D Varada Reddy as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. D Varada Reddy remuneration by way of basic salary, benefits, perquisites, allowances and incentive as specified above.

10. The Directors are of the view that the re-appointment of Mr. D Varada Reddy as Managing Director of the Company will greatly benefit the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience.
11. The terms and conditions of re-appointment of Mr. D Varada Reddy as Managing Director also include the following principal clauses among others:
- a) Adherence to the Code of Conduct, no conflict of interest with the Company, intellectual property and maintenance of confidentiality.
  - b) He shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
  - c) The appointment may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
  - d) If at any time the Managing Director ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be the Managing Director of the Company.
  - e) The Managing Director shall not inter-alia, have the following powers:
    - i. the power to make calls on the shareholders in respect of moneys unpaid on shares in the Company;
    - ii. the power to authorize the buy back referred to in the first proviso to clause (b) of sub-section (2) of Section 77A of the Companies Act, 1956;
    - iii. the power to issue debentures;
    - iv. the power to borrow moneys otherwise than on debentures; and
    - v. the power to invest the funds of the company in shares, stocks and securities
  - f) Subject to the supervision and control of the Board of Directors of the Company, the day to day management of the Company shall be vested in the hands of the Managing Director.
  - g) The Managing Director shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Directors of the Company including such powers exercisable by the Board of Directors under the Articles of Association of the Company. The Managing Director undertakes to the best of his

EXPLANATORY STATEMENT

---

skill and ability, to use his utmost endeavours to promote the interest and welfare of the Company and to conform to and to comply with the directions and regulations of the Company and all such orders and directions as may from time to time be given to him by the Board of Directors of the Company.

- h) The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made thereto hereinafter in this regard, subject to such approvals as may be required.
- i) In compliance with the provisions of Sections 198, 269 and 309 and other applicable provisions of the Act read with Schedule XIII to the Act, the terms of re-appointment and remuneration specified above are now being placed before the Members in General Meeting for their approval.
- j) The Board commends the resolution regarding reappointment of Mr. D Varada Reddy as Managing Director of the Company as per item No. 8 of the accompanying Notice for acceptance by the Members.
- k) Mr D Varada Reddy is concerned or interested in the business at Item No. 8 of the accompanying Notice as it relates to his reappointment as Managing Director of the Company.
- l) This may be treated as an abstract of the terms of agreement between the Company and Mr. D Varada Reddy pursuant to Section 302 of the Companies Act, 1956.

Mr. D Varada Reddy holds 5,82,326 equity shares in the Company as on March 31, 2010.

By Order of the Board of Directors  
For and on behalf of  
ORIENTAL HOTELS LIMITED

Chennai  
May 24, 2010

T S. Sundarambal  
COMPANY SECRETARY

**Registered Office:**  
Taj Coromandel  
37 Mahatma Gandhi Road  
Chennai 600 034

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)**

Name of the Director	Mr. Syed Meeran	Mr. S B P V Ramamohana Rao	Dr G Sundaram	Mr. Venu Srinivasan	Mr. D Varada Reddy
Date Of Birth	July 17, 1958	October 3, 1934	October 7, 1938	December 11, 1952	August 11, 1946
Date of appointment	July 31, 2006	October 28, 1985	October 23, 2000	October 17, 2008	July 26, 2004
Experience in specific functional areas	Industrialist	Industrialist	Retd IAS Officer	Industrialist	Industrialist
Qualification	Graduate	Hons Degree in Engineering Master's Degree from Massachusetts Institute of Techonology, USA	PG (Economics) MPhil Ph.D	Bachelor's Degree in Engineering Master's Degree in Management from Purdue University USA	B.Sc (Engineering), from Brighton College of Technology UK
Details of shares held in the Company	1050	675	Nil	Nil	5,82,326
List of Companies in which outside Directorship held as March 31, 2010(excluding private and foreign Companies)	Taj Madurai Limited Kamar Chemicals & Industries Ltd Bay Organics Ltd KPV Shaik Mohamed Rowther & Co. Pvt Ltd	Sarvaraya Consultancy Pvt Ltd	TAL Lanka Hotels PLC	TVS Motor Company Ltd Sundaram Clayton Ltd Wabco TVS (India) Ltd Harita - NTI Ltd Lucas Tvs Ltd Sundaram Textiles Ltd Southern Roadways Ltd Sundaram Fasteners Ltd TVS Sundaram Iyengar & Sons Ltd Sundaram Non - Conventional Energy Systems Ltd. Cummins India Ltd TVS Investments Ltd TATA Coffee Ltd TVS Energy Ltd TVS Lanka Private Ltd TVS Motor (Singapore) Pte Ltd TVS Motor Harita Employees Welfare Foundation Pvt Ltd	TAL Maldives Resorts Pvt Ltd Taj Lanka Resorts Ltd OHL International (HK) Ltd Prestige Garden Resorts Pvt Ltd
Chairman / Member of the * Committees of other Companies on which he is a Director as on March 31, 2010				<b>Audit Committee</b> TVS Sundaram Iyengar & Sons Ltd Harita - NTI Ltd  <b>Shareholder's / Investor's Grievance Committee</b> TVS Motor Company Ltd Sundaram Clayton Ltd	

\* The Committees include the Audit Committee and the Shareholders' / Investors' Grievance Committee

DIRECTORS'  
REPORT

**TO THE MEMBERS:**

The Directors have pleasure in presenting the Fortieth Annual Report of the Company together with its Audited Statement of Accounts for the year ended March 31, 2010

**FINANCIAL RESULTS:**

Rs. crores  
Year ended March 31,

	2010	2009
<b>1. Profit before tax amounted to</b>	<b>35.37</b>	<b>57.58</b>
Deducting therefrom :		
Provision for tax		
- Current	12.81	19.93
- Deferred	(0.58)	(0.09)
- Fringe Benefit Tax	-	0.42
	<b>23.14</b>	<b>37.32</b>
<b>Profit after tax</b>		
Add: Utilised amount transferred from Foreign Exchange Earnings Reserve	1.25	0.90
Balance brought forward from previous year	60.91	46.49
	<b>85.30</b>	<b>84.72</b>
The distributable profit amounted to		
<b>2 .Dividend</b>		
(a) The Board of Directors recommended payment of Dividend of Rs.7.50 (75%) [Previous Year : Rs.9(90%)] per Equity share	13.39	16.07
(b) Tax on dividend	2.22	2.73
3. Amount transferred to General Reserve	5.00	5.00
4. Balance carried forward	64.69	60.91
Earnings per share (Equity shares par value Rs.10/-)	12.96	20.90

**OPERATING RESULTS:**

The Year 2009 - 2010 was one of the most difficult years for the tourism industry but the sector proved to be solid and resisted better than many others, proving its value in terms of job creation and income generation.

The global economic meltdown and the swine flu scare hit Indian tourism last year, which saw foreign tourist arrivals fall by 3.3 percent to 5.11 million as against 5.28 million in 2008. India's tourism growth was better than what was estimated by the UN World Trade Organisation. The UN body, which compiles world tourism rankings, had predicted that the tourism industry would globally face a minus 6-4 percent in 2009.

The period January – September 2009 had seen an overall decline of 7.7% in foreign tourist arrivals as compared to the corresponding period of the previous year. The trend in foreign tourist arrivals to the country had shown an improvement in the month of June 2009, which registered, for the first time in 6 months, an increase of 0.2% in foreign tourist arrivals to the country as compared to the corresponding month of the previous year, followed by an increase of 0.6% in the month of July. The months of August and September 2009 once again saw a decline of 8.6% and 4.1% as compared to corresponding months of the previous year.

## DIRECTORS' REPORT

---

The economic slowdown had significantly impacted the performance of the sector across all key markets. The severe impact of the downturn was felt in the first six months from April to September 2009. However the trend started to improve in the second half of the financial year. The last quarter particularly was comparatively better and this helped in improving the financial results of the Company. The leisure markets and the Chennai markets revived during the crucial November to March period. However the Average Room Rates (ARR's) continued to be under pressure. All the hotel units of the Company continue to be the Revpar leaders in their respective markets.

After recording strident growth in the previous years, the domestic economy could not avoid a slow down in the wake of the global economic crisis. The services sector which has been the prime growth engine for the last five years is slowing. Dampened demand has dented corporate margins while the uncertainty surrounding the crisis has affected business confidence. With the revival in global economic growth, Indian economy is expected to grow as the year progresses.

The Indian Rupee dropped mainly on account of continuous capital outflow from the Indian Stock market, a slowing economy and a widening current and trade account deficit.

India continues to witness a drop in tourist arrivals due to recession, slowing down of economy and industrial growth. The food inflation was very high resulting in lesser domestic movements.

Your Company's revenues declined by 8%. The Hotel operating income was severely affected by the economic slowdown. Revival started only in the last two quarters but the ARR's continued to be under pressure. For the year ended March 31, 2010, the Company recorded a turnover of Rs. 20217 lakhs as against Rs. 21826 lakhs earned during the previous year. The Profit Before Tax at Rs. 3537 lakhs was 39% lower as compared to Rs. 5758 lakhs in the previous year. The Profit after Tax declined by 38% to Rs. 2314 lakhs as against Rs. 3732 lakhs in the previous year.

After the initial softness in key markets that was witnessed during the first 6-months of the year under review, there had been a steady improvement in the occupancies registered across the Company's hotel portfolio during the second half of the financial year ended March 31, 2010 though the room rates continued to be under pressure. The ARR's during the year declined by 8% as compared to the previous year.

### **DIVIDEND:**

Your Directors recommend a dividend of Rs. 7.50 (75%) per equity share for the financial year ended March 31, 2010. The total amount of dividend outgo will be Rs. 1562 lakhs which includes the tax on dividend amounting to Rs. 222 lakhs as against Rs. 1881 lakhs and tax on dividend of Rs. 273 lakhs for the previous year. The Dividend, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid within 30 days thereof i.e. on or before August 25, 2010 to the shareholders/ beneficial holders whose names appear on the Register of Members/ Beneficial Holders list as on July 27, 2010. The dividend income is not taxable in the hands of the shareholders.

### **FIXED DEPOSITS:**

The Company discontinued acceptance of fixed deposits effective from February 17, 2003. The Company also had discontinued renewal of existing deposits with effect from July 2009. Liability on account of Fixed Deposits amounted to Rs. 14.89 lakhs (Previous year Rs. 26.88 lakhs) which includes 50 deposits amounting to Rs. 9.74 lakhs which remained unclaimed as on March 31, 2010 for want of instructions from the depositors.

### **RENOVATION AND EXPANSION:**

During the year, the Company has taken on long term license a 137-room hotel in Trivandrum which has been launched as "Vivanta by Taj" hotel. The construction of a 180-room Vivanta by Taj hotel in Coimbatore is progressing as planned. In addition, the Company is in an advanced stage of completing an expansion of the rooms' capacity at the Taj Fisherman's Cove hotel. The 64 new rooms are scheduled to be introduced into the market in June, 2010. The flagship property of the Company, Taj Coromandel, a luxury property is undergoing a major renovation across a broad range of its facilities and services. During the year, the Company renovated and reopened 2 Food and Beverage outlets and in the next few months the property will be ready to launch "The Chambers", an exclusive Business Club for Corporate Leaders.

### INVESTMENTS:

During the year under report, your Company invested an amount of Rs. 2 crores by subscribing to 10% of the equity capital of Lands End Properties Ltd, which indirectly owns the under construction Sea Rock hotel, Mumbai. Your company has also invested in the equity capital of Green Infra Wind Farms Limited an amount of Rs. 4.5 lakhs and has entered into an agreement for green power purchase with the said company.

### SUBSIDIARY COMPANY:

Your Company has obtained an exemption from the Ministry of Corporate Affairs, (MCA), Government of India, vide its letter No. 47 / 431 / 2010 - CL - III dated May 21, 2010 from publication of the accounts of its Subsidiary, OHL International (HK) Limited, under the provisions of Section 212 of the Companies Act, 1956 and hence the accounts of the Subsidiary are not appended to the Annual Report. However, the Consolidated Financial Statement of its Subsidiary, Joint Ventures and Associates prepared in strict compliance with accounting Standard 21 "Consolidated Financial Statements" and the Listing agreement, duly audited by the Statutory Auditors form part of the Annual Report.

The Financial Statements of the Subsidiary Company and other related detailed information are available at the office of the Company Secretary at any point of time. The Annual Accounts of the Subsidiary Company will also be available for inspection at the office of the Company Secretary and the Subsidiary Company.

### LISTING :

The Equity Shares of your Company are listed on Madras Stock Exchange Limited, Chennai, Bombay Stock Exchange Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai and the GDRs are listed on Luxembourg Stock Exchange. Listing fees to the Stock Exchanges have been paid for the year 2009/10.

### DONATION:

Donations and contributions to social causes amounted to Rs. 24.50 lakhs during the year under report.

### DIRECTORS :

Mr. Venu Srinivasan who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Ramesh Hariani to hold office up to the date of the forthcoming Annual General Meeting, being eligible, seeks appointment by the Members at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S Y Syed Meeran, Mr. S B P V Ramamohana Rao, and Dr. G Sundaram, Directors, retire by rotation and being eligible have offered themselves for reappointment.

Mr. D Varada Reddy's tenure as Managing Director ends on November 10, 2010. The Company has greatly benefited from his experience and expertise. In view of the same, the Board at its Meeting held on May 14, 2010 approved the re-appointment of Mr. D Varada Reddy for a period of 5- years with effect from November 11, 2010 subject to the approval of the Members at the forthcoming Annual General Meeting. The Board commends his re-appointment as the Managing Director of the Company to the Members of the Company. Members' approval for his re-appointment as Managing Director has been sought in the notice convening the Annual General Meeting of the Company.

Mr. Anil P Goel resigned as a Director of the Company and his resignation was placed before the Board at its meeting held on May 14, 2010. The Board placed on record its appreciation of his valuable contribution during his tenure as Director of the Company. At the meeting held on May 14, 2010, Mr. Ramesh D Hariani was appointed as a Director, in the casual vacancy caused by the resignation of Mr. Anil P Goel, to hold office as Director in the non Executive capacity, up to the date up to which Mr. Anil P Goel would have held office had he not resigned.

DIRECTORS'  
REPORT

---

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm:-

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that they have prepared the annual accounts on a going concern basis.

**AUDITORS:**

The Auditors in para-18 of the Annexure to their report dated May 14, 2010 have made certain comments which are self explanatory and therefore in the opinion of the Directors do not call for any further explanation.

The Auditors Messrs. Brahmayya & Co., Chartered Accountants and Messrs. SNB Associates, Chartered Accountants, Chennai retire at the forthcoming Annual General Meeting and are eligible for reappointment. The Members are requested to re-appoint M/s. Brahmayya & Co., Chartered Accountants and SNB Associates, Chartered Accountants as Joint Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

**ENERGY CONSERVATION, TECHNOLOGY TRANSFER AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is furnished hereunder :

- a. Electricity, furnace oil, diesel, petrol and cooking gas are purchased at the prevailing market rates from the Government Agencies at Chennai, Kochi, Trivandrum, Madurai, Coonoor, Mangalore and Visakhapatnam. Generation of electricity is resorted to supplement the power supply from Electricity Boards/Agencies. Your Company has been supplementing its power requirement by operating eight wind energy Generators (WEG) of 410 KV capacity each at Tirunelveli District in Tamil Nadu. During the year under report, there was no generation of wind energy power (previous year 4,85,459 units valued at Rs. 21.79 lakhs). Since the wind energy generators have become obsolete and did not generate any power during the year, the wind energy generators were sold during the year under review. To meet its energy requirements, the Company has entered into a power purchase agreement for purchase of green power. As a step towards energy conservation, the Company had installed solar water heating systems at some of its hotels to reduce power consumption and also initiated several other measures including conduct of an Energy Audit. The recommendations for conservation of energy based on the Audit have been implemented in all the Company's hotel units so as to derive maximum benefit in terms of reduction in the consumption of energy and thereby reduce the power cost in the long run.
- b. The activity of the Company is not covered under the list of specified industries in the Schedule to the Rules as stated above.
- c. The details on foreign exchange earnings and outgo are furnished in Notes to Accounts (Refer Item Nos. 9 and 10)



## DIRECTORS' REPORT

---

### **PARTICULARS OF EMPLOYEES:**

The Particulars of employees required to be furnished under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 291 (1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Company Secretary's Office at "Paramount Plaza", II Floor, No.47 Mahathma Gandhi Road, Cheenai - 600 034.

The Directors express their appreciation for the contribution made by all the employees of the Company who, through their unstinted cooperation have enabled the Company to achieve sustained operational performance during the year.

### **CORPORATE GOVERNANCE:**

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' certificate on the compliance of Corporate Governance, form part of the Annual Report.

### **ACKNOWLEDGEMENTS:**

Your Directors thank the Company's clientele, vendors, investors and bankers for their continued support during the year.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 24.05.2010

R K Krishna Kumar  
CHAIRMAN

## MANAGEMENT DISCUSSION AND ANALYSIS

---

### ANNEXURE TO THE DIRECTORS' REPORT

#### MANAGEMENT DISCUSSION AND ANALYSIS

Your Company has been reporting consolidated financial results taking into account the results of its subsidiary, joint ventures and associates. This discussion, therefore, covers the financial results and other developments during April 2009 to March 2010. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, and economic developments etc.

#### **Global and Indian Economy:**

India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with countries such as China, Russia, Mexico and Brazil. India, being a cost effective and labor intensive economy, has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. As the economic pace is picking up, global commodity prices have staged a comeback from their lows and global trade has also seen reasonably healthy growth over the last two years. The year 2009 began as a difficult year against the background of the growth in the last two quarters hovering around 6%. The economic slowdown in the developed countries had its impact on the developing and under developed countries. The Indian fiscal deficit increased from 3.3% of GDP in 2007/08 reaching 6.8% of GDP in 2009/10. Continued recession in the developed countries resulted in a sluggish export and slowed down the financial flows into the economy.

#### **Economic Prospects for 2010**

The global economy is recovering after the recent economic shock of deep global recession. The recovery is off to a stronger start than anticipated. The Indian economy, however, was hit in the latter part of the global recession and the real economic growth has witnessed a sharp fall, followed by lower exports, lower capital outflow and corporate restructuring. The global economies are expected to continue to sustain themselves in the short-term, as the effect of stimulus programs is yet to bear fruit. Due to the strong position of liquidity in the market, large corporations now have access to capital in the corporate credit markets.

The Global growth in 2010 is expected to rise to close to 4 percent, with Asia leading the way. The recovery is proceeding at different speeds across various regions of the world but it remains fragile. The movement from a remarkably synchronized global downturn to a multi-speed recovery may pose its own challenges.

In most advanced economies, growth is likely to be sluggish, and still dependent on government support. Private demand is self-sustaining on the back of high unemployment especially in Europe and the US. High public debt in some advanced countries and fragile financial systems could pose further challenges to the recovery.

In emerging markets, growth is expected to reach 6 percent in 2010. Key emerging Asian economies, notably China, India, Indonesia, and Korea lead the recovery largely driven by buoyant domestic demand and supported by stimulus measures. Stronger public and private balance sheets than at the onset of the Asian crisis and forceful policy responses supported activity in Asia.

In the medium term, a main challenge for the global economy is to rebalance growth. For many ASEAN economies improving the environment for private investment can play an important role in boosting demand, which can be achieved through easier access to credit especially for small and medium enterprises (SME), by removing red tape, and by increasing private public partnership. Greater exchange rate flexibility will also facilitate rebalancing.

According to a leading IMF economist, Asia is set to become an increasingly important engine of growth in the future even as it leads the world out of the worst recession in over half a century. He also has predicted that China and India will shadow the rapid development of other Asian neighbors, with growth continuing for decades, and the buying power of the Chinese and Indians also increasing to almost match that of consumers in the United States and European Union combined. Following the crisis, developing Asian countries are well-positioned to take advantage of surging inter-regional trade. But

## MANAGEMENT DISCUSSION AND ANALYSIS

---

key policy challenges need to be addressed if these “verging-on-emerging” economies are to make the leap to the next stage of development.

The acute phase of the financial crisis has passed and a global economic recovery is under way. The fragile recovery is expected to slow down in the second half of 2010 as the growth impact of fiscal and monetary measures wane and the current inventory cycle runs its course. Employment growth is expected to be weak and unemployment is expected to remain high for many years. The overall strength of the recovery and its durability will depend on the extent to which household and business-sector demand strengthens over the next few quarters. Financial markets have stabilized and are recovering, but remain weak. Currencies, which fell worldwide against the U.S. dollar in the immediate aftermath of the crisis, have largely recovered their pre-crisis levels. And international capital flows to developing countries have recovered—with a rapid run-up during the last months of 2009. Borrowing costs for emerging market borrowers have stabilized over the last few quarters, but remain elevated. However, private sector firms remain shutting out from international banking. Moreover, the Dubai World event and ripple effects to credit downgrades for Greece and Mexico can be expected to raise concerns about sovereign debt sustainability and will impact risk assessments, capital flows, and financial markets in 2010. During 2009-10, growth in investment demand at 7.2% drove economic growth even as private consumption demand at 4.3% lagged behind.

### **Indian Economy 2010**

Government of India has announced stimulus packages to bolster economic growth and to finance the same, raised over \$100 billion. The country's public debt, according to the Reserve Bank of India (RBI), has zoomed to more than 50% of the total GDP.

India's economy grew an expected 8.6 percent in the March quarter from a year earlier, driven by robust manufacturing sector on the back of government and consumer spending. The median forecast in a Reuters' poll was for an annual rise of 8.7 percent. The manufacturing sector grew 16.3 percent in January-March from a year earlier, while farm output rose an annual 0.7 percent. For the full year, the economy expanded 7.4 percent, above a government forecast of 7.2 percent. The economic activities registered significant growth in the third quarter of 2009-10 over the corresponding period in 2008-09 - trade, hotels, transport and communication grew by 10 per cent.

According to the latest estimates available on the Index of Industrial Production (IIP), the index of mining, manufacturing and electricity, registered growth rates of 9.6 per cent, 14.3 per cent and 4 per cent, respectively in Q3 of 2009-10, as compared to the growth rates of 2 per cent, 0.5 per cent and 2.9 per cent in these industries in same period in 2008-09, while cement and finished steel registered growth rates of 8.5 per cent and 7.7 per cent, respectively in Q3 of 2009-10.

### **Prospects for Tourism Industry**

The Ministry of Tourism is focusing on preservation and enrichment of natural and cultural resources to ensure positive impact on environmental protection and community development. In order to create awareness, the Ministry of Tourism organized four conferences in 2008 across India in association with UNDP and various stakeholders, on themes of responsible tourism, community participation and empowerment, waste management, etc. The Ministry also provides Central financial assistance to States and Union Territories for development of eco-tourism projects. Promotion and marketing of eco-tourism products have been carried out in domestic and overseas markets.

According to the Tourism Minister, tourism in India has already started showing signs of early recovery from the impact of global economic meltdown and in December 2009 tourist arrivals grew substantially by 21% registering a growth of over 8% over the arrivals in December 2007 which was a year of high growth. According to her, one of the reasons for the tourism sector in India not being impacted as much as rest of the world was the good performance of the Indian economy. In spite of the global economic recession in 2008 and 2009, Indian economy has continued to have good growth. India's GDP in 2008-09 grew by 6.7%. During April-September, 2009 India's GDP has seen a growth of 7%, whereas the global economy registered a negative growth in 2009.

The quantum jump in Foreign Direct Investment (FDI) in the Hotel & Tourism sector in the years 2008 and 2009 is also indicative of the positive scenario. Most of the major international hotel chains including Starwood, Hilton, Carlson, etc. have either already come to India or are in the process of doing so. These factors, coupled with the performance of in-bound

## MANAGEMENT DISCUSSION AND ANALYSIS

---

tourism in India the last few months, are very encouraging for tourism in India. With the global economy too showing signs of recovery, the international tourism can be expected to revive worldwide.

### **An Overview of the Global & Indian Tourism Industry**

As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11<sup>th</sup> in the Asia Pacific region and 62<sup>nd</sup> overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14<sup>th</sup> best tourist destination for its natural resources and 24<sup>th</sup> for its cultural resources, with many World Heritage sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37<sup>th</sup> rank for its air transport network. The India travel and tourism industry ranked 5<sup>th</sup> in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

India has been ranked as the "best country brand for value-for-money" in the Country Brand Index (CBI) survey conducted by Future Brand, a leading global brand consultancy. India also claimed the second place in CBI's "best country brand for history", and appears among the top 5 in the best country brand for authenticity and art & culture, and the fourth best new country for business. India made it to the list of "rising stars" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam.

Tourism in India has seen exponential growth in the recent years. India is one of the most preferred destinations for both overseas and domestic travelers. Tourism enables the international traveler to understand and experience India's cultural diversity first hand. According to official estimates the Indian tourism industry has outperformed the global tourism industry in terms of growth in the volume of foreign tourists as well as in terms of revenue.

The main reason for the growth in tourism in India is the tremendous progress made by the Indian economy. To sustain the current growth the government is required to invest in infrastructure like transport, accommodation, better roads, health and hygiene etc. To propel growth the industry has invested in new technology like CRM tools and state of the art security systems.

The year 2009/10 saw the resurgence of the domestic traveler. While rates dropped significantly, the strong increase in domestic demand led to a significant 8% increase in occupancy nationwide.

The growing hospitality sector is one of the biggest contributors as an employer in Indian economy. It has tremendous scope of generating employment in India and offers lucrative careers and great employment opportunities in hotels, travel and tour organizations, retailing and cultural industries etc. With the increasing competition in the industry, the number of employment opportunities in the sector is also increasing at a tremendous rate. The sector is adding around 4 million jobs per year in India. There is a great demand for the hospitality students especially hotel management. The organizations are also focusing on the skills, training and development (both personal and professional) of the professionals, and providing them fast career progress.

The global economic meltdown and the swine flu scare hit Indian tourism last year, which saw foreign tourist arrivals fall by 3.3 percent to 5.11 million as against 5.28 million in 2008. India's tourism growth was better than what was estimated by the UN World Trade Organization.

### **Government Initiatives**

The campaign 'Visit India Year 2009' was launched at the International Tourism Exchange in Berlin, aimed to project India as an attractive destination for holidaymakers. The government joined hands with leading airlines, hoteliers, holiday resorts and tour operators, and offered them a wide range of incentives and bonuses during the period between April and December, 2009.

Euromonitor International's Travel And Tourism in India report states that the Government of India increased spend on advertising campaigns (including for the campaigns 'Incredible India' and 'Ahithi Devo Bhava' - Visitors are like God) to reinforce the rich variety of tourism in India. The ministry promoted India as a safe tourist destination and undertook various measures, such as stepping up vigilance in key cities and at historically important tourist sites. It also deployed increased manpower and resources for improving security checks at key airports and railway stations.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Government of India has announced a scheme of granting Tourist Visa on Arrival for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. The scheme is valid for citizens of the above mentioned countries planning to visit India on single entry strictly for the purpose of tourism and for a short period of up to a maximum of 30 days.

### **Ministry of Tourism has also taken the following initiatives to promote tourism:**

- Promote rural tourism by developing infrastructure in rural areas to showcase rural life, art, culture and heritage. 142 rural sites are being developed as a rural tourism product. The traditional artisans from these sites have been given exposure to national/international platforms. Mega shopping festivals are providing an opportunity for sale of art and craft products.
- Facilitate cruise tourism in order to make India an attractive cruise tourism destination. Ocean and river cruises are being promoted to popularize cruise shipping with foreign and Indian tourists.
- India is an incredible destination for adventures and the Ministry is providing financial assistance for development of Adventure tourism such as mountain biking expedition, skiing and mountaineering, river rafting, sailing and paragliding.
- Indian tourism is aiming to promote its allopathic treatment as a tourist attraction. Medical tourism tends to provide world-class treatment at low price and is gaining worldwide acceptance.
- India is also being promoted as a centre for Ayurveda, yoga, siddha, naturopathy, together with spiritual philosophy that is intrinsic to the Indian way of life.
- People are visiting India to unravel the secrets of nature. Eco tourism (also known as nature tourism) relates to nature and its attractiveness so that the visitors experience it in its pristine settings. Eco tourism attracts domestic as well as international tourists towards the magnificent ancient cities, hill stations, remote villages, desert areas and wildlife sanctuaries and parks in India. It is the fastest growing sector of Indian tourism comprising 40 to 60 per cent of all international tourism.
- Promotion of caravan tourism, camp sites and heliport tourism.
- A revised and more liberalized Incredible India Bed & Breakfast/Homestay Scheme has been launched and the States and Union Territories are encouraged to formulate their own scheme to develop Bed & Breakfast/Home stay units.
- Ministry of Tourism has also initiated the Scheme for Certification of skills of those service providers who are working in the hospitality sector.

To give a further boost to the tourist arrivals, the Indian Association of Tour Operators (IATO) has drawn up plans to hold road shows in the US, UK, European Union nations and Australia in 2010 to hard sell India as a tourist hub.

The Council for the Curriculum, Examinations and Assessment (CCEA) also has approved the policy of broad basing hospitality education to ITIs, vocational schools, polytechnics, universities and colleges to meet the growing demand of trained manpower in hospitality sector.

The Indian hotel industry is adding over 90,000 more rooms across the country in the next five years to meet the demand. The contribution of the hotel industry to the country's GDP was 6.1 per cent in 2008-09.

Preparing for the 2010 Commonwealth Games in Delhi, the Tourism Ministry is exploring the provision of tented accommodation to tourists in Faridabad and Surajkund in nearby Haryana.

India - a place where guests are considered and treated as a form of god, hospitality sector is one of the greenest pasture of Indian industry. Known for its quality and the standards of customer service, India has become a leading destination of the tourists across the world. The Indian hospitality sector has recorded the compounded annual growth rate of (CAGR) of 15 percent. The rate of growth has been more or less consistent over the last few years.

### **The Road Ahead**

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC) and its strategic partner Oxford Economics in March 2009:

## MANAGEMENT DISCUSSION AND ANALYSIS

---

- The demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will 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 by 2019.
- Capital investment in India's travel and tourism sector is expected to grow at 8.8 per cent between 2010 and 2019.
- The report forecasts India to get capital investment worth US\$ 94.5 billion in the travel and tourism sector in 2019.
- India is projected to become the fifth fastest growing business travel destination from 2010-2019 with an estimated real growth rate of 7.6 per cent.

### **Contribution to the economy:**

According to the Travel & Tourism Competitiveness Report 2009 brought out by the World Economic Forum, the contribution of travel and tourism to gross domestic product (GDP) is expected to be at US\$ 187.3 billion by 2019. The report also states that real GDP growth for travel and tourism economy is expected to achieve an average of 7.7 per cent per annum over the next 10 years. Export earnings from international visitors and tourism goods are expected to generate US\$ 51.4 billion (nominal terms) by 2019. The travel and tourism sector which accounted for 6.4 per cent of total employment in 2009 is expected to generate 40,037,000 jobs i.e. 7.2 per cent of total employment by 2019.

### **Update on key initiatives of the Company:**

#### **New properties opened:**

During the year, the Company has taken on a long term license a 137 room hotel in Trivandrum which has been launched as "Vivanta by Taj" hotel. The construction of a 180-room Vivanta by Taj hotel in Coimbatore is progressing as planned.

#### **Product upgradation:**

The Company is in an advanced stage of completing an expansion of the rooms' capacity at the Taj Fisherman's Cove hotel. The 64-new rooms are scheduled to be introduced into the market in June, 2010. The flagship property of the company, namely, Taj Coromandel is undergoing a major renovation across a broad range of its facilities and services. During the year, the Company renovated and reopened 2 Food and Beverage outlets and in the next few months, the Company will be ready to launch "The Chambers", an exclusive Business Club for Corporate Leaders. Your Company continues in its quest for excellence by constant enhancement of the Guest experience through improved service levels and product upgrades.

#### **HR Initiatives**

Your Company undertakes several initiatives to develop the competencies of our associates. The Associates in your Company are provided continuous training inputs through Learning and Development Managers. The focus on improving and delivering high quality service is an ongoing process.

Year of the Associate program aimed at creating a vibrant and highly engaged work force rolled out in 2008/09 has been a key driver for maintaining and enhancing engagement levels in an environment of economic downturn.

During the year, the HR initiatives were focused on maintaining cost and productivity efficiencies in view of the economic downturn and slowdown in business. There was a sustained effort on building engagement within the workforce coupled with initiatives to address workforce cost and productivity.

Continuing from the previous year, the effort to minimize new hirings has continued in the current year and has resulted in controlling increase in overall workforce strength. All new hiring have been deferred in view of the existing slow down in business and vacant positions have been filled with internal redeployment where possible. This has assisted in achieving operating efficiencies and resulted in enhancing overall productivity. Salary increases for executives were frozen to meet

# FORTIETH ANNUAL REPORT 2009-2010

## MANAGEMENT DISCUSSION AND ANALYSIS

financial challenges. Middle and senior management took a cut in their performance bonuses while the junior management were paid incentive at the normal rate.

### Business Performance

#### Management Discussion and Analysis of Operating Results and Financial Position :

The Annual Report contains Financial Statements of your Company, both on a stand-alone and consolidated basis. An analysis of the financial affairs is discussed below under summarized headings.

#### Results of Operations for the year ended March 31, 2010

##### Revenues:

The summary of total income is provided in the table below:

Particulars	Year ended		Rs. lakhs
	March 31, 2010	March 31, 2009	% of change
Room Income	9944	11977	(17)
Food & Beverage Income	7860	8110	(3)
Other Operating Income	1500	1218	23
Management Fees	244	228	7
Non operating Income	675	303	123
Total Income	20217	21826	(7)
Statistical information			
Average Room Rate (Rupees)	5447	7416	(27)
Occupancy (%)	62	66	-4% pts

Overall revenues declined by 7%. The hotel operational income was severely affected by the economic slowdown and the average room rates continued to be under pressure.

Room revenues declined by 17% to Rs.9944 lakhs while the Food and Beverage Income declined by 3% to Rs.7860 lakhs as compared to the previous year.

Other Operating Income, representing the income from allied services i.e., Telephone, Laundry, Banquet Misc., Business Centre etc. increased by Rs. 282 lakhs due to increased Banquet misc. income, and operating surplus of Rs.88 lakhs from Taj Residency, Trivandrum. This is also due to reinstatement of ECB loan as per AS 11 to the tune of Rs. 135 lakhs.

Management fee receipt representing the management fee received from Taj Asia Ltd., increased by Rs.16 lakhs to Rs.244 lakhs.

Other Income which includes mainly the dividend and interest on Investment has increased by 123% over the previous year. This is mainly due to Dividend income received from OHL International (HK) Limited to the tune of Rs. 553 lakhs.

##### Expenditure:

The total operating expenditure has marginally dropped by 2% from Rs. 14425 lakhs to Rs. 14203 lakhs while the overall expenditure has increased by 4%.

#### Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA):

The gross profit of Rs. 6014 lakhs for the current financial year declined by 19% as compared to Rs. 7401 lakhs for the previous year.

# ORIENTAL HOTELS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

**Interest costs:**

Interest cost was higher at Rs. 1106 lakhs for the year ended March 31, 2010 as compared to Rs. 320 lakhs in the previous year consequent to the renovation and expansion activities undertaken during the year.

**Profit before Tax:**

Profit before extraordinary & exceptional items and tax at Rs. 3536 lakhs was lower by 39% as compared to Rs. 5758 lakhs in 2008/09.

**Profit After tax:**

Profit after tax for 2009/10 declined by 38% to Rs. 2315 lakhs. Provision for taxation is Rs. 1222 lakhs after withdrawal of deferred tax amounting to Rs. 58.19 lakhs.

**Cash flow data:**

Particulars	Rs. lakhs	
	Year ended	
	March 31, 2010	March 31, 2009
Net cash from operating activities	4334.69	5366.87
Net cash used for investing activities	(13334.71)	(9412.99)
Net cash from financing activities	9215.60	4001.26
Net increase in cash and cash equivalents	215.58	(44.86)

**An analysis of unit-wise business performance:**

Name of the Unit	Rooms per day (RPD)			
	I Half		II Half	
	2009/10	2008/09	2009/10	2008/09
Taj Coromandel, Chennai	105	140	138	133
Taj Fisherman's Cove, Chennai	65	75	73	70
Taj Malabar, Kochi	58	64	72	75
The Gateway Hotel, Vizag	50	67	60	52
The Gateway Hotel, Madurai	24	30	43	40
The Gateway Hotel, Coonoor	15	17	16	15
The Gateway Hotel, Mangalore	50	55	66	53
Taj Residency, Trivandrum	-	-	83	-

**Consolidated Financial Results:**

Your Company has consolidated its financial statements with those of its subsidiary, joint ventures and Associates (together referred to as Group Companies or Group) in accordance with the relevant Accounting Standards, viz. AS 21, AS 23 and AS 27. The consolidated statements include the financial position of Subsidiary on line by line basis, Jointly controlled entities on a line by line basis to the extent of proportionate holding and Associates by a one line consolidation of share of profit after tax.



MANAGEMENT DISCUSSION  
AND ANALYSIS

Rs. lakhs

Particulars	2009/10	2008/09
Total Income	22933.92	24899.08
Total Expenses	16551.17	16916.26
Gross Profit	6382.75	7982.82
Less :		
Interest	1332.97	486.44
Depreciation	1836.54	1835.42
Profit before Tax	3213.24	5660.96
Provision for taxation	1222.33	2034.42
Profit after Tax	1990.91	3626.54

Cash flow data:

Rs. lakhs

Particulars	Year ended	
	March 31, 2010	March 31, 2009
Net cash from operating activities	5389.41	5925.28
Net cash used for investing activities	(14303.15)	(10763.08)
Net cash from financing activities	9200.65	3903.99
Net increase in cash and cash equivalents	286.91	(933.81)

**Risk factors: Risk and Concerns –Industry Risk**

**General economic conditions:**

As is typical in the hotel industry, your Company faces the risks from socio-political environment from both natural and political factors. Natural calamities, international political conflicts, cross border terrorism which affect the travel affects the business. Hotel business in general is sensitive to fluctuations in the economy.

The hotel sector is also unfavourably affected by factors such as changes in the global and domestic economies, local market conditions, excess hotel room supply or reduced international or local demand for hotel rooms and associated services, competition in the industry, changes in interest rates, the availability of finance and other natural and social factors. Since demand for hotels is affected by world economic growth, a global recession could lead to a downturn in the hotel industry.

**Company specific risks:**

The Company specific risks remain by and large the same as enumerated last year. These are:

**Heavy dependence on India:** The Company's revenue is realized from its Indian operations, making it susceptible to domestic socio-political and economic conditions.

**Dependence on the high-end Luxury segment:** Company's flagship hotel, Taj Coromandel contributes the major proportion of the total revenue. Luxury segment is always affected by the international events and travel behaviour and suffers from high operating leverage.

**Competition from international hotel chains:** Several International hotel chains have announced their plans to establish hotels in Chennai. Nearly 600 rooms are expected to be added in the next two years. These entrants are expected to intensify the competitive environment.

## MANAGEMENT DISCUSSION AND ANALYSIS

---

**Increased outbound travel:** Competitiveness in international airfares and strengthening of the Indian Rupee had resulted in destinations like Europe, South East Asia and Australia becoming more affordable to the average Indian traveler. This has increased outbound travel and presents a risk to the domestic segment for leisure resorts.

**Risk of wage inflation:** The hotel industry needs employees with aptitude and skills and with demand for the same improving across the industry; the Company is of the opinion that wage inflation is a critical factor in determining costs for the Company. Thus, your Company will continue to focus on improving manpower efficiencies and creating a lean organization, while maximizing effectiveness in terms of customer service and satisfaction, as an area of great importance for the management of your Company.

**Client Concentration:** Your Company provides its services to 7 broad market segments, namely - Corporate/Business, Leisure, Longstayers, Groups, Conferences, Crew, Events and Packages. The Company does not face any significant risk since there is no excessive concentration of business with any single client segment.

**Foreign exchange fluctuation risks:** Your Company also has a portfolio of foreign currency debt, in respect of which it faces exposure to fluctuations in currency as well as interest rate risks.

### **Risk mitigating initiatives:**

To counter these risks effectively, your company employs various policies and methods as given below:

- The Company in view of the recent terrorist attack, has taken various security measures at all its properties which inter alia include screening of guest's luggage, installation of metal detectors etc.
- To successfully counter the risk from growing competition and new properties, your company is renovating and repositioning its key properties. It is also improving its service standards to provide exceptional service.

### **Internal control systems and their adequacy :**

Corporate governance being an area of continuous focus, internal controls and its effectiveness are being reviewed through the internal audit process. Internal audits were being undertaken for every operational Unit and all major corporate functions under the direction of the Group Internal Audit department. The thrust of the reviews were as follows:

- Identify weaknesses and areas of improvement.
- Management of Business and operational risks
- Safeguarding tangible and intangible assets
- Compliance with defined policies and processes.
- Compliance with applicable statutes.
- Compliance with the Tata Code of Conduct.

The "Taj Positive Assurance Model", a risk and control based methodology is being used to identify focus areas, develop a process framework with a scoring matrix and institutionalize the audit process.

The Audit Committee of the Board has reviewed the adequacy of the internal control environment through continuous review of the audit findings and monitoring the implementation of the Internal Audit recommendations through the compliance reports submitted by the management.

As in the earlier years, the Company continued its practice of implementing the ethical standards as defined in the Tata Code of Conduct.

## MANAGEMENT DISCUSSION AND ANALYSIS

---

### Limitations of Financial Systems

#### Contingent liabilities

The accounting standard definition of a contingent liability is as follows:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- a present obligation that arises from past events but is not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

A loss contingency is an existing condition, situation, or set of circumstances that involves uncertainty as to possible loss that will be resolved when one or more future events occur or fail to occur. Potential loss refers to contingent liabilities in which there is substantial and material risk of loss to the organization.

Your Company's Contingent Liabilities pertain primarily to corporate guarantee provided and taxation matters.

#### Human Resources and Industrial Relations

The manpower employed by the Company for the year 2009/10 included executives, bargainable staff, probationers, apprentices and contract employees.

Employee Satisfaction Surveys are being conducted with the help of an external agency, where your Company seeks regular feedback from its employees to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Critical human resource issues are analysed, corrective action initiated and results monitored regularly.

The Company's mission is to achieve and sustain leadership in the Hospitality industry and to deliver value to its customers by rewarding and recognizing quality customer care based upon individual and team performance. The Company provides opportunities for continuous learning and development and abides by fair policies to ensure the well beings of its employees, their family, the community and the environment.

Industrial relations throughout the year were cordial at all hotels and operating units of your Company. Period wage settlement agreements were entered into with Staff representatives and Unions at various locations.

#### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand, supply

**OUR VISION AND VALUES**

**VISION :**

“To lead and become the international benchmark in the hospitality industry, in India and in key regions of the world.

To dazzle and delight the customer with the highest quality of hotel products, F & B experiences and above all, exceptional service standards.”

**TAJ CORE VALUES :**

**C**ourage

**E**xcellence

**I**Ntegrity

**T**eam Work

**R**espect & concern for others, **R**eliability

**E**nvironment & Society Concern

---

### ANNEXURE TO THE DIRECTORS' REPORT

#### REPORT ON CORPORATE GOVERNANCE

This report on Corporate Governance is divided into the following parts:

- Philosophy on Corporate Governance
- Board of Directors
- Committees of the Board
  - Audit Committee
  - Shareholders'/Investors' Grievance Committee
  - Share Transfer Committee
  - Remuneration Committee
  - Approvals Committee
  - Ethics Committee
- Remuneration Policy
- Subsidiary Company
- General Body Meetings
- Postal Ballot
- Disclosures
- Compliance with Non Mandatory Requirements
- Secretarial Audit
- Communication
- Risk Management
- General Shareholder Information

#### **Philosophy on Corporate Governance:**

**Corporate governance** is an internal system encompassing policies, processes and people which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. Sound corporate Governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes. The perceived quality of a company's corporate governance can influence its share price as well as the cost of raising capital. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed.

Corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company. Corporate Governance systems have evolved over centuries, often in response to corporate failures or systemic crisis. Each crisis or major corporate failure—often a result of incompetence, fraud or abuse—was met by new elements of an improved system of corporate governance. Through this process of continuous change, countries have established a complex mosaic of laws, regulations and implementation capacity in the government and the private sector. The objective is not to

shackle corporations but rather to balance the promotion of enterprise with greater accountability.

The positive effect of corporate governance on different stakeholders ultimately is a strengthened economy, and hence good corporate governance is a tool for socio economic development. The Board of Directors often plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint, supervise and remunerate senior executives and to ensure accountability of the organization to its owners and authorities. Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect and commitment to the organization.

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. An ideal control system should regulate both motivation and ability. Internal corporate governance controls monitor activities and then take corrective action to accomplish organizational goals. Internal corporate governance controls include monitoring by the Board of Directors, internal control procedures and internal auditors, balance of power and remuneration. Issues involving corporate governance principles include internal controls and internal auditors, independence of the entity's external auditors and the quality of their audit, oversight and management of risk, oversight of the preparation of the entity's financial statements, review of the compensation arrangements for the Chief Executive Officer and other senior executives, the resources made available to Directors in carrying out their duties, the way in which individuals are nominated for positions on the board, dividend policy, etc.

Your Company has a strong legacy of fair, transparent and ethical governance practices. It has adopted a Code of Conduct for its employees, Executive and Non Executive Directors including the Managing Director. These Codes are posted on the Company's website. The philosophy of the Company's Corporate Governance has been strengthened through Tata Business Excellence Model, Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices.

In addition to its staunch adherence to its philosophy and values, your Company has also complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, which deals with the compliance of Corporate Governance requirements. The same are detailed below:

### **II. Board of Directors**

- i. As on March 31, 2010, the Company has twelve (12) Directors with a Non-Executive Chairman. Of the twelve Directors, eleven (11) are Non-Executive Directors with six (6) of them being independent Directors who are experts in diverse fields.
- ii. The day to day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors. The details of Directors seeking appointment/re-appointment have been attached to the Notice of the Annual General Meeting.
- iii. "Independent Directors", i.e. Directors who apart from receiving Directors remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board, may affect the independence of judgment of the Director, comprise one half of the Board.
- iv. None of the Directors of the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Committee Memberships considered are only those as required under Clause 49 of the Listing Agreement (Corporate Governance), i.e. the Audit Committee and the Shareholders'/ Investors' Grievance Committee. Necessary disclosures regarding Committee positions in other public companies have been made by the Directors.
- v. The names and categories of Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies are given herein below. Other Directorships include alternate directorships, directorships of private limited companies and companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Share holders'/Investors' Grievances Committees

CORPORATE  
GOVERNANCE

Name of the Director	Category	No. of Board meetings attended during 2009/10	Whether attended last AGM on July 23, 2009	No. of Directorships in other Companies		No. of Committee positions held in other Public Companies	
				Indian	Foreign	Chairman	Member
Mr. R K Krishna Kumar Chairman	Non Independent Non Executive	3	-	12	12	1	2
Mr. D Varada Reddy Managing Director	Promoter Executive	5	✓	1	3	-	-
Mr. S B P V Ramamohana Rao	Independent Non Executive	5	✓	1	-	-	-
Dr. G Sundaram	Independent Non Executive	5	✓	-	1	-	-
Mr. Raymond N Bickson	Non Independent Non Executive	-	-	9	7	3	3
Mr. Anil P Goel	Non Independent Non Executive	4	✓	7	12	-	4
Mr. D Vijayagopal Reddy	Promoter Non Executive	5	✓	4	-	-	-
Mr. S Y Syed Meeran	Independent Non Executive	5	✓	4	-	-	-
Mr. Pramod Ranjan	Promoter Non Executive	5	✓	8	1	-	-
Mr. D R Kaarthikeyan	Independent Non Executive	4	✓	8	-	-	4
Mr. Diwan Arun Nanda	Independent Non Executive	3	✓	11	1	2	2
Mr. Venu Srinivasan	Independent Non Executive	2	✓	14	2	1	3

vi. During the year under review, the Board of Directors of the Company met five (5) times and the gap between two meetings did not exceed four months. The dates of the Board meetings held during each quarter are as follows:

No.	Date of Meeting	For the Quarter
1.	May 14, 2009	April to June
2.	July 23, 2009	July to September
3.	October 22, 2009	October to December
4.	December 2, 2009	October to December
5.	January 25, 2009	January to March

vii. Information as mentioned in Annexure IA to Clause 49 of the Listing Agreement with the Stock Exchanges were placed before the Board from time to time.

viii. All the relevant information, as recommended by the Securities and Exchange Board of India (SEBI)/Stock Exchanges is promptly furnished to the Board from time to time in a structured manner.

## CORPORATE GOVERNANCE

- ix. All fees/compensation, paid to Non-Executive Directors including Independent Directors are fixed by the Board of Directors subject to the applicable provisions of the Companies Act, 1956. The Members, at the Annual General Meeting held on July 31, 2008, had approved the payment of remuneration to Non-Executive Directors (other than the Managing/Whole-time Directors), subject to the ceiling of 1% of the net profits of the Company as computed under the provisions of Section 309(4) of the Companies Act, 1956, for a period of five years from April 1, 2008 to March 31, 2013. In addition to Commission, Non-Executive Directors are being paid sitting fees for attending Board/Committee meetings and such fees is within the limits prescribed under the Companies Act, 1956.
- x. The Company has adopted a Code of Conduct for all Board Members and senior management of the Company. The Code of Conduct has been posted on the website of the Company. All the Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board of Directors. A declaration to that effect signed by the Managing Director forms part of the Annual Report of the Company.
- xi. There has been no materially significant related party transaction or relationships between the Company and its Directors for the year ended March 31, 2010 that may have a potential conflict with the interests of the Company at large, other than transactions entered into in the normal course of business.

### **Other provisions as to Board and Committees**

The Board's prime role is to monitor corporate performance. In addition, the functions of the Board include:

- a. Review and approval of financial plans and budgets;
- b. Discuss, review and decide on the opportunities for expansion, modernization, merger, acquisition and divestments;
- c. Review of financial statements;
- d. Reviewing/adoption of the audited/un-audited quarterly results and the audited annual accounts and consolidated financial statements of the Company; and.
- e. Periodical review of compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

To enable the Board to discharge its responsibilities effectively, detailed reports on the performance of the Company are placed for discussion before the Board. The Agenda and all relevant papers prepared in consultation with the Chairman and the Managing Director are sent in advance to all the Directors. Minutes of the Audit Committee and other committees are also circulated to the Members and also placed before the Board at its meetings.

### **III. Committees of the Board:**

The Committees constituted by the Board of Directors of the Company are as under:

#### **1. Audit Committee:**

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the listing Agreements with the Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956.
- ii. The Audit Committee comprises of five (5) Members of whom three (3) are independent Non-Executive Directors. All the Members of the Committee have the relevant experience in the field of finance. The Chairman of the Audit Committee is an Independent Director and he was present at the last Annual General Meeting.

**The terms of reference of the Audit Committee are broadly as under:**

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment and removal of the statutory auditors, fixation of audit fees and approval for payment for any other services.



- 
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
    - Changes, if any, in accounting policies and practices and reasons for the same.
    - Major accounting entries involving estimates based on the exercise of judgment by management.
    - Significant adjustments made in the financial statements arising out of audit findings.
    - Compliance with Accounting Standards.
    - Compliance with listing and other legal requirements relating to financial statements.
    - The Going concern assumption.
    - Disclosure of any related party transactions i.e. the transactions of the Company of material nature, with Promoters or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
  - Qualifications in the draft audit report.
  - Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors on any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
  - Reviewing the Company's financial and risk management policies.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism.
  - Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate before the appointment is finalized by the management.
    - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. The Audit Committee shall also review the following information:
      - Management discussion and analysis of financial condition and results of operations;
      - Statement of significant related party transactions submitted by management;
      - Management letters / letters of internal control weaknesses issued by the statutory auditors;
      - Internal audit reports relating to internal control weaknesses; and
      - The appointment, removal and terms of remuneration of the Internal Auditors.
-

# ORIENTAL HOTELS LIMITED

## CORPORATE GOVERNANCE

- iii. Audit Committee meetings are attended by invitation by Mr. Anil P Goel, Director, Statutory Auditors and Internal Auditors and by the General Manager - Finance of the Company. The Operations Heads are invited to the meetings as required. The Company Secretary acts as the Secretary to the Audit Committee.
- iv. The previous Annual General Meeting was held on July 23, 2009 and it was attended by Dr. G Sundaram, Chairman of the Audit Committee.
- v. Four (4) Audit Committee meetings were held during the year. The composition of the Audit Committee and details of meetings attended by Members of the Audit Committee are given below. Necessary quorum was present for all the meetings.

Members	Category	Attendance at Meetings held on			
		14.05.09	23.07.09	22.10.09	25.01.10
Dr. G Sundaram - Chairman	Independent	✓	✓	✓	✓
Mr. SBPV Ramamohana Rao	Independent	✓	✓	✓	✓
Mr. Raymond N Bickson	Non-Independent				
Mr. D R Kaarthikeyan	Independent	✓	✓	✓	✓
Mr. D Varada Reddy	Non-Independent	✓	✓	✓	✓

### 2. Shareholders'/Investors' Grievance Committee

- i. The Shareholders'/Investors' Grievance Committee has the required powers to carry out the handling of shareholders'/investors' grievances. The brief term of reference of the Committee include redressing of complaints of shareholders and investors relating to transfer of shares, non-receipt of Annual Report, dividends etc.
- ii. The Chairman of the Committee is an independent non-executive Director.
- iii. The Committee met once during the year on January 25, 2010.
- iv. The composition of the Committee and the attendance of Members of the Committee at the meetings are given below:

Members	Category	Attendance at Meeting held on January 25, 2010
Dr. G Sundaram, Chairman	Independent	✓
Mr. S B P V Ramamohana Rao	Independent	✓
Mr. D Varada Reddy	Managing Director	✓
Mr. D R Kaarthikeyan	Independent	✓

- v. Barring cases pending in Court relating to disputes over the title to shares, in which the Company has been included as a party, all the complaints from investors have been replied/resolved to the satisfaction of the investors. The Company attends to the investor grievances/ correspondence within a period of 15 days from the date of receipt.
- vi. The status of the complaints received from shareholders during the period April 1, 2009 to March 31, 2010 is as detailed hereunder:

Complaints outstanding at the beginning of the year	Complaints received during the year	Complaints disposed off during the year	Complaints unresolved at the end of the year
Nil	Nil	Nil	Nil

# FORTIETH ANNUAL REPORT 2009-2010

## CORPORATE GOVERNANCE

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer dividends and matured deposits that remain unclaimed for a period of seven years from the date of declaration and from the due date for repayment respectively, to the Investor Education and Protection Fund (IEPF) established and administered by the Government of India.

The table below gives the dates of dividend declaration since 2002/03 and the corresponding dates by which time the unclaimed dividends are due to be transferred to the Investor Education and Protection Fund. Since no claims will lie against the Company or the IEPF in respect of the said unclaimed amounts transferred to the Fund, those share holders who have not claimed their dividends so far, are requested to claim the same from the Company before the due date for transfer of such unclaimed dividends as detailed below:

Financial Year	Date of declaration of dividend	Proposed date of transfer to IEPF*
2002/03 (Interim)	May 27, 2003	June 26, 2010
2002/03 (Final)	August 26, 2003	September 25, 2010
2003/04	July 26, 2004	August 25, 2011
2004/05	July 26, 2005	August 25, 2012
2005/06	July 31, 2006	August 30, 2013
2006/07	August 29, 2007	September 28, 2014
2007/08	July 31, 2008	August 30, 2015
2008/09	July 23, 2009	August 22, 2016

\* Indicative dates, actual dates may vary

During the year, the Company made renewed attempts to establish contact with those Members/depositors who have not claimed the dividend/matured deposits. Individual communication were sent to all those Members and in response, the Company was able to arrange payment of a sum of Rs. 3.46 lakhs of unclaimed dividend to 239 shareholders as against Rs. 4.43 lakhs claimed by 457 shareholders during the previous year. Despite this the Company was statutorily required to transfer the following amounts to IEPF of the Central Government as detailed below:

### Amounts transferred to IEPF during the year ended March 31, 2010

During the year under review, the following amounts were transferred to Investor Education & Protection Fund (IEPF) of the Central Government:

- Unpaid/unclaimed dividend with the Company ( Pertains to unclaimed dividend 2001 - 2002)	- Rs. 4,39,662/-
- Unpaid/unclaimed matured deposits with the Company	- Rs. 64,000/-
- Total amount transferred to IEPF upto March 31, 2010	- Rs.24,93,772/-

### Contact details of the Compliance Officer:

Mrs. T S Sundarambal,  
Company Secretary  
Oriental Hotels Limited  
Paramount Plaza – II Floor  
47 Mahatma Gandhi Road, CHENNAI 600 034  
Phone : (044) 28222827 Extn. 6223  
Fax : (044) 28254447  
Email id designated for investor complaints: ohlshares.mad@tajhotels.com

**ORIENTAL HOTELS LIMITED**  
**CORPORATE**  
**GOVERNANCE**

**3. Share Transfer Committee:**

The Company has a Share Transfer Committee. The following Directors are the members of the said Committee:

Mr. S B P V Ramamohana Rao	Director
Mr. D Vijayagopal Reddy	Director
Mr. Pramod Ranjan	Director
Mr. D Varada Reddy	Managing Director

The Committee deals with matters relating to share transfer/transmission, issue of duplicate/consolidated/split/remat share certificates, review of shares dematerialized and all other related matters. Share transfers/transmissions etc. are processed every 15- days depending on the requests received and approved by the committee. The total number of equity shares transferred (physical form) during 2009/10 were 6,143 as compared to 6,719 in 2008/09.

All share transfers lodged up to March 31, 2010 have been processed and as on March 31, 2010 there were no Equity shares pending for transfer and no complaints are pending against the Company.

**4. Remuneration Committee:**

- i. The Listing Agreement with the Stock Exchanges provides that a Company may appoint a Committee for recommending managerial remuneration payable to the Directors. The Company has in place a Remuneration Committee for the said purpose.
- ii. The Remuneration Committee constituted as per the requirements of the Listing Agreement and the provisions of the Companies Act 1956, determines the remuneration payable to the Managing Director, with agreed terms of reference and reviews the Company's policy on specific remuneration packages for Managing Director which may include pension rights and compensation payments, on behalf of the Board of Directors and the shareholders of the Company.
- iii. The Chairman of the Remuneration Committee was present at the last Annual General Meeting of the Company. The composition of the Remuneration Committee and particulars of meetings attended by Members of the Committee are as under:

Members	Category	Attendance at Meetings held on
		14.05.2009
Dr. G Sundaram, Chairman	Independent	✓
Mr. S B P V Ramamohana Rao	Independent	✓
Mr. R K Krishna Kumar	Non-Independent	✓
Mr. D R Kaarthikeyan	Independent	✓

**iv. Remuneration Policy:**

The Remuneration of the Managing Director is recommended by the Remuneration Committee based on factors such as industry benchmarks, the Company's performance vis-à-vis the industry, performance / track record of the Managing Director etc. which is decided by the Board of Directors. Remuneration comprises a fixed component, viz. salary, perquisites and allowances and a variable component viz. commission.

The Remuneration Committee also recommends the annual increments within the salary scale approved by the Members as also the commission payable to the Managing Director on determination of profits for the financial year, within the ceiling on net profits prescribed under Sections 198 and 309 of the Companies Act, 1956.

**Remuneration to Mr. D Varada Reddy, Managing Director:**

	Rs. lakhs
Salary and Perquisites	46.52
Contribution to Provident Fund and Gratuity Fund & Leave Encashment	6.80
Commission payable for 2009/10	30.00
<b>Total</b>	<b>83.32</b>

**v. Service Contract and Notice Period of the Managing Director:**

Mr. D Varada Reddy's contract as a Managing Director is for a period of 3 years, commencing from November 11, 2007 up to and including November 10, 2010, terminable by 6-months notice on either side. The Company has no scheme for stock options. There is no separate provision for payment of severance fees to the Managing Director.

Details of shares of the Company held by Directors are as under: (as on March 31, 2010)

No.	Name of the Director	No. of shares held
1.	Mr. S B P V Ramamohana Rao	675
2.	Mr. D Vijayagopal Reddy	1,50,207
3.	Mr. S Y Syed Meeran	1,050
4.	Mr. Pramod Ranjan	2,88,766
5.	Mr. D Varada Reddy – Managing Director	5,82,326

**vi. Remuneration to Non-Executive Directors:**

The remuneration drawn by the Non-Whole-time Directors is in the form of commission distributed out of the net profits of the Company subject to a maximum of 1%. The commission payable to Non-Executive Directors is decided by the Board and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat etc. The Directors are also paid sitting fees in respect of the Board/Committee meetings attended by them.

CORPORATE  
GOVERNANCE

Remuneration to Non-Executive Directors for the year ended March 31, 2010:

Name of the Director	Rs. Lakhs		
	Sitting fees	Commission paid for 2008/09	Total
Mr. R K Krishna Kumar	0.40	7.10	7.50
Mr. S B P V Ramamohana Rao	1.20	8.05	9.25
Dr. G Sundaram	1.20	9.17	10.37
Mr. Raymond N Bickson	-	6.61	6.61
Mr. Anil P Goel	-	4.61	4.61
Mr. D Vijayagopal Reddy	0.60	4.61	5.21
Mr. S Y Syed Meeran	0.50	4.61	5.11
Mr. Pramod Ranjan	0.50	4.61	5.11
Mr. D R Kaarthikeyan	1.00	4.61	5.61
Mr. Diwan Arun Nanda	0.30	1.72	2.02
Mr. Venu Srinivasan	0.20	-	0.20
Mr. Ajoy Kumar Misra (Resigned w.e.f. October 17, 2008)	-	1.72	1.72
Mr. Ramesh D Hariani (Resigned w.e.f. October 17, 2008)	-	1.72	1.72

The Company has no scheme for stock options.

**5. Other Committees of the Board:**

- i. The Board has constituted a **Committee to consider and approve placement / acceptance of Inter-corporate Deposits / temporary loans** within the overall limits and with the specified companies approved by the Board. The Committee consists of the following Directors as its Members.

Mr. Raymond N Bickson	Director
Mr. Anil P Goel	Director
Mr. D Varada Reddy	Managing Director

The powers to place/accept/renew Inter-corporate Deposits between two Board meetings and to approve regular banking arrangements have been delegated to this Committee.

**ii. Ethics Committee:**

The Board has constituted an Ethics Committee with the terms of reference to the following:

- Set forth the policies relating to and oversee the implementation of the Code of Conduct of the Company.
- Consider matters relating to the Insider trading Code
- Take on record the status reports prepared by the Compliance Officer detailing the dealings in securities by the Specified persons
- Decide penal action in respect of violation of the Regulations/the Code by any specified person.

CORPORATE  
GOVERNANCE

Dr. G Sundaram and Mr. D Varada Reddy are the members of the Ethics Committee. The Committee met on March 25, 2010.

**III. Subsidiary Company:**

The Company does not have any material unlisted subsidiary and is not required to have an Independent Director of the Company on the Board of such Subsidiary. The financial statements including the investments made by the Company's wholly owned subsidiary, OHL International (HK) Limited were reviewed by the Audit Committee. The Minutes of the Board meetings of the Subsidiary Company are periodically placed before and reviewed by the Board of Directors of the Company.

**IV. Details of General Body Meetings:**

Location, date and time of the Annual General Meetings held during the last 3 years are given below:

Location	Date & Time	Special Resolution passed
Narada Gana Sabha, Chennai 600 018	August 29, 2007 at 4.00 p.m.	Reappointment of Mr. D Varada Reddy as Managing Director
Narada Gana Sabha, Chennai 600 018	July 31, 2008 at 4.00 p.m.	Approval for payment of commission to Non-executive Directors
Narada Gana Sabha, Chennai 600 018	July 23, 2009 at 3.00 p.m	

All special resolutions passed in the previous Annual General Meetings of the Company were unanimously passed by a show of hands by the Members of the Company present and voting at the said meetings.

No extra-ordinary General Meeting of the Members was held during the year.

Dr. G Sundaram, Director and Audit Committee Chairman, chaired the last Annual General Meeting held on July 23, 2009 as Mr. R K Krishna Kumar, Chairman of the Board of Directors was unable to attend the same.

**V. Postal Ballot:**

Two ordinary resolutions pursuant to Sections 293(1)(a) read with Section 192A and 293(1)(d) respectively, of the Companies Act, 1956 for creation of charge and/or mortgage on the properties of the Company in respect of loans availed for an aggregate amount not exceeding Rs. 350-crores and for increasing the borrowing powers of the Board of Directors to an aggregate amount not exceeding Rs. 350-crores were passed during the year under a Postal Ballot.

M/s S Srinivasan & Co., Company Secretaries were appointed as the Scrutinizers, who carried out the Postal Ballot process in a fair and transparent manner. Mr. D Varada Reddy, Managing Director of the Company announced the results of the Postal Ballot on July 3, 2009 as per the Scrutinizer's Report as under:

	Resolution u/s 293 (1)(d)	Resolution u/s 293 (1)(a)
Valid votes received	7404960 equity shares - 100%	7349096 equity shares - 100%
Votes in favour of the resolution	7397187 equity shares - 99.90%	7341041 equity shares - 99.89%
Votes against the resolution	7773 equity shares - 0.10%	8055 equity shares - 0.11 %
Invalid votes	1683 equity shares - 0.02%	57547 equity shares - 0.78%

Accordingly, the Ordinary Resolutions set out in the Notice dated May 26, 2009 was duly approved by the requisite majority of shareholders.

## CORPORATE GOVERNANCE

### VI. Disclosures:

- There are no materially significant related party transactions entered into by the Company with Directors or Management and their relatives, etc. which may have a potential conflict with the interests of the Company. The Register of Contracts giving details of transactions in which Directors are interested, is placed before the Board at every meeting of the Board of Directors.
- The details of related party transactions are placed before and reviewed by the Audit Committee.
- The particulars of transactions between the Company and its related parties as per the Accounting Standard are set out in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. There have been no transactions between the Company and key managerial personnel or their relatives.
- There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or the Stock Exchanges does not arise.
- Whistle Blower policy has been formulated and brought to the attention of all the employees. No personnel were denied access to the Audit Committee.
- Pursuant to the provisions of Sub-Clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director (CEO) and the General Manager - Finance (CFO) have issued a certificate to the Board, for the financial year ended March 31, 2010.

The Company has complied with all mandatory requirements as detailed above and also adopted the non mandatory requirements as detailed hereunder:

### VII. Compliance with Non Mandatory Requirements:

1. **The Board:** A separate Office is not maintained for the Non-Executive Chairman of the Company. The composition of the Board of Directors, Committees of the Board are in line with the provisions of the Listing Agreement, the Companies Act, 1956 and other applicable laws.
2. **Remuneration Committee:** The Board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Managing Director.
3. **Shareholders' Rights:** In addition to being published in a leading English and a Tamil Newspaper having wide circulation, the Company publishes its financial results on its website [www.orienthot.co.in](http://www.orienthot.co.in). Additionally, the same is also available on [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). Hence, a quarterly declaration of financial performance including summary of the significant events is not being sent to each household of shareholders individually.
4. **Audit Qualifications:** During the period under review, there are no audit qualifications in its financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
5. **Mechanism for evaluating Non-Executive Board Members:** The Board of Directors of the Company comprises of 11 Non-Executive Directors. The Directors appointed on the Board are from diverse fields and have long standing experience and expertise in their respective fields.

Non-Executive Directors add substantial value through the discussions at the Meetings of the Board and Committees thereof. To safeguard the interests of the investors, they also play a control role. In the light of the above, the Chairman under authority from the Board decides on the performance of each of the Non-Executive Director and they are accordingly evaluated and remunerated.

6. **Whistle Blower Policy:** The Company has adopted the Whistle Blower Policy pursuant to which employees of the Company can raise their concerns relating to the fraud, malpractice or any other activity or event which is against the interest of the Company or society.



As regards the other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

### **VIII. Secretarial Audit:**

In keeping with the requirements of SEBI and Stock Exchanges, a qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

A certificate from the Statutory Auditors of the Company on Corporate Governance is attached as an annexure to the Report.

### **IX. Means of Communication:**

The Board of Directors of the Company approves and takes on record the quarterly un-audited/audited financial results and the year end audited accounts together with the Consolidated Financial Statement in the proforma prescribed by the Listing Agreement with Stock Exchanges after the financial results were reviewed by the Audit Committee and thereafter, announces forthwith the results to all the Stock Exchanges where the shares of the Company are listed. The quarterly/half-yearly/annual financial results are published in "New Indian Express" and "Dinamani". The financial results of the Company are being posted on the Company's Website – [www.orienthot.co.in](http://www.orienthot.co.in). The shareholders can visit the company's web site for financial information, shareholding information, etc.

As per Clause 51 of the Listing Agreement, information relating to the financial results and shareholding pattern, full version of the Annual Report including the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report, cash flow statements, quarterly, half-yearly and annual financial statements and Corporate Governance Report were filed on the Electronic Data Information Filing and Retrieval (EDIFAR) at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) maintained by National Informatics Centre, which is an automated system for filing, retrieval and dissemination of time – sensitive corporate information until the same was discontinued and Clause 51 was omitted by SEBI vide circular dated April 16, 2010,

Reminders are sent periodically to investors for unclaimed dividend and unclaimed interest/deposits.

The Company regularly furnishes all the relevant information as recommended by the Securities and Exchange Board of India (SEBI) and the Stock Exchanges to the Board in a structured manner.

The Annual Report containing inter alia the Audited Accounts, Consolidated Financial Statements, Directors Report, Auditors Report and other important information is circulated to the Members. Management Discussion and Analysis has been included in the Directors' Report. The Annual Reports are also available on the Company's web site [www.orienthot.co.in](http://www.orienthot.co.in).

### **X. Risk Management:**

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

### **XI. GENERAL SHAREHOLDER INFORMATION**

#### **i. Annual General Meeting**

Date	July 27, 2010
Time	2.30 p.m.
Venue	Sathguru Sri Gnanananda Hall, Narada Gana Sabha, 314, T T K Road, Chennai 600 018.

As required under Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on July 27, 2010.

### Agenda:

#### • **Ordinary Business:**

- Adoption of Accounts
- To declare dividend
- Appointment of Directors retiring by rotation
- Appointment of auditors

#### • **Special Business:**

- Appointment of Director
- Re-appointment of Mr. D Varada Reddy as Managing Director

#### ii. **Financial Calender:**

Financial Report for:

Quarter ending June 30, 2010	on or before August 15, 2010
Quarter ending September 30, 2010	on or before November 15, 2010
Quarter ending December 31, 2010	on or before February 15, 2011
Quarter ending March 31, 2011	on or before May 30, 2011

iii. **Date of Book Closure:** **July 19, 2010 to July 27, 2010** (both days inclusive)

iv. **Dividend payment date:** On or after July 27, 2010 but before August 25, 2010

v. **Company's Financial Year:** 1st April to 31st March

vi. **Registered Office:**  
Taj Coromandel  
37, Mahatma Gandhi Road  
CHENNAI 600 034  
Telephone No. 044 – 66002827  
Facsimile No. 044 – 66002089

vii. **Company Secretary's Office:**  
Paramount Plaza II Floor  
47, Mahatma Gandhi Road  
CHENNAI 600 034  
Telephone No. 044 – 28222827  
Facsimile No. 044 – 28254447 ,28278138  
Website: [www.orienthot.co.in](http://www.orienthot.co.in)  
E-mail: [ohlshares.mad@tajhotels.com](mailto:ohlshares.mad@tajhotels.com)

viii. **Listing on Stock Exchanges**  
**– Equity Shares**  
Madras Stock Exchange Ltd.  
Bombay Stock Exchange Ltd.  
National Stock Exchange of India Ltd.

# FORTIETH ANNUAL REPORT 2009-2010

## CORPORATE GOVERNANCE

ix. **Global Depository Receipts:** Luxembourg Stock Exchange, Luxembourg

x. **Corporate identification no. (CIN)** L55101TN1970PLC005897

xi. **ISIN No.:** INE750A01012

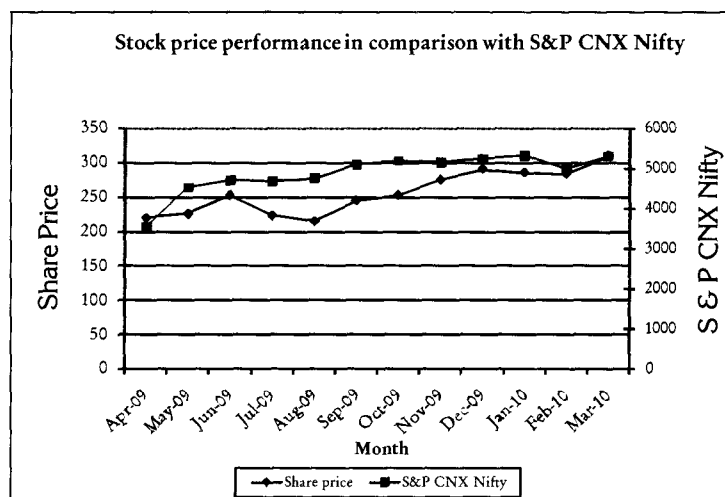
xii. **Stock Code:** The National Stock Exchange Ltd. ORIENT HOT EQ  
Bombay Stock Exchange Ltd. 500314

The Company has paid annual listing fees to each of the above Stock Exchanges in respect of the financial year 2010/11

### xiii. Market Price Data:

High/Low market price of the Company's shares and performance in comparison to Sensex Indices on National Stock Exchange Limited, Mumbai during the financial year 2009/10 is furnished below:

Period	SHARE PRICE		S & P CNX NIFTY	
	High - Rs.	Low - Rs.	High	Low
April 2009	219.00	145.00	3517.25	2965.70
May 2009	224.00	168.00	4509.40	3478.70
June 2009	252.00	192.00	4693.20	4143.25
July 2009	222.00	191.00	4669.75	3918.75
August 2009	214.90	175.10	4743.75	4353.45
September 2009	244.30	188.40	5087.60	4576.60
October 2009	252.00	200.05	5181.95	4687.50
November 2009	274.00	205.00	5138.00	4538.50
December 2009	290.00	228.00	5221.85	4942.25
January 2010	285.00	246.25	5310.85	4766.00
February 2010	283.25	236.00	4992.00	4675.40
March 2010	309.20	250.10	5329.55	4935.35



# ORIENTAL HOTELS LIMITED

## CORPORATE GOVERNANCE

---

xiv. **Registrar and Share Transfer Agents:**

M/s Integrated Enterprises (India) Limited has been appointed as the Registrar and Share Transfer Agents of the Company.

xv. **Share Transfer System:**

The Company's shares which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, M/s Integrated Enterprises (India) Limited and approved by the Share Transfer Committee. The share transfers in physical form are processed within a period of 15 days from the date of receipt of transfer documents.

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of the Registrars and Transfer Agents.

xvi. **Places for acceptance of documents:**

For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact at the following address:

Secretarial Department

Oriental Hotels Limited

Paramount Plaza – II Floor

47, Mahatma Gandhi Road

CHENNAI 600 034

Telephone No. 044 – 28222827

Facsimile No. 044 – 28254447

Email: ohlshares.mad@tajhotels.com

Name of the Compliance Officer : Mrs. T S Sundarambal – Company Secretary

Telephone No. 044 – 28222827 Extn. 6223

OR

M/s Integrated Enterprises (India) Limited

Kences Towers, 1 Ramakrishna Street

North Usman Road, T Nagar,

CHENNAI 600 017

Email: sureshbabu@iepindia.com

Telephone No. 044 – 28140801 to 0803

Facsimile No. 044 – 28142479

xvii. **Nomination facility for shareholding:**

As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Share Department of the Company.

xviii. **National Electronic Clearing Service (NECS) :**

RBI vide its circular No.DPSS.(Co). EPPD.No.191.04.01.01/2009-2010 dated July 29,2009 has instructed banks to move to the NECS platform w.e.f October 1, 2009.

Kindly provide your new bank Account No allocated to you after implementation of core banking system by your bank, to avoid ECS credit to your old account either rejected or returned . Please provide us your new bank account particulars by quoting your reference folio number in case of shares held by you in physical form. In case shares are held in dematerialised form, you may kindly provide the details to your Depository Participant to ensure your future dividend payments can correctly be credited to your new account

xix. **Shares held in Electronic form:**

Shareholders holding shares in electronic form may note that the instructions regarding bank details change of address, nomination and power of attorney should be given directly to their Depository Participants.

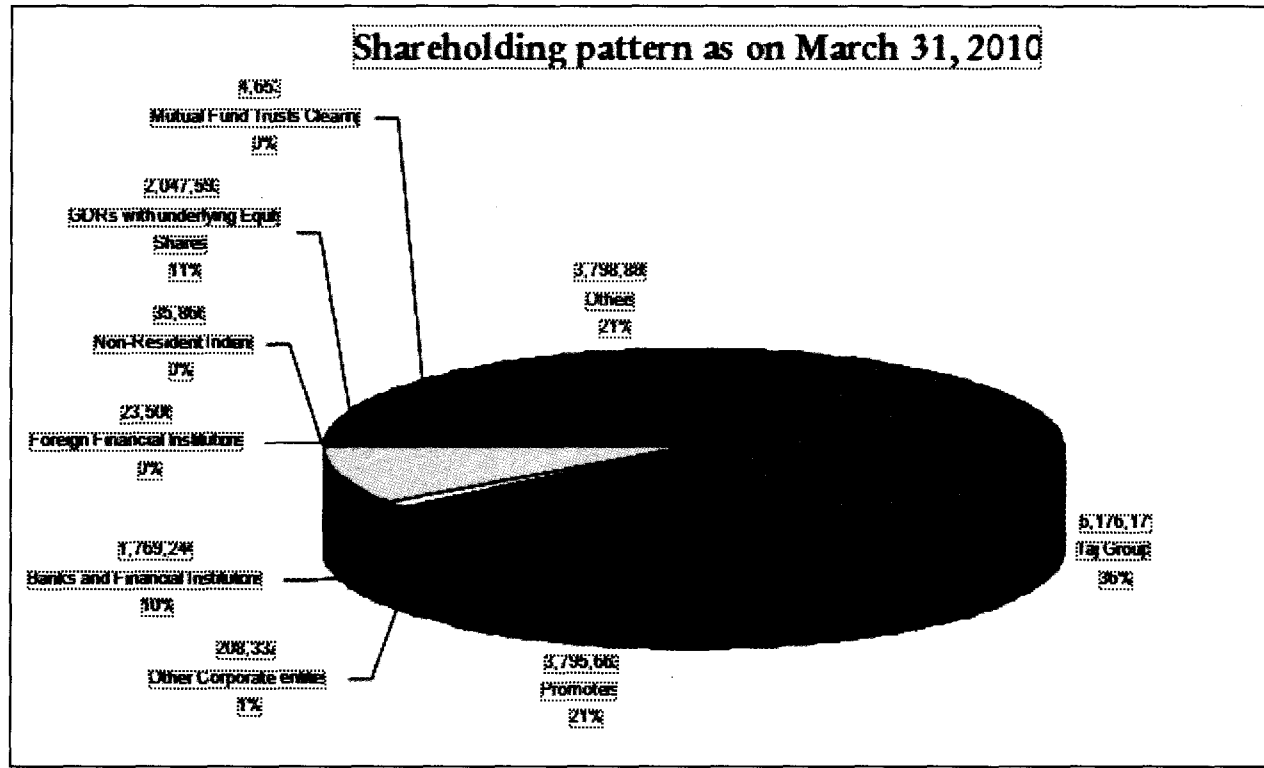
xx. **Trading in Company's shares by Directors and designated Employees:**

The Securities and Exchange Board of India vide Notification dated February 20, 2002, has amended the SEBI (Insider Trading) Regulations, 1992. As per the amended Regulations, the Company is required to have a Compliance Officer who is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. Company Secretary is the Compliance Officer of the Company.

The Company has adopted a Code of Conduct for prevention of insider trading in the shares of the Company. The Code, inter-alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

xxi. **Shareholding pattern of the Company as on March 31, 2010**

PATTERN OF SHAREHOLDING	TOTAL SHARES	% TO SHARE CAPITAL
Taj Group	61,76,171	34.58
Promoters	38,46,581	21.54
Other Corporate entities	2,01,048	1.13
Banks and Financial Institutions	17,70,911	9.92
Non-Resident Indians	52,126	0.29
GDRs with underlying Equity Shares	20,47,593	11.46
Mutual Fund Trusts Clearing	9,174	0.05
Others-Public including non-promoter Directors	37,56,314	21.03
<b>Grand Total</b>	<b>17,859,918</b>	<b>100.00</b>



xxii. Distribution Schedule of shares of the Company (As on March 31, 2010):

Sl. No.	Category of Shares	No. of holders	% of holders	No. of Shares	% of Shares
1	Upto 500	9,959	88.08	1,052,028	5.89
2	501-1000	719	6.36	538,896	3.02
3	1001-2000	300	2.65	429,836	2.41
4	2001-3000	117	1.03	285,187	1.60
5	3001-4000	40	0.35	139,819	0.78
6	4001-5000	31	0.27	137,246	0.77
7	5001-10000	57	0.50	411,162	2.30
8	10001 and above	84	0.74	14,865,744	83.24
	<b>TOTAL</b>	<b>11,307</b>	<b>100.00</b>	<b>17,859,918</b>	<b>100.00</b>

xxiii. Dematerialisation of Shares:

As on March 31, 2010, a total number of 1,65,66,716 shares, representing 92.76% of the Paid-Up Equity Capital of the Company are in dematerialised form as compared to 1,63,07,622 (91.31%) equity shares in the previous year. Trading in the Company's shares in a dematerialized form has been made compulsory.

xxiv. Outstanding GDRs /ADRs/Warrants or any convertible instruments

20,47,593 GDRs are outstanding, the conversion of which will have no impact on the equity capital of the Company.

**xxv. Two-way fungibility of Global Depository Receipts (GDRs)**

Reserve Bank of India, vide its circular dated February 13, 2002, had brought into force the Operative Guidelines for two-way fungibility under the "Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt mechanism) Scheme, 1993". Consequent thereto, the Company has executed documents with the Depository for GDR holders, supplemental to the Depository Agreement executed at the time of issue of GDRs in 1994, whereby the Company offers investors the facility for conversion of Ordinary Shares into GDRs within the limits prescribed for two-way fungibility.

**xxvi. Location of the Hotel Units of the Company:**

1	Taj Coromandel	37 M G Road, Chennai 600 034
2	Fisherman's Cove	Kovalam, Chengai District
3	Taj Malabar	Wellington Island, Kochi
4	The Gateway Hotel	Maharanipeta, Visakhapatnam
5	The Gateway Hotel	Pasumalai Hills, Madurai
6	The Gateway Hotel	Upper Coonoor, Coonoor
7	The Gateway Hotel	Old Port Road, Mangalore
8.	Taj Residency	Trivandrum

**xxvii. Investor Correspondence:**

For any queries, shareholders are requested to either write to the Office of the Company Secretary, Paramount Plaza, II Floor, 47, Mahatma Gandhi Road, Chennai 600 034 or to the Company's Registrar and Share Transfer Agents, M/s Integrated Enterprises (India) Limited, II Floor, Kences Towers, 1 Ramakrishna Street, T Nagar, Chennai 600 017.

CORPORATE  
GOVERNANCE

---

**Report on Corporate Governance:**

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance. A certificate from the Statutory Auditors of the Company on Corporate Governance is attached as an annexure to this Report.

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the Financial Year ended March 31, 2010.

Mumbai  
May 14, 2010

**D VARADA REDDY**  
**MANAGING DIRECTOR**



# FORTIETH ANNUAL REPORT 2009-2010

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

---

To the Members of  
ORIENTAL HOTELS LIMITED,

We have examined the compliance of conditions of Corporate Governance by Oriental Hotels Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For BRAHMAYYA & CO.,**  
Chartered Accountants

**R.NAGENDRA PRASAD**  
*Partner*  
Membership No.203377

**For SNB ASSOCIATES**  
Chartered Accountants

**S. LAKSHMANAN**  
*Partner*  
Membership No.20045

Place : Mumbai  
Date : May 14, 2010

### COMMUNITY INITIATIVES

The Company continues to participate in the TATA – Loyala outreach project, which is a part of the post tsunami measures undertaken at Kovalam village. The major programmes that are being undertaken by the project are:

1. 6-months course on Hotel Management, A/c mechanism and Date processing;
2. Tuition cum nutrition programme to improve the pass percentage of school goers and increase their nutrition intake;
3. Women's skill enhancement programme to form "Self Help Groups" among women, provide vocational training and assist them in enhancing their income;
4. Creation of database on fishing and related activities in coordination with the M S Swaminathan Research Foundation for the benefit of the fishermen at Kovalam village.

The hotel units of the company are continuing community development activities in their respective locations as detailed hereunder:

#### **Taj Coromandel:**

The unit continues to procure vegetables and sea-foods from the "Self Help Groups" (SHGs) formed by it in association with CII (Southern Region) with a vision to empower the economically challenged women in the society. The Unit continues its support to voluntary organizations such as Mercy Home, a shelter for elderly people, Annai Illam Old Age Home for elderly destitute women and cancer institute by donating food. It continues to be associated with Nesakaram Seeds, home for abandoned street children by imparting leadership training to the children. A blood donation camp was organized and 70-employees donated blood. Outreach programs were conducted by the Unit wherein underprivileged children were trained in the operations of engineering and food production. In order that the non-profit organizations or communities to get the benefit, practices like "sugar week" and "Toor Dal week" were implemented.

#### **Fisherman's Cove**

The Unit has partnered with NGOs and the Government to identify key communities under the theme Building Livelihoods in order to improve the quality of life of the communities by providing skills training for livelihood to underprivileged women and address malnourishment in children; tying up with ITI and training through the Community College develop sustainable skills for industry; protect traditional arts and crafts of India by purchasing goods from indigenous artisans and craftsmen and provide alternative employment program for the vulnerable youth for their economic survival.

Kovalam Community College provides 12-months Diploma course in Hotel Management, A/c Mechanism & DTP course to enable them to obtain an accredited Diploma from Tamil Nadu Open University. On completion of the course, the students of Hotel Management & AC mechanism are provided 6 months internship training with Taj Hotels, Chennai. Through Study Centre, special coaching is being given to Kovalam village students. Summer camp is being conducted for these students. The students are also given boiled egg, cereals, masala milk or milk with beaten rice and biscuits as nutrition supplement.

In order to empower women, 12 widow self groups were formed and these women were involved in income generating activities like saree embroidery, jewel box making, palm leaf making, shell painting, phenyl and candle making, basket making and running petty shop. "Fishco Cares" imparts training to under privileged women in tailoring. The Unit is also providing contractual employment to women from the self help group in the staff cafeteria kitchen. Taj Nutrition intervention project conducts free medical camp in order to assess the health status of children, adolescent girls and adult women. The Taj Clinic provides free consultation to the villagers and also conducts need based medical camps. School fee for the Fishermen children is being paid directly to the school. Panchayat school is being assisted by paying salary for two teachers. During monsoon fishermen family are provided with one bag of Rice (75 Kg.) per family as they do not venture for fishing.

In commemoration of Earth Day, Fisherman's Cove planted 20 tree saplings in the approach road leading to the hotel to ensure that the entire stretch gives shade and remains beautiful. To educate and develop support from the associates in the Corporate Social Responsibility and Environment initiative Fisherman's Cove organized a mega Road show.

#### **Taj Malabar:**

The Unit under "Nutrition intervention program" provides evening meal on a daily basis to 20-street children/old age people in a slum area through "Friends", a charitable agency. The Unit continues its support to "Karunalayam (House for the physically and mentally challenged) and "Goodhope" (Old age home) by providing snacks on the first day of every month. The Unit also extends support to a family by procuring snacks and chappathis prepared by them for the staff cafeteria.

The quality of the snacks supplied by them is being monitored by the chef on duty. Linen, uniforms and lost and found items were distributed to orphanages. School books, bags and umbrellas were distributed to poor school going children. 350 poor children were given snacks in connection with children's day celebration organized by Tata Trust Hospital, Chottanikkara. Four under privileged children were trained in House Keeping and employed for up keeping the HOH areas while one boy was trained in FBP. The unit extends support to an underprivileged family by procuring snacks for the staff cafeteria and extends support to an NGO by procuring chapattis for the staff cafeteria. The hotel also procures Laundry bags and strawberry jam from Tata Tea Wives Welfare association, an NGO from Munnar. Hotel promotes local cultural art forms, such as Kathkali, Theyyam, Kalaripayattu, Mohiniyattom. and engages local Artists to perform these arts/ dances on a daily basis for the guests, at the hotel.

### **The Gateway Hotel, Visakhapatnam:**

The unit regularly donates clothes and surplus food to an old age home. On festival days, the Unit donates food to home for the aged and the street children. Three differently abled persons were trained and employed in the hotel. 6-under privileged youth were trained and employed in public area housekeeping operations. The Unit has also donated clothes to Kurnool flood victims and text books and clothes to Don Bosco's Navajeevan Bala Bhavan, a home for the street children. The Unit extends support to under privileged groups by purchasing peeled garlic, laundry bags, etc. The unit celebrated the World Environment Day with planting saplings, eco friendly initiatives, poster competition for children etc.

### **The Gateway Hotel, Mangalore:**

The unit has recruited a partially blind girl for the flight catering operations. The unit extends its support to under privileged communities by purchasing Papad from Mahila Gramodyog, napkins from cancer patient aid association and laundry bags from Tata Tea Wives welfare association. Two girls from the underprivileged communities are being trained by the Unit. The unit celebrated World Environment Day through Eco Walk and planting saplings; and organized AIDs awareness programme. The unit continues to distribute food on occasions to various homes for the under privileged children and old age homes.

### **The Gateway Hotel, Madurai:**

The Unit continues to sponsor two mentally challenged children for their education in a special school, distributes food on a regular basis once a month and on festival days to 2 orphanages and 3 old age homes that the unit has adopted. Organized district level competition for the mentally retarded children and distributed prizes to the winners and provided lunch to the children on that day. A mentally challenged boy has been recruited and is being trained in back office operations like laundry, security, stores, cafeteria etc. Distributed towels to old age homes, purchases phenol from an NGO run by a special school for mentally challenged, provides training to under privileged students from catering colleges, set up a thanner pandal and served drinking water and butter milk to the devotees during the temple festival and on the New Year's day organized a magic show and provided dinner to the inmates of Narayana Gurukulam, a home for the aged. The unit celebrated World Environmental Day and conducted a painting competition at a nearby school and gave away prizes to the winners of the completion.

### **The Gateway Hotel, Coonoor:**

The Unit continues its patronage to the homes for the aged. A physically challenged tailor and a cycle mechanic have been engaged on piece rate basis. An underprivileged student who was trained in the bakery and confectionary section got an employment. On festival days, the Unit provides lunch/dinner to homes for under privileged/orphaned children.

### **Taj Residency, Trivandrum:**

The Unit partnering with Mahila Mandiram, an NGO working for the betterment of women by providing shelter for poor women and orphaned girl children, is providing training in bed making, dusting / making the rooms, up keeping of Public areas. The Unit also extends support by engaging these women in the laundry and also for cleaning and packaging the items purchased from local markets. The hotel has donated discarded linen/lost and found items to Sri Chitra an NGO and organized a key community lunch.

# ORIENTAL HOTELS LIMITED

## AUDITORS' REPORT

To the Members of  
ORIENTAL HOTELS LIMITED,

1. We have audited the attached Balance Sheet of **M/s. Oriental Hotels Limited** (the Company), as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. 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 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 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), 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:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) Proper books of account as required by law, have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss account and the Cash Flow statement, dealt with by this report, are in agreement with the Books of Account.
  - d) In our opinion, the Balance Sheet, Profit and Loss account 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, to the extent applicable.
  - e) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at 31st March, 2010 from being appointed as a Director in the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - 1) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - 2) in the case of Profit and Loss account, of the profit for the year ended on that date; and
    - 3) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Registration No 000511S

**R.NAGENDRA PRASAD**  
*Partner*  
Membership No.203377  
Place : Mumbai  
Date : May 14, 2010

**For SNB ASSOCIATES**  
Chartered Accountants  
Firm Registration No 015682N

**S. LAKSHMANAN**  
*Partner*  
Membership No.20045

ANNEXURE TO  
AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

1. The Company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the Management during the year based on a phased programme of verifying all the assets over three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. There was no substantial disposal of fixed assets during the year.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
(b) In our opinion and according to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered into a register in pursuance of said section and therefore reporting under clause v (a) and v (b) of Paragraph 4 of the Order does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58 A and Section 58 AA or any other relevant provisions of the Act and the rules framed thereunder and the directives issued by the Reserve Bank of India, wherever applicable, with regard to deposits accepted from the public.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Luxury Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess during the year with the appropriate authorities. There are no outstanding statutory dues as at 31st March, 2010 for a period of more than six months from the date they became payable.
10. According to the records of the Company and information and explanations given to us, in respect of customs duty, wealth tax, excise duty and cess, there are no outstanding amounts that have not been deposited with the on account of any dispute. The details of disputed income tax, sales tax, luxury tax and service tax that have not been deposited with the appropriate authorities are as follows:

Nature of Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
<b>Income Tax</b> Income Tax Demand for the Assessment Years 1995-96, 1996-97, 2005-06, and 2006-07	397.45	Commissioner of Income Tax (Appeals) / Income Tax Appellate Tribunal, Chennai
<b>Sales Tax</b> Sales Tax demands for the Financial Years 1992-93 to 1996-97	19.93	Hon'ble High Court of Madras, Chennai

# ORIENTAL HOTELS LIMITED

## ANNEXURE TO AUDITORS' REPORT

Nature of Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Sales Tax demands for the Financial Years 1990-91 and 1991-92	23.68	Appellate Assistant Commissioner, Chennai
Sales Tax demands for the Financial Year 2005-06	1.09	Appellate Deputy Commissioner, Vishakapatnam
<b>Luxury Tax</b> Luxury tax demands for the financial years 2004-05 and 2005-06	31.87	Sales Tax appellate tribunal, Kochi
<b>Service Tax</b> Service Tax demands for the financial years 2003-04 to 2008-09	68.30	Commissioner of Central Excise (Appeals), Kochi
Service Tax demands for the financial years 2004-05 to 2008-09	315.55	Hon'ble High Court of Madras, Chennai

11. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
12. The Company does not have any borrowing by issue of debentures. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in payment of dues to Banks or financial institutions.
13. According to information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company is not a chit fund / nidhi / mutual benefit fund / society.
15. Based on our examination of records and the information and explanations given to us, the Company has not dealt / traded in shares, securities, debentures and other investments during the year.
16. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or other institutions.
17. The Company has availed term loans from banks during the year which have been applied for the purpose for which they were raised.
18. According to the Cash Flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis prima face, have not been used during the year for long term investment, other than temporary deployment pending application.
19. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
20. The Company has not issued any debentures.
21. The Company has not raised any monies by public issue during the year.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Registration No 000511S

**R.NAGENDRA PRASAD**  
*Partner*  
Membership No.203377

**For SNB ASSOCIATES**  
Chartered Accountants  
Firm Registration no : 015682N

**S. LAKSHMANAN**  
*Partner*  
Membership No.20045

Balance Sheet as at 31st March 2010		As at 31st March 2009	
	Schedule	Rs. in lakhs	Rs. in lakhs
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
a) Share Capital	1	1,785.99	1,785.99
b) Reserves and Surplus	2	<u>26,851.01</u>	<u>26,098.42</u>
			27,884.41
Loan Funds			
a) Secured Loans	3	15,459.00	-
b) Unsecured Loans	4	<u>3,406.95</u>	<u>6,566.42</u>
			6,566.42
Deferred Tax Liability (Refer Note 15 of Schedule 16)			1,130.92
Security Deposit - Sub Lease			200.00
<b>TOTAL</b>		<b>48,833.87</b>	<b>35,839.94</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
a) Gross Block	5	32,868.76	32,392.38
b) Less : Depreciation		<u>12,900.28</u>	<u>13,192.65</u>
c) Net Block		19,968.48	19,199.73
d) Capital Work-in-progress		<u>9,680.48</u>	<u>2,225.25</u>
			21,424.98
Investments	6		12,252.46
Long Term Deposits	7		6,260.12
Current Assets, Loans and Advances			
a) Inventories	8	556.87	584.74
b) Sundry Debtors	9	1,117.63	1,005.44
c) Cash & Bank Balances	10	944.67	736.72
d) Loans & Advances	11	<u>3,981.44</u>	<u>4,128.96</u>
		6,600.61	6,455.86
Less :Current Liabilities and Provisions			
a) Current Liabilities	12	3,966.86	2,978.65
b) Provisions	13	<u>1,961.42</u>	<u>2,321.33</u>
		5,928.28	5,299.98
Net Current assets			672.33
<b>TOTAL</b>		<b>48,833.87</b>	<b>35,839.94</b>
Notes on accounts	16		

Schedules '1' to '13' and Notes in Schedule '16' form part of the Balance sheet

As per our Report attached

For and on behalf of the Board

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

S.B.PV.RAMAMOZHANA RAO  
Dr. G. SUNDARAM  
D. VIJAYAGOPAL REDDY  
T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

R.K. KRISHNA KUMAR  
D.VARADA REDDY  
Chairman  
Managing Director

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

S.Y. SYED MEERAN  
PRAMOD RANJAN  
D.R. KAARTHIKEYAN  
DIWAN ARJUN NANDA  
RAMESH D HARIANI  
Directors

# ORIENTAL HOTELS LIMITED

## PROFIT AND LOSS ACCOUNT

Profit and Loss Account for the Year ended 31st March 2010				
	Schedule	Rs. in lakhs	Rs. in lakhs	Previous Year Rs. in lakhs
<b>INCOME</b>				
Rooms, Restaurants, Banquets and other Income	14		20,216.69	21,826.47
<b>EXPENDITURE</b>				
Operating and General Expenses	15	14,202.66		14,425.34
Interest				
a) On Fixed Loans		601.66		316.15
b) On Other Loans		504.07		3.35
		1,105.73		319.50
Depreciation		1,371.31		1,323.79
<b>TOTAL EXPENDITURE</b>			<b>16,679.70</b>	<b>16,068.63</b>
<b>PROFIT BEFORE TAX</b>			<b>3,536.99</b>	<b>5,757.85</b>
Less : Provision for Tax				
- Current		1,280.62		1,993.19
- Deferred		(58.19)		(9.73)
- Fringe Benefit		-		42.00
			<b>1,222.43</b>	<b>2,025.46</b>
<b>PROFIT AFTER TAX</b>			<b>2,314.56</b>	<b>3,732.38</b>
Add : Utilised Amount Transferred from Foreign Exchange Earnings Reserve			<b>125.00</b>	<b>90.00</b>
			<b>2,439.56</b>	<b>3,822.38</b>
Add : Balance brought forward from previous year			<b>6,091.25</b>	<b>4,649.44</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>8,530.81</b>	<b>8,471.82</b>
Appropriations				
(a) Proposed Dividend			1,339.50	1,607.39
(b) Dividend Tax and surcharge thereon			222.47	273.18
(c) Transfer to General Reserve			500.00	500.00
(d) Balance carried forward			6,468.84	6,091.25
<b>TOTAL</b>			<b>8,530.81</b>	<b>8,471.82</b>
Notes on accounts	16			
Earnings Per Share (Face value Rs. 10) Basic and Diluted - Rs. (Refer Note 22 of Schedule 16)			12.96	20.90

Schedules '14' to '15' and Notes in Schedule '16' form part of the Profit and Loss Account.

As per our Report attached

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

For and on behalf of the Board

R.K. KRISHNA KUMAR      Chairman  
D.VARADA REDDY      Managing Director

S.B.PV.RAMAMOHANA RAO  
Dr. G. SUNDARAM  
D. VIJAYAGOPAL REDDY  
S.Y. SYED MEERAN  
PRAMOD RANJAN  
D.R. KAARTHIKEYAN  
DIWAN ARUN NANDA  
RAMESH D HARIANI

} Directors



BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet

**SCHEDULE - 1 : SHARE CAPITAL**

As at  
31st March 2009

	Rs. in lakhs	Rs. in lakhs
<b>1. AUTHORISED</b>		
a) 50,50,000 - Redeemable Cumulative Preference Shares of Rs.100/- each	5,050.00	5,050.00
b) 2,45,00,000 - Equity Shares of Rs.10/- each	2,450.00	2,450.00
	7,500.00	7,500.00
<b>2. ISSUED, SUBSCRIBED AND PAID-UP</b>		
1,78,59,918 - Equity Shares of Rs.10/- each fully paid	1,785.99	1,785.99
<b>TOTAL</b>	1,785.99	1,785.99

**Notes :**

- i 1,50,000 Equity Shares of the face value of Rs.10/- each were issued as fully paid-up pursuant to a contract without payment being received in cash.
- ii 99,53,349 Equity Shares of Rs.10/- each were issued as fully paid Bonus shares by capitalisation of Preference Share Redemption Reserve, Share Premium account and General Reserve.
- iii 23,52,941 Global Depository Receipts with an equal number of underlying Equity Shares were issued in the year 1994-95.
- iv 13,90,536 Equity Shares of Rs.10/- each were allotted in the year 2002-03, consequent to amalgamation of Covelong Beach Hotel (India) Ltd. with the Company.

BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet

**SCHEDULE - 2 : RESERVES AND SURPLUS**

	Rs. in lakhs	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. SECURITIES PREMIUM ACCOUNT As per last Balance Sheet		11,054.53	11,054.53
2. INVESTMENT ALLOWANCE RESERVE As per last Balance Sheet		45.74	45.74
3. EXPORT PROFIT RESERVE As per last Balance Sheet		0.43	0.43
4. FOREIGN EXCHANGE EARNINGS RESERVE			
a) As per last Balance Sheet	125.00		215.00
b) Less : Amount Utilised Transferred to Profit and Loss Account	<u>125.00</u>		<u>90.00</u>
TOTAL	-	-	125.00
5. GENERAL RESERVE			
a) As per last Balance Sheet	8,781.47		8,280.47
b) Add : Transfer from Profit and Loss Account	<u>500.00</u>		<u>500.00</u>
TOTAL		9,281.47	8,781.47
6. BALANCE OF PROFIT IN THE PROFIT AND LOSS ACCOUNT		6,468.84	6,091.25
<b>TOTAL</b>		<u>26,851.01</u>	<u>26,098.42</u>

BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet

**SCHEDULE - 3 : SECURED LOANS**

As at  
31st March 2009

	Rs. in lakhs	Rs. in lakhs
<b>From Banks</b>		
a) Foreign Currency Term Loan (Refer Note (i) below)	4,559.00	-
b) Rupee Term Loan (Refer Note (ii) below)	10,000.00	-
c) Short Term Loan (Refer Note (ii) & (v) below)	900.00	-
<b>TOTAL</b>	<b>15,459.00</b>	<b>-</b>

**Note :**

- i) Foreign currency loan is secured by first pari passu mortgage by deposit of title deeds of Taj Coromandal Hotel.
- ii) Rupee Term Loan and Short Term Loan are secured by way of mortgage by deposit of title deeds in respect of immovable properties of Fisherman's Cove Hotel & additionally secured by way of exclusive first charge of credit card receivables of the company.
- iii) Overdraft limits availed from a bank are secured by mortgage of title deeds of Taj Coromandel Hotel, Chennai. However, there is no amounts outstanding as on the balance sheet date.
- iv) Cash Credit Limits from banks are secured by Hypothecation of Stock and Book debts of the Company. However, there are no amounts outstanding as on the Balance Sheet date.
- v) Amounts due within one year Rs.900 lakhs. (Previous Year - Nil)

**SCHEDULE 4 : UNSECURED LOANS**

As at  
31st March 2009

	Rs in lakhs	Rs. in lakhs
1. Fixed Deposits (Refer Note i & ii)	6.95	16.42
2. Short term Loans from Companies( Refer Note iii below)	3,400.00	4,550.00
3. Short term Loan from a Bank (Refer Note iii below)	-	2,000.00
<b>TOTAL</b>	<b>3,406.95</b>	<b>6,566.42</b>

**Note:**

- i) Includes due within one year Rs.3.90 Lakhs (Previous year Rs.10.90 Lakhs)
- ii) Unclaimed Matured Deposits of Rs.7.94 Lakhs (Previous year Rs.10.46 Lakhs) have been shown under Current Liabilities.
- iii) Amounts due within one year Rs.3400 Lakhs ( Previous year Rs.6550 Lakhs)

Schedule forming part of the Balance Sheet

SCHEDULE 5 : FIXED ASSETS

Rs. in Lakhs

Particulars	GROSS BLOCK			At Cost as at 31-03-2010	DEPRECIATION				NET BLOCK	
	At cost as at 01-04-2009	Additions	Deletions		Upto 01.04.2009 year	Depreciation for the year	Withdrawals during the	Upto 31.3.2010	As at 31.3.2010	As at 31.03.2009
1. Land (Freehold)	6424.34 (3105.35)	9.96 (3318.99)	79.52	6354.78 (6424.34)					6354.78 (6424.34)	6424.34 (3105.35)
2. Land (Leasehold) #	33.76 (33.76)			33.76 (33.76)	13.29 (12.15)	1.14 (1.14)		14.43 (13.29)	19.33 (20.47)	20.47 (21.61)
3. Buildings*	5586.02 (5331.00)	630.46 (264.24)	102.25 (9.22)	6114.23 (5586.02)	1291.23 (1177.36)	135.44 (127.11)	16.49 (13.24)	1410.18 (1291.23)	4704.05 (4294.79)	4294.79 (4153.64)
4. Plant and Machinery	13569.22 (12338.87)	1309.11 (1429.87)	1691.53 (199.51)	13186.80 (13569.23)	7757.19 (7193.48)	785.56 (714.70)	1561.77 (150.99)	6980.98 (7757.19)	6205.82 (5812.04)	5812.03 (5145.39)
5. Furniture, Fixtures and Office Equipments	6327.59 (6048.89)	496.97 (390.03)	102.30 (111.34)	6722.26 (6327.58)	3911.75 (3563.93)	422.86 (446.81)	87.20 (98.99)	4247.41 (3911.75)	2474.85 (2415.83)	2415.84 (2484.96)
6. Vehicles	451.45 (464.45)	11.18 (25.36)	5.70 (38.36)	456.93 (451.45)	219.19 (212.33)	33.08 (34.03)	4.99 (27.17)	247.28 (219.19)	209.65 (232.26)	232.26 (252.12)
<b>Total</b>	<b>32392.38</b> (27322.32)	<b>2547.68</b> (5428.49)	<b>1981.30</b> (358.43)	<b>32868.76</b> (32392.38)	<b>13192.65</b> (12159.25)	<b>1378.08</b> (1323.79)	<b>1670.45</b> (290.39)	<b>12900.28</b> (13192.65)	<b>19968.48</b> (19199.73)	<b>19199.73</b> (15163.07)
7. Capital Work-in- Progress									9680.48 (2225.25)	2225.25 (1018.88)
<b>GRAND TOTAL</b>	<b>32392.38</b> (27322.32)	<b>2547.68</b> (5428.49)	<b>1981.30</b> (358.43)	<b>32868.76</b> (32392.38)	<b>13192.65</b> (12159.25)	<b>1378.08</b> (1323.79)	<b>1670.45</b> (290.39)	<b>12900.28</b> (13192.65)	<b>29648.96</b> (21424.98)	<b>21424.98</b> (16181.95)

Note :

\* Includes buildings on leased land Rs.1867.89 lakhs (Previous Year Rs.1855.01 lakhs).

# Company has obtained long term Commercial Lease rights from Ministry of Defence, Government of India. The Lease Rights are amortised over the lease period. The land is under sub-lease.

Fixed Assets include Interest Capitalised Rs.348.90 lakhs (Previous Year - Nil)

Capital Work in Progress includes Depreciation capitalised Rs.6.78 Lakhs during the year.

Figures have been regrouped.

Figures in brackets are in respect of previous year.

BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet		As at	
SCHEDULE - 6 : INVESTMENTS AT COST (LONG TERM)		31st March 2009	
	No. of Shares	Rs. in lakhs	Rs. in lakhs
<b>TRADE INVESTMENTS</b>			
<b>a) SHARES (Quoted) (fully paid up)</b>			
Equity Shares of Re.1 each			
i) The Indian Hotels Company Limited	511,836	274.62	274.62
Equity Shares of Rs.2 each			
ii) Hotel Leela Venture Limited	500	0.12	0.12
iii) EIH Limited	1,125	0.53	0.53
iv) Jaiprakash Associates Limited (Refer Note iii)	150	0.06	0.06
Equity Shares of Rs.10 each			
(v) Tulip Star Hotels Limited	29,600	32.56	32.56
(vi) EIH Associated Hotels Limited	4,314	2.03	2.03
(vii) Benares Hotels Limited	50	0.06	0.06
(viii) Velan Hotels Limited	4,000	0.42	0.42
(ix) Sterling Holiday Resorts (India) Limited	500	0.37	0.37
<b>b) SHARES (Unquoted) (fully paid up)</b>			
Equity Shares of Rs.10 each			
i) Taj Kerala Hotels and Resorts Limited	1,515,000	151.50	151.50
ii) Taj Karnataka Hotels and Resorts Limited (Refer Note No. 24 of Schedule 16)	300,000	30.00	30.00
iii) Taj Madurai Limited	912,000	118.60	118.60
iv) Prestige Garden Resorts Private Limited	475,000	632.17	632.17
v) Taj Air Limited (Refer Note iv)	6,250,000	625.00	625.00
vi) Taj Trade & Transport Company Limited	100,500	15.92	15.92
vii) Apollo Sindoori Hotels Limited (Refer Note v)	100	—	—
viii) Asian Hotels East Limited (Refer Note vi)	70	0.12	0.23
ix) Asian Hotels West Limited (Refer Note vi)	70	0.11	-
x) Lands End Properties Private Limited	1,990,000	199.00	-
xi) Green Infra Wind Farms Limited	45,000	4.50	-
<b>c) Ordinary Shares of US \$1.00 each (Unquoted) (fully paid up)</b>			
i) TAL Hotels and Resorts Limited (Refer Note vii)	919,104	437.68	437.68
<b>d) INVESTMENT IN SUBSIDIARY COMPANIES</b>			
Ordinary Shares of US \$ 10 each (fully paid up)			
i) OHL International (HK) Limited (Refer Note viii)	1,500,000	4,683.00	4,683.00
<b>e) 6% Non Convertible Debenture of Rs.100 each (Quoted) (Fully paid up)</b>			
i) The Indian Hotels Company Limited	42,653	42.65	42.65
<b>f) 5% Convertible Cumulative Preference Shares of Rs.100 Each (unquoted) (Fully paid up)</b>			
- Roots Corporation Limited (Refer Note ix)	5,000,000	5,000.00	5,000.00
<b>OTHER INVESTMENTS</b>			
<b>a) SHARES (Quoted) (fully paid)</b>			
Equity Shares of Rs.10 each			
i) ICICI Bank Limited	1,546	1.36	1.36
ii) Apollo Hospital Enterprises Ltd. (Refer Note v)	100	0.08	0.08
<b>b) SHARES (Unquoted) (fully paid)</b>			
Equity Shares of Rs.10 each			
i) Chennai Willingdon Corporate Foundation	5	-	-
Equity Shares of Re.1 each			
ii) Indian Dairy Entrepreneurs Agricultural Company Ltd. (Refer Note x)	86,302	-	-
<b>TOTAL</b>		<b>12,252.46</b>	<b>12,048.96</b>

# ORIENTAL HOTELS LIMITED

## BALANCE SHEET SCHEDULE

Schedule forming part of the Balance Sheet

### SCHEDULE 6 : INVESTMENTS AT COST (Long Term) (Contd.)

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>NOTES :</b>		
i. Aggregate of quoted investments:		
Shares		
Cost	354.87	355.09
Market Value	586.88	226.95
ii. Aggregate of unquoted investments :		
Cost	11,897.59	11,693.87
<p>iii) As per the scheme of amalgamation, one each equity share of Rs.2 fully paid up in Jaiprakash Associates Limited has been allotted in lieu of one equity share of Rs.10 each in Jaypee Hotel Limited. 50 equity shares of Rs.2 each fully paid has been received as bonus shares during the year.</p> <p>iv) In terms of an undertaking, transfer of this shareholding is restricted to Taj / TATA group Companies.</p> <p>v) Received in terms of scheme of arrangement on amalgamation.</p> <p>vi) Received in lieu of equity shares of Asian Hotels Limited consequent to a scheme of arrangement &amp; demerger by Asian Hotels Limited &amp; its group Companies.</p> <p>vii) In terms of Share Retention Agreement with International Finance Corporation (IFC) for the loans availed by TAL Hotels &amp; resorts Limited (THRL) (formerly Taj Asia Limited) transfer of shareholding in this Company is restricted during the subsistence of the loan agreement of THRL.</p> <p>viii) Stated at the exchange rate prevailing on the date of initial deposit of loan which was converted into shares.</p> <p>ix) Each 5% Convertible Cumulative preference share is compulsorily convertible into one equity share of Rs.10/- each at a premium of Rs.90/- at the end of 3 years from the date of allotment i.e., 9th January , 2009.</p> <p>x) Equity Shares of Rs.10/- each have been reduced to equity shares of Re.1/- each as confirmed by the order of the Court and provision for diminution in value has been made in the earlier years.</p>		

BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet			As at
	Rs.	Rs.	31st March 2009
	(in lakhs)	(in lakhs)	Rs. (in lakhs)
<b>SCHEDULE 7 : LONG TERM DEPOSITS</b>			
1. Long Term Deposits placed for Hotel Properties		5,478.62	428.62
2. Shareholder's Deposit placed with a Joint Venture Company (Refer Note 13 of Schedule 16)		781.50	781.50
<b>TOTAL</b>		<b>6,260.12</b>	<b>1,210.12</b>
<b>SCHEDULE 8 : INVENTORIES</b>			
a) Stores and operating supplies		176.00	213.99
b) Food and Beverages		380.87	370.75
<b>TOTAL</b>		<b>556.87</b>	<b>584.74</b>
<b>SCHEDULE 9 : SUNDRY DEBTORS ( UNSECURED)</b>			
a) Outstanding over six months			
Considered Good	275.37		273.83
Considered Doubtful	159.34		151.78
	434.71		425.61
Less : Provision for Doubtful Debts	159.34		151.78
		275.37	273.83
b) Others - Considered Good		842.26	731.61
<b>TOTAL</b>		<b>1,117.63</b>	<b>1,005.44</b>
<b>SCHEDULE 10 : CASH AND BANK BALANCES</b>			
a) Cash on hand including cheques on hand Rs.127.62 Lakhs (Previous year Rs.191.66 Lakhs)		145.42	212.66
b) Balances with scheduled banks			
i) In current accounts (Refer Note i)		770.10	490.88
ii) In deposit accounts (Refer Note ii)		28.77	32.75
c) Balances with other bank (Refer Note iii)			
In current account		0.38	0.43
<b>TOTAL</b>		<b>944.67</b>	<b>736.72</b>

# ORIENTAL HOTELS LIMITED

## BALANCE SHEET SCHEDULE

**Schedule forming part of the Balance Sheet**

	Rs. in lakhs	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>SCHEDULE 11 : LOANS AND ADVANCES</b>			
<i>(Unsecured, unless otherwise stated, considered good)</i>			
1. Secured Loans - mortgage loans to staff		357.76	383.16
2. Other Advances (Refer Note 2 of Schedule 16)			
Considered Good	1,157.41		963.62
Considered Doubtful	4.48		4.48
	1,161.89		968.09
Less : Provision for Doubtful Advances	4.48		4.48
		1,157.41	963.62
3. Inter Corporate Deposits (Refer Note 24 of Schedule 16)		560.00	590.00
4. Deposit with Public bodies and others			
Considered Good	609.65		775.67
Considered Doubtful	10.93		6.99
	620.58		782.66
Less : Provision for Doubtful Advances	10.93		6.99
		609.65	775.67
5. Advance Tax and Tax Deducted at Source (Refer Note iv)		1,294.44	1,414.94
6. Deposits with Customs and Excise		2.18	1.58
<b>TOTAL</b>		<b>3,981.44</b>	<b>4,128.96</b>

**Notes :**

- i) Includes amounts in unpaid dividend accounts Rs.54.61 Lakhs (Previous year Rs 48.62 Lakhs)
- ii) Deposits with scheduled banks include deposits amounting to Rs.10.45 Lakhs (Previous year Rs.21.00 Lakhs) under lien to Banks.
- iii) Balance with other Banks

Name of the Bank	31st March 2010 Rs. in Lakhs	31st March 2009 Rs. in Lakhs
<b>Standard Chartered Bank, London</b>		
Current Account - Balance	0.38	0.34
<b>Maximum Balance outstanding at any time during the year</b>	0.38	1.84

- iv) Advance Tax and Tax deducted at Source is net of Provision for Income tax amounting to Rs.15,388.10 Lakhs (previous year Rs.14,107.48 Lakhs).



BALANCE SHEET  
SCHEDULE

Schedule forming part of the Balance Sheet			As at 31st March 2009
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
<b>SCHEDULE 12 :CURRENT LIABILITIES</b>			
1. Sundry Creditors Due to Micro Enterprises and Small Enterprises (Refer Note 16 of Schedule 16)	-		0.08
Others ( including Rs. 66.87 Lakhs due to Directors previous year Rs. 85.66 Lakhs)	<u>3,765.90</u>		2,901.59
		<b>3,765.90</b>	
2. Investor Education and Protection Fund (Refer Note below)			
a) Unclaimed Dividend	54.61		48.59
b) Unclaimed Matured Deposits	7.94		10.46
c) Unclaimed Interest	<u>0.70</u>		3.23
		<b>63.25</b>	
3. Sundry Deposits		<b>21.73</b>	14.70
4. Intrest accrued but not due on Loans		<b>115.98</b>	-
<b>TOTAL</b>		<u><b>3,966.86</b></u>	<u>2,978.65</u>
<b>SCHEDULE 13 : PROVISIONS</b>			
1. Proposed Dividend and Tax on Dividend		<b>1,561.97</b>	1,880.57
2. Provision for Employee benefits		<b>399.45</b>	440.76
<b>TOTAL</b>		<u><b>1,961.42</b></u>	<u>2,321.33</u>

**NOTE :**

The amount reflects the position as on 31st March, 2010, the actual amount to be transferred to the Investor Education & Protection Fund shall be determined and paid to the credit of the fund on the due dates.

# ORIENTAL HOTELS LIMITED

## PROFIT AND LOSS ACCOUNT SCHEDULE

Schedule forming part of the Profit and Loss Account

### SCHEDULE 14 : ROOMS, RESTAURANTS, BANQUETS & OTHER INCOME

	Rs. in lakhs	Rs. in lakhs	Previous Year Rs. in lakhs
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES ETC. (Net of Excise Duty of Rs.4.47 Lakhs Previous year Rs.7.72 Lakhs) (Refer Note 7a, 7b of Schedule 16)		18,924.19	21,246.72
2. Net Surplus from Operation of a Hotel		109.07	-
3. OTHER INCOME			
a) Interest Earned (Tax Deducted at source Rs.12.78 Lakhs) (Previous Year Rs.34.61 Lakhs)	91.95		248.85
b) Income from Investments (Refer Note 7c of Schedule 16)	582.75		26.87
c) Guarantee Commission	-		27.11
		674.70	302.83
4. OPERATING FEES RECEIPTS		244.20	228.44
5. PROFIT ON SALE OF ASSETS (NET)		40.85	-
6. PROVISIONS AND BALANCES WRITTEN BACK		99.33	21.26
7. EXCHANGE FLUCTUATION GAIN		124.35	27.23
<b>TOTAL</b>		<b>20,216.69</b>	<b>21826.47</b>

### SCHEDULE 15 : OPERATING AND GENERAL EXPENSES

	Rs. in lakhs	Rs. in lakhs	Previous Year Rs. in lakhs
<b>I. OPERATING EXPENSES</b>			
<b>A) PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>			
1. Salary, Wages, Bonus etc., (Refer Note 12 of Schedule 16)	2,184.53		2,182.84
2. Company's contribution to Provident Fund and Other Funds	183.06		183.94
3. Contribution to Gratuity Fund	(112.02)		197.45
4. Workmen and Staff Welfare Expenses (Refer Note 5 of Schedule 16)	648.33		632.97
		2,903.90	3,197.20
<b>B) FOOD AND BEVERAGE CONSUMED</b> (Including Smokes)			
1. Opening Stock	74.95		76.90
2. Add : Purchases	1,661.43		1,905.36
	1,736.38		1,982.26
3. Less : Closing Stock	79.27		74.95
		1,657.11	1,907.31
<b>Carried Over</b>		<b>4,561.01</b>	<b>5,104.51</b>

PROFIT AND LOSS ACCOUNT  
SCHEDULE

Schedule forming part of the Profit and Loss Account			Previous Year
SCHEDULE 15 : OPERATING AND GENERAL EXPENSES (Contd.)			Rs. in lakhs
	Brought Forward	Rs. in lakhs	Rs. in lakhs
		4,561.01	5,104.51
<b>C) WINE AND LIQUOR CONSUMED</b>			
1. Opening Stock		295.80	191.28
2. Add : Purchases		366.76	420.36
		<u>662.56</u>	<u>611.64</u>
3. Less : Closing Stock		<u>301.60</u>	<u>295.80</u>
		360.96	315.84
<b>D) OTHER OPERATING EXPENSES</b>			
1. Consumption of Stores and Supplies		537.73	563.58
2. Power, Fuel and Light (Refer Note 12 of Schedule 16)		1,517.14	1,538.94
3. Water Charges (Refer Note 12 of Schedule 16)		118.91	117.78
4. Deputed Staff Salaries		809.86	806.21
5. Repairs to Buildings		274.06	242.50
6. Repairs to Machinery (Refer Note 12 of Schedule 16)		334.50	304.87
7. Repairs to Others		163.90	159.56
8. Linen and Uniform Washing		143.37	136.89
9. Expenses on Communication Services		109.42	103.09
10. Commission to Travel Agents and Collecting Agents		377.71	480.64
11. Payment for Contracted Services		402.24	288.26
12. Fees to Consultants		792.11	897.75
		<u>5,580.95</u>	<u>5,640.07</u>
<b>II. GENERAL EXPENSES</b>			
1. Rent (Including Licence Fee)		573.23	394.27
2. Rates and Taxes		341.95	319.16
3. Insurance		84.13	58.35
4. Sales and Marketing Services and other Selling Expenses		602.67	675.88
5. Professional Charges		258.30	72.37
6. Printing and Stationery		79.28	100.01
7. Bad Debts and Advances written off Net (Refer Note 8 of Schedule 16)		-	5.26
8. Provision for Doubtful Debts, Deposits and Advances		59.82	30.62
9. Passage and Travelling (Refer Note 14 of Schedule 16)		154.05	156.00
10. Donations		24.50	40.35
11. Loss on Sale of Assets (Net)		-	21.90
12. Assets Written off (Net)		134.14	48.75
13. Reservation and Other Services		361.05	417.17
14. Other Expenses (Refer Note 11 & 12 of Schedule 16)		<u>983.94</u>	<u>958.10</u>
		3,657.06	3298.18
<b>III. REMUNERATION TO NON WHOLE-TIME DIRECTORS</b>			
(includes Directors' Sitting Fees of Rs.5.90 Lakhs)			
(Previous year - Rs.7.50 Lakhs)		42.68	66.73
<b>TOTAL</b>		<u>14,202.66</u>	<u>14,425.34</u>

# ORIENTAL HOTELS LIMITED

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### SCHEDULE 16 :

#### 1. ACCOUNTING POLICIES

The financial statements are prepared under historical cost convention on accrual basis and comply with Accounting Standards (AS) referred to in Section 211(3C) of the Companies Act, 1956. Significant accounting policies adopted in the presentation of the accounts are as under:

a) **Fixed Assets**

Fixed Assets are carried at cost less depreciation.

b) **Depreciation**

Depreciation on Assets is provided on straight line basis at rates which are in conformity with the requirements of the Companies Act, 1956. Assets given to the employees under the Company's white good scheme are depreciated as per the terms of the scheme. Buildings constructed and capital expenditure incurred on leasehold rights are depreciated at the rates arrived at based on the number of years of total lease or the rates applicable as per the Companies Act, 1956 whichever is higher.

c) **Investments**

Long Term Investments are carried at cost. Provision for decline in the value, other than temporary, has been made wherever necessary.

Current Investments are carried at lower of cost and market value / net asset value.

d) **Inventories**

Inventories are valued at cost on weighted average basis.

e) **Transactions in Foreign Exchange**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling at the year end. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

Non-monetary items denominated in foreign currency are carried at the exchange rate in force at the date of the transaction.

f) **Employee Benefits**

In respect of defined contribution schemes, contributions to Provident Fund and Family Pension are charged to profit and loss account as incurred.

In respect of defined benefit schemes, the post - retirement benefits such as gratuity, leave encashment and other retirement benefits are accounted for based on valuations, as at the balance sheet date, made by an independent actuary. Gratuity in respect of certain employees is covered by Group Gratuity scheme with the Life Insurance Corporation of India.

In respect of other employee benefits, provision for such benefits are provided in terms of Accounting Standard - 15 (Revised) - "Employee Benefits".

g) **Borrowing Cost**

Borrowing costs incurred on acquiring qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use) are capitalised at the weighted average rate at which the funds have been borrowed for such acquisition. Other borrowing cost are recognised as an expense in the year in which they are incurred.

h) **Taxes on Income :**

Income Tax is computed in accordance with Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income'. Tax expenses are accrued in the same period as the revenue and expenses to which they relate.

Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit /loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e. differences that originate in one accounting period and reversed in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on applicable tax rates. Deferred tax assets/ liabilities are reviewed as at each Balance Sheet date.

i) **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 exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 : (Contd)

j) **Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised in terms of Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' 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 made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

k) **Assets taken on lease:**

In respect of lease transactions, which are in nature of finance leases, Assets taken on lease after April, 2001 are accounted as fixed assets at fair value in accordance with Accounting Standard 19 (AS-19) - "Leases". Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

Assets taken on lease / licence under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses in accordance with the respective lease / licence agreements.

2. Based on the orders of the Division Bench of the Hon'ble High Court of Madras in an earlier year, the value of Freehold Land amounting to Rs.749.86 Lakhs has been classified as an unsecured loan under Loans and Advances. The Company has initiated appropriate legal action to recover the amount together with interest and obtained interim stay order to protect and secure the amount. The Company has received part amount under a compromise settlement. The management is confident of recovery of the balance amount due.

	Rs. in Lakhs	Previous Year Rs. in Lakhs
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	3,631.29	2,253.21
4. Contingent Liability not provided for :		
a) Bank Guarantee/Bond executed by the Company	190.10	75.10
b) Letter of credits opened by bankers	117.79	-
c) Appeals filed in respect of disputed demands		
- Income Tax **	1,007.73	907.22
- Luxury Tax	29.88	-
- Sales Tax	44.70	43.61
- Urban Land Tax	7.30	41.83
- Electricity Tax and Adjustment Charges	139.34	139.34
- Service Tax	383.85	25.04

\*\* Demand raised by the Income Tax department against the Company by disallowing certain deductions/benefits/ claims made by the Company. In the opinion of the Company most of these demands are not maintainable and accordingly appeals have been preferred before the appropriate authorities.

	Rs. in Lakhs	Previous Year Rs. in Lakh
5. Workmen and Staff Welfare expenses include :		
Rent	143.87	155.60
6. Value of Imports (CIF Value)		
a) Raw Material - Food and Beverages	1.49	4.82
b) Stores and Spares	80.99	80.09
c) Capital Goods	452.53	461.79

# ORIENTAL HOTELS LIMITED

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd.)

7. a) As the turnover of the Company includes sale of food and beverages, it is not possible to give quantity-wise details of the sale and consumption of food and beverages. The Company is exempted from giving these particulars for the year 2009-10 vide Order No.46/45/2008-CL-III dated 14th May, 2008 issued by the Ministry of Corporate Affairs.

- b) Income from Rooms, Restaurants, Banquets and other services includes receipts from:

	Rs. in Lakhs	Previous Year Rs. in Lakhs
Sale of food, banquet services and non-alcoholic beverages	6,857.39	6,883.28
Sale of Wine and Liquor	1,286.87	1,226.59
Communication services	132.57	149.25

- c) i) Income from investments includes dividend from a subsidiary company of Rs.553.57 Lakhs  
( Previous Year Rs.Nil)

- ii) Income from investments includes dividend from long term trade investments amounts to 29.19 lakhs  
( Previous year Rs 24.62 lakhs)

8. Bad debts and Advances written off is after adjusting the provision made in the earlier years amounting to Rs.54.14 lakhs  
( previous year Nil)

9. Earnings in Foreign Exchange :

- a) On account of Rooms, Restaurants etc.  
b) Operating and Management Fees  
c) Guarantee Commission  
d) Dividend

	Rs. in lakhs	Previous Year Rs. in lakhs
a) On account of Rooms, Restaurants etc.	7,104.38	9,732.34
b) Operating and Management Fees	244.20	228.44
c) Guarantee Commission	-	27.11
d) Dividend	553.57	-

10. Expenditure in Foreign Currencies :

- a) Consultancy fees  
b) Interest  
c) Payment on other accounts

a) Consultancy fees	21.64	-
b) Interest	133.94	-
c) Payment on other accounts	35.88	33.72
<b>a) Audit Fees</b>	<b>18.00</b>	<b>18.00</b>
<b>b) Taxation Matters</b>	<b>6.75</b>	<b>6.75</b>
<b>c) Other Services</b>	<b>15.75</b>	<b>13.10</b>
<b>d) Reimbursement of Expenses including Service Tax</b>	<b>4.79</b>	<b>5.96</b>
	<b>45.29</b>	<b>43.81</b>

11. Payment to Statutory Auditors included under Other expenses

- a) Audit Fees  
b) Taxation Matters  
c) Other Services  
d) Reimbursement of Expenses including Service Tax

12. Expenditure on account of (i) Salaries, Wages, Bonus etc., (ii) Fuel, Power and Light, (iii) Repairs to Machinery, (iv) Water charges (v) Other expenses are after adjusting (i) Rs.39.81 lakhs (Previous Year Rs.26.88 lakhs), (ii) Rs.34.84 lakhs (Previous Year Rs.26.88 lakhs), (iii) Rs.3.11 lakhs (Previous Year Rs.2.52 lakhs), (iv) Rs.11.41 lakhs (Previous Year Rs.9.24 lakhs) and (v) Rs.19.62 lakhs (Previous Year Rs.18.48 lakhs) respectively recovered from outside parties.

13. The shareholders deposit represents advance for investments in TAL Hotels & Resorts Limited (formerly Taj Asia Limited)

14. Passage & traveling includes traveling expenses of Auditors Rs.6.85 Lakhs (Previous Year Rs.4.74 Lakhs).

NOTES ON BALANCE SHEET  
and  
PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

15. Deferred Tax

In accordance with the Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income' notified by the Companies(Accounting Standards) Rules,2006, the Company has provided for deferred tax and the net deferred tax liability as on March 31,2010 comprises of the following

Deferred tax liability :	Rs. in Lakhs	Previous Year Rs. in Lakhs
Depreciation on fixed assets	1,261.60	1,333.24
<b>Total</b>	<b>1,261.60</b>	<b>1,333.24</b>
<b>Deferred tax asset :</b>		
Provision for Employee Benefits	60.15	71.51
Provision for doubtful debts and advances	66.31	65.92
Others	4.22	6.70
<b>Total</b>	<b>130.68</b>	<b>144.13</b>
<b>Net deferred tax liability</b>	<b>1,130.92</b>	<b>1,189.11</b>

16. Amounts Due to Micro, Small and Medium Enterprises

The identification of Micro, Small and Medium Enterprises Suppliers as defined under "The Micro, Small and Medium Enterprises Development Act, 2006" is based on information available with the management. As certified by the management, amounts overdue as on 31st March 2010 to Micro, Small and Medium Enterprises on account of principal amount together with interest is Nil (Previous year Rs.0.08)

17. Derivative Instruments and unhedged foreign currency exposure

	Rs. in lakhs	Previous Year Rs. in lakhs
i) Derivative instruments that are outstanding - Principal Currency Swaps	US \$ 100,00,000 (Rs.4559.00 lakhs)	-
ii) Unhedged Foreign Currency Exposure/the Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise Receivables Outstanding	US \$ 527,759 (Rs.234.48 lakhs)	US \$190,364 (Rs.96.10 lakhs)

18. The Company is exclusively engaged in the business of hoteliering. This, in the context of Accounting Standard 17 on Segment Reporting , notified by the Companies (Accounting Standards) Rules,2006 is considered to constitute one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

# ORIENTAL HOTELS LIMITED

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd.)

#### 19. MANAGERIAL REMUNERATION

##### A. REMUNERATION TO WHOLE-TIME DIRECTORS

##### Computation of Profit under Section 349 of the Companies Act, 1956

	Rs. in lakhs	Previous Year Rs. in lakhs
1. Profit as per Profit and Loss Account	3,536.99	5,757.84
2. Add : a) Whole time Directors Remuneration	83.32	76.85
b) Remuneration to Non Whole Time Directors	36.87	59.23
c) Wealth Tax	30.00	29.43
TOTAL	3,687.18	5,923.35
3. Less : Provision and Balances written back	-	-
4. Profit as per Section 349 of the Companies Act, 1956	3,687.18	5,923.35
5. Profit for Computation of Director's Remuneration	3,687.18	5,923.35
6. Commission to Managing Director	30.00	26.33
7. Managerial Remuneration :		
a) Salary	30.00	26.33
b) Commission on Profit	30.00	26.33
c) Company's contribution to Provident Fund and Other funds	3.60	3.16
d) Leave Encashment and Gratuity	3.20	3.84
e) Perquisites	16.52	17.19
	83.32	76.85
B. REMUNERATION TO DIRECTORS OTHER THAN WHOLE TIME DIRECTORS		
Remuneration to Directors including pension and perquisites at 1% of Profits i.e., Rs.3,687.18 Lakhs as worked out in Note No. 19A(6)	36.87	59.23

#### 20. DISCLOSURE REQUIREMENT UNDER AS-19 - LEASE / LICENCE TRANSACTION

The company has entered into a licensing arrangement to operate a hotel for a period of 40 years and thereafter renewable for a further period of 30 years.

The license fee payable is Rs.175.00 lacs per annum or specified percentage of Gross Annual Turnover whichever is higher.

Particulars	Rs.in Lakhs	Previous Year Rs.in Lakhs
a) The total of future minimum license payments under non cancelable operating license for each of the following periods		
i) Not later than one year	175.00	-
ii) Later than one year and not later than five years	700.00	-
iii) Later than five years	6,125.00	-
b) Licence payments recognised in the profit and loss account	116.67	-



# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd.)

#### 21. Remittance in foreign currencies for dividends :

The Company has not made any remittance in foreign currencies on account of dividends during the year and does not have any information as to the extent of which remittances in foreign currencies on account of dividends have been made by or on behalf of Non-Resident Shareholders. The particulars of dividends declared during the year and paid to Non-Resident Shareholders for the year 2009-10 are as follows:

	2009-10	2008-09
a) Number of Non-Resident Shareholders	96	88
b) Number of Equity Shares held by them	3,083,194	3,680,702
c) Gross amount of Dividend (Rs. in Lakhs)	277.49	386.47

#### 22. Earning Per Share :

Earning per share is computed based on the following :

Profit after Tax (Rs. in Lakhs)

Nominal Value of Share (Rs.)

Number of Equity Shares

Earning Per Share (Rs.) (Basic and Diluted)

	2009-10	2008-09
Profit after Tax (Rs. in Lakhs)	2,314.56	3,732.38
Nominal Value of Share (Rs.)	10	10
Number of Equity Shares	17,859,918	17,859,918
Earning Per Share (Rs.) (Basic and Diluted)	12.96	20.90

#### 23. As per Accounting Standard - AS 18 "Related Parties Disclosure" notified by the Companies (Accounting Standards) Rules, 2006 the required information are given below:

##### l) List of Related Parties are as follows :

<b>A. Subsidiary Company</b>	OHL International (HK) Ltd.
<b>B Associate Companies</b>	Taj Karnataka Hotels & Resorts Ltd. ( ceased to be an associate wef 31 st March, 2010) Taj Madurai Limited Lanka Island Resorts Ltd. (formerly Taj Lanka Resorts Ltd)
<b>C. Joint Ventures</b>	TAL Hotels & Resorts Ltd. (formerly Taj Asia Ltd.) Taj Maldives Resorts Pte. Ltd. (formerly Taj Maldives Pte Ltd.) (100% Subsidiary of TAL Hotels & Resorts Ltd.) Prestige Garden Resorts Private Ltd.
<b>D. Significant Influence</b>	The Indian Hotels Company Ltd. Roots Corporation Ltd., (100 % Subsidiary of The Indian Hotels Company Ltd.) TIFCO Holdings Ltd., (100 % Subsidiary of The Indian Hotels Company Ltd.)
<b>E. Key Management Personnel</b>	Mr. D. Varada Reddy, Managing Director
<b>F. Enterprises influenced by Relatives of Key Management Personnel</b>	Dodla International Limited

# ORIENTAL HOTELS LIMITED

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd)

Details of Transactions with the Related Parties are as follows :					
S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Relatives of Key Management Personnel	Total
A.	Sales of Goods / Services *		673.00 (385.42)		673.00 (385.42)
	- Taj Karnataka Hotels & Resorts Limited	9.39 (5.70)			9.39 (5.70)
	- Taj Madurai Limited	3.32			3.32
B.	Purchase of Goods / Services *		1,143.58 (1,028.25)		1,143.58 (1,028.25)
	- Taj Karnataka Hotels & Resorts Limited	2.01 (0.75)			2.01 (0.75)
	- Taj Madurai Limited	6.63			6.63
C.	Consideration paid for Assets Transferred	-	4,100.00		4,100.00
D.	Interest Paid	-	50.11 (147.78)		50.11 (147.78)
E.	Interest Received		2.56 (29.61)		2.56 (29.61)
	- Taj Karnataka Hotels & Resorts Limited	52.73 (54.00)			52.73 (54.00)
F.	Dividend Received		6.14 (8.10)		6.14 (8.10)
	- Taj Madurai Limited	13.68 (13.68)			13.68 (13.68)
G.	Guarantee Commission received	-	-		-
	- TAL Maldives Resorts Private Limited	(27.11)	-		(27.11)
H.	Operating / Management / Licence Fees Paid		792.11 (897.75)	116.67 (-)	908.78 (897.75)
	- Taj Madurai Limited	108.63 (122.41)			108.63 (122.41)
I.	Sales and Marketing Reservation and other services Costs	-	827.96 (938.53)		827.96 (938.53)
J.	Operating / Management / Licence Fees Received TAL Hotels & Resorts Limited	244.00 (228.44)	-		244.00 (228.44)
K.	Loans Given - Taj Karnataka Hotels & Resorts Limited	560.00 (590.00)	-		560.00 (590.00)
L.	Loans Taken	-	2,300.00 (2,650.00)		2,300.00 (2,650.00)
M.	Long Term Lease Deposits Placed			4,750.00 (-)	4,750.00 (-)
N.	Purchase of shares - Roots Corporation Limited	-	(5,000.00)		(5,000.00)
	-The Indian Hotels Company Ltd.		(59.71)		(59.71)
O.	Purchase of Debentures		(42.65)		(42.65)

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd)

S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Relatives of Key Management Personnel	Total
P.	<b>Outstanding Balances as at march 31, 2010</b>		(42.65)		(42.65)
	(i) Receivable		99.82	106.58	206.10
			(216.03)	-	(216.03)
	- Taj Karnataka Hotels & Resorts Limited	563.44 (590.00)			563.44 (590.00)
	- TAL Hotels & Resorts Limited	234.13 (88.78)			(234.13) (88.78)
	- TAL Maldives Resorts Private Limited	(7.32)			(7.32)
	(ii) Payables		2,467.51 (2,703.89)		2,467.51 (2,703.89)
	- Taj Madurai Limited	32.21 (51.74)			32.21 (51.74)
	(iii) Long term Licence Deposit receivable			4,750.00 (-)	4,750.00 (-)

\* Includes Reimbursement of deputed staff salaries and other expenses.

# Represents transactions with Indian Hotels Company Limited unless otherwise specified.

Key management personnel :

Key managerial personnel comprise of Managing Director who has the authority and the responsibility for planning, directing and controlling the activities of the Company. The remuneration paid to such director is Rs. 83.32 lakhs (Previous year Rs. 76.85 lakhs) which includes an amount of Rs. 30.00 Lakhs outstanding as at 31st March, 2010 (Previous year Rs. 26.33 Lakhs)

NOTE: Figures in brackets are in respect of Previous Year.

### II) Loans and Advances in the nature of Loans given to Subsidiaries and Associates\*

Rs. in Lakhs

Name of the Company	As at 31st March, 2010	Maximum Balance during the year
Taj Karnataka Hotels & Resorts Ltd. # Associate	560.00 (590.00)	590.00 (620.00)

\* As required by Clause 32 of the Listing Agreement

# Ceased to be associate wef 31 st March, 2010

24. The Company has an investment of Rs.30 lakhs and advances outstanding of Rs. 560 lakhs in an associate company, ( ceased to be an associate w.e.f. March 31, 2010), the Taj Karnataka Hotels and Resorts Limited (TKHRL). TKHRL has accumulated losses in excess of its networth. considering the inherent value of the investee company's assets and proposed financial restructuring, the management is of the view that there is no permanent or long term diminution in the value of the investment and that outstanding will be fully recovered after the financial restructuring.

### 25. Disclosure under AS 29 - " Provisions, Contingent Liabilities and Contingent Assets"

	Rs. in lakhs	Previous Year Rs. in lakhs
Provision for Employee Benefits		
Opening Balance as on 1st April 2009	440.76	430.92
Add: Additions / (Withdrawals) during the year	(16.08)	32.11
	424.68	463.03
Less : Payments made during the year	25.43	22.27
Closing Balance as on 31 st March 2010	399.45	440.76

# ORIENTAL HOTELS LIMITED

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd)

26. Disclosure Under AS -15 (Revised) - Employee Benefits	Rs. in lakhs	Previous Year Rs. in lakhs
Staff Costs include the following		
<b>Defined Contribution Schemes</b>		
Company's contribution to Provident Fund	183.06	183.94
<b>Defined Benefit Schemes (Gratuity - Funded Scheme)</b>	Rs. in lakhs	Previous Year Rs. in lakhs
A) Liability Recognised in the Balance Sheet		
i) Present value of Obligation		
As at 1st April, 2009	946.54	751.97
Interest cost	67.18	60.00
Service Cost	61.74	48.01
Benefits Paid	(44.99)	(62.88)
Actuarial (gain) /loss on obligations	<u>(142.38)</u>	<u>149.44</u>
As at 31st March, 2010	<u>888.09</u>	<u>946.54</u>
Less:		
Fair Value of Assets		
As at 1st April, 2009	764.51	730.86
Expected return on plan assets less loss on investments	59.14	55.26
Actuarial gain /(loss) on Investments	40.46	4.74
Employers' Contribution	242.64	36.53
Benefits Paid	(44.99)	(62.88)
As at 31 st March, 2010	<u>1,061.76</u>	<u>764.51</u>
B) Expense during the year		
Interest Cost	67.18	60.00
Service Cost	61.74	48.01
Expected Return on Plan assets	(59.13)	(55.26)
Actuarial (Gain) /Loss	<u>(181.82)</u>	<u>144.70</u>
Expense recognised in the profit and loss account *	<u>(112.02)</u>	<u>197.45</u>
C) Principal Acturial Assumptions		
Discount Rate	8.00% / 8.20%	8.00% / 6.80%
Expected Return on Plan Assets	8.00% / 7.50%	8.00% / 7.50%
Rate of increase in Salaries	5.00%	5.00%
D) Amount to be recognised in the Balance Sheet		
Present Value of Funded Obligations	888.09	946.54
Fair Value of Plan Assets	<u>1,061.76</u>	<u>764.51</u>
Net Liability / (Assets)	<u>(173.67)</u>	<u>182.03</u>
Amount in Balance Sheet		
Liability	-	182.03
Assets	<u>(173.67)</u>	-
<b>Defined Benefit Schemes (Pension Non Funded Scheme)</b>		
A) Liability Recognised in the Balance Sheet	Rs.in lakhs	
i) Present value of Obligation		
As at 1st April, 2009	154.48	144.42
Interest cost	9.87	11.34
Service Cost	-	-
Benefits Paid	(18.84)	(18.67)
Actuarial (gain) /loss on obligations	<u>4.75</u>	<u>17.39</u>
As at 31st March, 2010	<u>150.26</u>	<u>154.48</u>
B) Expense during the year		
Interest Cost	9.87	11.34
Service Cost	-	-
Expected Return on Plan assets	-	-
Actuarial (gain) /loss	<u>4.75</u>	<u>17.39</u>
Expense recognised in the profit and loss account *	<u>14.62</u>	<u>28.73</u>

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

### SCHEDULE 16 (Contd.)

C) Principal Actuarial Assumptions		
Discount Rate	8.20%	6.80%
Pension Increase Rate	5.00%	5.00%
Medical Inflation Rate	6.50%	6.50%
D) Amount to be recognised in the Balance Sheet		
Present Value of Funded Obligations	150.26	154.48
Fair Value of Plan Assets	-	-
Net Liability	150.26	154.48
Amount in Balance Sheet Liability	-	-
Liability	150.26	154.48

\*Disclosure relating to only "post employment defined benefits plan".

### 27. Disclosure of Company's Interest in Joint Ventures :

Name of the Company % of Interest	TAL Hotels & Resorts Limited 21.736%	
	Current Year	Previous Year
	Amount (Rs. in lakhs)	
Proportionate Share of Assets	8,237.77	9,039.63
Proportionate Share of Liabilities	4,454.31	4,917.21
Proportionate Share in Income	3,111.25	2,932.72
Proportionate Share in Expenses	3,091.05	2,991.59

Name of the Company % of Interest	Prestige Garden Resorts Pvt. Ltd. 50% of Interest	
	Current Year	Previous Year
	Amount (Rs. in lakhs)	
Proportionate Share of Assets	362.45	348.09
Proportionate Share of Liabilities	92.53	78.18
Proportionate Share in Income	-	-
Proportionate Share in Expenses	-	-

28. As per Accounting Standard 21 on "Consolidated Financial Statement", Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" referred to in Section 211(3C) of the Companies Act, 1956, the Company has presented consolidated financial statements separately, including that of its subsidiary, associates and joint venture entities in this annual report.

29. Previous year figures have been regrouped wherever necessary.

Schedules '1' to '16' form an integral part of the Balance Sheet and the Profit and Loss Account

As per our Report attached

For and on behalf of the Board

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

R.K. KRISHNA KUMAR *Chairman*  
D.VARADA REDDY *Managing Director*

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

S.B.PVRAMAMOHANA RAO  
Dr. G. SUNDARAM  
D. VIJAYAGOPAL REDDY  
S.Y. SYED MEERAN  
PRAMOD RANJAN  
D.R. KAARTHIKEYAN  
DIWAN ARUN NANDA  
RAMESH D HARIANI

Directors

# ORIENTAL HOTELS LIMITED

## CASH FLOW STATEMENT

<b>Cash flow Statement for the year 2009 - 2010</b>			
	Rs. in Lakhs	Rs. in Lakhs	Previous Year Rs. in Lakhs
<b>A. Cash flow from Operating Activities</b>			
Net profit before tax and extraordinary items		3,536.99	5,757.84
Adjustments for			
a) Depreciation	1,371.31		1,323.79
b) Loss / (Profit) on sale of assets	(40.85)		21.91
c) Assets Written off	134.14		48.75
d) Bad Debts/Advances Written Off	-		5.26
e) Provision for Doubtful Debts and Advances	59.82		30.62
f) Provision and Balances Written Back	(99.33)		(21.26)
g) Interest/Dividend Income	(674.70)		(302.83)
h) Interest paid	1,105.73		319.50
i) Unrealised Foreign Exchange (Gain)	(124.35)		(0.09)
		1,731.77	1,425.65
Operating profits before working capital changes		5,268.76	7,183.49
Adjustments for			
a) (Increase) / Decrease in Trade and other receivables	(170.31)		545.87
b) (Increase) / Decrease in Inventories	27.87		(97.76)
c) Increase / (Decrease) in Trade payables	368.49		(60.80)
		226.05	387.31
Cash generated from operations		5,494.81	7,570.80
Adjustments for Direct taxes paid (net)		(1,160.12)	(2,203.93)
<b>Net Cash flow from operating activities (A)</b>		<b>4,334.69</b>	<b>5,366.87</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets	(8,984.22)		(6,665.89)
Sale of fixed assets	201.20		35.44
Purchase of Investments	(203.50)		(5,102.37)
Long Term Deposits placed for hotel properties	(5,050.00)		-
Interest received	88.97		235.10
Dividend received	582.75		26.88
Guarantee Commission Received	-		27.68
Deposits with other companies	30.00		2,030.00
Exchange Gain Realised on Funds Invested	0.09		0.18
<b>Net cash flow from investing activities (B)</b>		<b>(13,334.71)</b>	<b>(9,412.99)</b>
Carried over		(9,000.02)	(4,046.12)

CASH FLOW STATEMENT

Cash flow Statement (contd.)	Rs. in lakhs	Rs. in lakhs	Previous Year Rs. in lakhs
Brought Forward		(9,000.02)	(4,046.12)
<b>C. Cashflow from financing activities</b>			
Net Increase in borrowings	12,434.82		6,461.60
Interest Paid	(1,338.65)		(266.34)
Dividend paid	(1,880.57)		(2,194.00)
<b>Net cash flow from financing activities (C)</b>		<b>9,215.60</b>	<b>4,001.26</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>		<b>215.58</b>	<b>(44.86)</b>
Cash as per books			
Cash as on Opening 1st April		663.71	708.57
Cash as on Closing 31st March		879.29	663.71
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>(215.58)</b>	<b>(44.86)</b>
<b>NOTES TO THE CASH FLOW STATEMENT :</b>			
i) Cash and Cash Equivalents		As at 31-03-2010	As at 31-03-2009
Cash on hand and balances with banks		944.67	736.72
Bank balances and Deposits Not Considered as Cash		(65.42)	(72.92)
Unrealised Exchange Loss/(Gain)		0.04	(0.09)
Cash and Cash Equivalents as restated		879.29	663.71
ii) Previous year's figures have been regrouped wherever necessary to conform to current year's classification.			
As per our Report attached		For and on behalf of the Board	
For BRAHMAYYA & CO Chartered Accountants	For SNB ASSOCIATES Chartered Accountants	R.K. KRISHNA KUMAR D.VARADA REDDY	Chairman Managing Director
R.NAGENDRA PRASAD Partner Membership No. 203377 Mumbai, May 14, 2010	S. LAKSHMANAN Partner Membership No. 20045	S.B.PV.RAMAMOohana RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARUN NANDA RAMESH D HARIANI	Directors
	T.S. SUNDARAMBAL Company Secretary Mumbai, May 14, 2010		

# ORIENTAL HOTELS LIMITED

## BUSINESS PROFILE

Balance Sheet Abstract and General Business Profile as per Schedule VI, Part (iv) of the Companies Act, 1956

### I. Registration details

Registration No.

5 8 9 7

(State Code)

1  8

Balance Sheet Date

3  1  0  3  2  0  1  0

Date

Month

Year

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

### III. Position of Mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

4 8 8 3 3 8 7

Total Assets

4 8 8 3 3 8 7

#### Source of funds

Paid-Up Capital

1 7 8 5 9 9

Reserves & Surplus

2 6 8 5 1 0 1

Secured Loans

1 5 4 5 9 0 0

Unsecured Loans

3 4 0 6 9 5

Deferred Tax Liability

1 1 3 0 9 2

Security Deposit Sub lease

2 0 0 0 0

#### Application of Funds

Net Fixed Assets

2 9 6 4 8 9 6

Investments

1 2 2 5 2 4 6

Net Current Assets

6 7 2 3 3

Long Term Deposits

6 2 6 0 1 2

Accumulated Losses

N I L

Misc. Expenditure

N I L

### IV. Performance of Company (Amount in Rs. Thousands)

Income

2 0 2 1 6 6 9

Total Expenditure

1 6 6 7 9 7 0

Profit/Loss before Tax

3 5 3 6 9 9

Profit/Loss after tax

2 3 1 4 5 6

Earning per Share in Rs.

1 2 . 9 6

Dividend Rate %

7  5

### V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.

Hotels

5  9  1  0  0  1  0  0  6

Restaurants

3  9  0  0  0  1  0  0  2

Service description

H O T E L I E R I N G A N D C A T E R I N G



FINANCIAL STATISTICS

(RUPEES IN LAKHS)															
CAPITAL ACCOUNTS							REVENUE ACCOUNTS								
Year	Capital	Reserves & Surplus	Borrowings	Gross Block	Net Block	Investments	Gross Revenue	Expenditure (Including Interest)	Depreciation	Profit before Tax	Taxes	Profit after Tax	Net Transfer to Reserves	Dividends	Rate of Dividend (on Equity Shares %)
1973-74	137.03	8.76	177.69	354.97	348.56	—	10.27	20.55	6.39	(25.43)	—	(25.43)	8.76	—	—
1974-75	142.03	21.00	286.34	423.45	401.24	—	101.24	124.77	15.79	(51.56)	—	(51.56)	12.24	—	—
1975-76	152.46	21.00	325.54	427.87	405.69	—	136.95	145.55	—	(8.60)	—	(8.60)	—	—	—
1976-77	155.00	21.18	333.72	428.30	406.12	—	158.35	158.26	—	0.08	—	0.08	0.18	—	—
1977-78	155.00	21.23	294.32	428.18	389.87	—	205.22	165.68	*16.15	23.29	—	23.39	0.05	—	—
1978-79	155.00	21.44	219.54	431.69	367.47	—	250.32	185.96	÷25.95	38.41	—	38.41	0.21	—	—
1979-80	155.00	32.89	192.43	453.58	374.67	13.71	292.06	214.18	14.92	62.96	—	62.96	11.45	\$27.54	15
1980-81	155.00	65.74	182.56	477.16	381.84	18.13	364.31	284.13	16.42	63.76	—	63.76	32.84	\$29.95	20
1981-82	155.00	112.82	143.29	496.07	383.25	19.64	422.73	324.33	17.50	80.90	—	80.90	47.09	\$32.85	22
1982-83	155.00	130.09	123.46	547.51	408.06	24.59	479.18	368.82	27.13	83.23	32.15	51.08	17.27	\$32.85	22
1983-84	155.00	138.57	110.25	570.34	402.79	26.59	557.40	435.12	29.99	92.29	50.00	42.29	17.24	\$32.85	22
1984-85	155.00	154.65	146.23	625.86	412.41	26.59	692.00	548.34	46.76	96.90	47.00	49.90	28.32	\$32.85	22
1985-86	155.00	206.49	225.85	825.16	595.57	26.59	908.29	792.47	†16.17	72.17	14.00	58.17	51.84	\$32.85	22
1986-87	155.00	269.11	344.24	966.34	688.39	17.96	1173.26	985.18	54.30	133.78	33.00	100.78	62.62	\$37.20	25
1987-88	155.00	334.39	411.39	1289.51	959.66	17.96	1397.99	1206.49	58.05	133.45	30.00	103.45	65.28	\$37.20	25
1988-89	#203.00	373.30	382.80	1457.32	1069.48	6.56	1256.93	1044.17	59.05	153.71	15.00	137.71	96.91	\$40.84	20
1989-90	£252.02	577.39	419.90	1625.06	1157.87	6.51	1865.64	1569.51	85.53	210.60	23.17	187.43	95.55	56.88	25
1990-91	252.02	719.02	783.59	1942.23	1382.58	16.51	2048.32	1702.49	100.98	244.86	40.22	204.64	127.32	63.01	25
1991-92	252.02	965.36	1207.10	2449.15	1780.95	32.89	2820.57	2321.93	121.68	376.95	55.00	321.96	250.00	75.61	30
1992-93	\$352.83	1067.51	1920.91	3452.86	2635.79	155.25	3506.32	2996.08	167.56	342.68	16.24	326.44	215.00	123.49	35
1993-94	~575.10	2741.69	1354.59	4033.13	3022.60	432.24	4542.82	3703.99	210.35	628.48	90.50	537.98	320.00	197.40	40
1994-95	¶1097.95	11729.02	1871.11	5311.47	4084.77	755.17	5290.02	4208.35	248.96	832.71	50.00	782.71	340.00	512.04	55
1995-96	1097.95	13119.15	1196.25	6284.42	4739.09	1519.56	8091.95	5289.34	348.82	2453.79	350.00	2103.79	1320.00	713.67	65
1996-97	@1646.92	14163.30	1615.07	8593.57	6727.38	1744.84	9311.24	5851.05	450.70	3009.52	420.00	2589.52	1580.27	905.81	55
1997-98	1646.92	16381.42	1723.93	10251.02	7847.77	1970.60	11504.06	7355.77	543.79	3604.50	390.00	3214.50	2133.00	905.81	55
1998-99	c1646.93	18451.68	1842.57	10656.45	7642.74	2413.60	10988.65	6745.10	627.93	3615.62	540.00	3075.62	2020.00	905.81	55
1999-00	1646.93	19201.58	1592.60	13313.65	9712.51	7409.40	9055.29	6194.94	680.00	2180.35	425.00	1755.35	480.00	905.81	55
2000-01	1646.93	19297.51	2688.53	15207.52	11062.52	7606.57	9498.34	6964.24	795.13	1738.97	410.00	1328.98	135.00	823.47	50
2001-02	d1785.99	18553.33	866.15	19401.88	13494.53	6596.72	10286.34	7455.31	1124.79	1706.24	865.63	840.60	(295.00)	803.70	45
2002-03	1785.99	18551.94	745.42	19943.29	12927.61	6570.00	9903.68	7785.84	1188.64	929.19	391.08	538.11	(31.00)	604.45	30
2003-04	1785.99	18679.96	640.18	20456.72	12409.38	6563.70	11525.43	8735.30	1232.24	1557.89	623.94	933.95	(58.00)	805.93	40
2004-05	1785.99	19091.81	645.93	21454.83	12253.50	6561.60	13527.13	9787.11	1262.77	2477.25	943.50	1533.75	140.00	1121.89	55
2005-06	1785.99	20473.44	458.03	21937.81	11672.27	7953.17	16847.37	11032.55	1189.83	4624.99	1716.00	2908.99	547.00	1527.36	75
2006-07	1785.99	22091.25	375.10	24087.79	12853.09	6946.60	19541.91	12511.84	1170.26	5859.81	2068.09	3791.72	846.13	1985.04	95
2007-08	1785.99	24246.61	304.82	28341.20	16181.95	6946.60	22004.60	14087.05	1259.95	6657.60	2308.24	4349.36	475.00	2194.00	105
2008-09	1785.99	26098.42	6766.42	34617.63	21424.98	12048.96	21836.08	14754.45	1323.79	5757.84	2025.46	3732.38	410.00	1888.57	90
2009-10	1785.99	26851.01	19065.95	42549.24	29648.96	12252.46	20216.69	15308.39	1371.31	3536.99	1222.43	2314.56	375.00	1561.97	75

\* Includes adjustment for depreciation written back Rs.0.15 lakhs

÷ Includes adjustment for depreciation written back Rs.14.36 lakhs and arrears of depreciation for earlier year Rs.26.62 lakhs Depreciation for 1975-76 and 1976-77 provided in 1978-79.

§ Preference and equity dividends.

† Includes adjustment for depreciation written back to the extent of Rs.27.48 lakhs.

# After issue of Bonus Shares in the ratio 2 : 5

£ After issue of Rights Shares in the ratio 1 : 5

§ After issue of Bonus Shares in the ratio 2 : 5

~ Issue of Rights Shares in the ratio 3:5 after Bonus Issue.

¶ Issue of Bonus Shares in the ratio 1:2 and 23,52,941 underlying Equity Shares proportionate to Global Depository Receipts.

@ Issue of Bonus Shares in the ratio 1 : 2

c 162 Equity Shares withheld for allotment on rights basis pursuant to a Court Order were allotted during the year 1998-99

d 13,90,536 Equity Shares of Rs.10/- each issued on amalgamation of Covelong Beach Hotel (I) Ltd. with the Company, in the ratio of 2 : 5.

# ORIENTAL HOTELS LIMITED

## FIVE YEARS AT A GLANCE

(Rupees in Lakhs)					
	31st MARCH				
	2010	2009	2008	2007	2006
INCOME	<b>20,216.69</b>	21826.47	22004.60	19541.91	16847.37
OPERATING & GENERAL EXPENSES	<b>14,202.66</b>	14425.34	14057.35	12498.19	11002.91
INTEREST	<b>1105.73</b>	319.50	29.70	13.65	29.64
DEPRECIATION	<b>1371.31</b>	1323.79	1259.95	1170.26	1189.83
PROFIT FOR THE YEAR	<b>3536.99</b>	5757.84	6657.60	5859.81	4624.99
TAXATION	<b>1222.43</b>	2025.46	2308.24	2068.09	1716.00
PROFIT AFTER TAX	<b>2314.56</b>	3732.38	4349.36	3791.72	2908.99
DIVIDEND, DIVIDEND TAX, SURCHARGE AND CESS	<b>1561.97</b>	1880.57	2194.00	1985.04	1527.36
RETAINED EARNINGS	<b>2123.90</b>	3175.60	3415.31	2788.07	2571.46
FIXED ASSETS - Gross	<b>42549.23</b>	34617.63	28341.20	24087.79	21937.81
- Net	<b>29648.96</b>	21424.98	16181.95	12853.09	11672.27
INVESTMENTS	<b>12252.46</b>	12048.96	6946.60	6946.60	7953.17
LONG TERM DEPOSITS	<b>6260.12</b>	1210.12	1210.12	950.12	168.62
CURRENT ASSETS - Net	<b>672.83</b>	1155.88	3197.59	4846.06	4478.84
CAPITAL	<b>1785.99</b>	1785.99	1785.99	1785.99	1785.99
RESERVES	<b>26851.01</b>	26098.42	24246.61	22091.25	20473.44
BORROWINGS	<b>19065.95</b>	6766.42	304.82	375.10	458.03
DEFERRED TAX LIABILITY	<b>1130.92</b>	1189.11	1198.84	1343.53	1555.44

STATEMENT PURSUANT  
TO SECTION 212

Statement Pursuant to Section 212 of the Companies Act, 1956.  
Relating to the Subsidiary Company Named Below :

1. Financial year of the Company ended on
2. Fully paid up Equity shares held by Oriental Hotels Limited in the Subsidiary Company or by the Subsidiary Company in the sub-subsidiary company at the end of the financial year of the Subsidiary Company or Sub-Subsidiary Company as the case may be :
  - a) Number of Shares
  - b) Extent of holding
3. Changes in the interest of Oriental Hotels Limited between the end of the Subsidiary's financial year and 31st March, 2010  
Number of Shares acquired
4. The net aggregate of Profits / (Loss) of the Subsidiary Company of the financial year, so far as they concern the members of Oriental Hotels Limited were :
  - a) Dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2010
  - b) Not dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2010
5. The net aggregate of Profits/(Loss) of the Subsidiary Company for the previous financial years, so far as they concern the members of Oriental Hotels Limited were :
  - a) Dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2010
  - b) Not dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2010
6. Material changes between the end of the Subsidiary's financial year and 31st March, 2010
  - a) Fixed Assets
  - b) Investments
  - c) Moneys lent by the Subsidiary Company
  - d) Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities.

OHL International (HK) Limited 31st March, 2010	
	15,00,000 ordinary shares of US\$ 10 each fully paid-up 100%
	Does not arise
	NIL
	USD 3,26,389
	USD 23,62,500
	USD 23,06,187
	Does not Arise

**NOTE :** The Company has made an application to the Ministry of Corporate Affairs, Government of India seeking exemption from attaching the accounts of the Subsidiary, OHL International (HK) Ltd. for the year ended March 31, 2010 and the approval is expected shortly. Pending receipt of approval letter from the Ministry of Corporate Affairs, the accounts of the subsidiary, OHL International (HK) Ltd. for the year ended March 31, 2010 is not appended, as the Company has been receiving the approval every year directing the Company that the provisions of Section 212(1) of the Companies Act, 1956 shall not apply in respect of the Balance Sheet etc. of the subsidiary Company for the financial year and permitting the Company to present in its Annual Report, the Consolidated Financial Statement of the Subsidiary duly audited by the Statutory Auditors along with the Company's Financial Statement in the Annual Report and to attach the summary of financial information along with the Consolidated Financial Statements.

However, the Consolidated Financial Statements of the Subsidiary prepared in accordance with relevant Accounting Standards and Listing Agreement as prescribed by SEBI duly audited by the Statutory Auditors form part of the Annual Report and is reflected in the consolidated accounts. The Company hereby undertakes to provide the accounts of the Subsidiary Company and other detailed information are made available to the Investors seeking such information at any point of time. The Annual Accounts of the Subsidiary Company is also kept for inspection by any Investor at the Company's Corporate Office.

As per our Report attached		For and on behalf of the Board	
For BRAHMAYYA & CO Chartered Accountants	For SNB ASSOCIATES Chartered Accountants	R.K. KRISHNA KUMAR D.VARADA REDDY	Chairman Managing Director
R.NAGENDRA PRASAD Partner	S. LAKSHMANAN Partner	S.B.P.V.RAMAMOohana RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY	} Directors
Membership No. 203377 Mumbai, May 14, 2010	Membership No. 20045	S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARUN NANDA RAMESH D HARIANI	
	T.S. SUNDARAMBAL Company Secretary Mumbai, May 14, 2010		

# ORIENTAL HOTELS LIMITED

## SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

Rs in Lakhs

Name of the Subsidiary	OHL International (H.K) Limited	
	US\$	INR
<b>Funds Employed</b>		
Capital	150.00	6,664.50
Reserve	23.06	1,024.56
<b>Total Funds Employed</b>	<b>173.06</b>	<b>7,689.06</b>
<b>Applications of Funds</b>		
<b>Assets</b>		
Investments	163.08	7,245.64
Net Current Assets	9.98	443.41
<b>Total Assets (Net)</b>	<b>173.06</b>	<b>7,689.06</b>
Total Income	3.33	148.02
Profit before Taxation	3.26	145.01
Profit after Taxation	3.26	145.01

**ORIENTAL HOTELS LIMITED**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
2009 - 2010**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ORIENTAL HOTELS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have examined the attached Consolidated Balance Sheet of M/s Oriental Hotels Limited and its subsidiary, associate companies and joint venture companies as at 31st March, 2010 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow statement for the year then ended. 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 generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with 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 issued 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.
  - a) The financial statements of a joint venture company reflecting total assets of Rs.362.43 Lakhs as at 31st March, 2010 and total revenue of Rs. Nil for the year then ended have been audited by other auditor, whose report has been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the joint venture company in the Consolidated Financial Statements.
  - b) The financial statements of a subsidiary company reflecting total assets of Rs.7689.14 Lakhs and total revenue of Rs.148.02 Lakhs including the share of profit of the associate of the subsidiary company for the year then ended have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the subsidiary company in the consolidated financial statements.
  - c) The audited Consolidated Financial Statements for the year ended 31st March, 2010 were not available in respect of a joint venture company. Consequently, the joint venture has been considered in the consolidated financial statements on the basis of unaudited consolidated financial statements for the year as provided by the management of the joint venture. The net assets of Rs.3783.46 Lakhs and total revenue of Rs.3111.25 Lakhs for the year in respect of such joint venture are included in the Consolidated Financial Statements.  
Our opinion, in so far as it relates to the amounts included in respect of a joint venture is solely based on the accounts as provided by the management of joint venture.
4. Subject to our remarks in para 3 (c) above:
  - (a) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards -  
AS 21 - Consolidated Financial Statements  
AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements  
AS 27 - Financial Reporting of Interests in Joint Ventures  
and on the basis of the separate audited financial statements of Oriental Hotels Limited and its subsidiary and the audited/unaudited financial statements of associate companies and joint venture companies as mentioned above, considered in the consolidated financial statements.
  - (b) On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of Oriental Hotels Limited and its aforesaid subsidiary, associate companies and joint venture companies, wherever audited, we are of the opinion that in conformity with the accounting principles generally accepted in India:
    - i. the Consolidated Balance Sheet, gives a true and fair view of the consolidated state of affairs of Oriental Hotels Limited, its subsidiary, associates and joint ventures companies as at 31st March, 2010 and
    - ii. the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operation of Oriental Hotels Limited, its subsidiary, associates and joint ventures companies for the year then ended on the date.
    - iii. the Consolidated Cash Flow Statement, gives a true and fair view of the consolidated cash flows of Oriental Hotels Limited, its subsidiary, associates and joint ventures companies for the year ended 31st March, 2010.

For **BRAHMAYYA & CO.,**

Chartered Accountants  
Firm Regn No.000511S

**R. NAGENDRA PRASAD**

Partner

Membership No.203377

Place : Mumbai

Date : May 14, 2010

For **SNB ASSOCIATES**

Chartered Accountants  
Firm Regn No.015682N

**S. LAKSHMANAN**

Partner

Membership No.20045

# FORTIETH ANNUAL REPORT 2009-2010

## CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 31st March 2010

As at  
31st March 2009  
Rs. in lakhs

SOURCES OF FUNDS	Schedule	Rs. in lakhs	Rs. in lakhs
Shareholders' Funds			
a) Share Capital	1	1,785.99	1,785.99
b) Reserves and Surplus	2	32,355.96	33,562.24
		<u>34,141.95</u>	<u>35,348.23</u>
Loan Funds			
a) Secured Loans	3	17,202.23	2,026.16
b) Unsecured Loans	4	4,527.69	8,022.81
		<u>21,729.92</u>	<u>10,048.97</u>
Minority Interest		359.79	417.28
Deferred Tax Liability (Refer Note 9 of Schedule 16)		1,130.92	1,189.11
Security Deposit - Sub Lease		200.00	200.00
<b>TOTAL</b>		<b>57,562.58</b>	<b>47,203.59</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
a) Gross Block	5	42,939.31	42,139.80
b) Less : Depreciation		17,085.23	17,465.64
c) Net Block		<u>25,854.08</u>	<u>24,674.16</u>
d) Capital work in progress		<u>9,704.19</u>	<u>3,248.01</u>
		<u>35,558.27</u>	<u>27,922.17</u>
Investments	6	12,901.31	13,748.78
Long term deposits	7	6,090.25	1,040.25
Current Assets, Loans and Advances			
a) Inventories	8	784.72	827.01
b) Sundry debtors	9	1,454.84	1,405.43
c) Cash and Bank balances	10	1,485.89	1,568.82
d) Loans and advances	11	6,084.48	6,600.99
		<u>9,809.93</u>	<u>10,402.25</u>
Less : Current Liabilities and Provisions			
a) Current Liabilities	12	4,992.11	3,708.85
b) Provisions	13	1,991.74	2,355.23
		<u>6,983.85</u>	<u>6,064.08</u>
Net Current Assets		2,826.08	4,338.17
Miscellaneous Expenditure (to the extent not written off or adjusted)		177.67	154.22
<b>TOTAL</b>		<b>57,562.58</b>	<b>47,203.59</b>
Notes on accounts	16		

Schedules '1' to '13' and notes in Schedule '16' form part of the Consolidated Balance Sheet

As per our Report attached

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

For and on behalf of the Board

R.K. KRISHNA KUMAR Chairman  
D.VARADA REDDY Managing Director  
S.B.PV.RAMAMOohana RAO  
Dr. G. SUNDARAM  
D. VIJAYAGOPAL REDDY  
S.Y. SYED MEERAN  
PRAMOD RANJAN  
D.R. KAARTHIKEYAN  
DIWAN ARUN NANDA  
RAMESH D HARIANI

Directors

# ORIENTAL HOTELS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated Profit and Loss Account for the Year ended 31st March 2010			
	Schedule	Rs. in lakhs	Previous Year Rs. in lakhs
<b>INCOME</b>			
Rooms, Restaurants, Banquets and Other Income	14	22,802.98	24,801.74
Share of Profits in Associates		130.94	97.34
<b>TOTAL INCOME</b>		<b>22,933.92</b>	<b>24,899.08</b>
<b>EXPENDITURE</b>			
Operating and General Expenses	15	16,551.17	16,916.26
Interest			
a) On Fixed Loans		786.18	469.90
b) On Other Loans		546.79	16.54
		1,332.97	486.44
Depreciation		1,836.54	1,835.42
<b>TOTAL EXPENDITURE</b>		<b>19,720.68</b>	<b>19,238.12</b>
<b>PROFIT BEFORE TAX</b>		<b>3,213.24</b>	<b>5,660.96</b>
Less : Provision for Tax			
- Current		1,280.52	2,002.16
- Deferred		(58.19)	(9.74)
- Fringe Benefit		-	42.00
<b>PROFIT AFTER TAX</b>		<b>1,990.91</b>	<b>3,626.54</b>
Minority Share of loss transferred to Minority Interest Account		11.11	59.80
Net Profit after tax and Minority Interest		<b>2,002.02</b>	<b>3,686.34</b>
Add : Utilised amount transferred from Foreign Exchange Earnings		125.00	90.00
		<b>2,127.02</b>	<b>3,776.34</b>
Add : Balance brought forward from previous year		<b>9,870.78</b>	<b>8,475.01</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>11,997.80</b>	<b>12,251.35</b>
<b>Appropriations</b>			
(a) Proposed Dividend		1,339.50	1,607.39
(b) Dividend Tax and surcharge thereon		222.47	273.18
(c) Transfer to General Reserve		500.00	500.00
(d) Balance of Profit in the Profit & Loss Account		9,935.83	9,870.78
<b>TOTAL</b>		<b>11,997.80</b>	<b>12,251.35</b>
Notes on accounts	16		
Earnings Per Share - Basic and Diluted - Rs. (Shares of Rs.10/- each) (Refer Note 11 of Schedule 16)		<b>11.21</b>	<b>20.64</b>

Schedules '14' to '15' and notes in Schedule '16' form part of the Consolidated Profit and Loss Account

As per our Report attached

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

For and on behalf of the Board  
R.K. KRISHNA KUMAR      *Chairman*  
D.VARADA REDDY      *Managing Director*

<p>S.B.PV.RAMAMOohana RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARUN NANDA RAMESH D HARIANI</p>	} Directors
---	-------------



FORTIETH ANNUAL REPORT 2009-2010

CONSOLIDATED BALANCE SHEET SCHEDULE

Schedule forming part of the Consolidated Balance Sheet

**SCHEDULE - 1 : SHARE CAPITAL**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>1. AUTHORISED</b>		
a) 50,50,000 - Redeemable Cumulative Preference Shares of Rs.100/- each	5,050.00	5,050.00
b) 2,45,00,000 - Equity Shares of Rs.10/- each	2,450.00	2,450.00
	7,500.00	7,500.00
<b>2. ISSUED, SUBSCRIBED AND PAID-UP</b>		
1,78,59,918 - Equity Shares of Rs.10/- each fully paid (Previous year - 1,78,59,918 - Equity Shares of Rs. 10/- each fully paid)	1,785.99	1,785.99
<b>TOTAL</b>	1,785.99	1,785.99

**SCHEDULE - 2 : RESERVES AND SURPLUS**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>1. SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	11,054.53	11,054.53
<b>2. INVESTMENT ALLOWANCE RESERVE</b>		
As per last Balance Sheet	45.74	45.74
<b>3. EXPORT PROFIT RESERVE</b>		
As per last Balance Sheet	0.43	0.43
<b>4. FOREIGN EXCHANGE EARNINGS RESERVE</b>		
a) As per last Balance Sheet	125.00	215.00
b) Less : Amount Utilised Transferred to Profit and Loss Account	125.00	90.00
<b>TOTAL</b>	-	125.00
<b>5. CAPITAL RESERVE ARISING ON INVESTMENT IN JOINT VENTURE</b>	1.74	1.74
<b>6. GENERAL RESERVE</b>		
a) As per last Balance Sheet	8,781.47	8,281.47
b) Adjustment for carrying amount of investment in Associates	266.48	459.42
c) Add : Transfer from Profit and Loss Account	500.00	500.00
<b>TOTAL</b>	9,547.95	9,240.89
<b>7. BALANCE OF PROFIT IN THE PROFIT &amp; LOSS ACCOUNT</b>	9,935.83	9,870.78
<b>8. FOREGIN CURRENCY TRANSLATION RESERVE - Subsidiary</b>	1,601.03	3,112.18
- Joint Ventures	168.71	110.95
<b>TOTAL</b>	32,355.96	33,562.24

**ORIENTAL HOTELS LIMITED**  
**CONSOLIDATED BALANCE SHEET SCHEDULE**

Schedule forming part of the Consolidated Balance Sheet

**SCHEDULE - 3 : SECURED LOANS**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>From Bank</b>		
a) Foreign Currency Term Loan	5,697.26	1,726.98
b) Rupee Term Loan	10,000.00	299.18
c) Short Term Loan	900.00	-
<b>From Others</b>		
Term Loan	604.97	-
<b>TOTAL</b>	<b>17,202.23</b>	<b>2,026.16</b>

**SCHEDULE 4 : UNSECURED LOANS**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. Fixed Deposits	6.95	16.42
2. Loan from Shareholders	428.74	627.94
3. Short term Loan from Banks	169.52	2,164.58
4. Short term Loans from Companies	3,400.00	4,550.00
5. Other Loans	522.48	663.87
<b>TOTAL</b>	<b>4,527.69</b>	<b>8,022.81</b>

## Schedule forming part of the Consolidated Balance Sheet

## SCHEDULE 5 : FIXED ASSETS 2009-2010

Rs. in Lakhs

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	At Cost as at 01-04-2009	Adjustment to Opening Balance @	Additions	Deductions/ Adjustments	At Cost as at 31-03-2010	Upto 01-04-2009	Adjustment to Opening balance @	For the Year**	Deductions/ Adjustments	Upto 31-3-2010	As at 31-3-2010	As at 31-03-2009
1. Goodwill (Ref. Note 4 of Schedule 16)	678.98 (567.54)	(37.96) (57.98)		7.90	633.12 (678.98)						633.12 (678.98)	678.98 (567.54)
2. Land (Freehold)	6457.82 (3138.83)		9.96 (3318.99)	79.53	6388.25 (6457.82)						6388.25 (6457.82)	6457.82 (3138.83)
3. Land (Leasehold) #	1767.90 (1448.21)	(197.44) (319.69)			1570.46 (1767.90)	568.80 (428.79)	(64.27) (100.84)	34.62 (39.75)	0.10 (0.58)	539.05 (568.80)	1031.41 (1199.10)	1199.10 (1019.42)
4. Buildings*	9551.84 (8346.50)	(438.27) (709.66)	1491.86 (536.49)	102.25 (40.79)	10503.18 (9551.86)	2771.44 (2230.88)	(165.40) (249.36)	360.37 (307.52)	16.74 (27.44)	2949.67 (2760.32)	7553.51 (6791.54)	6791.54 (6115.62)
5. Plant and Machinery	15687.18 (13975.92)	(245.77) (411.61)	1654.85 (1529.78)	1753.47 (230.13)	15342.79 (15687.18)	9024.62 (7589.32)	(151.32) (222.28)	917.61 (878.03)	1624.77 (180.58)	8166.14 (8509.05)	7176.65 (7178.13)	7178.13 (6386.60)
6. Furniture, Fixtures and Office Equipments	7374.83 (6961.65)	(121.64) (230.28)	744.16 (436.67)	112.14 (253.79)	7885.21 (7374.81)	4738.00 (4763.42)	(96.24) (170.48)	502.84 (572.94)	96.36 (241.01)	5048.24 (5265.83)	2836.97 (2108.98)	2108.98 (2198.23)
7. Vehicles	621.25 (595.70)	(20.23) (36.24)	14.73 (27.66)	8.02 (38.35)	607.73 (621.25)	362.78 (314.71)	(17.11) (28.66)	42.03 (45.56)	7.33 (27.29)	380.37 (361.64)	227.36 (259.61)	259.61 (280.99)
8. Service Rights			8.57		8.57			1.76		1.76	6.81	
Total	42139.80 (35034.35)	(1061.31) (1765.46)	3924.13 (5903.05)	2063.31 (563.06)	42939.31 (42139.80)	17465.64 (15327.12)	(494.34) (771.62)	1859.23 (1843.80)	1745.30 (476.90)	17085.23 (17465.64)	25854.08 (24674.16)	24674.16 (19707.23)
9. Capital Work-in- Progress											9704.19 (3248.01)	3248.01 (1072.19)
<b>GRAND TOTAL</b>											35558.27 (27922.17)	27922.17 (20799.42)

## Note:

\* Includes buildings on leased/licensed land Rs.6069.18 Lakhs (Previous Year Rs.5617.46 Lakhs).

# Company has obtained long term Commercial Lease rights from Ministry of Defence, Government of India. The Lease Rights are amortised over the lease period. The land is under sub-lease.

\*\* Depreciation for the year includes Rs. 15.91 Lakhs (Previous year Rs. 8.38 Lakhs) considered part of expenditure during construction period in respect of a joint venture company.

Capital Work in progress includes Depreciation of Rs.6.78 Lakhs during the year

Fixed Assets include interest Capitalised Rs.348.90 lakhs (Previous Year - Nil)

@ Adjustment on account of foreign exchange translation differences on opening balance is reflected as "Adjustment to Opening Balance".

Figures have been regrouped.

Figures in brackets are in respect of previous year.

**ORIENTAL HOTELS LIMITED**  
**CONSOLIDATED BALANCE SHEET SCHEDULE**

**Schedule forming part of the Consolidated Balance Sheet**

**SCHEDULE - 6 : INVESTMENTS AT COST (Long Term)**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
<b>1. In Associate Companies</b> (includes Goodwill of Rs.1033.21 Lakhs (Previous year - Rs.1,033.21 Lakhs) arising on the acquisition of investments in Associates)	2,190.73	2,637.83
<b>2. In Shares</b>		
a) Quoted	354.87	252.73
b) Unquoted	10,364.71	10,858.22
<b>TOTAL</b>	<b>12,910.31</b>	<b>13,748.78</b>

**Note :** (i). OHL International (H.K) has entered into an undertaking with banks for non-disposal of its shares in Lanka Island Resorts Limited (LIRL) (formerly Taj Lanka Resorts Limited) for the loans availed by LIRL.  
(ii) In terms of Share Retention Agreement with International Finance Corporation (IFC) for the loans availed by TAL Maldives Resorts Pte Ltd. (TMRPL),(formerly Taj Maldives Pte Ltd.), transfer of shareholding in TAL Hotels & Resorts Ltd. is restricted during the subsistence of the loan agreement of TMRPL.

**SCHEDULE 7 : LONG TERM DEPOSITS**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. Long Term Deposits placed for Hotel properties	5,478.62	428.62
2. Shareholder's Deposit placed with others	611.63	611.63
<b>TOTAL</b>	<b>6,090.25</b>	<b>1,040.25</b>

**SCHEDULE 8 : INVENTORIES**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
a) Stores and operating supplies	341.15	447.38
b) Food and Beverages	443.57	379.63
<b>TOTAL</b>	<b>784.72</b>	<b>827.01</b>

**SCHEDULE 9 : SUNDRY DEBTORS (UNDECURED)**

	Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
a) Outstanding over six months	275.37	273.84
Considered Good	159.34	151.77
Considered Doubtful	434.71	425.61
Less : Provision for Doubtful Debts	159.34	151.77
	275.37	273.84
b) Others - Considered Good	1,179.47	1,131.59
<b>TOTAL</b>	<b>1,454.84</b>	<b>1,405.43</b>

# FORTIETH ANNUAL REPORT 2009-2010

## CONSOLIDATED BALANCE SHEET SCHEDULE

Schedule forming part of the Consolidated Balance Sheet		As at	
		Rs. in lakhs	31st March 2009 Rs. in lakhs
<b>SCHEDULE 10 : CASH AND BANK BALANCES</b>			
a) Cash on hand including cheques on hand	162.92		243.48
b) Balances with scheduled banks			
i) In current accounts	770.11		492.02
ii) In deposit accounts	28.77		32.75
c) Balances with other banks			
i) In current accounts	357.07		610.80
ii) Balance in Escrow Account	167.02		189.77
<b>TOTAL</b>	<b>1,485.89</b>		<b>1,568.82</b>
<b>SCHEDULE 11 : LOANS AND ADVANCES</b>			
<i>(Unsecured, unless otherwise stated, considered good)</i>			
		Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. Secured Loans - mortgage loans to staff	357.76		383.16
2. Other Advances (Refer Note 5 of Schedule 16)	1,606.64		1,976.37
3. Inter Corporate deposits (Refer Note 14 of Schedule 16)	2,208.19		2,024.40
4. Deposit with Public bodies and others	615.27		810.18
5. Advance Tax and Tax Deducted at Source - (Net of provision)	1,294.44		1,405.30
6. Deposits with Customs and Excise	2.18		1.58
<b>TOTAL</b>	<b>6,084.48</b>		<b>6,600.99</b>
<b>SCHEDULE 12 : CURRENT LIABILITIES</b>			
		Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. Sundry Creditors	4,730.28		3,545.59
2. Investor Education and Protection Fund (Refer Note below)			
a) Unclaimed Dividend	54.61		48.59
b) Unclaimed Matured Deposits	7.94		10.46
c) Unclaimed Interest	0.70		3.23
3. Sundry Deposits	82.60		71.35
4. Interest accrued but not due	115.98		29.63
<b>TOTAL</b>	<b>4,992.11</b>		<b>3,708.85</b>
Note :			
The amount reflects the position as on 31st March, 2010. The actual amount to be transferred to the Investor Education and Protection Fund shall be determined and paid to the credit of the fund on the due dates.			
<b>SCHEDULE 13 : PROVISIONS</b>			
		Rs. in lakhs	As at 31st March 2009 Rs. in lakhs
1. Proposed Dividend and Tax on Dividend	1,561.97		1,880.57
2. Provision for Employee Benefits	429.77		474.66
<b>TOTAL</b>	<b>1,991.74</b>		<b>2,355.23</b>

# ORIENTAL HOTELS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT SCHEDULE

Schedule forming part of the Consolidated Profit and Loss Account

### SCHEDULE 14: ROOMS, RESTAURANTS, BANQUETS & OTHER INCOME

	Rs in lakhs	Previous Year Rs. in lakhs
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES ETC.	21,981.44	24,132.02
2. NET SURPLUS ON OPERATION OF A HOTEL	109.07	-
3. OTHER INCOME		
a) Interest Earned	136.87	277.99
b) Income from Investments	16.40	13.19
c) Guarantee Commission	-	21.22
	153.27	312.40
4. OPERATING FEES RECEIPTS	267.33	274.34
5. PROFIT ON SALE OF ASSETS	43.24	9.60
6. PROVISIONS AND BALANCES WRITTEN BACK	99.33	21.26
7. MISCELLANEOUS INCOME	11.10	24.89
8. EXCHANGE FLUCTUATION GAIN	138.20	27.23
<b>TOTAL</b>	<b>22,802.98</b>	<b>24,801.74</b>

### SCHEDULE 15 : OPERATING AND GENERAL EXPENSES

#### I. OPERATING EXPENSES

##### A) PAYMENT TO AND PROVISIONS FOR EMPLOYEES

	Rs. in lakhs	Previous Year Rs. in lakhs
1. Salary, Wages, Bonus etc.	2,700.64	2,665.43
2. Company's contribution to Provident Fund and Other Funds	195.88	198.50
3. Contribution to Gratuity Fund	(103.72)	203.13
4. Workmen and Staff Welfare Expenses	779.69	768.08
	3,572.49	3,835.14

##### B) FOOD AND BEVERAGE CONSUMED

(Including Smokes)

1. Opening Stock	74.95	76.90
2. Add : Purchases	2,021.65	2,229.94
	2,096.60	2,306.84
3. Less : Closing Stock	79.27	74.95
	2,017.33	2,231.89

##### C) WINE AND LIQUOR CONSUMED

1. Opening Stock	295.80	191.28
2. Add : Purchases	366.76	420.36
	662.56	611.64
3. Less : Closing Stock	301.60	295.80
	360.96	315.84

Carried over	5,950.78	6,382.87
--------------	----------	----------

# FORTIETH ANNUAL REPORT 2009-2010

## CONSOLIDATED PROFIT AND LOSS ACCOUNT SCHEDULE

### Schedule forming part of the Consolidated Profit and Loss Account SCHEDULE 15 : OPERATING AND GENERAL EXPENSES (Contd.)

	Rs. in lakhs	Previous Year Rs. in lakhs
Brought Forward	5,950.78	6,382.87
<b>D) OTHER OPERATING EXPENSES</b>		
1. Consumption of Stores and Supplies	668.26	631.97
2. Power, Fuel and Light	1,814.97	1,885.37
3. Water Charges	118.91	117.78
4. Deputed Staff Salaries	809.86	806.21
5. Repairs to Buildings	296.12	249.62
6. Repairs to Machinery	404.53	365.71
7. Repairs to Others	206.65	232.08
8. Linen and Uniform Washing	149.05	141.88
9. Communication Expenses	109.42	103.09
10. Commission to Travel Agents and Collecting Agents	431.43	530.95
11. Payment to Contracted service	442.22	296.07
12. Fees to Consultants	989.64	897.75
	<u>6,441.06</u>	<u>6,258.48</u>
<b>II. GENERAL EXPENSES</b>		
1. Rent (Including Licence Fee)	586.71	752.23
2. Rates and Taxes	506.19	326.64
3. Insurance	127.23	97.36
4. Sales and Marketing Services and other selling Expenses	730.12	762.26
5. Professional Charges	258.30	72.37
6. Printing and Stationery	100.27	117.50
7. Bad Debts and Advances written off	-	5.26
8. Provision for Doubtful Debts and Advances	59.20	32.92
9. Passage and Traveling	180.76	178.08
10. Donations	24.50	40.35
11. Loss on Sale of Assets	-	31.51
12. Assets Written off (Net)	134.14	48.75
13. Reservation and other services	361.06	417.17
14. Other Expenses	1,042.23	1,102.10
15. Exchange Fluctuation Loss	5.94	223.68
	<u>4,116.65</u>	<u>4,208.18</u>
<b>III. REMUNERATION TO NON WHOLE-TIME DIRECTORS</b>		
[(includes Directors' Sitting Fees of Rs.5.90 Lakhs) (Previous Year Rs.7.50 Lakhs)]	42.68	66.73
<b>TOTAL</b>	<u>16,551.17</u>	<u>16,916.26</u>

**ORIENTAL HOTELS LIMITED**  
**NOTES ON CONSOLIDATED BALANCE SHEET**  
**and**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**NOTES ON CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**SCHEDULE 16 :**

1. a) The Company and description of business  
 Oriental Hotels Limited was incorporated in India in September 1970 and is engaged in the business of Hoteliering and catering.
- b) Principles of Consolidation  
 The consolidated financial statements relate to Oriental Hotels Limited ('the Company'), its wholly owned subsidiary company, Associates and Joint Venture Entities. The consolidated financial statements have been prepared on the following basis:
  - i) The Financial statements of the Company, the consolidated financial statements of its Subsidiary Company have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, as per the respective financial statements duly certified by the auditors of the respective companies after fully eliminating intra-group balances and also transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
  - ii) In case of Associates where the company directly or indirectly through subsidiary holds more than 20 % of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements".
  - iii) In case of Joint Ventures, interests in jointly controlled entities have been accounted for by using the Proportinate Consolidation Method, in accordance with Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures".
  - iv) The consolidated financial statements have been prepared using the uniform accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual financial statements.
  - v) The Details of the Subsidiary Companies, Associates and Joint Venture Entities considered in the consolidated financial statements are as follows:

Name of the Company	Category	Country of Incorporation	% of Voting power held as at 31st March, 2010
OHL International (HK) Ltd.	Subsidiary	Hong Kong	100%
Taj Karnataka Hotels & Resorts Ltd.#	Associate	India	10.59%
Taj Madurai Ltd.	Associate	India	26%
Lanka Island Resorts Ltd.**(formerly Taj Lanka Resorts Ltd)	Associate of OHL International (HK) Ltd.	Sri Lanka	23.08%
TAL Hotel & Resorts Ltd, * ( formerly Taj Asia Ltd)	Joint Venture	Hong Kong	21.736%
Prestige Garden Resorts (P) Ltd.	Joint Venture	India	50.00%

\* For the purpose of consolidation, unaudited accounts have been considered.

\*\* The consolidated financial results of OHL International ( HK) Ltd includes the results of Lanka Island Resorts Ltd., an Associate.

# Ceased to be an associate with effect from 31st March 2010

vi) Translation of Foreign Subsidiary Accounts

The accounts of the subsidiary company OHL International (HK) Ltd have been prepared in US Dollar (USD), being the reporting currency of the subsidiary company. For the purpose of convenience, the financial statements of OHL International (HK) Ltd are translated into Indian currency, being the reporting currency of the parent company, at the closing rate as at March 31, 2010 (1 USD = Rs. 44.43).

The accounts of the Joint Venture Entity TAL Hotels & Resorts Ltd, have been prepared in USD, being the reporting currency of the Joint Venture Company. For the purpose of convenience, the financial statements of TAL Hotels & Resorts Ltd are translated into Indian currency, being the reporting currency of the parent company, at the closing rate as at March 31, 2010 (1 USD = Rs. 44.43).



# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Schedule - 16 (contd.)

2. As required by Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements, the carrying amount of investments in associates at the beginning of the year have been restated by applying "Equity Method" of accounting from the date of acquisition of the associates and the corresponding adjustments have been made to the retained earnings at the beginning of the year after eliminating unrealised profits, if any.

### 3. GROUP ACCOUNTING POLICIES

Significant accounting policies adopted in the presentation of the accounts are as under :-

a) **Fixed Assets**

Fixed Assets are carried at cost less depreciation.

b) **Depreciation**

Depreciation on Assets is provided on straight line basis at rates which are in conformity with the requirements of the Companies Act, 1956. Assets given to the employees under the Company's white good scheme are depreciated as per the terms of the scheme. Buildings constructed and capital expenditure incurred on leasehold rights are depreciated at the rates arrived at based on the number of years of total lease or the rates applicable as per the Companies Act, 1956 whichever is higher. Depreciation for the fixed assets of Foreign Subsidiary Company/ associates/joint venture company have been provided on the straight-line basis so as to write off the cost of assets over their estimated useful lives of the assets.

c) **Investments**

Investments being long term are carried at cost. Provision for decline in the value, other than temporary, has been made wherever necessary.

d) **Inventories**

Inventories are valued at cost on weighted average basis.

e) **Transactions in Foreign Exchange**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling at the year end. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

Non-monetary items denominated in foreign currency are carried at the exchange rate in force at the date of the transaction.

f) **Employee Benefits**

In respect of defined contributions schemes, contributions to Provident fund, family pension and superannuation fund are charged to profit and loss account as incurred.

In respect of defined benefit schemes, the post-retirement benefits such as gratuity, leave encashment and other retirement benefits is accounted based on valuations, as at the balance sheet date, made by an independent actuary. Gratuity in respect of certain employees is covered by group Gratuity scheme with the Life insurance Corporation of India.

In respect of other employee benefits, provision for such benefits are provided in terms of Accounting Standard-15 (Revised)- "Employee Benefits".

g) **Borrowing Cost**

Borrowing costs incurred on acquiring qualifying assets (i.e. assets that necessarily takes a substantial period of time to get ready for its intended use) are capitalised at the weighted average rate at which the funds have been borrowed for such acquisition. Other borrowing costs are recognised as an expense in the year in which they are incurred.

h) **Taxes on Income :**

Income Tax is computed in accordance with Accounting Standard 22 'Accounting for Taxes on Income'. Tax expenses are accrued in the same period as the revenue and expenses to which they relate.

Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for difference, i.e. differences that originate in one accounting period and reversed in another. The tax effect is calculated on accumulated timing

# ORIENTAL HOTELS LIMITED

## NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

---

### Schedule - 16 (contd.)

differences at the end of the accounting year based on applicable tax rates. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date.

i) **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 exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

j) **Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised in terms of Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', 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 made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

k) **Assets taken on lease:**

In respect of lease transactions, which are in nature of finance leases, assets taken on lease after 1<sup>st</sup> April, 2001 are accounted as fixed assets at fair value in accordance with Accounting Standard 19 (AS - 19) - "Leases". Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

Assets taken on lease / licence and the which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses in accordance with the respective lease / licence agreements.

4. Goodwill on consolidation is not amortised.

5. Based on the orders of the Division Bench of the Hon'ble High Court of Madras in an earlier year, the value of Freehold Land amounting to Rs.749.86 Lakhs has been classified as an unsecured loan under Loans and Advances. The Company has initiated appropriate legal action to recover the amount together with the interest and obtained interim

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Schedule - 16 (contd.)

stay order to protect and secure the amount. The Company has received a part amount under a compromise settlement. The management is confident of recovery of the balance amount due.

	Rs. in lakhs	Previous Year Rs. in lakhs
6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	3,631.29	2,766.41
7. Contingent Liability not provided for :		
a) Counter Guarantee/Bond executed by the Company	190.10	75.10
b) Letter of credits opened by bankers	117.79	-
c) Appeals filed in respect of disputed demands		
- Income Tax **	1,007.33	907.22
- Luxury Tax	29.88	-
- Sales Tax	44.70	43.61
- Urban Land Tax	7.30	41.83
- Electricity Tax and Adjustment Charges	139.34	139.34
- Service Tax	383.85	25.04

\*\* Demand raised by the Income Tax department against the Company by disallowing certain deductions/benefits/claims made by the Company. In the opinion of the Company most of these demands are not maintainable and accordingly appeals have been preferred before the appropriate authorities.

	Rs. in lakhs	Previous Year Rs. in lakhs
8. Share in Joint Venture Entity's Contingent Liability Guarantees / Counter Guarantees issued for loans availed by Subsidiary / Associates / Firms	2,356.23	1,122.01

### 9. Deferred Tax :

In accordance with the Accounting Standard 22 (AS-22) "Accounting for Taxes on Income", the Company has provided for deferred tax and the net deferred tax liability as on March 31, 2010 comprises the following components:

Deferred tax liability :	Rs. in lakhs	Previous Year Rs. in lakhs
Depreciation on fixed assets	1,261.60	1,333.24
<b>Total</b>	<b>1,261.60</b>	<b>1,333.24</b>
<b>Deferred tax asset :</b>		
Provision for Employee Benefits	60.15	71.51
Provision for doubtful debts and advances	66.31	65.92
Others	4.22	6.70
<b>Total</b>	<b>130.68</b>	<b>144.13</b>
<b>Net deferred tax liability</b>	<b>1,130.92</b>	<b>1,189.11</b>

**ORIENTAL HOTELS LIMITED**  
**NOTES ON CONSOLIDATED BALANCE SHEET**  
**and**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Schedule - 16 (contd.)**

10. The Company and its subsidiary, associate and joint ventures are exclusively engaged in the business of hoteliering. This in context of Accounting Standard 17 on Segment Reporting is considered to constitute one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

**11. Earning Per Share :**

Earning per share is computed based on the following :

	Rs. in lakhs	Previous Year Rs. in lakhs
Profit after Tax	2,002.02	3,686.34
Nominal Value of Share (Rs.)	10	10
Number of Equity Shares	17,859,918	17,859,918
Earning Per Share Rs. (Basic and Diluted)	11.21	20.64

12. As per Accounting Standard - AS 18 "Related Parties Disclosure" the required information are given below :

List of Related Parties with whom transactions have taken place during the year :

**A. Associate Companies**

Taj Karnataka Hotels & Resorts Ltd. (Ceased to be an associate w.e.f March 31,2010)  
Taj Madurai Limited  
Lanka Island Resorts Ltd,(formerly Taj Lanka Resorts Ltd.)

**B. Joint Ventures**

TAL Hotels & Resorts Ltd. (formerly Taj Asia Ltd)  
Taj Maldives Resorts Pte. Ltd. (formerly Taj Maldives Pte Ltd.)  
(100% Subsidiary of Taj Asia Ltd.)  
Prestige Garden Resorts Private Ltd.

**C. Significant Influence**

The Indian Hotels Company Ltd.  
Taj International (HK) Ltd.  
Roots Corporation Ltd.,  
(100 % Subsidiary of The Indian Hotels Company Ltd.)  
TIFCO Holdings Ltd.,  
(100 % Subsidiary of The Indian Hotels Company Ltd.)

**D. Key Management Personnel**

Mr. D Varada Reddy, Managing Director

**E. Enterprises influenced by Relatives of Key Management personnel**

Dodla International Limited

Details of Transactions with the Related parties are as follows :

S.No.	Particulars	Rs. in lakhs			
		Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Relatives of Key Management personnel	Total
<b>A</b>	<b>Sales of Goods / Services *</b>		<b>673.00</b>	<b>-</b>	<b>673.00</b>
	- Taj Karnataka Hotels & Resorts Limited	9.39 (5.70)	(385.42)		9.39 (5.70)
<b>B</b>	<b>Purchase of Goods / Services *</b>		<b>1,143.58</b>	<b>-</b>	<b>1,143.58</b>
	- Taj Karnataka Hotels & Resorts Limited	2.01 (0.75)	(1,028.25)		2.01 (0.75)
<b>C</b>	<b>Consideration paid for Assets Transferred</b>	<b>-</b>	<b>4,100.00</b>	<b>-</b>	<b>4,100.00</b>
			(-)		(-)
<b>D</b>	<b>Interest Paid</b>		<b>63.15</b>	<b>-</b>	<b>63.15</b>
			(192.22)		(192.22)

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)		Rs. in lakhs			
S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Management Relatives of Key personnel	Total
E	Interest Received		- 2.56 (29.61)	- - -	2.56 (29.61)
	- Taj Karnataka Hotels & Resorts Limited	52.73 (54.00)			52.73 (54.00)
F	Dividend Received		6.14 (8.10)		6.14 (8.10)
	- Taj Madurai Limited	13.68 (13.68)			13.68 (13.68)
G	Guarantee Commission Received	-	-	-	-
	- Taj Maldives Resorts Private Limited	(27.11)			(27.11)
H	Operating / Management / Licence Fees Paid		828.10 (920.30)	43.75 (-)	871.85 (920.30)
	- Taj International (HK) Ltd.		50.97 (52.82)		50.97 (52.82)
	- Taj Madurai Ltd.	108.63 (122.41)			108.63 (122.41)
I	Sales and Marketing, Reservation and Other service costs	-	827.96 (938.53)	-	827.96 (938.53)
J	Operating / Management / Licence Fees Received				
	TAL Hotels & Resorts Limited	244.00 (228.44)			244.00 (228.44)
K	Loans Given - Taj Karnataka Hotels & Resorts Ltd	560.00 (590.00)	- -	- -	560.00 (590.00)
L	Loans Taken	- -	2,300.00 (3,332.80)	- -	2,300.00 (3,332.80)
M	Long term lease deposits placed	-	-	4,750.00 (-)	4,750.00 (-)
N	Outstanding Balances as at March 31, 2010				
i)	Receivables		99.52 (488.96)	106.58 (-)	206.10 (488.96)
	- Taj Karnataka Hotels & Resorts Ltd	563.80 (590.00)			563.80 (590.00)
	- TAL Hotels & Resorts Limited	234.13 (88.78)			234.13 (88.78)
	- Taj Maldives Resorts Private Limited	- (7.32)			- (7.32)

**ORIENTAL HOTELS LIMITED**  
**NOTES ON CONSOLIDATED BALANCE SHEET**  
**and**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

S.No.	Particulars	Associate Companies/ Joint Ventures	Rs. in lakhs		
			Significant Influence #	Enterprises influenced by Management Relatives of Key personnel	Total
ii)	Payables		2,630.04 (3,236.28)	-	2,630.04 (3,236.28)
	- Taj International (HK) Ltd		50.97 (19.27)		50.97 (19.27)
	- Taj Madurai Limited	32.21 (51.74)			32.21 (51.74)
	- Taj Karnataka Hotels & Resorts Ltd	0.36			0.36
iii)	Long Term Deposit Receivable			4,750.00 (-)	4,750.00 (-)

\* Includes share of Common Costs, Deputed staff salaries and expenses reimbursed.

# Represents transactions with Indian Hotels Company Limited unless otherwise specified.

**Key Management Personnel :**

Key managerial personnel comprise of Managing Director who has the authority and the responsibility for planning, directing and controlling the activities of the Company. The remuneration paid to such Director is Rs. 83.32 Lakhs (Previous Year Rs. 76.85 Lakhs) and Rs. 30.00 Lakhs outstanding as at 31st March, 2010 (previous year Rs. 26.33Lakhs).

NOTE : Figures in brackets are in respect of Previous Year.

**13. DISCLOSURE REQUIREMENT UNDER AS-19 - LEASE / LICENCE TRANSACTION**

The company has entered into a licensing arrangement to operate a hotel for a period of 40 years and thereafter renewable for a further period of 30 years.

The licence fee payable is Rs. 175.00 lakhs per annum or specified percentage of Gross Annual Turnover whichever is higher.

Particulars	Rupees in Lakhs	Previous year Rupees in Lakhs
a) The total of future minimum license payments under non cancelable operating license for each of the following periods		
i) Not later than one year	175.00	-
ii) Later than one year and not later than five years	700.00	-
iii) Later than five years	6125.00	-
b) License payments recognised in the profit and loss account	116.67	-

14. The company has an investment of Rs.30.00 Lakhs and advances outstanding of Rs.560 Lakhs in an associate company ( ceases to be an associate w.e.f 31st March,2010), the Taj Karnataka Hotels and Resorts Limited (TKHRL).TKHRL has accumulated losses in excess of its network. Considering the inherent value of the investee company's assets and proposed financial restructuring, the management is of the view that there is no permanent or long term diminution in the value of the invesment and that outstanding will be fully recovered after the financial restructuring.

# FORTIETH ANNUAL REPORT 2009-2010

## NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

15. Previous year figures have been regrouped wherever necessary.
16. The Proportinate share of assets, liabilities, income and expenditure in the Joint Venture Company included in these Consolidated Financial Statements are given below:

Name of the Company	Prestige Garden Resorts Pvt Ltd	TAL Hotels & Resorts Ltd.
Percentage of Interest	50%	21.736%
	<b>Rs. in lakhs</b>	<b>Rs. in lakhs</b>
<b>ASSETS</b>		
Fixed Asset (Net Block)	184.76 (19 2.72)	5,362.30 (5,942.21)
Investments	-	11.91 (13.40)
Current Assets, Loans and Advances	0.01 (1.14)	2,863.58 (3,074.40)
<b>Miscellaneous Expenditure :</b>		
1) Preliminary expenses	0.06 (0.06)	-
2) Pre-operative expenses	177.61 (154.16)	-
<b>LIABILITIES</b>		
Reserves and Surplus	-	2,148.58 (2,20 2.26)
Secured Loan	-	1,743.23 (2,026.17)
Unsecured Loans	57.30 (56.65)	1,339.03 (1,725.28)
Current Liabilities and Provisions	35.16 (21.53)	1012.28 (704.86)
<b>INCOME</b>		
Rooms, Restaurants, Banquets and other Services	-	3,111.25 (2,937.63)
<b>EXPENSES</b>		
Operating and General Expenses	-	2,398.58 (2,309.06)
Depreciation	-	465.23 (382.61)
Interest	-	227.24 (172.83)
Provision for Tax	-	(0.09) (8.96)

Schedules '1' to '16' form an integral part of the Consolidated Balance Sheet and Profit and Loss Account

As per our Report attached

For BRAHMAYYA & CO  
Chartered Accountants

For SNB ASSOCIATES  
Chartered Accountants

R.NAGENDRA PRASAD  
Partner  
Membership No. 203377  
Mumbai, May 14, 2010

S. LAKSHMANAN  
Partner  
Membership No. 20045

T.S. SUNDARAMBAL  
Company Secretary  
Mumbai, May 14, 2010

Dr. G. SUNDARAM  
S.B.PV.RAMAMOHANA RAO  
D. VIJAYAGOPAL REDDY

For and on behalf of the Board

R.K. KRISHNA KUMAR Chairman  
D.VARADA REDDY Managing Director

S.Y. SYED MEERAN  
PRAMOD RANJAN  
D.R. KAARTHIKEYAN  
DIWAN ARJUN NANDA  
RAMESH D HARIANI

Directors

# ORIENTAL HOTELS LIMITED

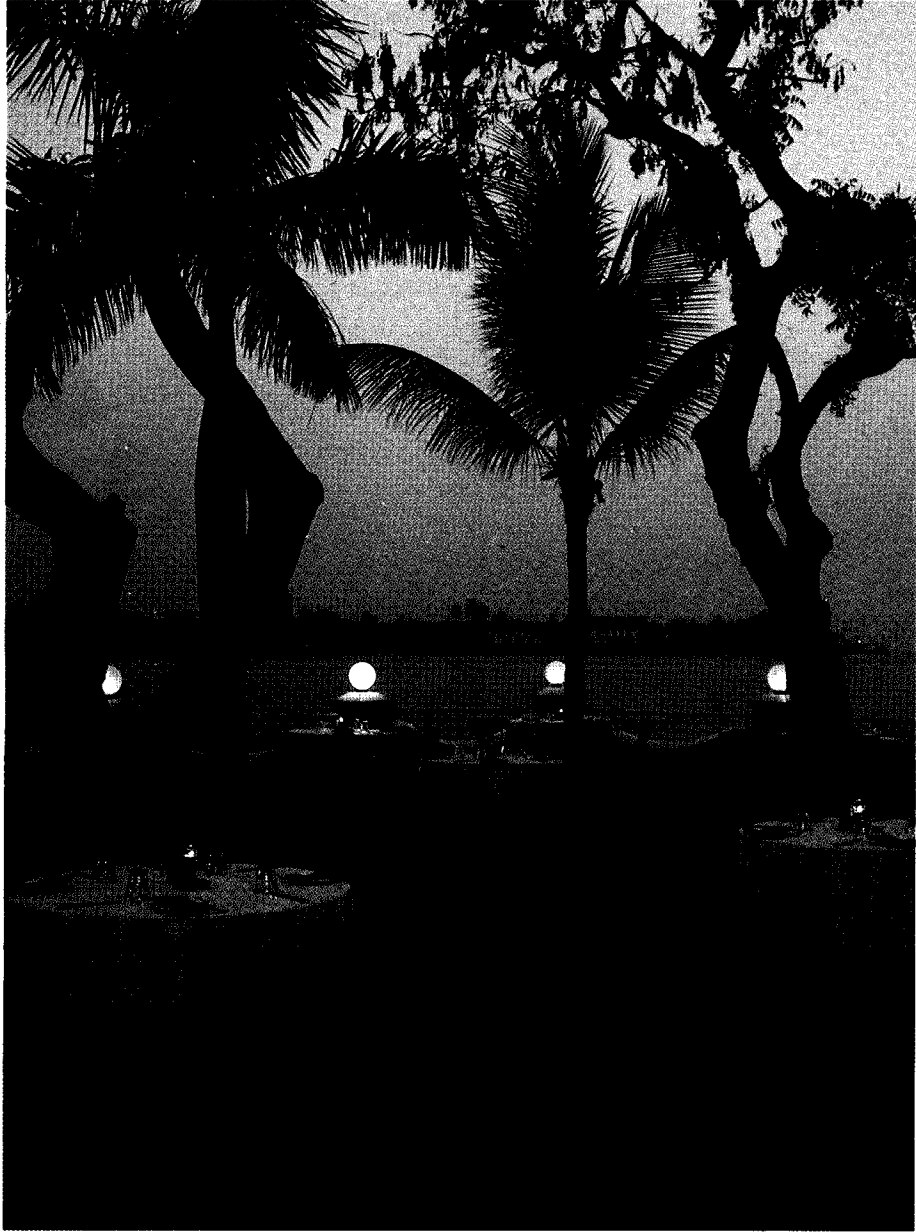
## CONSOLIDATED CASH FLOW STATEMENT

<b>Consolidated Cash flow Statement for the year ended 31st March, 2010</b>		
	<b>Rs. in lakhs</b>	<b>Previous Year Rs. in lakhs</b>
<b>A. Cash flow from Operating Activities</b>		
Net profit before tax and extraordinary items	3,213.24	5,660.96
Adjustments for		
a) Depreciation	1,836.54	1,835.42
b) (Profit) / Loss on sale of assets	(43.24)	21.91
c) Assets Written off	136.00	72.03
d) Bad Debts/Advances Written Off	-	5.26
e) Provision for Doubtful Debts & Advances	62.52	30.62
f) Provisions and Balances Written Back	(99.33)	(21.26)
g) Interest/Dividend Income	(136.52)	(330.24)
h) Interest Paid	1,316.23	453.36
i) Unrealised Foreign Exchange Loss	(124.21)	(2.99)
Operating profits before working capital changes	6,161.23	7,725.07
Adjustments for		
a) Increase in Trade and other receivables	(132.37)	559.00
b) Increase in Inventories	13.51	(149.30)
c) Increase in Trade payables	507.07	(3.91)
	388.21	405.79
Cash generated from operations	6,549.44	8,130.86
Adjustments for Direct taxes paid (net)	(1,160.03)	(2,205.58)
Cash flow before Extraordinary items	5,389.41	5,925.28
<b>Net Cash flow from operating activities (A)</b>	<b>5,389.41</b>	<b>5,925.28</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(9,587.57)	(8,043.40)
Sale of fixed assets	203.95	35.44
(Purchase) / Sale of Investments	(268.11)	(5,102.37)
Long term deposits placed with hotel properties	(5,050.00)	-
Interest received	109.71	262.51
Dividend received	16.38	26.88
Guarantee Commission Received	-	27.68
Deposits with other companies	272.40	2,030.00
Exchange Gain Realised on Funds Invested	0.09	0.18
<b>Net cash flow from investing activities (B)</b>	<b>(14,303.15)</b>	<b>(10,763.08)</b>
Carried over	<b>(8,913.74)</b>	<b>(4,837.80)</b>



CONSOLIDATED CASH FLOW STATEMENT

Cash flow Statement (contd.)		Rs. in lakhs	Previous Year Rs. in lakhs
<b>Brought Forward</b>		<b>(8,913.74)</b>	(4,837.80)
<b>C. Cash flow from financing activities</b>			
Net Increase in borrowings		12,539.60	6,498.19
Interest Paid		(1,478.79)	(400.20)
Dividend paid		(1,860.16)	(2,194.00)
<b>Net cash flow from financing activities (C)</b>		<b>9,200.65</b>	<b>3,903.99</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A + B + C)</b>		<b>286.91</b>	<b>(933.81)</b>
Cash as per books (Refer Note i)			
Cash as on Opening 1st April		1,195.50	1,816.34
Translation Adjustment on Opening Cash/Cash Equivalents			
Cash as on Closing 31st March		1,420.51	1,195.50
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>286.91</b>	<b>(933.81)</b>
<b>NOTES TO THE CASH FLOW STATEMENT :</b>			
i) Cash and Cash Equivalents			
Cash on hand and balances with banks		1,485.89	1,268.51
Bank balances and Deposits Not Considered as Cash		(65.42)	(72.92)
Unrealised Exchange (Gain)/Loss		0.04	(0.09)
Cash and Cash Equivalents as restated		<b>1,420.51</b>	<b>1,195.50</b>
ii) Previous Year's figures have been regrouped wherever necessary to conform to current year's classification.			
iii) Cash as an closing 31st March 2010 includes Rs.167.02 Lakhs in escrow account.			
As per our Report attached		For and on behalf of the Board	
For BRAHMAYYA & CO Chartered Accountants	For SNB ASSOCIATES Chartered Accountants	R.K. KRISHNA KUMAR D.VARADA REDDY	<i>Chairman</i> <i>Managing Director</i>
R.NAGENDRA PRASAD Partner Membership No. 203377 Mumbai, May 14, 2010	S. LAKSHMANAN Partner Membership No. 20045	S.B.PV.RAMAMOohana RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARJUN NANDA RAMESH D HARIANI	} Directors
	T.S. SUNDARAMBAL Company Secretary Mumbai, May 14, 2010		



Taj Malabar, Cochin