

ORIENTAL HOTELS LIMITED

41st ANNUAL REPORT 2010-11





Taj Coromandel, Chennai

ORIENTAL HOTELS LIMITED

BOARD OF DIRECTORS (As on May 13, 2011)

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**

Annual General Meeting	July 28, 2011 @ 2.45 p.m.
Venue	Sathguru Sri Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018
Company Secretary	T S Sundarambal
Legal Advisor	T Raghavan No.47, (Old No.25), TTK Road, Alwarpet, Chennai - 600 018
Auditors	Messrs. Brahmayya & Co., Chartered Accountants No.48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014 Messrs. SNB Associates, Chartered Accountants No.12, III Floor, Gemini Parsn Complex, 121, Anna Salai, Chennai - 600 006
Bankers	HDFC Bank Ltd Standard Chartered Bank Indian Bank
Book Closure Date	July 22, 2011 to July 28, 2011 (both days inclusive)
Registered Office	Taj Coromandel, 37, Mahatma Gandhi Road, Chennai - 600 034 Telephone : 044-66002827 Fax : 044-66002089/98
Secretary's Office	Paramount Plaza, II Floor, 47, Mahatma Gandhi Road, Chennai - 600 034 Telephone : 044-28222827 Fax : 044-28254447 / 28278138 ohlshares.mad@tajhotels.com www.orientalhotels.co.in
E-mail	
Website	
Listing	
• Equity Shares	Madras Stock Exchange Ltd. Exchange Building, New No.30 (Old No.11) Second Line Beach, Chennai - 600 001 Telephone : 044-25228951 / 4393 Fax : 044-25218206 Bombay Stock Exchange Ltd. Ist Floor, New Trading Ring, Rountana Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Telephone : 022-22721233 / 34 Fax : 022-22721919 National Stock Exchange of India Ltd. 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 Luxembourg Stock Exchange Societe De la Bourse de Luxembourg SA BP 165 L 2011, Luxembourg Fax : 00352473228 / 3298
• Shares underlying Global Depository Receipts	
ISIN Number	INE750A01020
Stock Code	ORIENTHOT EQ — National Stock Exchange of India Ltd. (NSE) 500314 — Bombay Stock Exchange Ltd. (BSE)
Share Transfer Agent	M/s.Integrated Enterprises (India) Limited, II Floor, Kences Towers, 1, Ramakrishna Street, T.Nagar, Chennai-600 017

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Forty First Annual General Meeting on Thursday, July 28, 2011 at 2.45 p.m. at Sathguru Sri Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018.

ORIENTAL HOTELS LIMITED

FINANCIAL HIGHLIGHTS

	2010-2011	2009-2010
HIGHLIGHTS	₹ Lakhs	₹ Lakhs
Gross Revenue	23,904.11	20,216.69
Profit Before Tax	3,205.99	3,536.99
Taxation	977.42	1,222.43
Profit After Tax	2,228.57	2,314.56
Dividend, dividend tax, surcharge and cess	1,660.58	1,561.97
Retained Earnings	2,110.71	2,123.90
Funds Employed	52,032.64	48,833.87
Net Worth	29,204.99	28,637.00
Borrowings	21,667.90	19,065.95
Net Worth per Share	16.35	16.03
Earnings per Equity Share	1.25	1.30
Dividend on Equity Share	80%	75%
Debt : Equity Ratio	0.74 : 1	0.66 : 1

ORIENTAL HOTELS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty First 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 Thursday, July 28, 2011 at 2.45 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, 2011 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. Raymond N Bickson who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D R Kaarthikeyan who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. D Vijayagopal Reddy 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. Ramesh D Hariani who was appointed as a Director, by the Board of Directors of the Company, with effect from May 14, 2010 in the casual vacancy caused by the resignation of Mr. Anil P Goel, pursuant to Section 262 of the Companies Act, 1956 read with Article-107(b) of the Articles of Association of the Company, who holds office up to the date of the forthcoming Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.”

NOTES :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of special business under item No. 7 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 22, 2011 to July 28, 2011 (both days inclusive) for payment of dividend.
4. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2011, if approved at the Annual General Meeting, will be paid within 30 days i.e. on or before August 26, 2011 to those Members whose names appear in the Register of Members as on July 28, 2011. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. The Company prefers use of ECS/NECS for payment of dividend. Considering the advantages and in order to avoid loss of dividend warrants in transit, delay in receiving the warrants and to protect against fraudulent encashment of dividend warrants, Members are requested to provide ECS/NECS Mandate, if not provided earlier. In respect of the Members who have given mandate for payment of dividend through ECS/NECS, the dividend will be paid through ECS/NECS and their bank account details will be printed on the ECS/NECS advices. After credit of dividend, a confirmation will be sent to the concerned Members.

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NOTICE TO MEMBERS

In light of the above, Members are requested to furnish the new bank account number, if any, allotted to them by their bank after implementation of the Core Banking Solutions (CBS), together with the name of the bank, branch address, 9-digit MICR bank/branch code and account type by quoting their folio number and a photocopy of a cheque pertaining to their bank account, so that the dividends can be credited to the said bank account. Those members holding shares in demat form are requested to provide the same details to their Depository Participant (DP). Please note that in case the Members do not provide the said details as aforesaid, credit of dividends through NECS to their old bank account number may be rejected or returned by the banking system at the ECS centre level itself in terms of Reserve Bank of India (RBI) circular dated July 29, 2009. In such cases, the Company would issue physical dividend warrants to the concerned Members post such rejection.

6. 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 dividend declared for the year ended March 31, 2004 and which remain unclaimed is due for transfer to the Fund by August 25, 2011. Members who have not encashed their dividends so far for the financial year ended March 31, 2004 or any subsequent financial years are requested to claim the amount from the Company before end July 2010.
7. Dividends declared and paid up to the financial year ended March 31, 1994 and which remained unclaimed has 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.
8. 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.
9. **Members may please note that Equity Shares of the Company of the face value of ₹10/- each has been sub-divided into face value of ₹1/- each with effect from November 12, 2010. The Members are therefore requested not to deal with the earlier share certificates of the face value of ₹10/- each in any manner as the same stands cancelled. The Members still holding old share certificates of the face value of ₹10/- each are once again requested to surrender them to the Company/Registrar and Transfer Agents in order to enable the Company/Registrar and Transfer Agents to issue sub-divided Share Certificates of the face value of ₹1/- each in lieu thereof. Company has been sending reminders to the concerned Members to exchange their old Certificates with new sub-divided share certificates.**
10. 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.
11. 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.
12. 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.

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NOTICE TO MEMBERS

13. 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.
14. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/re-appointment at the meeting are annexed.
15. **The Company has implemented the “Green Initiative” as per circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of Audited Financial Statements, Directors’ Report, Auditors’ Report etc. will also be displayed on the website of the Company www.orientalhotels.co.in and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agents of the Company, Messrs. Integrated Enterprises India Ltd. or to the Company quoting their folio number(s).**

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

T S SUNDARAMBAL
COMPANY SECRETARY

Mumbai
May 13, 2011

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

ORIENTAL HOTELS LIMITED

EXPLANATORY STATEMENT

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 item No. 7 mentioned in the accompanying Notice dated May 13, 2011.

Item No. 7

2. The Board at its meeting held on May 14, 2010 appointed Mr. Ramesh D Hariani as a Director in the casual vacancy caused by the resignation of Mr. Anil P Goel. 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. Ramesh D Hariani 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. Ramesh D Hariani as a Director of the Company.
3. Mr. Ramesh D Hariani is an industrialist from Mumbai. He holds a Bachelor's degree in Mechanical Engineering ((B Sc. (Mech.)) from City University, London and a Post Graduate Diploma in Business Management from Bradford University, Yorkshire, London. He is currently the Managing Director of G R Engineering Private Ltd. and a Director on the Board of the following Companies:
 - i. Taj Madurai Limited
 - ii. GREW Industries Private Limited
 - iii. G R Shipping Pvt. Ltd. and
 - iv. GR Infrastructure Private Ltd.
4. Mr. Ramesh D Hariani holds 11,30,710 equity shares in the Company as on March 31, 2011.
5. Mr. Ramesh D Hariani is concerned and interested in the resolution relating to his appointment.

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

Mumbai
May 13, 2011

T S SUNDARAMBAL
COMPANY SECRETARY

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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 Director	Mr. Raymond N Bickson	Mr. D R Kaarthikeyan	Mr. D Vijayagopal Reddy
Date of Birth	December 16, 1955	October 2, 1939	August 22, 1952
Date of Appointment	October 29, 2003	May 27, 2008	November 11, 2005
Expertise in specific functional areas	Hoteliering	Legal and Corporate Affairs	Management
Qualifications	Advanced Management Program at Harvard Business School in Boston. Also studied at the Goethe Institute in Berlin, the Alliance Francaise in Paris, the Universite de L'ecole Hôtelière Lausanne, and Cornell University in New York	Retired Officer of the Indian Police Service. He holds a Bachelor's Degree in Science and Law.	Master Degree in Business Administration from the University of Madras
Details of shares held in the Company	-	-	15,02,070 equity shares
List of Companies in which outside Directorships held as on 31.03.2011 (including private and foreign companies)	Managing Director - The Indian Hotels Company Ltd. And Director Benaras Hotels Ltd Taj GVK Hotels and Resorts Ltd Taj Trade and Transport Company Ltd Roots Corporation Ltd Taj Safaris Ltd Taj SATS Air Catering Ltd United Hotels Ltd TAL Hotels and Resorts Ltd TAL Lanka Hotels PLC TAL Maldives Pvt Ltd Taj International Hotel Ltd (U.K.) Taj International Hotels (H.K.) Ltd St. James Court Hotel Ltd OHL International (H.K.) Ltd	Vice Chairman - Magus Media Pvt. Ltd And Director Taj GVK Hotels and Resorts Ltd. Star Health and Allied Insurance Company Ltd. Ackruti City Ltd. Raj TV Ltd. Vidi Vedika Heritage Pvt. Ltd. Lotus Eye Care Hospital Private Ltd. Roots Industries	Vijay Garments Ltd Bhavan Garments Ltd. Vijay Appliances Private Ltd Televijay Technologies Private Limited
Chairman/Member of the *Committees of other Companies on which he is a Director	Chairman - Audit Committee 1. Roots Corporation Ltd. 2. Taj SATS Air Catering Ltd. Member - Audit Committee 1. Taj GVK Hotels & Resorts Ltd. 2. United Hotels Ltd. 3. Benares Hotels Ltd. Member - Shareholders/ Investor Grievance Committee: 1. The Indian Hotels Co. Ltd.		

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

ORIENTAL HOTELS LIMITED

DIRECTORS' REPORT

DIRECTORS' REPORT

To the Members:

The Directors have pleasure in presenting the Forty First Annual Report of the Company together with its Audited Statement of Accounts for the year ended March 31, 2011

Financial Results:

		₹ in Lakhs	
		Year ended March 31, 2011	
		2011	2010
1.	Profit before tax amounted to	3206	3537
	Deducting therefrom :		
	Provision for tax		
	- Current	948	1280
	- Deferred	29	(58)
	- Fringe Benefit Tax	-	-
	Profit after tax	2229	2315
	Add: Utilised amount transferred from Foreign Exchange Earnings Reserve	-	125
	Balance brought forward from previous year	6469	6091
	The distributable profit amounted to	8698	8531
2.	Dividend		
	(a) The Board of Directors has recommended payment of Dividend of ₹ 0.80 (80%) per Equity Share of ₹ 1/- each (Previous year - a Dividend of ₹ 7.50 (75%) per Equity Share of ₹ 10 /- each was declared and paid).	1429	1340
	(b) Tax on dividend	232	222
3.	Amount transferred to General Reserve	500	500
4.	Balance carried forward	6537	6469
5.	Earnings per share (Equity shares par value ₹ 1/- each)	1.25	1.30

Operating Results:

Average Room Rates across the key domestic markets grew by 9% during 2010-11 as compared to the previous year mainly due to the increase in ARR in the second half of the year. While Chennai and Trivandrum continued to face the pressure on ARRs and showed a marginal decline, all other hotels showed a growth in ARRs.

Occupancies across the hotel units of the Company grew by 9% to 68% against 62% last year. Almost all cities except Mangalore showed a healthy growth in occupancies.

The Chennai market has reported occupancies of 67% and ARR of ₹ 6,844 for the year 2010-11. IT, Auto, Financial Sectors were the key growth segments.

The Company recorded 18% increase in turnover at ₹ 23904 lakhs during the year ended March 31, 2011, as compared to the revenue earned during the previous year. Room Income improved by 23% over the previous year. The occupancy increased from 62% to 68% and the ARR increased by 9% over the previous year. Food and Beverage Income was 22% higher than that of the previous year. Increase in room and F & B income was also due to income from Vivanta by Taj, Trivandrum for the full year.

Profit before tax at ₹ 3206 lakhs was 9% lower than that of the previous year and profit after tax at ₹ 2229 lakhs was 4% lower than that of the previous year.

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DIRECTOR REPORT

Consolidated Financial Results:

The consolidated turnover of the Company for the year ended March 31, 2011 aggregated to ₹ 28286 lakhs as against ₹ 22934 lakhs for the previous year. The profit after tax aggregated to ₹ 2976 lakhs as against ₹ 1991 lakhs for the previous year.

Sub-division of Equity Shares:

Pursuant to the Members' approval through postal ballot, the Equity Shares of the Company were subdivided from a face value of ₹ 10/- each to a face value of ₹ 1/- each, with effect from November 12, 2010.

Dividend:

Your Directors recommend a dividend of ₹ 0.80 (80%) per equity share of ₹ 1/- each for the financial year ended March 31, 2011. The total amount of dividend outgo will be ₹ 1661 lakhs which includes the tax on dividend amounting to ₹ 232 lakhs as against ₹ 1340 lakhs as dividend and ₹ 222 lakhs as tax on dividend for the previous year. The Dividend, if approved by the Members at the forthcoming Annual General Meeting, will be paid within 30 days thereof i.e. on or before August 26, 2011 to the shareholders/ beneficial holders whose names appear on the Register of Members/ Beneficial Holders list as on July 28, 2011. The dividend income is not taxable in the hands of the shareholders.

Borrowings:

Total borrowings stood at ₹ 21668 lakhs as at March 31, 2011 as against ₹ 19066 lakhs as on March 31, 2010 for the standalone entity. The consolidated debt stood at ₹ 24848 lakhs as on March 31, 2011 as against ₹ 21501 lakhs as on March 31, 2010.

Capital Expenditure:

During the year under review, the Company incurred ₹ 8717 lakhs towards capital expenditure. Major expenditure was incurred for the ongoing construction of a hotel in Coimbatore, expansion of Vivanta by Taj-Fisherman's Cove and renovation activities at Taj Coromandel.

Business overview:

The recovery in economic activity witnessed in 2009/10 was sustained during the year 2010/11. Gross Domestic Product (GDP) increased by 8.6% in 2010/11 compared to a growth of 8% during 2009/10. Industrial growth remained strong during the first half of 2010/11 with the Index for Industrial Production (IIP) recording an average growth of over 10%. However, there was some moderation during the subsequent months, partly due to an adverse base effect.

Inflationary pressures continued to persist through 2010/11 with an increase in the latter part of the year due to higher than anticipated rise in food and oil prices. Inflation, measured by the Wholesale Price Index (WPI), after declining from a high of 11% at the beginning of the year to about 8.1% in November 2010 continued to remain at elevated levels of about 8% for the remaining part of the year. Inflationary pressures, though largely emanating from food and fuel prices, became broad based as manufactured products inflation showed an increase from February 2011.

According to the Tourism Satellite Accounting (TSA) research released in March 2011 by World Travel and Tourism Council (WTTC) and its research partner Oxford Economics, the direct contribution of travel

ORIENTAL HOTELS LIMITED

DIRECTOR'S REPORT

and tourism to GDP is expected to grow by 8.1 per cent per annum (p.a) to US\$ 76.65 billion (2 per cent of GDP) for 2011-2021 period, while the total contribution is expected to be US\$ 82.61 billion in 2011 (4.5 per cent of GDP). It is forecasted to rise by 8.8 per cent per annum for 2011-21, accounting for 4.9 per cent of GDP.

The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US\$ 2.35 billion from April 2000 to February 2011, (source: Department of Industrial Policy and Promotion (DIPP)). India's hotel pipeline is the second largest in the Asia-Pacific region and Indian hospitality industry is expected to grow at a rate of 8.8 per cent during 2007-16, making the country as the second-fastest growing tourism market in the world. The domestic hospitality sector is expected to see investments of over US\$ 11 billion by 2012, with 40 international brands making their presence in the country in the next few years.

2010 saw a revival in foreign tourist arrivals after the slump in 2009 on account of the slow down. FTAs in India during 2010 were 5.58 million with a growth rate of 8.1% as compared to the FTAs of 5.17 million versus de-growth of 2.2% in 2009.

Subsidiary Company:

Your Company has obtained an exemption from the Ministry of Corporate Affairs, (MCA), Government of India, vide its letter No. 47/44/2011-CL-III dated January 28, 2011 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 the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Company 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 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 office of 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 Global Depositary Receipts (GDRs) are listed on Luxembourg Stock Exchange. Listing fees to the Stock Exchanges have been paid for the year 2011/12.

Fixed Deposits:

The Company discontinued acceptance of fixed deposits effective from February 17, 2003. The Company also discontinued renewal of existing deposits with effect from July 2009. Liability on account of Fixed Deposits amounted to ₹ 8.30 lakhs (Previous year ₹ 14.89 lakhs) which includes 34 deposits amounting to ₹ 5.40 lakhs which remained unclaimed as on March 31, 2011 for want of instructions from the depositors.

Product up gradation and expansion:

Construction of the 180-room Vivanta by Taj hotel in Coimbatore is progressing as planned. 50 of the 64 rooms in the expansion block in Vivanta by Taj-Fisherman's Cove have been completed while work on

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DIRECTOR'S REPORT

the balance 14 rooms is currently underway. A comprehensive renovation plan at Taj Coromandel has been under implementation for the past few years. A new swimming pool has been completed, retail shops are ready for handing over to lessees, lobby, reception and lounge, entrance areas of the hotel, including the entry driveway and porte cochere, have recently been renovated.

Donation:

Donations and contributions to social causes amounted to ₹ 9 lakhs during the year under report.

Directors:

Mr. Ramesh D Hariani who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Anil P Goel 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. Raymond N Bickson, Mr. D R Kaarthikeyan and Mr. D Vijayagopal Reddy, Directors, retire by rotation and being eligible have offered themselves for reappointment.

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 March 31, 2011 and of the profit of the Company for the financial year ended on March 31, 2011;
- 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 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 of the Company 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 conversion, 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 here-under :

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DIRECTOR'S REPORT

- 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. 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 the Accounts (Refer Item Nos. 9 and 10)

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 219(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 Corporate Office of the Company.

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 Auditor's 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 : 13.05.2011

R K Krishna Kumar
CHAIRMAN

FORTY FIRST ANNUAL REPORT 2010-2011

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 2010 to March 2011. 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.

Indian Economy Overview

Recovery in economic activity witnessed in 2009/10 was sustained during the year 2010/11. The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10, according to the Advance Estimate (AE) of Central Statistics Office (CSO). At disaggregated level, this (AE 2010-11) comprises an increase of 5.4 per cent in agriculture and allied activities, a growth of 8.1 per cent in industry and 9.6 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during 2009-10. Real GDP grew by 8.2 per cent in the 3rd quarter of 2010-11 following identical growth of 8.9 per cent in the first two quarters.

Industrial growth remained strong during the first half of 2010/11 with the Index for Industrial Production (IIP) recording an average growth of over 10%. However, there was some moderation during the subsequent months, partly due to an adverse base effect. In view of the continued momentum in economic activity, the Central Statistical Organization has estimated GDP to grow by 8.6% in 2010/11 compared to a growth of 8% in the previous year.

Inflationary pressures continued to persist through 2010/11 with an increase in the latter part of the year due to higher than anticipated rise in food and oil prices. Inflation, measured by the Wholesale Price Index (WPI), after declining from a high of 11% at the beginning of the year to about 8.1% in November 2010 continued to remain at elevated levels of about 8% for the remaining part of the year. Inflationary pressures, though largely emanating from food and fuel prices, became broad based as manufactured products inflation showed an increase from February 2011.

India is rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012.

The result of the government initiatives and liberalisation measures undertaken have resulted in tremendous response and growth in the FDI equity inflows to India since 2003-04, which have increased nearly thirteen-fold until the last financial year (i.e. 2009-10). While India was ranked 32nd in the world on FDI inflows in 2001 (as per UNCTAD data), its ranking improved to the 9th position in 2009. India's ranking, in terms of FDI inflows among developing countries (as per UNCTAD data), has jumped from 13th in 2005 to 4th in 2009. Its share of world FDI inflows has jumped from 0.78 per cent in 2005 to 3.11 per cent in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the data released by the Department of Industrial Policy and Promotion (DIPP), India attracted FDI equity inflows of US\$ 1,042 million in January 2011. The cumulative amount of FDI equity inflows from April 2000 to January 2011 stood at US\$ 189.8 billion. The humungous increase in investment mirrors the foreign investors' faith in the Indian markets.

The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India worth US\$ 2,987 million during April-January 2011. Foreign institutional investors (FIIs) have invested US\$ 1.15 billion in equities and bonds, taking total net inflows in 2011 so far to US\$ 1.61 billion, as per the data available with the Securities and Exchange Board of India (SEBI).

According to Reserve Bank of India's (RBI) Weekly Statistical Supplement, as on March 18, 2011, India's foreign exchange reserves totalled US\$ 303.51 billion.

The economy is expected to grow at 8.6 per cent in 2010-11 and is expected to be around 9 per cent in the next fiscal year (Economic survey 2010-11). The growth has been broad based with a rebound in the Agriculture sector which is expected to grow around 5.4 per cent. Manufacturing and Services sectors have registered impressive gains. The Survey reports that the industrial output growth rate was 8.6 per cent while the manufacturing sector registered a growth rate of 9.1 per cent in 2010-11.

India's cumulative export growth in April-December 2010-11 stood at 29.5 per cent with US\$ 164.7 billion worth of exports during this period. India ranks 21st in world merchandise exports in 2009 and 12th in commercial services exports. The outlook for India's trade sector has brightened with a good growth of 29.5 per cent in 2010-11 (April-December) and a robust growth of 36.4 per cent in December 2010.

India accounts for approximately 1.64 per cent of global trade in goods and services currently. The government aims to double this share by 2020. A stable political environment and improvement in the domestic and global investment climate is expected to drive growth in domestic capital formation. India's industrial sector witnessed capital expenditure worth INR 2.3 trillion (USD 49.5 billion) in FY09 and INR 4 trillion in FY10 (USD 88 billion).

Foreign Exchange earnings from tourism in Rupee terms during 2010 were ₹ 64,889 crores with a growth rate of 18.1% as compared to ₹ 54,960 crores with a growth rate of 8.3% during 2009 over 2008. Thus the growth rate in 2010 was more than double of that observed during 2009. The growth rate in foreign exchange earnings in US\$ terms during 2010 was 24.6% as compared to a decline of 3% in 2009 over 2008.

The year 2010 witnessed rupee appreciation against major currencies. Net FII inflows recovered from ₹ 879.9 billion in 2009 to ₹ 1796.7 billion in 2010 (source: SEBI website).

The national indices, BSE SENSEX and NSE S&P CNX NIFTY reflecting the positive outlook for India increased from 17,555.04 and 5249.20 at the beginning of the year and ended 19445.22 and 5833.75 points respectively.

Tourism and Hospitality

India is one of the fastest-growing travel and tourism markets in the world. The travel and tourism demand in India has increased at a CAGR of 11.8 per cent between 2005 and 2010, and is expected to reach US\$ 431.7 billion by 2020. India is currently ranked 12th in the Asia Pacific region and 68th overall in the list of the world's attractive destinations, according to the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum (WEF).

FORTY FIRST ANNUAL REPORT 2010-2011

MANAGEMENT DISCUSSION AND ANALYSIS

2010 saw a revival in foreign tourist arrivals after the slump in 2009 on account of the slow down. FTAs in India during 2010 were 5.58 million with a growth rate of 8.1% as compared to the FTAs of 5.17 million versus de-growth of 2.2% in 2009. The 8.1% growth rate in FTAs for 2010 over 2009 for India is much better than UNWTO's projected growth rate of 5% to 6% for the world during the same period. The Eleventh Plan outlines significant initiatives. 10.25 million International tourist arrivals are expected by 2011 along with the creation of 200,000 rooms across the country.

Outbound travel is becoming increasingly popular due to the higher disposable income of the middle class and the entry of various private travel agencies offering attractive and customized tour packages to customers.

Nationwide occupancy in 2010-11 was 68% which matches the occupancy levels of 2007/08 (source: HVS Consulting & Valuation Services). Revenue per available room (revPar) grew 10.7% in 2010-11. RevPar dropped nationwide from 14% and 11.6% in 2008-09 and 2009-10 respectively. The demand for number of room nights grew by 15-30% on an average across the nation driven by the ever growing domestic market. Domestic demand has seen higher growth in the past fiscal. It is a growing trend and domestic and international guests are expected to contribute equally to hotels' business in the coming years. Average room rates in cities like New Delhi, Mumbai and Bangalore were up 5 – 6% in luxury and first class hotels compared with the last fiscal year. On a pan-India basis average rates were up 5.8% in 2010-11 compared to the previous year.

The Government has been taking steps to upgrade the requisite infrastructure, such as the development of international airports of global standards. Various areas that have witnessed a spate of investments are Serviced apartments, Budget hotels, Bed-and-breakfast concept.

Hospitality in India is based on the Sanskrit adage 'Atithi Devo Bhava' or 'guest is god'. The concept was adapted by the Ministry of Tourism, Government of India with the aim of creating awareness about rich variety of tourism in India.

India is well known for its natural resources (ranked 8th) and cultural resources (24th) with many World Heritage sites, both natural and cultural; rich fauna, many fairs and exhibitions and strong creative industries. India also has quite good air transport (ranked 39th), particularly given the country's stage of development, and reasonable ground transport infrastructure (ranked 43rd), reports The Travel and Tourism Competitiveness Report 2011 by World Economic Forum 2011.

Investment in travel and tourism in India is expected to reach US\$ 34.7 billion in 2010 and US\$ 109.3 billion by 2020. Some of the key international players include: Intercontinental, Marriott, Starwood and Accor. Several international players are entering India by establishing alliances with local hotel chains. Carlson Hotels Worldwide increased its stake in RHW Hotel Management Services, owners of Radisson brand in India, while Choice Hotels International, Inc has announced plans to acquire the remaining 60 per cent stake in Choice Hospitality India Ltd. There is a rising demand for hotels with the opening up of the smaller cities such as Udaipur, Pune, Bhubaneshwar and Chandigarh towards business and leisure.

The tourism and hospitality industry witnessed FDI worth US\$ 2.18 billion between April 2000 and September 2010.

Medical tourism in India is valued at more than US\$ 310 million. Currently, India receives more than 100,000 foreign patients a year. Medical tourism has emerged as the fastest growing segment of tourism industry. The Confederation of Indian Industry (CII) expects the sector to grow to US\$ 2 billion by 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

India's share in the global medical tourism industry is expected to reach around 3 per cent by the end of 2013, as per a new market research report Booming Medical Tourism in India by RNCOS. Medical tourism is expected to generate revenue worth US\$ 3 billion by 2013, growing at a CAGR of around 26 per cent during 2011–2013. The number of medical tourists is anticipated to grow at a CAGR of over 19 per cent during the forecast period to reach 1.3 million by 2013. There are over 3,371 hospitals and around 754,985 registered practitioners catering to the needs of traditional Indian healthcare. Indian hotels are also entering the wellness services market by collaborating with professional organisations in a range of wellness fields and offering spas and ayurvedic massages. A niche segment, it draws high-end inbound tourists. Kerala is the most popular wellness destination in India, but other states are also emerging in this segment. There is a huge demand for wellness treatments, especially Ayurvedic and herbal Ayurveda. The BCG Group plans to build a multidisciplinary health facility, BCG Healthsquare in Palarivattam in Kochi, Kerala, by August 2011 and its long-term plan is to set a 750,000 square feet health village with an estimated cost of US\$ 88.91 million.

Travel and Tourism Industry

Travel and Tourism is one of the largest and fastest growing service industries globally in terms of gross revenue and foreign exchange earnings. It is also one of the largest employment generators in the world. It has been a major social phenomenon and is driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education and entertainment. Tourism is both cause and consequence of economic development. It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages.

According to World Tourism and Trade Council (WTTC) India's travel and tourism industry is expected to generate revenue equivalent to 3.1% total GDP. However, travel and tourism touches all sectors of the economy, its real impact is greater and the travel and tourism economy directly and indirectly accounts for ₹ 5,533 billion (US\$ 118 billion) equivalent to 8.6% of total GDP. (Source: Indian Travel, Tourism and Hospitality Industry – D & B Sectoral Round Table Conferences, a Dun & Bradstreet Publication).

The Indian Tourism sector is seen generating \$42.8 billion by 2017 according to an industry research note by auditing and consulting firm Deloitte Touche. Despite the challenges faced last year in terms of a slow economy, sluggish demand and security concerns, the country was fighting back and tourism developments were taking place, it said. "Although there could be some short to medium term setbacks, the long term outlook remains positive" it said.

With Indian economy growing at around 8% per annum and rise in disposable incomes of Indians, an increasing number of people are going on holiday trips within the country and abroad resulting in the tourism industry growing wings. It is fast turning into a volume game where an ever burgeoning number of participants are pushing up revenues of industry players (hotels, tour operators, airlines, shipping lines, etc.). Thus, the tourism sector is expected to perform very well in future and the industry offers an interesting investment opportunity for long term investors.

India is now chalking up one of its strongest growth charts in a long time. As the Indian economy continues to open up in an effort to integrate with the world economy, benefits of doing business with and in India are increasing. With the results, hundreds of thousands of jobs are moving to the Indian shores from the West. This brings in its wake transit travelers, business travelers, business meets and holiday seekers.

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MANAGEMENT DISCUSSION AND ANALYSIS

Indicators

Lead indicators suggest that the pace of expansion in the services sector activity is likely to be sustained.

The domestic hospitality sector is expected to see investments of over US\$ 11 billion by 2012, with 40 international brands making their presence in the country in the next few years. Hospitality group EIH, is actively looking to expand in Europe and intends to open three out of its next five hotels outside India even as it continues to see opportunities in the domestic market. TravelMartIndia.com Pvt Ltd—a travel web portal has announced the launch of vamoose.in—which is apparently India's first group buying travel, leisure and vacation portal. The concept of group buying has already seen success in the world over. Hospitality start-up Peppermint Hotels is in discussions with a slew of investors for expansion capital as more private equity funds chase deals in a sector that is increasing on the back of a booming economy. The hotel chain, set up by Arjun Baljee, expects to add seven new properties by September 2011. Delhi-based upscale hotel chain Lemon Tree Hotels plans to have at least 20 hotels of the four-star category operational in two years, as part of its strategy to tap the potential in cities in the North, West and South of India.

The Road Ahead

According to the Tourism Satellite Accounting (TSA) research, released by World Travel and Tourism Council (WTTC) and its research partner Oxford Economics in March 2011, the direct contribution of travel and tourism to GDP is expected to grow by 8.1 per cent per annum (pa) to US\$ 76.65 billion (2 per cent of GDP) for 2011-2021 period, while the total contribution is expected to be US\$ 82.61 billion in 2011 (4.5 per cent of GDP). It is forecasted to rise by 8.8 per cent per annum for 2011-21, accounting for 4.9 per cent of GDP; Travel and tourism is expected to generate 24.93 million jobs directly in 2011 (5 per cent of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services and by 2021 industry will account for 30.44 million jobs directly, an increase of 5.51 million (22.1 per cent) over the next ten years. The industry is expected to attract capital investment of US\$ 27.67 billion rising by 8.7 per cent p.a to US\$ 63.47 billion. Visitor exports are expected to total US\$ 15.23 billion in 2011, rising to US\$ 30.18 billion in 2021.

Amid better global recovery, especially in U.S. and Europe the foreign tourist footfall is expected to increase in the coming months. The Japanese tsunami and nuclear disaster might help India in getting better tourist flow as tourists could re-plan their destination.

Occupancies are expected to continue to grow though additional supply of hotel rooms across several markets will put pressure on average room rates in the short term. Due to the substantial gap between supply and demand, most hotels have done well despite drop in demand in some parts. Newer products could create more competitive market condition leading to hardened margins and lower rates. The period April – June 2011 is expected to witness an improvement in occupancy rates compared to the same period of the previous year though average room rates are expected to be stable (Crisil Research Report).

India is witnessing a spurt in foreign tourist arrivals, but there is a need to focus more on making destinations better and cleaner and according to the Minister of Tourism, Government of India, State Governments have been requested to take up the issue of hygiene with the concerned departments and local bodies to improve the sanitary conditions. The growth in tourism has also led to a gap in trained manpower in the hospitality sector and which they are trying to fill.

MANAGEMENT DISCUSSION AND ANALYSIS

Contribution to the economy

The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US\$ 2.35 billion from April 2000 to February 2011, according to the Department of Industrial Policy and Promotion (DIPP). India's hotel pipeline is the second largest in the Asia-Pacific region and Indian hospitality industry is expected to grow at a rate of 8.8 per cent during 2007-16, making the country as the second-fastest growing tourism market in the world. The domestic hospitality sector is expected to see investments of over US\$ 11 billion by 2012, with 40 international brands making their presence in the country in the next few years.

Government Initiatives/ Policy

According to the Consolidated FDI policy, released by DIPP, Ministry of Commerce and Industry, Government of India, the Government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The Government of India has announced a scheme of granting Tourist Visa on Arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. The scheme is valid for citizens of these 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. During 2010, a total number of 6549 visa on arrivals were issued under the VoA Scheme.

The tourism master plan, the first for Karnataka, envisages initiatives to attract private investment ranging from US\$ 2.2 billion to US\$ 4.4 billion in the next three to five years. The plan is prepared based on the Vision 2020 document prepared and adopted by the Karnataka State Planning Board. The State Government aims to generate 200,000 jobs in the tourism sector in the next five years. The master plan is aimed at making Karnataka the number one destination for tourism in the country by 2020.

The Union Ministry of Tourism has included Medical Tourism under the Marketing Development Assistance (MDA) Scheme. The Ministry of Tourism has sanctioned US\$ 27,742 as MDA to 10 Medical Tourism Service Providers during current year, as per the press release by Press Information Bureau (PIB) dated November 15, 2010.

The Ministry of Tourism has sanctioned 781 projects in 34 States/ Union Territories (UTs) in the country amounting to US\$ 511.82 million during the last three years up to June 2010, as per a press release dated October 18, 2010.

The demand for travel and tourism is expected to reach US\$ 431.7 billion by 2020. Ministry of Tourism has sanctioned 169 rural tourism sites in 28 States/Union Territories (UTs). The scheme of rural tourism was started by the Ministry in 2002-03 with the objective of showcasing rural life, art, culture and heritage at rural locations and in villages, which have core competence in art and craft, handloom, and textiles as also an asset base in the natural environment.

The Ministry has initiated several measures to promote Medical and Health Tourism which includes promotion in overseas markets and production of publicity materials like brochure, CDs and films etc. and their distribution in target markets. A workshop on promotion of Wellness Tourism was organised in New Delhi in association with Department of AYUSH, Government of India and National Board for Accreditation of Hospitals and Healthcare Services on February 15, 2011.

South Asia Travel and Tour Expo (SATTE) plays an important role in showcasing the tourism potential of the South Asian region and provides a platform for tourism stakeholders in the region to interact with buyers from across the world with the objective of promoting tourism in the region.

FORTY FIRST ANNUAL REPORT 2010-2011

MANAGEMENT DISCUSSION AND ANALYSIS

Ministry of Tourism aims to create a comprehensive and coordinated framework for promoting golf tourism in India, capitalising on the existing work that is being carried out, and building upon the strength of India's position as the fastest growing free market economy.

Update on key initiatives of the Company:

Product up gradation:

The flagship of the Company, Taj Coromandel has undergone a comprehensive renovation. Renovation of 1st to 4th standard guestroom floors, F & B outlets at the hotel, lobby, reception and lounge and the entrance areas of the hotel including the entry driveway and porte cochere are all renovated. A new swimming pool has been completed and the retail shops are ready for handing over to lessees. Renovation work for The Chambers (cum Club Lounge) and a banquet hall at the lower lobby level are nearing completion. Product up gradation being a continuous process, renovation/up gradation of the other hotel units of the Company would be taken up during the coming years.

Your Company continues in its quest for excellence by constant enhancement of the Guest experience through improved service levels and product upgrades.

H R 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 since 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.

During the year, a set of initiatives (YOA+) aimed at enhancing the quality of our employees' lives - at work and beyond was introduced. The initiatives are focused more on long - term outcomes that directly impact our associates like the education of their children, becoming computer literate, etc. YOA+ is a promise made by the company that year on year, our employees and their well being are of primary importance. This initiative aims to encourage our employees' children to study hard and earn good grades in school by paying for the subsequent year's education if the child has come first amongst children of the employees of the hotel in his/her age group.

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.

ORIENTAL HOTELS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations for the year ended March 31, 2011

Revenues:

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

Particulars	Year ended		% of change
	31-Mar-11	31-Mar-10	
Room Income	12229	9944	23%
Food & Beverage Income	9575	7860	22%
Other Operating Income	1487	1500	-1%
Management Fees	307	244	26%
Other Income	306	675	-55%
Total Income	23904	20223	18%
Statistical information			
Average Room Rate (Rupees)	5916	5446	9%
Occupancy (%)	68	62	6% pts

Overall revenues increased by 18%. The occupancy for the current period has increased from 62% to 68% and the ARR has increased from ₹ 5446 to ₹ 5916. Increase in room income is also due to income for the full year from Vivanta by Taj-Trivandrum totalling to ₹ 1157 lakhs as compared to previous year income of ₹ 254 lakhs.

Room revenues increased by 23% to ₹ 12229 lakhs while the Food and Beverage Income increased by 22% to ₹ 9575 lakhs as compared to the previous year.

Other Operating Income, representing the income from allied services i.e., Telephone, Laundry, Banquet Misc., Business Centre and exchange fluctuation gain is lower by ₹ 13 lakhs.

Management fee for the period is ₹ 307 lakhs which represents the management fee earned from TAL Hotels and Resorts Ltd which is more by ₹ 63 lakhs due to buoyant growth in business in hotels in Maldives.

Other Income which includes mainly the dividend and interest on Investments is lower by ₹ 369 lakhs or 55% over the previous year. This is mainly due to Dividend income received from OHL International (HK) limited to the tune of ₹ 554 lakhs in the previous year and there was no such dividend in the current financial year. There is an offsetting income during the year to the tune of ₹ 200 lakhs as compensation received on surrendering the license rights of a property.

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MANAGEMENT DISCUSSION AND ANALYSIS

Expenditure:

Total expenditure increased by ₹ 3582 Lakhs or 25% over the previous year. The main reason for such a major variation is due to full impact of expenditure of Vivanta by Taj-Trivandrum amounting to ₹ 1884 lakhs as against ₹ 384 lakhs in the previous year.

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

The gross profit of ₹ 6119 lakhs for the year under report is up by 2% as compared to ₹ 6014 lakhs for the previous year.

Interest costs:

Interest cost was increased to ₹ 1370 lakhs for the year ended March 31, 2011 as compared to ₹ 1106 lakhs in the previous year due to increased borrowings to meet the expansion of Vivanta by Taj-Fisherman's Cove and renovation activities at Taj Coromandel.

Profit before Tax:

Profit before tax at ₹ 3206 lakhs was 9% lower as compared to ₹ 3537 lakhs in 2009/10.

Profit After tax:

Profit after tax for 2010/11 declined by 4% to ₹ 2229 lakhs. Provision for taxation is ₹ 977 lakhs after considering deferred tax of ₹ 28.83 lakhs.

Cash flow data:

Particulars	₹ In lakhs	
	Year ended	
	March 31, 2011	March 31, 2010
Net cash from operating activities	4448	4335
Net cash used for investing activities	(3777)	(13335)
Net cash from financing activities	(844)	9216
Net increase in cash and cash equivalents	(173)	216

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.

ORIENTAL HOTELS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

₹ lakhs

Particulars	2010/11	2009/10
Total Income	28286	22934
Total Expenses	20669	16551
Gross Profit	7617	6383
Less :		
Interest	1535	1333
Depreciation	2103	1837
Profit before Tax	3979	3213
Provision for taxation	1003	1222
Profit after Tax	2977	1991

Cash flow data:

₹ In lakhs

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Net cash from operating activities	5845	5389
Net cash used for investing activities	(5469)	(14303)
Net cash from financing activities	(224)	9201
Net increase in cash and cash equivalents	152	287

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.

The hotel sector is also unfavourably affected by factors such as changes in the global and domestic economies, local market conditions, excess hotel 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.

Risks associated with the company

Company Specific Risks

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

These are:

Heavy Dependence on India: Your Company earns its revenues only from Indian operations, making it susceptible to domestic socio-political and economic conditions.

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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 organisation, while maximising 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.

Risk mitigation initiatives:

To successfully counter the risk from growing competition and new properties, your Company is renovating and repositioning its properties and improving its service standards.

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 was used to identify focus areas, develop a process framework with a scoring matrix and institutionalise 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 organisation.

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 2010/11 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 realised 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 and price conditions in the hospitality industry, changes in government regulations, tax regimes and other statutes.

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MANAGEMENT DISCUSSION AND ANALYSIS

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

Courage

Excellence

INtegrity

Team Work

Respect & concern for others, Reliability

Environment & 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.

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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, 2011, 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 Shareholders' Investors' Grievance Committees.

ORIENTAL HOTELS LIMITED

CORPORATE GOVERNANCE

Name of the Director	Category	No. of Board meetings attended during 2010/11	Whether attended last AGM on July 27, 2010	No. of other Directorships held 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	13	1	2
Mr. D Varada Reddy Managing Director	Promoter Executive	4	√	1	3	-	-
Mr. S B P V Ramamohana Rao	Independent Non-Executive	3	√	1	-	-	-
Dr. G Sundaram	Independent Non-Executive	4	√	-	1	-	-
Mr. Raymond N Bickson	Non-Independent Non- Executive	2	√	8	7	2	4
Mr. D Vijayagopal Reddy	Promoter Non Executive	4	√	4	-	-	-
Mr. S Y Syed Meeran	Independent Non-Executive	4	√	4	-	-	-
Mr. Pramod Ranjan	Promoter Non-Executive	4	√	8	1	-	-
Mr. D R Kaarthikeyan	Independent Non-Executive	4	√	8	-	-	-
Diwan Arun Nanda	Non-Independent Non-Executive	2	-	11	1	2	2
Mr. Venu Srinivasan	Indepent Non-Executive	1	-	14	2	1	3
Mr. Ramesh D Hariani Appointed w.e.f. 14.05.2010	Non-Independent Non-Executive	3	√	5	-	-	-
Mr. Anil P Goel Resigned on 14.05.2010	Non-Independent Non-Executive	1	-	-	-	-	-

- vi. During the year under review, the Board of Directors of the Company met four (4) 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, 2010	April to June
2.	July 27,2010	July to September
3.	October 19, 2010	October to December
4.	January 25, 2011	January to March

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

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CORPORATE GOVERNANCE

- 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.
- 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, 2011 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 Agreement with the Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956.
- ii. The Audit Committee comprises of five (5) Members including three (3) 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.
- iii. 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
 - performance of statutory and internal auditors, adequacy of internal control systems.
 - 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 the 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.
-

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- iv. Audit Committee meetings are attended by invitation, by the Statutory Auditors, Internal Auditors, Director - Operations 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.
- v. The previous Annual General Meeting was held on July 27, 2010 and it was attended by Dr. G Sundaram, Chairman of the Audit Committee.
- vi. Four (4) Audit Committee meetings were held during the year. The composition of the Audit Committee and details of meetings attended by the Members of the Audit Committee are given below. Necessary quorum was present for all the meetings.

Members	Category	Attendance at Meetings held on			
		14.05.10	27.07.10	19.10.10	25.01.11
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 March 23, 2011.
- 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 March 23, 2011
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, 2010 to March 31, 2011 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

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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 the dividend became due for payment and the matured deposit became due for repayment, 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 2003/04 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 nor 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 for transfer to IEPF *
2003/04	July 26, 2004	August 24, 2011
2004/05	July 26, 2005	August 24, 2012
2005/06	July 31, 2006	August 29, 2013
2006/07	August 29, 2007	September 27, 2014
2007/08	July 31, 2008	August 29, 2015
2008/09	July 23, 2009	August 21, 2016
2009/10	July 27, 2010	August 25, 2017

* 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 ₹ 1.98 lakhs of unclaimed dividend to 332 shareholders as against ₹ 3.46 lakhs claimed by 239 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:

Particulars	₹
Amounts transferred to IEPF up to March 31, 2011	(a) 2493772
Amounts transferred during the financial year 2010/11:	
- Unpaid/unclaimed dividend with the Company Div.02-03 (I)	203338
- Unpaid/unclaimed dividend with the Company Div.02-03 (F)	57473
- Unpaid/unclaimed matured deposits with the Company	128000
- Unpaid/unclaimed matured deposits with the Company (erstwhile Covelong Beach Hotel (I) Ltd.)	16000
- Interest accrued on matured unpaid deposits	-
Total (b)	404811
Amounts transferred to IEPF up to March 31, 2011 (a) + (b)	2898583

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

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3. Share Transfer Committee:

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

1.	Mr. S B P V Ramamohana Rao	Director
2.	Mr. D Vijayagopal Reddy	Director
3.	Mr. Pramod Ranjan	Director
4.	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 the share certificates are returned to those who lodged for transfers within a month from the date of receipt. The total number of equity shares transferred (physical form) during 2010/11 were 30,759 as compared to 6,143 in 2009/10.

All share transfers lodged up to March 31, 2011 have been processed and as on March 31, 2011 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, 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 Meeting held on 14-05-2010
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. The Remuneration of the Managing Director is recommended by the Remuneration Committee based on factors such as industry benchmarks, the Company's performance vis-a-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.

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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:

	₹ lakhs
Salary and Perquisites	48.39
Contribution to Provident Fund and Gratuity Fund & Leave Encashment	4.92
Commission payable for 2010/11	35.00
Total	88.31

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 5 years, commencing from November 11, 2010 up to and including November 10, 2015, 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, 2011)

No.	Name of the Director	No. of shares held
1.	Mr. S B P V Ramamohana Rao	6,750
2.	Mr. D Vijayagopal Reddy	15,02,070
3.	Mr. S Y Syed Meeran	10,500
4.	Mr. Pramod Ranjan	28,87,660
5.	Mr. Ramesh D Hariani	11,30,710
6.	Mr. D Varada Reddy – Managing Director	61,34,396

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 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.

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Remuneration paid to Non-Executive Directors during the year ended March 31, 2011:

₹ lakhs

Name of the Director	Sitting fees	Commission paid for 2009/10	Total
Mr. R K Krishna Kumar	0.40	4.12	4.52
Mr. S B P V Ramamohana Rao	1.10	5.29	6.39
Dr. G Sundaram	1.30	6.19	7.49
Mr. Raymond N Bickson	–	–	–
Mr. D Vijayagopal Reddy	0.70	3.23	3.93
Mr. S Y Syed Meeran	0.40	3.23	3.63
Mr. Pramod Ranjan	0.50	3.23	3.73
Mr. D R Kaarthikeyan	1.00	4.77	5.77
Mr. Diwan Arun Nanda	0.20	2.21	2.41
Mr. Venu Srinivasan	0.10	1.70	1.80
Mr. Anil P Goel	–	2.72	2.72
(Resigned w.e.f. 14.05.2010)			
Mr. Ramesh D Hariani	0.30	–	0.30
(appointed w.e.f. 14.05.2010)			

The Company has no scheme for stock options.

5. Other Committees of the Board:

- 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. D Vijayagopal Reddy	Director
Mr. S B P V Ramamohana Rao	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.

Dr. G Sundaram and Mr. D Varada Reddy are the members of the Ethics Committee. The Committee met on March 23, 2011.

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IV. 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.

V. 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	July 31, 2008 at 4.00 p.m	Approval for payment of commission to Non-executive Directors
Narada Gana Sabha, Chennai 600018	July 23, 2009 at 3.00 p.m.	
Narada Gana Sabha Chennai 600 018	July 27, 2010 at 2.30 p.m.	Reappointment of Mr. D Varada Reddy as Managing Director

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.

VI. Postal Ballot:

Two ordinary resolutions and one special resolution seeking the approval of the Members for sub-division of equity shares of the Company and consequential amendment to the Memorandum of Association and the Articles of Association of the Company pursuant to Sections 16, 31 and 94 of the Companies Act, 1956 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 September 24, 2010 as per the Scrutinizer's Report as under:

Details of Postal Ballot held in the year 2010 - 2011

Particulars	Resolution u/s 16 & 94		Resolution u/s 16		Resolution u/s 31	
	No. of Shares	% to the total votes	No. of Shares	% to the total votes	No. of Shares	% to the total votes
Valid Votes Received	7321161	100.00	7320701	100.00	7320701	100.00
Votes in Favour of the Resolution	7320256	99.99	7319824	99.99	7319824	99.99
Votes against the Resolution	905	0.01	877	0.01	877	0.01
Invalid Votes	1613	0.02	2073	0.03	2073	0.03

Accordingly, the Resolutions set out in the Notice dated July 27, 2010 was duly approved by the requisite majority of shareholders.

VII. 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, 2011.

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

VIII. 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.orienthotels.co.in. Hence, a quarterly declaration of financial performance including summary of the significant events is not being sent 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.

IX. Secretarial Audit:

In keeping with the requirements of SEBI and Stock Exchanges, a qualified practicing Company Secretary carried out Share Capital 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 Share Capital 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.

X. 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.orientalhotels.co.in. The shareholders can visit the company’s web site for financial information, shareholding information, etc.

As per Clause 54 of the Listing Agreement, Companies are mandated to maintain a functional website that contains basic information about the Company, duly updated for all statutory filings, including agreements entered into with media companies, if any. Accordingly, the website maintained by the Company, www.orientalhotels.co.in is updated with the 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

Reminders are being sent periodically to investors for unclaimed shares, 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.orientalhotels.co.in.

XI. 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.

XII. General shareholder information

Annual General Meeting

Date	July 28, 2011
Time	2.45 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 Thursday, July 28 2011.

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CORPORATE GOVERNANCE

Agenda:

- Ordinary Business:
 - Adoption of Accounts
 - To declare dividend
 - Appointment of Directors retiring by rotation
 - Appointment of auditors
- Special Business:
 - Appointment of Director

Financial Calender:

Financial Report for:

Quarter ending June 30, 2011	on or before August 15, 2011
Quarter ending September 30, 2011	on or before November 15, 2011
Quarter ending December 31, 2011	on or before February 15, 2012
Quarter ending March 31, 2012	on or before May 30, 2012

Date of Book Closure:

July 22 2011 to July 28, 2011
(both days inclusive)

Dividend payment date:

On or after July 28, 2011 but before August 26, 2011

Company's Financial Year:

1st April to 31st March

Registered Office:

Taj Coromandel
37, Mahatma Gandhi Road
CHENNAI 600 034
Telephone No. 044 – 66002827
Facsimile No. 044 – 66002089

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.orientalhotels.co.in
E-mail: ohlshares.mad@tajhotels.com
Madras Stock Exchange Ltd.
Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.
Luxembourg Stock Exchange, Luxembourg
INE750A01020

Listing on Stock Exchanges

- Equity Shares

- Global Depository Receipts :

ISIN No.:

Stock Code:

The National Stock Exchange Ltd.
Bombay Stock Exchange Ltd.

ORIENTHOT EQ
500314

ORIENTAL HOTELS LIMITED

CORPORATE GOVERNANCE

The Company has paid annual listing fees to each of the above Stock Exchanges in respect of the financial year 2011/12.

Corporate identification no. (CIN) L55101TN1970PLC005897

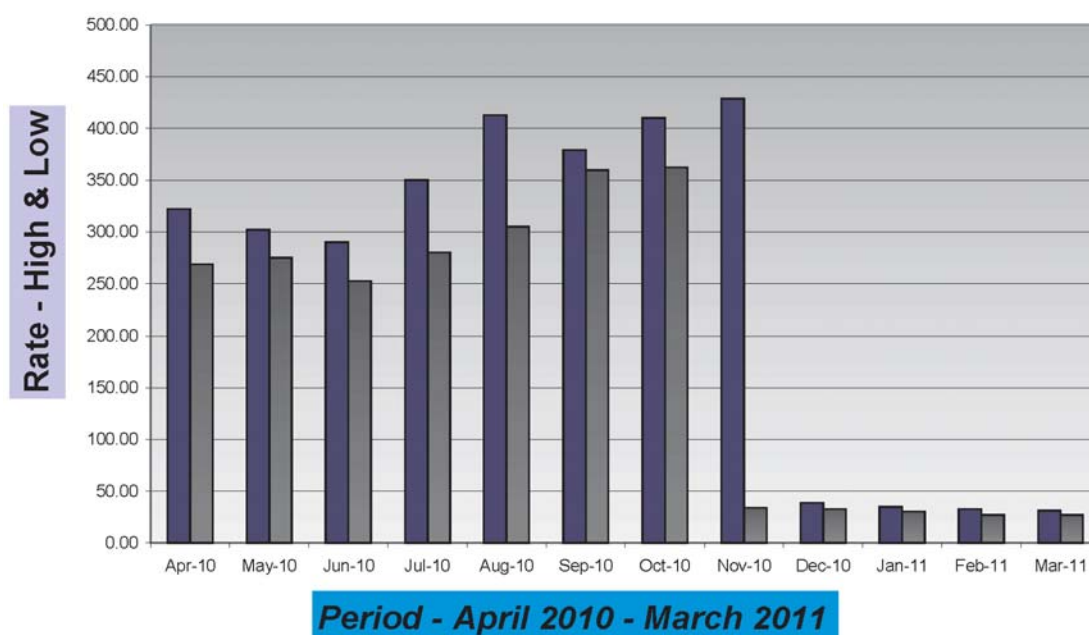
Market Price Data:

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 2010/11 is furnished below:

MONTH	HIGH	LOW	CNX Nifty		
			HIGH	LOW	TRADED QUANTITY
Apr-10	322.00	268.50	5399.65	5160.90	45053
May-10	302.00	275.00	5278.50	4786.45	53083
Jun-10	290.00	252.30	5366.75	4161.05	38070
Jul-10	349.90	280.00	5477.50	5225.60	100314
Aug-10	412.75	305.00	5549.80	5348.90	439938
Sep-10	379.00	359.50	6073.50	5403.05	75807
Oct-10	410.00	362.25	6284.10	5937.10	68694
Nov-10	428.65	*34.05	6338.50	5690.35	1014508
Dec-10	39.00	32.85	6147.30	5721.15	669838
Jan-11	34.95	29.80	6181.05	5416.65	457810
Feb-11	32.80	27.15	5599.25	5196.80	197663
Mar-11	31.40	27.25	5872.00	5348.20	607338

*Equity Shares of ₹ 10/- each were subdivided into Equity Shares of ₹ 1 each on November 12, 2010.

Oriental Hotels Limited - Share Price Movement



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CORPORATE GOVERNANCE

MARKET PRICES & TRADED QUANTITY DETAILS FOR THE YEAR				SENSEX	
MONTH	HIGH	LOW	HIGH	LOW	TRADED QUANTITY
Apr-10	324.00	268.95	18047.86	17276.80	16262
May-10	314.50	265.00	17536.86	15960.15	21615
Jun-10	299.15	269.00	17919.62	16318.39	7646
Jul-10	340.00	277.00	18237.56	17395.58	51772
Aug-10	412.00	316.20	18475.27	17819.99	170450
Sep-10	376.60	325.00	20267.98	18027.12	22263
Oct-10	407.00	361.05	20854.55	19768.96	30247
Nov-10	428.95	*34.00	21108.64	18954.82	342694
Dec-10	39.45	32.80	20552.03	19074.57	197886
Jan-11	34.90	29.70	20664.80	18038.48	179167
Feb-11	32.95	27.50	18690.97	17295.65	69388
Mar-11	31.75	27.35	19575.16	17792.17	170677

*Equity Shares of ₹ 10/- each were subdivided into Equity Shares of ₹ 1 each on November 12, 2010.

Stock Price performance in comparison with BSE SENSEX



ORIENTAL HOTELS LIMITED

CORPORATE GOVERNANCE

Registrar and Share Transfer Agents:

M/s Integrated Enterprises (India) Limited continues to be the Registrar and Share Transfer Agents of the Company.

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 and all other investor related activities are attended to and processed at the office of the Registrars and Transfer Agents.

Places for acceptance of documents:

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

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: corpserv@iepindia.com
Telephone No. 044 – 28140801 to 0803
Facsimile No. 044 – 28142479

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 and also at the Share Transfer Agents Office

Payment of dividend - National Electronic Clearing Service (NECS):

Reserve Bank of India vide its circular No. DPSS.(Co). EPDD. No. 191.04.01.01/2009-2010 dated July 29, 2009 has instructed banks to move to the NECS platform with effect from October 1, 2009.

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CORPORATE GOVERNANCE

Kindly provide your new bank account number 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 dematerialized form, you may kindly provide the details to your Depository Participant to ensure your future dividend payments correctly gets credited to your new account.

Shares held in Electronic form:

Shareholders holding shares in electronic form may note that the instructions regarding bank details to be incorporated on their dividend warrants, change of address, nomination and power of attorney should be given directly to the depository participants.

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.

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.

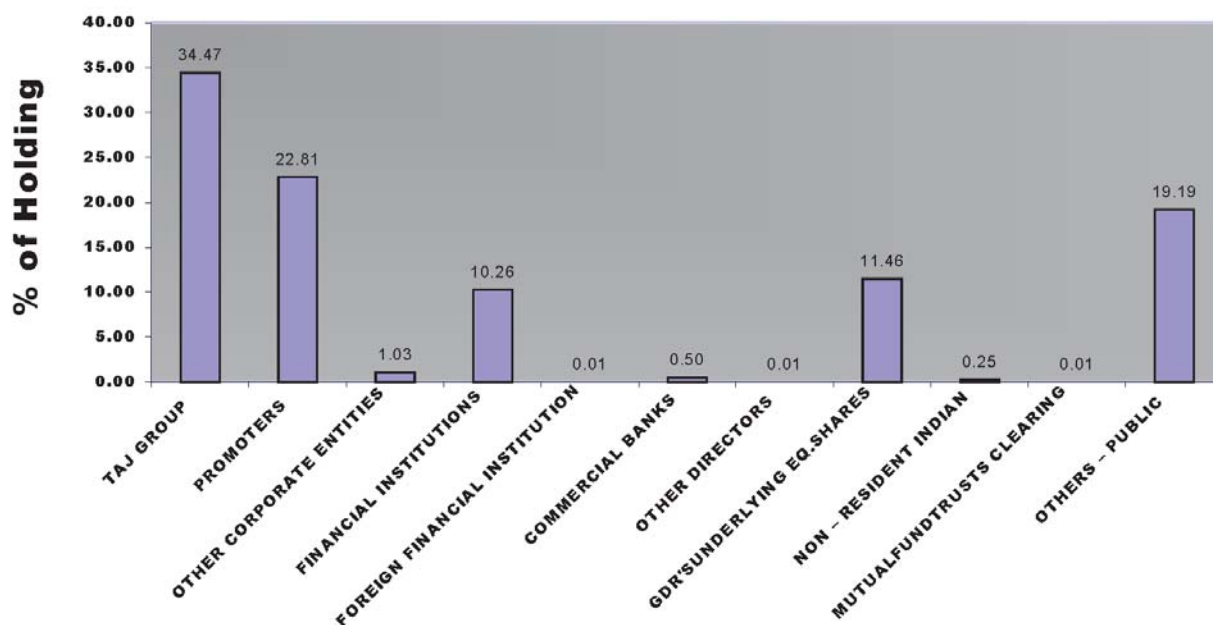
Shareholding pattern of the Company as on March 31, 2011

SL NO	PATTERN OF HOLDING	TOTAL HOLDING AS ON 31/03/2011	
		SHARES	% SHARES
1.	Taj Group	61561430	34.47
2.	Promoters	40739625	22.81
3.	Other Corporate Entities	1844578	1.03
4.	Financial Institutions	18326410	10.26
5.	Foreign Financial Institution	10000	0.01
6.	Commercial Banks	891400	0.50
7.	Other Directors	17250	0.01
8.	GDRs underlying Equity Shares	20475930	11.46
9.	Non-Resident Indian	442057	0.25
10.	Mutual Fund Trusts Clearing	14522	0.01
11.	Others – Public	34275978	19.19
	GRAND TOTAL	178599180	100.00

ORIENTAL HOTELS LIMITED

CORPORATE GOVERNANCE

Share Holding Pattern as on March 31, 2011



Srl. No.	Category of Shares	No of holders	% to Total no. of Shareholders	No of Shares	% to Capital
1	UPTO 500	7166	55.62	1017852	0.57
2	501-1000	1433	11.12	1202193	0.67
3	1001-2000	1261	9.79	1935151	1.08
4	2001-3000	782	6.07	1968316	1.10
5	3001-4000	397	3.08	1399233	0.78
6	4001-5000	593	4.60	2689094	1.51
7	5001-10000	649	5.04	4829248	2.70
8	10000 AND ABOVE	603	4.68	163558093	91.58
	TOTAL	12884	100.00	178599180	100.00

Dematerialization of Shares:

As on March 31, 2011, a total number of 16,70,04,945 equity shares of ₹ 1/- each, representing 93.51% are in dematerialized form as compared to 1,65,66,716 (92.76%) equity shares of ₹ 10/- each in the previous year. Trading in the Company's shares in a dematerialized form has been made compulsory.

Outstanding GDRs /ADRs/Warrants or any convertible instruments

There are no outstanding GDRs, the conversion of which will have any impact on the equity capital of the Company.

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CORPORATE GOVERNANCE

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.

Sub-division of Equity Shares:

The Equity Shares of the Company of face value of ₹ 10/- each were sub-divided into equity shares of face value ₹ 1/- each with effect from November 12, 2010 being the “Record Date” fixed for the purpose.

The Members whose name/s was appearing on the Register of Members/Beneficial Holders’ List on the Record Date, were entitled to get 10 fully paid up Equity Shares of ₹ 1/- each for every Equity Share of ₹ 10/- each held by them.

The Company called back the existing share certificates with shares of paid up value of ₹ 10/- each and issued the new share certificate for shares of face value of ₹ 1/- each. The Members who have still not exchanged their share certificates are requested to kindly send back the share certificate issued for equity shares of the face value of ₹ 10/- each to receive the new share certificates of the face value of ₹ 1/- each. Reminder letters have also been sent to the Members who have not claimed the subdivided shares by surrendering the share certificates having paid up value of ₹ 10/- each.

The Members are requested not to deal with share certificates for shares of face value of ₹ 10/- each in any manner whatsoever. If any Member deals, sells, transfers, pledge such share certificate for shares of face value of ₹ 10/- each shall do so at his own cost and consequence and the Company shall not be held responsible or liable for such acts of the Members.

Location of the Hotel Units of the Company:

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

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.

ORIENTAL HOTELS LIMITED

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, 2011.

Place : Mumbai
Date : May 13, 2011

D VARADA REDDY
MANAGING DIRECTOR

FORTY FIRST ANNUAL REPORT 2010-2011

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, 2011, 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
Firm Registration No : 000511S

R.NAGENDRA PRASAD
Partner
Membership No.203377

Place : Mumbai
Date : May 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N

S. LAKSHMANAN
Partner
Membership No.20045

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:

Kovalam Community College started with the objective of providing an alternative employment program for the vulnerable youth by providing skill development for economic survival. The Community College provides 12 months Diploma course in Hotel Management, A/c Mechanism & DTP course - to gain a TNOU (Tamil Nadu Open University)-accredited diploma and on course completion the students of Hotel Management & AC mechanism are given 6 months internship training with Taj Hotels, Chennai

Evening Study Centre started with the objective of extending help to Kovalam village students to compete with urban students through special coaching, runs a Tuition Centre wherein students are being given special coaching in English, Mathematics and Science subjects on Sundays. The students are also provided with Boiled Egg, Cereals, Masala milk/milk with beaten rice and biscuits as nutrition supplement. Summer Camps are also conducted for these children during their summer holidays and educational tour within Chennai is conducted every year. From the year 2005/06 to 2010/11, 1122 students were given special coaching and the pass percentage amongst the students who had taken coaching had increased from 84% to 100% in the last three years.

With a view to facilitate women empowerment and sustainable livelihood, Women Self Help Groups were formed to involve them in sustainable income generation activities to supplement their family income. So far, 11 widow self help groups were formed and the women were trained in saree embroidery, shell painting, running petty shops and making jewel boxes, palm leaf, phenyl and candles.

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

Taj Coromandel :

The Unit provides the surplus food to “Mercy Home” a shelter for elderly people on a daily basis and on special occasions to the home for abandoned street children and old age homes. Three Community College students are being given Training in the departments of Food Production and Engineering. The unit has engaged a visually challenged Violinist to play the instrument in one of its restaurants. As and when required by the Nesakaram and Anbagam (Homes for under privileged), hall and other facilities were provided for training underprivileged children. Self help groups were trained to supply fish, peeled garlic, beans, onions, banana leaves, puffed rice, panner etc. as per the specific requirements of the hotel. The Unit also organized blood donation camps and 61-employees had donated blood.

Vivanta by Taj - Fisherman’s Cove

Underprivileged women were given training in tailoring by “Fishco cares” to enable them to earn their living. As part of the Kovalam village development activities, educational assistance is given to children of fishermen community by paying the school fees and salary of 2 teachers is also borne. 294 children are benefited by this scheme. During monsoon times when fishermen do not venture into the sea for fishing, about 463 families are provided with one bag of 125 kg rice. The Unit is also providing contractual employment to women from the self help group in the staff cafeteria kitchen. Taj Nutrition intervention

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COMMUNITY INITIATIVES

project conducts free medical camps in order to assess the health status of children, adolescent girls and adult women. The Taj Clinic provides free consultation to the villagers and gives free medicines to the inmates of old age home. The unit meets the expenses of maintaining the community centre. The unit also sponsors certain expenses of temple festivals of different community. On the New Year day, about 200 old women and children were fed by the Unit.

Vivanta by Taj - Malabar:

The Unit under “Nutrition intervention program” provides evening meal on a daily basis to 30-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 and on all special occasions/festivals. 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. The unit has plans to train and develop few women through an NGO located in the Port Trust area to prepare snacks for the staff cafeteria.

The unit along with Don Bosco trains marginalized youths in housekeeping to make them employable and the unit has similar plans to train the youth in F & B service. Linen, uniforms and lost and found items were distributed to orphanages. School books, bags and umbrellas were distributed to poor school going children. The employees of the unit have extended financial help for medical expenses of a boy from a poor family. 375 poor children were given snacks in connection with children’s day celebration organized by Tata Trust Hospital, Chottanikkara. The Unit helps the artists from the locality to perform local arts for the guests of the hotel on a daily basis.

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. Two differently abled persons were trained and employed in the hotel. 2-under privileged youth were trained and employed in public area housekeeping operations. The Unit has also donated clothes to 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 by planting saplings, eco friendly initiatives, poster competition for children etc. The unit in association with the Public and Police Association for street children serves milk, fruits and biscuits.

The Gateway Hotel, Mangalore:

The employees of the Unit visited the plane crash site and extended help and support to the family members of the crash victims. The unit has helped an underprivileged child by getting school text books. The unit continues to distribute food on occasions to various homes/orphanage for the under privileged children and old age homes. A Teacher has been engaged to provide special coaching to 10th standard students who are inmates of Swami Sraddananda Ashram. The unit extends its support to the cause of cancer patients by purchasing napkins from cancer patient aid association. A boy from the underprivileged community is being trained by the Unit’s Engineering department. The unit also has provided space in the lobby to Fr. Mullers Charitable Institute to display and sell their handmade craft items. Celebrated World Environment Day through Eco Walk and planting saplings; and organized AIDs awareness programme.

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 is being trained in laundry. The Unit also trains under privileged students from catering colleges. The unit celebrated World Environmental Day 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. Once a month and on festival days, the Unit provides lunch/dinner to the inmates of three orphanages housing orphans/semi orphans from the under privileged community and mentally challenged children apart from sending the surplus food on a regular basis. The Unit has also donated two computers to the orphanage. Children from another orphanage were brought to the hotel for carol singing during Christmas time and they were provided with dinner. On the occasion of the silver jubilee celebrations of Nilgirs Deaf and Dumb Association special lunch was served to 150 deaf and dumb children.

Vivanta by Taj - Trivandrum:

The Unit partnering with women self help group has given 3-months training in laundry and calendaring machine to 15 women and 9 out of the 15 trained women were able to get employment. Partnering with Don Bosco, Trivandrum and Cochin, and also with Pratham, an NGO the unit extends training to underprivileged youth in laundry, public area and rooms to enable them to get employment. 3 of such boys were engaged by the Unit. The hotel has donated discarded linen/lost and found items to Sri Chitra Home an NGO, given lunch for the inmates of Don Bosco Monvila and distributed cricket kit and books to the children and provided lunch for the inmates of "Sneha Theeram" – rescue home for people suffering from Alzhemiers.

FORTY FIRST ANNUAL REPORT 2010-2011

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 2011 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 subsection (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, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at 31st March 2011 from being appointed as a Director in the Company in terms of clause (g) of subsection (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, 2011;
 - 2) in the case of the 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 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner
Membership No.20045

ORIENTAL HOTELS LIMITED

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 physically 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 2011 for a period of more than six months from the date they became payable.

FORTY FIRST ANNUAL REPORT 2010-2011

ANNEXURE TO AUDITORS REPORT

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 appropriate authorities 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
Income Tax		
Income Tax Demand for the Assessment Years 1998-99, 2003-04, 2004-05, 2005-06 and 2008-09	170.06	Commissioner of Income Tax (Appeals) / Income Tax Appellate Tribunal, Chennai
Sales Tax		
Sales Tax demands for the Financial Years, 1992-93 to 1996-97	19.93	Hon'ble High Court of Madras, Chennai
Sales Tax demands for 1990-91 & 1991-92	23.68	Appellate Assistant Commissioner, Chennai
Luxury Tax		
Luxury tax demands for the financial years 2004-05 and 2005-06	28.16	Sales Tax appellate tribunal, Kochi
Service Tax		
Service Tax demands for the financial years 2003-04 to 2009-2010	68.79	Commissioner of Central Excise (Appeals), Kochi
Service Tax demands for the financial year 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.

ORIENTAL HOTELS LIMITED

ANNEXURE TO AUDITORS REPORT

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
Place : Mumbai
Date : May 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N

S. LAKSHMANAN
Partner
Membership No.20045

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET

Balance Sheet as at 31st March 2011				As at 31st March 2010
	Schedule	₹ in lakhs	₹ in lakhs	₹ in lakhs
SOURCES OF FUNDS				
Shareholders' Funds				
a) Share Capital	1	1,785.99		1,785.99
b) Reserves and Surplus	2	27,419.00		26,851.01
			29,204.99	28,637.00
Loan Funds				
a) Secured Loans	3	21,465.00		15,459.00
b) Unsecured Loans	4	2.90		3,406.95
			21,467.90	18,865.95
Deferred Tax Liability (Refer Note 15 of Schedule 16)			1,159.75	1,130.92
Security Deposit - Sub Lease			200.00	200.00
TOTAL			52,032.64	48,833.87
APPLICATION OF FUNDS				
Fixed Assets				
a) Gross Block	5	38,678.43		32,868.76
b) Less : Depreciation		13,811.79		12,900.28
c) Net Block		24,866.64		19,968.48
d) Capital Work-in-progress		11,957.04		9,680.48
			36,823.68	29,648.96
Investments	6		7,252.46	12,252.46
Long Term Deposits	7		6,260.12	6,260.12
Current Assets, Loans and Advances				
a) Inventories	8	553.39		556.87
b) Sundry Debtors	9	1,810.26		1,117.63
c) Cash & Bank Balances	10	787.97		944.67
d) Loans & Advances	11	4,851.94		3,981.44
	TOTAL A	8,003.56		6,600.61
Less :Current Liabilities and Provisions				
a) Current Liabilities	12	4,197.85		3,966.86
b) Provisions	13	2,109.33		1,961.42
	TOTAL B	6,307.18		5,928.28
Net Current assets	(A-B)		1,696.38	672.33
TOTAL			52,032.64	48,833.87
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
Firm Registration No : 000511S
R.NAGENDRA PRASAD
Partner
Membership No. 203377
Mumbai, May 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner
Membership No. 20045

S.B.P.V.RAMAMOHANA RAO
Dr. G. SUNDARAM
D. VIJAYAGOPAL REDDY
T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

R.K. KRISHNA KUMAR *Chairman*
D.VARADA REDDY *Managing Director*
S.Y. SYED MEERAN
PRAMOD RANJAN
D.R. KAARTHIKEYAN
DIWAN ARUN NANDA
RAMESH D HARIANI

Directors

ORIENTAL HOTELS LIMITED

PROFIT AND LOSS ACCOUNT

Profit and Loss Account for the Year ended 31st March 2011				Previous Year ₹ in lakhs
	Schedule	₹ in lakhs	₹ in lakhs	
INCOME				
Rooms, Restaurants, Banquets and other Income	14		23,904.11	20,216.69
EXPENDITURE				
Operating and General Expenses	15	17,785.21		14,202.66
Interest				
a) On Fixed Loans		990.86		601.66
b) On Other Loans		379.33		504.07
		<u>1,370.19</u>		<u>1,105.73</u>
Depreciation		1,542.72		1,371.31
TOTAL EXPENDITURE			<u>20,698.12</u>	<u>16,679.70</u>
PROFIT BEFORE TAX			3,205.99	3,536.99
Less : Provision for Tax				
- Current		948.59		1,280.62
- Deferred		28.83		(58.19)
		<u> </u>	<u>977.42</u>	<u>1,222.43</u>
PROFIT AFTER TAX			2,228.57	2,314.56
Add : Utilised Amount Transferred from Foreign Exchange Earnings Reserve			<u> </u>	<u>125.00</u>
			2,228.57	2,439.56
Add : Balance brought forward from previous year			6,468.84	6,091.25
AMOUNT AVAILABLE FOR APPROPRIATION			<u>8,697.41</u>	<u>8,530.81</u>
Appropriations				
(a) Proposed Dividend			1,428.79	1,339.50
(b) Dividend Tax and surcharge thereon			231.79	222.47
(c) Transfer to General Reserve			500.00	500.00
(d) Balance carried forward			6,536.83	6,468.84
TOTAL			<u>8,697.41</u>	<u>8,530.81</u>
Notes on accounts				
Earnings Per Share (Face value ₹1) Basic and Diluted - ₹	16		1.25	1.30
(Refer Note 22 of Schedule 16)				

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
Firm Registration No : 000511S
R.NAGENDRA PRASAD
Partner
Membership No. 203377
Mumbai, May 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner
Membership No. 20045

T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

For and on behalf of the Board

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

} Directors

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet

SCHEDULE - 1 : SHARE CAPITAL

	As at 31st March 2010
	₹ in lakhs
1. AUTHORISED	
a) 50,50,000 - Redeemable Cumulative Preference Shares of ₹100/- each	5,050.00
b) 24,50,00,000 - Equity Shares of ₹1/- each (Previous year 2,45,00,000 Equity Shares of ₹10/- each)	2,450.00
	<u>7,500.00</u>
2. ISSUED, SUBSCRIBED AND PAID-UP	
17,85,99,180 - Equity Shares of ₹1/- each fully paid (Previous Year 1,78,59,918 Equity Shares of ₹10/- each)	1,785.99
TOTAL	<u>1,785.99</u>

Notes :

- i 15,00,000 Equity Shares of the face value of ₹1/- each (Previous year 1,50,000 Equity Shares of face value ₹10/- each) were issued as fully paid-up pursuant to a contract without payment being received in cash.
- ii 9,95,33,490 Equity Shares of ₹1/- each (Previous year 99,53,349 Equity Shares of ₹10/- each) were issued as fully paid Bonus shares by capitalisation of Preference Share Redemption Reserve, Share Premium account and General Reserve.
- iii 2,35,29,410 Equity Shares of ₹1/- each (Previous year 23,52,941 Equity Shares of ₹10/- each) were allotted pursuant to the issue of Global Depository Receipts in the year 1994-95.
- iv 1,39,05,360 Equity Shares of ₹1/- each (Previous year 13,90,536 Equity Shares of ₹10/- each) were allotted in the year 2002-03, consequent to amalgamation of Covelong Beach Hotels (India) Ltd. with the Company.
- v As per the approval of the members through postal ballot, Equity Shares of ₹10/- each has been sub-divided into Equity Shares of ₹1/- each

ORIENTAL HOTELS LIMITED

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet

SCHEDULE - 2 : RESERVES AND SURPLUS

As at
31st March 2010

	₹ in lakhs	₹ in lakhs	₹ 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
b) Less : Amount Utilised Transferred to Profit and Loss Account		-	125.00
TOTAL		-	-
5. GENERAL RESERVE			
a) As per last Balance Sheet	9,281.47		8,781.47
b) Add : Transfer from Profit and Loss Account	500.00		500.00
TOTAL		9,781.47	9,281.47
6. BALANCE OF PROFIT IN THE PROFIT AND LOSS ACCOUNT		6,536.83	6,468.84
TOTAL		27,419.00	26,851.01

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet

SCHEDULE - 3 : SECURED LOANS

	₹ in lakhs	As at 31st March 2010 ₹ in lakhs
From Banks		
a) Foreign Currency Term Loan (Refer Note (i)&(ii) below)	4,465.00	4,559.00
b) Rupee Term Loan (Refer Note (iii)&(vi) below)	17,000.00	10,000.00
c) Short Term Loan (Refer Note (vii) below)	-	900.00
TOTAL	21,465.00	15,459.00

Note :

- i) Foreign currency loan is secured by first pari passu mortgage by deposit of title deeds of Taj Coromandal Hotel.
- ii) Amounts due within one year ₹ 1339.50 Lakhs (Previous Year - Nil)
- iii) Rupee Term Loan are secured by way of mortgage by deposit of title deeds in respect of immovable properties of Fisherman's Cove and Coonoor Hotel & additionally secured by way of exclusive first charge of credit card receivables of the Company.
- iv) 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.
- v) 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.
- vi) Amounts due within one year ₹ 2,307.69 lakhs. (Previous Year - Nil)
- vii) Amounts due within one year ₹ NIL (Previous year - ₹ 900 Lakhs)

SCHEDULE 4 : UNSECURED LOANS

	₹ in lakhs	As at 31st March 2010 ₹ in lakhs
1. Fixed Deposits (Refer Note (i) & (ii))	2.90	6.95
2. Short term Loans from Companies (Refer Note (iii) below)	-	3,400.00
TOTAL	2.90	3,406.95

Note:

- i) Includes due within one year ₹ 2.50 Lakhs (Previous year ₹ 3.90 Lakhs)
- ii) Unclaimed Matured Deposits of ₹ 5.40 Lakhs (Previous year ₹ 7.94 Lakhs) have been shown under Current Liabilities.
- iii) Amounts due within one year ₹ NIL (Previous year ₹ 3400 Lakhs)

Schedules forming part of the Balance Sheet

SCHEDULE 5: FIXED ASSETS

₹ in Lakhs

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	At cost as at 01-04-2010	Additions	Deletions	At Cost as at 31-03-2011	Upto 01.04.2010	Depreciation for the year	Withdrawals during the year	Upto 31.3.2011	As at 31.3.2011	As at 31.03.2010
1. Land (Freehold)	6354.78 (6424.34)	1118.41 (9.96)	(79.52)	7473.19 (6354.78)					7473.19 (6354.78)	6354.78 (6424.34)
2. Land (Leasehold) #	33.76 (33.76)			33.76 (33.76)	14.43 (13.29)	1.14 (1.14)		15.57 (14.43)	18.19 (19.33)	19.33 (20.47)
3. Buildings*	6114.23 (5586.02)	2154.70 (630.46)	196.72 (102.25)	8072.21 (6114.23)	1410.18 (1291.23)	163.86 (135.44)	61.37 (16.49)	1512.67 (1410.18)	6559.54 (4704.05)	4704.05 (4294.79)
4. Plant and Machinery	13186.80 (13569.23)	2246.87 (1309.11)	418.63 (1691.53)	15015.04 (13186.80)	6980.98 (7757.19)	884.27 (785.56)	347.19 (1561.77)	7518.06 (6980.98)	7496.98 (6205.82)	6205.82 (5812.04)
5. Furniture, Fixtures and Office Equipments	6722.26 (6327.58)	1127.92 (496.97)	238.15 (102.30)	7612.03 (6722.26)	4247.41 (3911.75)	463.10 (422.86)	219.57 (87.20)	4490.94 (4247.41)	3121.09 (2474.85)	2474.85 (2415.83)
6. Vehicles	456.93 (451.45)	23.90 (11.18)	8.63 (5.70)	472.20 (456.93)	247.28 (219.19)	32.95 (33.08)	5.68 (4.99)	274.55 (247.28)	197.65 (209.65)	209.65 (232.26)
Total	32868.76 (32392.38)	6671.80 (2457.68)	862.13 (1981.30)	38678.43 (32868.76)	12900.28 (13192.65)	1545.32 (1378.08)	633.81 (1670.45)	13811.79 (12900.28)	24866.64 (19968.48)	19968.48 (19199.73)
7. Capital Work-in- Progress									11957.04 (9680.48)	9680.48 (2225.25)
GRAND TOTAL									36823.68 (29648.96)	29648.96 (21424.98)

Note :

* Includes buildings on leased land ₹1910.47 lakhs (Previous Year ₹1867.89 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 and capital work in progress include Interest Capitalised ₹671.48 lakhs (Previous Year - ₹348.90 lakhs)

Capital Work in Progress includes Depreciation capitalised ₹2.60 lakhs during the year. (Previous Year - ₹6.78 lakhs)

Figures have been regrouped.

Figures in brackets are in respect of previous year.

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet			
SCHEDULE - 6 : INVESTMENTS AT COST (LONG TERM)			
		As at 31st March 2010	
	No. of Shares	₹ in lakhs	₹ in lakhs
TRADE INVESTMENTS			
a) SHARES (Quoted) (fully paid up)			
Equity Shares of ₹1 each			
i) The Indian Hotels Company Limited	511,836	274.62	274.62
Equity Shares of ₹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 ₹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) SHARES (Unquoted) (fully paid up)			
Equity Shares of ₹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	0.12
ix) Asian Hotels West Limited (Refer Note vi)	70	0.11	0.11
x) Lands End Properties Private Limited	1,990,000	199.00	199.00
xi) Green Infra Wind Farms Limited	45,000	4.50	4.50
c) Ordinary Shares of US \$1.00 each (Unquoted) (fully paid up)			
i) TAL Hotels and Resorts Limited (Refer Note vii)	919,104	437.68	437.68
d) INVESTMENT IN SUBSIDIARY COMPANIES			
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
e) 6% Non Convertible Debenture (fully paid up) of ₹100 each (Quoted)			
i) The Indian Hotels Company Limited	42,653	42.65	42.65
f) 5% Convertible Cumulative Preference Shares of ₹100 Each			
- Roots Corporation Limited (Refer Note ix)	-	-	5,000.00
OTHER INVESTMENTS			
a) SHARES (Quoted) (fully paid)			
Equity Shares of ₹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) SHARES (Unquoted) (fully paid)			
Equity Shares of ₹10 each			
i) Chennai Willingdon Corporate Foundation	5	-	-
Equity Shares of ₹1 each			
ii) Indian Diary Entrepreneurs Agricultural Company Ltd. (Refer Note x)	86,302	-	-
TOTAL		7,252.46	12,252.46

ORIENTAL HOTELS LIMITED
BALANCE SHEET
SCHEDULE

Schedules forming part of the Balance Sheet

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

As at
31st March 2010

₹ in lakhs

₹ in lakhs

NOTES :

i. Aggregate of quoted investments:

Shares

Cost

354.87

354.87

Market Value

489.94

586.88

ii. Aggregate of unquoted investments :

Cost

6,897.60

11,897.59

iii) As per the scheme of amalgamation, each equity share of ₹ 2 fully paid up in Jaiprakash Associates Limited has been allotted in lieu of one equity share of ₹ 10 each in Jaypee Hotel Limited. 50 equity shares of ₹ 2 each fully paid has been received as bonus shares.

iv) In terms of an undertaking, transfer of this shareholding is restricted to Taj / TATA group Companies.

v) Received in terms of scheme of arrangement on amalgamation.

vi) Received in lieu of equity shares of Asian Hotels Limited consequent to a scheme of arrangement & demerger by Asian Hotels Limited & its group Companies.

vii) In terms of Share Retention Agreement with International Finance Corporation (IFC) for the loans availed by TAL Hotels & Resorts Limited (THRL) (formerly Taj Asia Limited), transfer of shareholding in this Company is restricted during the subsistence of the loan agreement of THRL.

viii) Stated at the exchange rate prevailing on the date of initial deposit of loan which was converted into shares.

ix) Sold during the year.

x) Equity Shares of ₹ 10/- each have been reduced to equity shares of ₹ 1/- each as confirmed by the order of the Court and provision for diminution in value has been made in the earlier years.

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet			As at 31st March 2010 ₹ in lakhs
SCHEDULE 7 : LONG TERM DEPOSITS	₹ in lakhs	₹ in lakhs	
1. Long Term Deposits placed for Hotel Properties		5,478.62	5,478.62
2. Shareholder's Deposit placed with a Joint Venture Company (Refer Note 13 of Schedule 16)		781.50	781.50
TOTAL		6,260.12	6,260.12
SCHEDULE 8 : INVENTORIES			
a) Stores and operating supplies		215.43	176.00
b) Food and Beverages		337.96	380.87
TOTAL		553.39	556.87
SCHEDULE 9 : SUNDRY DEBTORS (UNSECURED)			
a) Outstanding over six months			
Considered Good	74.14		116.03
Considered Doubtful	68.66		159.34
	142.80		275.37
Less : Provision for Doubtful Debts	68.66		159.34
		74.14	116.03
b) Others - Considered Good		1,736.12	1,001.60
TOTAL		1,810.26	1,117.63
SCHEDULE 10 : CASH AND BANK BALANCES			
a) Cash on hand including cheques on hand ₹91.37 Lakhs (Previous year ₹127.62 Lakhs)		123.53	145.42
b) Balances with scheduled banks			
i) In current accounts (Refer Note i)		441.26	770.10
ii) In deposit accounts (Refer Note ii)		222.80	28.77
c) Balances with other bank (Refer Note iii)			
In current account		0.38	0.38
TOTAL		787.97	944.67

ORIENTAL HOTELS LIMITED

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet

As at
31st March 2010
₹ in lakhs

SCHEDULE 11 : LOANS AND ADVANCES

(Unsecured, unless otherwise stated, considered good)

	₹ in lakhs	₹ in lakhs	₹ in lakhs
1. Secured Loans - mortgage loans to staff		315.33	357.76
2. Other Advances (Refer Note 2 of Schedule 16)			
Considered Good	948.18		1,157.41
Considered Doubtful	4.48		4.48
	952.66		1,161.89
Less : Provision for Doubtful Advances	4.48		4.48
		948.18	1,157.41
3. Inter Corporate Deposits (Refer Note 24 of Schedule 16)		1,160.00	560.00
4. Deposit with Public bodies and others			
Considered Good	761.10		609.65
Considered Doubtful	10.66		10.93
	771.76		620.58
Less : Provision for Doubtful Advances	10.66		10.93
		761.10	609.65
5. Advance Tax and Tax Deducted at Source (Refer Note iv)		1,665.25	1,294.44
6. Deposits with Customs and Excise		2.08	2.18
TOTAL		4,851.94	3,981.44

Notes :

- i) Include amounts in unpaid dividend accounts ₹ 60.71 Lakhs (Previous year ₹ 54.61 Lakhs)
- ii) Deposits with scheduled banks include deposits amounting to ₹ 18.65 Lakhs (Previous year ₹ 10.45 Lakhs) under lien to Banks.
- iii) Balance with other Banks

Name of the Bank	31st March 2011 ₹ in lakhs	31st March 2010 ₹ in lakhs
Standard Chartered Bank, London		
Current Account - Balance	0.38	0.38
Maximum Balance outstanding at any time during the year	0.38	0.38

- iv) Advance Tax and Tax deducted at Source is net of Provision for Income tax amounting to ₹ 16,336.68 Lakhs (previous year ₹ 15,388.10 Lakhs).

FORTY FIRST ANNUAL REPORT 2010-2011

BALANCE SHEET SCHEDULE

Schedules forming part of the Balance Sheet			As at 31st March 2010 ₹ in lakhs
	₹ in lakhs	₹ in lakhs	
SCHEDULE 12 : CURRENT LIABILITIES			
1. Sundry Creditors Due to Micro Enterprises and Small Enterprises (Refer Note 16 of Schedule 16)	32.41		-
Others (including ₹ 62.70 Lakhs due to Directors previous year ₹ 66.87 Lakhs)	3,892.14		3,765.90
		3,924.55	
2. Investor Education and Protection Fund (Refer Note below)			
a) Unclaimed Dividend	60.71		54.61
b) Unclaimed Matured Deposits	5.40		7.94
c) Unclaimed Interest	0.70		0.70
		66.81	
3. Sundry Deposits		36.82	21.73
4. Intrest accrued but not due on Loans		169.67	115.98
TOTAL		4,197.85	3,966.86
SCHEDULE 13 : PROVISIONS			
1. Proposed Dividend and Tax on Dividend		1,660.58	1,561.97
2. Provision for Employee benefits		448.75	399.45
TOTAL		2,109.33	1,961.42

NOTE :

The amount reflects the position as on 31st March, 2011, 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

Schedules forming part of the Profit and Loss Account

SCHEDULE 14 : ROOMS, RESTAURANTS, BANQUETS & OTHER INCOME

	₹ in lakhs	₹ in lakhs	Previous Year ₹ in lakhs
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES ETC. (Net of Excise Duty of ₹ 1.74 Lakhs Previous year ₹4.47 Lakhs) (Refer Note 7a, 7b of Schedule 16)		23,165.38	18,924.19
2. Net Surplus from Operation of a Hotel		-	109.07
3. OTHER INCOME			
a) Interest Earned (Tax Deducted at source ₹ 5.78 Lakhs) (Previous Year ₹ 12.78 Lakhs)	84.92		91.95
b) Income from Investments (Refer Note 7c of Schedule 16)	21.41		582.75
c) Compensation received on Surrender of Lease	<u>200.00</u>		
		306.33	674.70
4. OPERATING FEE RECEIPTS		307.11	244.20
5. PROFIT ON SALE OF ASSETS (NET)		-	40.85
6. PROVISIONS AND BALANCES WRITTEN BACK		89.79	99.33
7. EXCHANGE FLUCTUATION GAIN		35.50	124.35
TOTAL		<u>23,904.11</u>	<u>20,216.69</u>

SCHEDULE 15 : OPERATING AND GENERAL EXPENSES

	₹ in lakhs	₹ in lakhs	Previous Year ₹ in lakhs
I. OPERATING EXPENSES			
A) PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
1. Salary, Wages, Bonus etc., (Refer Note 12 of Schedule 16)	2,713.86		2,184.53
2. Company's contribution to Provident Fund and Other Funds	227.47		183.06
3. Contribution to Gratuity Fund	126.15		(112.02)
4. Workmen and Staff Welfare Expenses (Refer Note 5 of Schedule 16)	815.81		648.33
		3,883.29	2,903.90
B) FOOD AND BEVERAGE CONSUMED (Including Smokes)			
1. Opening Stock	79.27		74.95
2. Add : Purchases	2,136.16		1,661.43
	<u>2,215.43</u>		<u>1,736.38</u>
3. Less : Closing Stock	<u>85.17</u>		<u>79.27</u>
		2,130.26	1,657.11
Carried Over		6,013.55	4,561.01

FORTY FIRST ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT SCHEDULE

Schedules forming part of the Profit and Loss Account			Previous Year
SCHEDULE 15 : OPERATING AND GENERAL EXPENSES (Contd.)			₹ in lakhs
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Brought Forward		6,013.55	4,561.01
C) WINE AND LIQUOR CONSUMED			
1. Opening Stock	301.60		295.80
2. Add : Purchases	388.30		366.76
	689.90		<u>662.56</u>
3. Less : Closing Stock	252.79		301.60
		437.11	<u>360.96</u>
D) OTHER OPERATING EXPENSES			
1. Consumption of Stores and Supplies	696.54		537.73
2. Power, Fuel and Light (Refer Note 12 of Schedule 16)	1,958.97		1,517.14
3. Water Charges (Refer Note 12 of Schedule 16)	129.52		118.91
4. Banquet Expenses	301.40		192.94
5. Deputed Staff Salaries	1,044.14		809.86
6. Repairs to Buildings	320.37		274.06
7. Repairs to Machinery (Refer Note 12 of Schedule 16)	417.29		334.50
8. Repairs to Others	216.58		163.90
9. Linen and Uniform Washing	190.60		143.37
10. Expenses on Communication Services	122.74		109.42
11. Commission to Travel Agents and Collecting Agents	407.00		377.71
12. Payment for Contracted Services	574.86		402.24
13. Fees to Consultants	985.37		792.11
14. Other Operating Expenses	546.49		490.91
		7,911.87	<u>6,264.81</u>
II. GENERAL EXPENSES			
1. Rent (Including Licence Fee)	661.66		573.23
2. Rates and Taxes	409.83		341.95
3. Insurance	85.72		84.13
4. Sales and Marketing Services and other Selling Expenses	755.76		602.67
5. Professional Charges	274.82		258.30
6. Printing and Stationery	107.33		79.28
7. Bad Debts and Advances written off Net (Refer Note 8 of Schedule 16)	9.46		-
8. Provision for Doubtful Debts, Deposits and Advances	31.84		59.82
9. Passage and Travelling (Refer Note 14 of Schedule 16)	172.07		154.05
10. Donations	9.00		24.50
11. Loss on Sale of Assets (Net)	26.34		-
12. Assets Written off (Net)	165.78		134.14
13. Reservation and Other Services	412.38		361.05
14. Other Expenses (Refer Note 11 & 12 of Schedule 16)	263.11		300.08
		3,385.10	<u>2,973.20</u>
III. REMUNERATION TO NON WHOLE-TIME DIRECTORS			
(includes Directors' Sitting Fees of ₹ 6.00 Lakhs)			
(Previous year - ₹ 5.90 Lakhs)		37.58	42.68
TOTAL		17,785.21	<u>14,202.66</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. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from the estimates. 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) **Derivative Instruments**

Exchange difference arising on repayment/revaluation of derivative contracts, entered in to in respect of some of the company's underlying borrowings, are recognised as income or expense, as the case may be, in the period in which arise. Interest rate derivatives are accounted based on the underlying benchmark for the relevant period.

g) **Employee Benefits**

In respect of defined contributions 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 and the balance employees contribution is made to a recognised fund and is managed by the company.

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

h) **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.

i) **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

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NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 : (Contd)

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

Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognised only if there is reasonable certainty that they will be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. In situations, where the company has unabsorbed depreciation and carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

j) 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.

k) 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.

l) Assets taken on lease:

In respect of lease transactions, which are in nature of finance leases, Assets taken on lease after 1st 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 ₹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.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)

4. Contingent Liability not provided for :

a) Bank Guarantee/Bond executed by the Company

b) Letter of credits opened by bankers

c) Appeals filed in respect of disputed demands

- Income Tax **

- Luxury Tax

- Sales Tax

- Urban Land Tax

- Electricity Tax and Adjustment Charges

- Service Tax

₹ in Lakhs	Previous Year ₹ in Lakhs
3,691.95	3,631.29
272.10	190.10
133.20	117.79
924.42	1,007.73
29.47	29.88
43.61	44.70
7.30	7.30
139.34	139.34
428.43	383.85

** 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.

ORIENTAL HOTELS LIMITED

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

	₹ in Lakhs	Previous Year ₹ in Lakh
5. Workmen and Staff Welfare expenses include :		
Rent	166.17	143.87
6. Value of Imports (CIF Value)		
a) Raw Material - Food and Beverages	4.62	1.49
b) Stores and Spares	119.76	80.99
c) Capital Goods	1,368.38	452.53
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 2010-11 vide Order No.46/41/2011-CL-III dated 20th January, 2011 issued by the Ministry of Corporate Affairs.		
b) Income from Rooms, Restaurants, Banquets and other services includes receipts from:		
Sale of food, banquet services and non-alcoholic beverages	8,413.39	6,857.39
Sale of Wine and Liquor	1,533.46	1,286.87
Communication services	166.66	132.57
c) i) Income from investments includes dividend from a subsidiary company of ₹NIL (Previous Year ₹553.57 Lakhs)		
ii) Income from investments represent income from long term trade investments amounts to ₹21.41 lakhs (Previous year ₹29.19 lakhs)		
8. Bad debts and Advances written off is after adjusting the provision made in the earlier years amounting to ₹106.37 lakhs (previous year ₹54.14 Lakhs)		
9. Earnings in Foreign Exchange :	₹ in lakhs	Previous Year ₹ in lakhs
a) On account of Rooms, Restaurants etc.	8,028.13	7,104.38
b) Operating and Management Fees	307.11	244.20
c) Dividend	-	553.57
10. Expenditure in Foreign Currencies :		
a) Consultancy fees	41.19	21.64
b) Interest	157.31	133.94
c) Payment on other accounts	0.68	35.88
11. Payment to Statutory Auditors included under Other expenses		
a) Audit Fees	23.40	18.00
b) Taxation Matters	8.78	6.75
c) Other Services	16.98	15.75
d) Reimbursement of Expenses including Service Tax	6.23	4.79
	55.38	45.29
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) ₹75.67 lakhs (Previous Year ₹39.81 lakhs), (ii) ₹24.32 lakhs (Previous Year ₹34.84 lakhs), (iii) ₹2.08 lakhs (Previous Year ₹3.11 lakhs), (iv) ₹7.63 lakhs (Previous Year ₹11.41 lakhs) and (v) ₹44.25 lakhs (Previous Year ₹19.62 lakhs) respectively recovered from outside parties.		

FORTY FIRST ANNUAL REPORT 2010-2011

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

13. The shareholders deposit represents advance for investments in TAL Hotels & Resorts Limited.
14. Passage & traveling includes traveling expenses of Auditors ₹2.10 Lakhs (Previous Year ₹6.85Lakhs).

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, 2011 comprises of the following

	₹ in Lakhs	Previous Year ₹ in Lakhs
Deferred tax liability :		
Depreciation on fixed assets	1,269.66	1,261.60
Total	1,269.66	1,261.60
Deferred tax asset :		
Provision for Employee Benefits	58.75	60.15
Provision for doubtful debts and advances	42.11	66.31
Others	9.05	4.22
Total	109.91	130.68
Net deferred tax liability	1,159.75	1,130.92

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 2011 to Micro, Small and Medium Enterprises on account of principal amount is ₹32.41 lakhs (Previous year NIL)

17. Derivative Instruments

The company uses forward exchange contracts, interest rate swaps, currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows:

	₹ in lakhs	Previous Year ₹ in lakhs
i) Derivative instruments that are outstanding		
- Interest Swaps with embedded options	US \$ 10.00 Million (₹4465.00 lakhs)	US \$ 10.00 Million (₹4559.00 lakhs)
- Principle only swaps	US \$ 15.82 Million (₹7000.00 lakhs)	-
ii) Unhedged Foreign Currency Exposure/the Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise		
Receivables Outstanding	US \$ 443,616 (₹197.68 lakhs)	US \$527,759 (₹234.48 lakhs)

ORIENTAL HOTELS LIMITED

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

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.

19. MANAGERIAL REMUNERATION

A. REMUNERATION TO WHOLE-TIME DIRECTORS

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

	₹ in lakhs	Previous Year ₹ in lakhs
1. Profit as per Profit and Loss Account	3,205.99	3,536.99
2. Add : a) Whole time Directors Remuneration	88.31	83.32
b) Remuneration to Non Whole Time Directors	31.58	36.87
c) Wealth Tax	32.00	30.00
3. TOTAL	3,357.88	3,687.18
4. Less : Provision and Balances written back	0.18	-
Compensation received on termination of rights	200.00	-
5. Profit as per Section 349 of the Companies Act, 1956	3,157.69	3,687.18
6. Profit for Computation of Director's Remuneration	3,157.69	3,687.18
7. Commission to Managing Director	35.00	30.00
8. Managerial Remuneration :		
a) Salary	31.17	30.00
b) Commission on Profit	35.00	30.00
c) Company's contribution to Provident Fund and Other funds	3.74	3.60
d) Leave Encashment and Gratuity	1.18	3.20
e) Perquisites	17.22	16.52
	88.31	83.32
B. REMUNERTION TO DIRECTORS OTHER THAN WHOLE TIME DIRECTORS		
Remuneration to Directors including pension and perquisites at 1% of Profits i.e., ₹3,157.69 Lakhs as worked out in Note No. 19A(6)	31.58	36.87

20. DISCLOSURE REQUIRMENT UNDER AS-19 - LEASE / LICENCE TRANSACTION

a) 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 ₹175.00 lacs per annum or specified percentage of Gross Annual Turnover whichever is higher.

Particulars	₹ in Lakhs	Previous Year ₹ 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	₹ 175.00
ii) Later than one year and not later than five years	₹ 700.00	₹ 700.00
iii) Later than five years	₹ 5,833.33	₹ 6,008.33
b) Licence payments recognised in the profit and loss account	₹ 193.32	₹ 116.67

FORTY FIRST ANNUAL REPORT 2010-2011

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

- b) The company has taken certain vehicles on operating lease. The total lease rent paid on the same amounting to ₹1.52 lakhs have been recognised in profit and loss account.

Particulars	₹ in Lakhs	Previous Year ₹ in Lakhs
a) The total of future minimum license payments under non cancelable		
i) Not later than one year	₹ 13.34	-
ii) Later than one year and not later than five years	₹ 51.82	-
iii) Later than five years	-	-

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 2010-11 are as follows:

	2010-11	2009-10
a) Number of Non-Resident Shareholders	98	96
b) Number of Equity Shares held by them	2,987,758	3,083,194
c) Gross amount of Dividend (₹in Lakhs)	224.08	277.49

22. Earning Per Share :

Earning per share is computed based on the following :

	2010-11	2009-10
Profit after Tax (₹in lakhs)	2,228.57	2,314.56
Nominal Value of Share (₹)	1	1
Number of Equity Shares	178,599,180	178,599,180
Earning Per Share (₹) (Basic and Diluted)	1.25	1.30

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

- I) List of Related Parties are as follows :

A. Subsidiary Company	OHL International (HK) Ltd.
B. Associate Companies	Taj Madurai Limited Lanka Island Resorts Ltd.
C. Joint Ventures	TAL Hotels & Resorts Ltd. Prestige Garden Resorts Private Ltd.

ORIENTAL HOTELS LIMITED

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd)
D. Significant Influence

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.)
Mr. D. Varada Reddy, Managing Director

E. Key Management Personnel
F. Enterprises influenced by Relatives of Key Management Personnel

Dodla International Limited

Details of Transactions with the Related Parties are as follows :

(₹ in lakhs)

S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Relatives of Key Management Personnel	Total
A.	Sales of Goods / Services *		803.46 (673.00)		803.46 (673.00)
	- Taj Karnataka Hotels & Resorts Limited**	-			-
		(9.39)			(9.39)
	- Taj Madurai Limited	1.71			1.71
		(3.32)			(3.32)
B.	Purchase of Goods / Services *		1,442.80 (1,143.58)		1,442.80 (1,143.58)
	- Taj Karnataka Hotels & Resorts Limited**	-			-
		(2.01)			(2.01)
	- Taj Madurai Limited	1.52			1.52
		(6.63)			(6.63)
C.	Consideration paid for Assets Transferred	-	-		-
			(4,100.00)		(4,100.00)
D.	Interest Paid	-	144.55		144.55
			(50.11)		(50.11)
E.	Interest Received		4.92		4.92
	- Taj Karnataka Hotels & Resorts Limited**	-	(2.56)		(2.56)
		(52.73)			(52.73)
F.	Dividend Received		5.12		5.12
			(6.14)		(6.14)
	- Taj Madurai Limited	11.40			11.40
		(13.68)			(13.68)
G.	Operating / Management / Licence Fees Paid		985.37 (792.11)	193.32 (116.67)	1,178.69 (908.78)
	- Taj Madurai Limited	120.96			120.96
		(108.63)			(108.63)
H.	Sales and Marketing Reservation and other services Costs	-	994.96		994.96
			(827.96)		(827.96)
I.	Operating / Management / Licence Fees Received		-		-
	- TAL Hotels & Resorts Limited	307.11			307.11
		(244.00)			(244.00)
J.	Redemption of Preference Shares Roots Corporation Ltd	-	5,000.00		5,000.00
K.	Loans Given		600.00		600.00
	- Roots Corporation Ltd.	-			-
	- Taj Karnataka Hotels & Resorts Limited	(560.00)			(560.00)
L.	Loans Taken	-	7,800.00		7,800.00
			(2,300.00)		(2,300.00)

FORTY FIRST ANNUAL REPORT 2010-2011

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
M	Long Term Lease Deposits Placed	-	-	(4,750.00)	(4,750.00)
N.	Outstanding Balances as at March 31, 2011				
(i)	Receivable		174.27 (99.52)	- (106.58)	174.27 (206.10)
	- Taj Karnataka Hotels & Resorts Limited**	- (563.44)			- (563.44)
	- TAL Hotels & Resorts Limited	197.68 (234.13)			197.68 (234.13)
	- TAL Maldives Resorts Pvt Limited	- (7.32)			- (7.32)
	- Roots Corporation Ltd		600.00 -		600.00 -
(ii)	Payables		86.51 (2,467.51)		86.51 (2,467.51)
	- Taj Madurai Limited	59.52 (32.21)			59.52 (32.21)
(iii)	Long term Licence Deposit receivable			4,750.00 (4,750.00)	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.

** Transactions with Taj Karnataka Hotels & Resorts Limited for the year are not disclosed as the Company ceased to be an associate from 1.04.2010

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 ₹88.31 lakhs (Previous year ₹83.32 lakhs) which includes an amount of ₹35.00 Lakhs outstanding as at 31st March, 2011 (Previous year ₹30.00 Lakhs)

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

24. The Company has an investment of ₹30 lakhs and advances outstanding of ₹560 lakhs in 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"**

	₹ in lakhs	Previous Year ₹ in lakhs
Provision for Employee Benefits		
Opening Balance as on 1st April 2010	399.25	440.76
Add: Additions / (Withdrawals) during the year	80.71	(16.08)
	479.96	424.68
Less : Payments made during the year	31.21	25.43
Closing Balance as on 31 st March 2011	448.75	399.25

ORIENTAL HOTELS LIMITED

NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd)

26. Disclosure Under AS -15 (Revised) - Employee Benefits

	₹ in lakhs	Previous Year ₹ in lakhs
Staff Costs include the following		
Defined Contribution Schemes		
Company's contribution to Provident Fund	227.47	183.06
Defined Benefit Schemes (Gratuity - Funded Scheme)		
A) Liability Recognised in the Balance Sheet		
i) Present value of Obligation		
As at 1st April, 2010	889.89	946.54
Interest cost	73.74	67.18
Service Cost	77.54	61.74
Benefits Paid	(64.56)	(44.99)
Actuarial (gain) /loss on obligations	71.97	(142.38)
As at 31st March, 2011	1,048.59	888.09
Less:		
Fair Value of Assets		
As at 1st April, 2010	1,061.74	764.51
Expected return on plan assets less loss on investments	79.75	59.14
Actuarial gain / (loss) on Investments	18.04	40.46
Employers' Contribution	59.14	242.64
Benefits Paid	(64.56)	(44.99)
As at 31 st March, 2011	1,154.12	1,061.75
B) Expense during the year		
Interest Cost	73.74	67.18
Service Cost	77.54	61.74
Expected Return on Plan assets	(79.63)	(59.13)
Actuarial (Gain) /Loss	54.49	(181.82)
Expense recognised in the profit and loss account *	126.15	(112.02)
C) Principal Actuarial Assumptions		
Discount Rate	8% / 8.20%	8% / 8.20%
Expected Return on Plan Assets	8% / 7.50%	8% / 7.50%
Rate of increase in Salaries	5%	3%
D) Amount to be recognised in the Balance Sheet		
Present Value of Funded Obligations	1,048.59	888.09
Fair Value of Plan Assets	1,154.12	1,061.75
Net Liability	(105.54)	(173.66)
Amount in Balance Sheet		
Liability		
Assets	(105.54)	(173.66)
Defined Benefit Schemes (Pension Non Funded Scheme)		
A) Liability Recognised in the Balance Sheet		
i) Present value of Obligation		
As at 1st April, 2010	150.26	154.48
Interest cost	11.47	9.87
Service Cost	-	-
Benefits Paid	(17.68)	(18.84)
Actuarial (Gain) /loss on obligations	0.11	4.75
As at 31st March, 2011	144.17	150.26
B) Expense during the year		
Interest Cost	11.47	9.87
Service Cost	-	-
Expected Return on Plan assets	-	-
Actuarial (Gain) /Loss	0.11	4.75
Expense recognised in the profit and loss account *	11.58	14.62

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NOTES ON BALANCE SHEET and PROFIT AND LOSS ACCOUNT

SCHEDULE 16 (Contd.)

C) Principal Actuarial Assumptions		
Discount Rate	8.20%	8.20%
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	144.17	150.26
Fair Value of Plan Assets	-	-
Net Liability	144.17	150.26
Amount in Balance Sheet	-	-
Liability	144.17	150.26

*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 (₹ in lakhs)	
Proportionate Share of Assets	11,153.83	8,237.77
Proportionate Share of Liabilities	5,066.12	4,454.31
Proportionate Share in Income	4,180.01	3,111.25
Proportionate Share in Expenses	3,672.41	3,091.05

Name of the Company % of Interest	Prestige Garden Resorts Pvt. Ltd. 50%	
	Current Year	Previous Year
	Amount (₹ in lakhs)	
Proportionate Share of Assets	379.96	362.45
Proportionate Share of Liabilities	110.05	92.53
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' for 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 Firm Registration No : 000511S R.NAGENDRA PRASAD Partner Membership No. 203377 Mumbai, May 13, 2011	For SNB ASSOCIATES Chartered Accountants Firm Registration No : 015682N S. LAKSHMANAN Partner Membership No. 20045	R.K. KRISHNA KUMAR <i>Chairman</i> D.VARADA REDDY <i>Managing Director</i> S.B.P.V.RAMAMOZHANA RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARUN NANDA RAMESH D HARIANI
	T.S. SUNDARAMBAL <i>Company Secretary</i> Mumbai, May 13, 2011	Directors

ORIENTAL HOTELS LIMITED

CASH FLOW STATEMENT

Cash flow Statement for the year 2010 - 2011

	₹ in Lakhs	₹ in Lakhs	Previous Year ₹ in Lakhs
A. Cash flow from Operating Activities			
Net profit before tax and extraordinary items		3,205.99	3,536.99
Adjustments for			
a) Depreciation	1,542.72		1,371.31
b) Loss / (Profit) on sale of assets	26.34		(40.85)
c) Assets Written off	165.78		134.14
d) Bad Debts/Advances Written Off	9.46		-
e) Provision for Doubtful Debts and Advances	31.84		59.82
f) Provision and Balances Written Back	(89.79)		(99.33)
g) Interest/Dividend Income	(106.33)		(674.70)
h) Interest paid	1,370.19		1,105.73
i) Unrealised Foreign Exchange (Gain)	(23.88)		(124.35)
	<u> </u>	2,926.33	<u>1,731.78</u>
Operating profits before working capital changes		6,132.32	5,268.77
Adjustments for			
a) Increase in Trade and other receivables	(654.02)		(170.31)
b) Decrease in Inventories	3.48		27.87
c) Increase in Trade payables	285.35		368.49
	<u> </u>	(365.18)	<u>226.05</u>
Cash generated from operations		5,767.14	5,494.82
Adjustments for Direct taxes paid (net)		(1,319.40)	(1,160.12)
Net Cash flow from operating activities (A)		4,447.74	<u>4,334.70</u>
B. Cash flow from investing activities			
Purchase of fixed assets	(8,329.58)		(8,984.22)
Sale of fixed assets	40.01		201.20
Sale / (Purchase) of Investments	4,999.99		(203.50)
Long Term Deposits placed for hotel properties	-		(5,050.00)
Interest received	93.39		88.97
Dividend received	18.86		582.75
Deposits with other companies	(600.00)		30.00
Exchange Gain Realised on Funds Invested	0.04		0.09
Net cash flow from investing activities (B)		(3,777.29)	<u>(13,334.71)</u>
Carried over		670.45	(9,000.02)

FORTY FIRST ANNUAL REPORT 2010-2011

CASH FLOW STATEMENT

Cash flow Statement (contd.)	₹ in lakhs	₹ in lakhs	Previous Year ₹ in lakhs
Brought Forward		670.45	(9,000.02)
C. Cashflow from financing activities			
Net Increase in borrowings	2,694.95		12,434.82
Interest Paid	(1,976.59)		(1,338.65)
Dividend paid	(1,561.97)		(1,880.57)
Net cash flow from financing activities (C)		(843.61)	9,215.60
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		(173.16)	215.58
Cash as per books			
Cash as on Opening 1st April		879.29	663.71
Cash as on Closing 31st March		706.13	879.29
Net Increase / (Decrease) in cash and cash equivalents		(173.16)	215.58
NOTES TO THE CASH FLOW STATEMENT :			
i) Cash and Cash Equivalents		As at 31-03-2011	As at 31-03-2010
Cash on hand and balances with banks		787.97	944.67
Bank balances and Deposits Not Considered as Cash		(81.86)	(65.42)
Unrealised Exchange Loss/(Gain)		0.02	0.04
Cash and Cash Equivalents as restated		706.13	879.29
ii) Previous year's figures have been regrouped wherever necessary to confirm to current year's classification.			
As per our Report attached			For and on behalf of the Board
For BRAHMAYYA & CO Chartered Accountants Firm Registration No : 000511S R.NAGENDRA PRASAD Partner Membership No. 203377 Mumbai, May 13, 2011	For SNB ASSOCIATES Chartered Accountants Firm Registration No : 015682N S. LAKSHMANAN Partner Membership No. 20045	T.S. SUNDARAMBAL Company Secretary Mumbai, May 13, 2011	R.K. KRISHNA KUMAR <i>Chairman</i> D.VARADA REDDY <i>Managing Director</i> S.B.P.V.RAMAMOHANA 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

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. (State Code)

Balance Sheet Date

Date Month Year

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

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Source of funds	
Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/>
Paid-Up Capital	Reserves & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/>
Deferred Tax Liability	Security Deposit Sub lease
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

Application of Funds

Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/>
Net Current Assets	Long Term Deposits
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/>
Accumulated Losses	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV. Performance of Company (Amount in ₹ Thousands)

Income	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="2"/>
Profit/Loss before Tax	Profit/Loss after tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="7"/>
Earning per Share in Rs.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.	Hotels	Restaurants
	<input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/>	<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>
Service description	<input type="text" value="H"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/> <input type="text" value="A"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/>	

FORTY FIRST ANNUAL REPORT 2010-2011

FINANCIAL STATISTICS

(₹ IN LAKHS)																
Year	CAPITAL ACCOUNTS						REVENUE ACCOUNTS									
	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	1880.57	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	
2010-11	1785.99	27419.00	21667.90	50635.47	36823.68	7252.46	23904.11	19155.40	1542.72	3205.99	977.42	2228.57	500.00	1660.58	80	
*	Includes adjustment for depreciation written back ₹0.15 lakhs						#	After issue of Bonus Shares in the ratio 2 : 5								
÷	Includes adjustment for depreciation written back ₹14.36 lakhs and arrears of depreciation for earlier year ₹26.62 lakhs Depreciation for 1975-76 and 1976-77 provided in 1978-79.						&	After issue of Rights Shares in the ratio 1 : 5								
\$	Preference and equity dividends.						§	After issue of Bonus Shares in the ratio 2 : 5								
†	Includes adjustment for depreciation written back to the extent of ₹27.48 lakhs.						~	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 ₹ 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

(₹ in Lakhs)					
	31st MARCH				
	2011	2010	2009	2008	2007
INCOME	23904.11	20,216.69	21826.47	22004.60	19541.91
OPERATING & GENERAL EXPENSES	17758.21	14,202.66	14425.34	14057.35	12498.19
INTEREST	1370.19	1105.73	319.50	29.70	13.65
DEPRECIATION	1542.72	1371.31	1323.79	1259.95	1170.26
PROFIT FOR THE YEAR	3205.99	3536.99	5757.84	6657.60	5859.81
TAXATION	977.42	1222.43	2025.46	2308.24	2068.09
PROFIT AFTER TAX	2228.57	2314.56	3732.38	4349.36	3791.72
DIVIDEND, DIVIDEND TAX, SURCHARGE AND CESS	1660.58	1561.97	1880.57	2194.00	1985.04
RETAINED EARNINGS	2110.71	2123.90	3175.60	3415.31	2788.07
FIXED ASSETS - Gross	50635.47	42549.23	34617.63	28341.20	24087.79
- Net	36823.68	29648.96	21424.98	16181.95	12853.09
INVESTMENTS	7252.46	12252.46	12048.96	6946.60	6946.60
LONG TERM DEPOSITS	6260.12	6260.12	1210.12	1210.12	950.12
CURRENT ASSETS - Net	1696.38	672.83	1155.88	3197.59	4846.06
CAPITAL	1785.99	1785.99	1785.99	1785.99	1785.99
RESERVES	27419.00	26851.01	26098.42	24246.61	22091.25
BORROWINGS	21667.90	19065.95	6766.42	304.82	375.10
DEFERRED TAX LIABILITY	1159.75	1130.92	1189.11	1198.84	1343.53

FORTY FIRST ANNUAL REPORT 2010-2011

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, 2011
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, 2011
 - b) Not dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2011
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, 2011
 - b) Not dealt with in the Accounts of Oriental Hotels Limited for the year ended 31st March, 2011
6. Material changes between the end of the Subsidiary's financial year and 31st March, 2011
 - 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, 2011	
	15,00,000 ordinary shares of US\$ 10/- each fully paid-up 100%
	Does not arise
	NIL
	USD 3,19,900.64
	USD 23,62,500
	USD 26,26,086.98
	Does not Arise

Note : The Accounts of the Subsidiary Company, OHL International (HK) Limited for the year ended March 31, 2011 is not appended since the Ministry of Corporate Affairs, Government of India on an application made by the Company has directed that the provisions of Section 212(1) of the Companies Act, 1956 shall not apply in respect of the Subsidiary for the financial year ended March 31, 2011 and the Company is permitted to present the Consolidated Financial Statement of the Subsidiary duly audited by the Statutory Auditors along with the Company's Financial Statement in the Annual Report. Accordingly, summary of Financial information of the subsidiary along with the Consolidated Financial Statements of the Subsidiary prepared in accordance with relevant Account Standards and Listing Agreement as prescribed by SEBI duly audited by the Statutory Auditors form part of the Annual Report. The Company hereby undertakes to provide the accounts of the Subsidiary and other detailed information are made available to the investors seeking such information at any point of time. The Annual Accounts of the Subsidiary is also kept for inspection by any investor at the Company's Corporate Office and at the office of the Subsidiary Company.

For and on behalf of the Board

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

T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

S.B.P.V.RAMAMOHANA 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

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

₹ in Lakhs

Name of the Subsidiary	OHL International (H.K) Limited	
	US\$	INR
Funds Employed		
Capital	150.00	6,697.50
Reserve	26.26	1,172.55
Total Funds Employed	176.26	7,870.05
Applications of Funds		
Assets		
Investments	163.08	7,281.56
Net Current Assets	13.18	588.49
Total Assets (Net)	176.26	7,870.05
Total Income	3.27	146.05
Profit before Taxation	3.20	142.84
Profit after Taxation	3.20	142.84

ORIENTAL HOTELS LIMITED

**CONSOLIDATED
FINANCIAL
STATEMENTS
2010 - 2011**

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, 2011 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 ₹ 379.96 Lakhs as at 31st March, 2011 and total revenue of ₹ 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 ₹ 7870.95 Lakhs and total revenue of ₹ 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, 2011 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 ₹ 5437.43 Lakhs and total revenue of ₹ 4180.01 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, 2011 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, 2011.

For BRAHMAYYA & CO.,

Chartered Accountants
Firm Regn No.000511S

R. NAGENDRA PRASAD

Partner

Membership No.203377

Place : Mumbai

Date : May 13, 2011

For SNB ASSOCIATES

Chartered Accountants
Firm Regn No.015682N

S. LAKSHMANAN

Partner

Membership No.20045

FORTY FIRST ANNUAL REPORT 2010-2011

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 31st March 2011		As at 31st March 2010	
	Schedule	₹ in lakhs	₹ in lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	1	1,785.99	1,785.99
b) Reserves and Surplus	2	34,941.54	32,355.96
		36,727.53	34,141.95
Shareholders Deposit - Joint venture Company			
		430.86	428.74
Loan Funds			
a) Secured Loans	3	23,776.94	17,202.23
b) Unsecured Loans	4	871.40	4098.95
		24,648.34	21,301.18
Minority Interest			
		730.49	359.79
Deferred Tax Liability (Refer Note 9 of Schedule 16)			
		1,281.93	1,130.92
Security Deposit - Sub Lease			
		200.00	200.00
TOTAL		64,019.15	57,562.58
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	50,865.99	42,939.31
b) Less : Depreciation		18,693.63	17,085.23
c) Net Block		32,172.36	25,854.08
d) Capital work in progress		11,957.70	9,704.19
		44,130.06	35,558.27
Investments			
	6	8,128.49	12,910.31
Long term deposits			
	7	9,009.92	7,738.44
Current Assets, Loans and Advances			
a) Inventories	8	811.08	784.72
b) Sundry debtors	9	2,253.71	1,454.84
c) Cash and Bank balances	10	1,656.86	1,485.89
d) Loans and advances	11	5,024.29	4,436.29
		9,745.94	8,161.74
Total A			
Less : Current Liabilities and Provisions			
a) Current Liabilities	12	5,010.93	4,992.11
b) Provisions	13	2,187.07	1,991.74
		7,198.00	6,983.85
Total B			
Net Current Assets (A - B)			
		2,547.94	1,177.89
Miscellaneous Expenditure (to the extent not written off or adjusted)			
		202.74	177.67
TOTAL		64,019.15	57,562.58
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
Firm Registration No : 000511S
R.NAGENDRA PRASAD
Partner

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner

Membership No. 203377
Mumbai, May 13, 2011

Membership No. 20045

S.B.P.V.RAMAMOohana RAO
Dr. G. SUNDARAM
D. VIJAYAGOPAL REDDY
T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

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 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 2011		₹ in lakhs	Previous Year ₹ in lakhs
Schedule			
INCOME			
Rooms, Restaurants, Banquets and Other Income	14	28,096.41	22,802.98
Share of Profits in Associates		189.20	130.94
TOTAL INCOME		28,285.61	22,933.92
EXPENDITURE			
Operating and General Expenses	15	20,668.93	16,551.17
Interest			
a) On Fixed Loans		1,109.29	786.18
b) On Other Loans		426.01	546.79
		1,535.30	1,332.97
Depreciation		2,164.53	1,836.54
Less Transferred from Revaluation reserve		61.77	-
		2,102.76	1,836.54
TOTAL EXPENDITURE		24,306.99	19,720.68
PROFIT BEFORE TAX		3,978.62	3,213.24
Less : Provision for Tax - Current		973.76	1,280.52
- Deferred		28.83	(58.19)
PROFIT AFTER TAX		2,976.03	1,990.91
Minority Share of (Profit) / Loss transferred to Minority Interest Account		(59.32)	11.11
Net Profit after tax and Minority Interest		2,916.71	2,002.02
Add : Utilised amount transferred from Foreign Exchange Earnings Reserve		-	125.00
		2,916.71	2,127.02
Add : Balance brought forward from previous year		9,935.83	9,870.78
Add : Opening difference of Joint venture company arising on Revaluation of assets		138.20	-
AMOUNT AVAILABLE FOR APPROPRIATION		12,990.74	11,997.80
Appropriations			
(a) Proposed Dividend		1,428.79	1,339.50
(b) Dividend Tax and surcharge thereon		231.79	222.47
(c) Transfer to General Reserve		500.00	500.00
(d) Balance of Profit in the Profit & Loss Account		10,830.16	9,935.83
TOTAL		12,990.74	11,997.80
Notes on accounts			
Earnings Per Share - Basic and Diluted – ₹ (Shares of ₹1/- each)	16	1.63	1.12
(Refer Note 11 of Schedule 16)			

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
Firm Registration No : 000511S
R.NAGENDRA PRASAD
Partner

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner

Membership No. 203377
Mumbai, May 13, 2011

Membership No. 20045

T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

For and on behalf of the Board

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

Directors

FORTY FIRST ANNUAL REPORT 2010-2011

CONSOLIDATED BALANCE SHEET SCHEDULE

Schedules forming part of the Consolidated Balance Sheet SCHEDULE - 1 : SHARE CAPITAL

As at
31st March 2010

	₹ in lakhs	₹ in lakhs
1. AUTHORISED		
a) 5,05,00,000 - Redeemable Cumulative Preference Shares of ₹100/- each	5,050.00	5,050.00
b) 24,50,00,000 - Equity Shares of ₹1/- each	2,450.00	2,450.00
TOTAL	7,500.00	7,500.00
2. ISSUED, SUBSCRIBED AND PAID-UP		
17,85,99,180 - Equity Shares of ₹ 1/- each fully paid (Previous year - 1,78,59,918 - Equity Shares of ₹10/- each fully paid)	1,785.99	1,785.99
TOTAL	1,785.99	1,785.99

SCHEDULE - 2 : RESERVES AND SURPLUS

As at
31st March 2010

	₹ in lakhs	₹ in lakhs
1. SECURITIES PREMIUM ACCOUNT	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
b) Less : Amount Utilised Transferred to Profit and Loss Account	-	125.00
TOTAL	-	-
5. CAPITAL RESERVE ARISING ON INVESTMENT IN JOINT VENTURE	1.74	1.74
6. GENERAL RESERVE		
a) As per last Balance Sheet	9,281.47	8,781.47
b) Adjustment for carrying amount of investment in Associates	395.45	266.48
c) Add : Transfer from Profit and Loss Account	500.00	500.00
TOTAL	10,176.92	9,547.95
7. REVALUATION RESERVE - Joint Venture		
a) As per last Balance Sheet	-	-
b) Revaluation during the Year	1,024.97	-
c) Less : Depreciation on revalued Assets	61.77	-
TOTAL	963.20	-
8. BALANCE OF PROFIT IN THE PROFIT AND LOSS ACCOUNT	10,830.16	9,935.83
9. FOREIGN CURRENCY TRANSLATION RESERVE - Subsidiary	1,586.34	1,601.03
- Joint Ventures	282.48	168.71
TOTAL	34,941.54	32,355.96

ORIENTAL HOTELS LIMITED

CONSOLIDATED BALANCE SHEET SCHEDULE

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE - 3 : SECURED LOANS

	₹ in lakhs	As at 31st March 2010 ₹ in lakhs
From Bank		
a) Foreign Currency Term Loan	6,419.81	5,697.26
b) Rupee Term Loan	17,000.00	10,000.00
c) Short Term Loan	-	900.00
From Others		
Term Loan	357.13	604.97
TOTAL	<u>23,776.94</u>	<u>17,202.23</u>

SCHEDULE 4 : UNSECURED LOANS

	₹ in lakhs	As at 31st March 2010 ₹ in lakhs
1. Fixed Deposits	2.90	6.95
2. Short term Loan from Banks	346.25	169.52
3. Short term Loans from Companies	-	3,400.00
4. Other Loans	522.25	522.48
TOTAL	<u>871.40</u>	<u>4,098.95</u>

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Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 5 : FIXED ASSETS 2010-2011

₹ in Lakhs

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	At Cost as at 01-04-2010	Adjustment to Opening Balance @	Additions	Deductions/ Adjustments	At Cost as at 31-03-2011	Upto 01-04-2010	Adjustment to Opening balance @	For the Year**	Deductions/ Adjustments	Upto 31-3-2011	As at 31-3-2011	As at 31-03-2010
1. Goodwill (Ref. Note 4 of Schedule 11)	633.12 (678.98)	1.38 (37.96)	658.51	(7.90)	1293.01 (633.12)						1293.01 (633.12)	633.12 (678.98)
2. Land (Freehold)	6388.25 (6457.82)		1118.41 (9.96)	(79.53)	7506.66 (6388.25)						7506.66 (6388.25)	6388.25 (6457.82)
3. Land (Leasehold) #	1570.46 (1767.90)	43.28 (197.44)			1613.74 (1570.46)	539.05 (568.80)	10.90 (64.27)	35.71 (34.62)	0.19 (0.10)	585.47 (539.05)	1028.27 (1031.41)	1031.41 (1199.10)
4. Buildings*##	10503.18 (9551.84)	58.82 (438.27)	3290.82 (1491.86)	196.71 (102.25)	13656.11 (10503.18)	2949.67 (2771.44)	25.97 (165.40)	451.26 (360.37)	62.41 (16.74)	3364.49 (2949.67)	10291.62 (7553.52)	7553.51 (6791.54)
5. Plant and Machinery	15342.79 (15687.18)	33.25 (245.77)	2307.79 (1654.85)	429.88 (1753.47)	17253.95 (15342.79)	8166.14 (9024.62)	22.12 (151.32)	1016.05 (917.61)	339.37 (1624.77)	8864.94 (8166.14)	8389.01 (7176.65)	7176.65 (7178.13)
6. Furniture, Fixtures and Office Equipments	7885.21 (7374.83)	19.11 (121.64)	1215.44 (744.16)	241.59 (112.14)	8878.17 (7885.21)	5048.24 (4738.00)	14.14 (96.24)	617.10 (502.84)	222.55 (96.36)	5456.93 (5048.24)	3421.24 (2836.97)	2836.97 (2108.98)
7. Vehicles##	607.73 (621.25)	1.04 (20.23)	55.50 (14.73)	8.63 (8.02)	655.64 (607.73)	380.37 (362.78)	0.95 (17.11)	41.53 (42.03)	5.69 (7.33)	417.16 (380.37)	238.48 (227.36)	227.36 (259.61)
8. Service Rights	8.57	0.04	0.10 (8.57)		8.71 (8.57)	1.76		2.88 (1.76)		4.64 (1.76)	4.07 (6.81)	6.81
Total	42939.31 (42139.80)	156.92 (1061.32)	8646.57 (3924.13)	876.81 (2063.31)	50865.99 (42939.31)	17085.23 (17465.63)	74.08 (494.34)	2164.53 (1859.23)	630.21 (1745.30)	18693.63 (17085.23)	32172.36 (25854.08)	25854.08 (24674.16)
9. Capital Work-in-Progress											11957.70 (9704.19)	9704.19 (3248.01)
GRAND TOTAL											44130.06 (35558.27)	35558.27 (27922.17)

Note :

- * Includes buildings on leased/licensed land ₹ 7277.85 Lakhs (Previous Year ₹ 6069.18 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 ₹ 7.56 Lakhs (Previous year ₹ 7.96 Lakhs) considered part of expenditure during construction period in respect of a joint venture company.
- @ Capital Work in Progress includes Depreciation of ₹ 2.63 Lakhs during the year (Previous year ₹ 6.78 Lakhs)
- # Fixed Assets include Interest Capitalised ₹ 671.48 lakhs (Previous Year - ₹ 348.9 Lakhs)
- @ Adjustment on account of foreign exchange translation differences on opening balance is reflected as "Adjustment to Opening Balance".
- # Additions during the year includes revaluation of Buildings ₹ 904.58 lakhs and vehicles of ₹ 5.85 lakhs.
- Figures in brackets are in respect of previous year.

ORIENTAL HOTELS LIMITED

CONSOLIDATED BALANCE SHEET SCHEDULE

Schedules forming part of the Consolidated Balance Sheet		
SCHEDULE - 6 : INVESTMENTS AT COST (Long Term)		
	As at 31st March 2010 ₹ in lakhs	₹ in lakhs
1. In Associate Companies		
(includes Goodwill of ₹1033.21 Lakhs (Previous year - ₹1033.21 Lakhs) arising on the acquisition of investments in Associates)	2,357.27	2,190.73
2. In Shares		
a) Quoted	354.87	354.87
b) Unquoted	5,416.35	10,364.71
TOTAL	8,128.49	12,910.31
 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) 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), transfer of shareholding in TAL Hotels & Resorts Ltd. is restricted during the subsistence of the loan agreement of TMRPL.		
SCHEDULE 7 : LONG TERM DEPOSITS		
	As at 31st March 2010 ₹ in lakhs	₹ in lakhs
1. Long Term Deposits placed for Hotel Properties	5,478.62	5,478.62
2. Shareholder's Deposit placed with others	3,531.30	2,259.82
TOTAL	9,009.92	7,738.44
SCHEDULE 8 : INVENTORIES		
	As at 31st March 2010 ₹ in lakhs	₹ in lakhs
a) Stores and operating supplies	400.58	341.15
b) Food and Beverages	410.50	443.57
TOTAL	811.08	784.72
SCHEDULE 9 : SUNDRY DEBTORS (UNSECURED)		
	As at 31st March 2010 ₹ in lakhs	₹ in lakhs
a) Outstanding over six months		
Considered Good	74.14	116.03
Considered Doubtful	68.66	159.34
Total	142.80	275.37
Less : Provision for Doubtful Debts	68.66	159.34
b) Others - Considered Good	2,179.57	1,338.81
TOTAL	2,253.71	1,454.84

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CONSOLIDATED BALANCE SHEET SCHEDULE

Schedules forming part of the Consolidated Balance Sheet		
	As at 31st March 2010	
	₹ in lakhs	₹ in lakhs
SCHEDULE 10 : CASH AND BANK BALANCES		
a) Cash on hand including cheques on hand	145.45	162.92
b) Balances with scheduled banks		
i) In current accounts	441.28	770.11
ii) In deposit accounts	540.40	28.77
c) Balances with other banks		
i) In current accounts	361.88	357.07
ii) Balance in Escrow Account	167.85	167.02
TOTAL	1,656.86	1,485.89
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured, unless otherwise stated, considered good)		
	As at 31st March 2010	
	₹ in lakhs	₹ in lakhs
1. Secured Loans - mortgage loans to staff	315.33	357.76
2. Other Advances (Refer Note 5 of Schedule 16)	1,120.53	1,606.64
3. Inter Corporate deposits (Refer Note 14 of Schedule 16)	1,160.00	560.00
4. Deposit with Public bodies and others	761.10	615.27
5. Advance Tax and Tax Deducted at Source - (Net of provision)	1,665.25	1,294.44
6. Deposits with Customs and Excise	2.08	2.18
TOTAL	5,024.29	4,436.29
SCHEDULE 12 : CURRENT LIABILITIES		
	As at 31st March 2010	
	₹ in lakhs	₹ in lakhs
1. Sundry Creditors	4,680.33	4,730.28
2. Investor Education and Protection Fund (Refer Note below)		
a) Unclaimed Dividend	60.71	54.61
b) Unclaimed Deposits	5.40	7.94
c) Unclaimed Interest	0.70	0.70
3. Sundry Deposits	94.12	82.60
4. Interest accrued but not due	169.67	115.98
TOTAL	5,010.93	4,992.11
Note:		
The amount reflects the position as on 31st March, 2011. 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.		
SCHEDULE 13 : PROVISIONS		
	As at 31st March 2010	
	₹ in lakhs	₹ in lakhs
1. Proposed Dividend and Tax on Dividend	1,660.58	1,561.97
2. Provision for Employee Benefits	526.49	429.77
TOTAL	2,187.07	1,991.74

ORIENTAL HOTELS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT SCHEDULE

Schedules forming part of the Consolidated Profit and Loss Account

SCHEDULE 14 : ROOMS, RESTAURANTS, BANQUETS AND OTHER INCOME

	₹ in lakhs	Previous Year ₹ in lakhs
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES ETC.	27,294.39	21,981.44
2. NET SURPLUS ON OPERATION OF A HOTEL	-	109.07
3. OTHER INCOME		
a) Interest Earned	115.83	136.87
b) Income from Investments	10.92	16.40
c) Compensation received on Surrender of Lease Rights	200.00	-
	326.75	153.27
4. OPERATING FEES RECEIPTS	317.32	267.33
5. PROFIT ON SALE OF ASSETS	-	43.24
6. PROVISIONS AND BALANCES WRITTEN BACK	89.79	99.33
7. MISCELLANEOUS INCOME	16.91	11.10
8. EXCHANGE FLUCTUATION GAIN	51.25	138.20
TOTAL	28,096.41	22,802.98

SCHEDULE 15 : OPERATING AND GENERAL EXPENSES

I. OPERATING EXPENSES

A) PAYMENT TO AND PROVISIONS FOR EMPLOYEES

	₹ in lakhs	Previous Year ₹ in lakhs
1. Salary, Wages, Bonus etc.	3,314.32	2,700.64
2. Company's contribution to Provident Fund and Other Funds	243.78	195.88
3. Contribution to Gratuity Fund	137.89	(103.72)
4. Workmen and Staff Welfare Expenses	900.95	779.69
	4,596.94	3,572.49

B) FOOD AND BEVERAGE CONSUMED

(Including Smokes)

1. Opening Stock	79.27	74.95
2. Add : Purchases	2,612.68	2,021.65
	2,691.95	2,096.60
3. Less : Closing Stock	85.17	79.27
	2,606.78	2,017.33

C) WINE AND LIQUOR CONSUMED

1. Opening Stock	301.60	295.80
2. Add : Purchases	388.30	366.76
	689.90	662.56
3. Less : Closing Stock	252.79	301.60
	437.11	360.96

Carried over

7,640.83	5,950.78
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CONSOLIDATED PROFIT AND LOSS ACCOUNT SCHEDULE

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

	₹ in lakhs	Previous Year ₹ in lakhs
Brought Forward	7,640.83	5,950.78
D) OTHER OPERATING EXPENSES		
1. Consumption of Stores and Supplies	920.26	668.26
2. Power, Fuel and Light	2,364.98	1,814.97
3. Water Charges	129.52	118.91
4. Banquet Expenses	301.40	192.94
5. Deputed Staff Salaries	1,044.14	809.86
6. Repairs to Buildings	350.22	296.12
7. Repairs to Machinery	535.55	404.53
8. Repairs to Others	237.66	206.65
9. Linen and Uniform Washing	197.89	149.05
10. Communication Expenses	122.74	109.42
11. Commission to Travel Agents and Collecting Agents	446.57	431.43
12. Payment to Contracted service	661.24	442.22
13. Fees to Consultants	1,280.27	989.64
14. Other Operating Expenses	546.49	529.71
	9,138.93	7,163.71
II. GENERAL EXPENSES		
1. Rent (Including Licence Fee)	677.17	586.71
2. Rates and Taxes	571.01	506.19
3. Insurance	127.55	127.23
4. Sales and Marketing Services and Other Selling Expenses	894.94	730.12
5. Professional Charges	274.82	258.30
6. Printing and Stationery	133.42	100.27
7. Bad Debts and Advances written off	9.46	-
8. Provision for Doubtful Debts and Advances	32.52	59.20
9. Passage and Traveling	202.91	180.76
10. Donations	9.00	24.50
11. Loss on Sale of Assets	32.10	-
12. Assets Written off (Net)	165.78	134.14
13. Reservation and other services	412.38	361.06
14. Other Expenses	308.53	319.58
15. Exchange Fluctuation Loss	-	5.94
	3,851.59	3,394.00
III. REMUNERATION TO NON WHOLE-TIME DIRECTORS		
[(includes Directors' Sitting Fees of ₹ 6.00 Lakhs) (Previous Year ₹ 5.90 Lakhs)]	37.58	42.68
TOTAL	20,668.93	16,551.17

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, 2011
OHL International (HK) Ltd.	Subsidiary	Hong Kong	100%
Taj Madurai Ltd.	Associate	India	26%
Lanka Island Resorts Ltd.**	Associate of OHL International (HK) Ltd.	Sri Lanka	23.08%
TAL Hotel & Resorts 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

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, 2011 (1 USD = ₹ 44.65).

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, 2011 (1 USD = ₹ 44.65).

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

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NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)

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 and includes amount added on revaluation less depreciation. Increase in the carrying amounts arising on revaluation are credited to the revaluation reserve.

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.

Depreciation on amounts added on revaluation is provided over the residual life of the assets and the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from revaluation reserve to profit and loss account.

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 Schedule 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.

NOTES ON CONSOLIDATED BALANCE SHEET and
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)

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 timing difference, i.e. timing differences that originate in one accounting period and reversed in another. The tax effect is calculated on accumulated at the end of the accounting year based on applicable tax rates. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date.

Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognised only if there is reasonable certainty that they will be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. In situations, where the company has unabsorbed depreciation and carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

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 1st 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.

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NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)

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 ₹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 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.

	₹ in lakhs	Previous Year ₹ in lakhs
6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	3,691.95	3,631.29
7. Contingent Liability not provided for :		
a) Counter Guarantee/Bond executed by the Company	272.10	190.10
b) Letter of credits opened by bankers	133.20	117.79
c) Appeals filed in respect of disputed demands		
- Income Tax **	924.42	1,007.33
- Luxury Tax	29.47	29.88
- Sales Tax	43.61	44.70
- Urban Land Tax	7.30	7.30
- Electricity Tax and Adjustment Charges	139.34	139.34
- Service Tax	428.43	383.85

** 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.

	₹ in lakhs	Previous Year ₹ in lakhs
8. Share in Joint Venture Entity's Contingent Liability Guarantees / Counter Guarantees issued for loans availed by Subsidiary / Associates / Firms	3,750.00	2,356.23

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, 2011 comprises the following components:

	₹ in lakhs	Previous Year ₹ in lakhs
Deferred tax liability :		
Depreciation on fixed assets	1,391.84	1,261.60
Total	1,391.84	1,261.60

ORIENTAL HOTELS LIMITED

NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)

	₹ in lakhs	Previous Year ₹ in lakhs
Deferred tax asset :		
Provision for Employee Benefits	58.75	60.15
Provision for doubtful debts and advances	42.11	66.31
Others	9.05	4.22
Total	109.91	130.68
Net deferred tax liability	1,281.93	1,130.92

10. The Company and its subsidiary, associates 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 :

	₹ in lakhs	Previous Year ₹ in lakhs
Profit after Tax	2,916.71	2,002.02
Nominal Value of Share (₹)	1	1
Number of Equity Shares	178,599,180	178,599,180
Earning Per Share ₹ (Basic and Diluted)	1.63	1.12

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 Madurai Limited
	Lanka Island Resorts Ltd
B. Joint Ventures	TAL Hotels & Resorts 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 Managent personnel	Dodla International Limited

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NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedule - 16 (contd.)

Details of Transactions with the Related parties are as follows :

₹ in lakhs

S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Relatives of Key Management personnel	Total
A	Sales of Goods / Services *		803.46 (673.00)	-	803.46 (673.00)
	- Taj Karnataka Hotels & Resorts Limited	(9.39)			(9.39)
	- Taj Madurai Limited	1.71 (3.32)			1.71 (3.32)
B	Purchase of Goods / Services *		1,442.80 (1,143.58)	-	1,442.80 (1,143.58)
	- Taj Karnataka Hotels & Resorts Limited	-			-
	- Taj Madurai Limited	(2.01) 1.52 (6.63)			(2.01) 1.52 (6.63)
C	Consideration paid for Assets Transferred	-	-	-	-
			(4,100.00)		(4,100.00)
D	Interest Paid	-	157.65 (63.15)	-	157.65 (63.15)
E	Interest Received		4.92 (2.56)	-	4.92 (2.56)
	- Taj Karnataka Hotels & Resorts Limited	-			-
		(52.73)			(52.73)
F	Dividend Received		5.12 (6.14)	-	5.12 (6.14)
	- Taj Madurai Limited	11.40 (13.68)			11.40 (13.68)
G	Operating / Management / Licence Fees Paid		1,040.88 (828.10)	193.32 (116.67)	1,234.20 (944.77)
	- Taj International (HK) Ltd.		66.45 (50.97)		66.45 (50.97)
	- Taj Madurai Ltd.	120.96 (108.63)			120.96 (108.63)
H	Sales and Marketing, Reservation and Other service costs	-	994.96 (827.96)	-	994.96 (827.96)
I	Operating / Management / Licence Fees Received				
	-TAL Hotels & Resorts Limited	307.11 (244.00)			307.11 (244.00)
J	Redemption of Preference Shares -Roots Corporation Ltd		5,000.00	-	5,000.00
K	Loans Given - Taj Karnataka Hotels & Resorts Ltd	-	600.00	-	600.00
		(560.00)			(560.00)
L	Loans Taken		7,800.00 (2,300.00)	-	7,800.00 (2,300.00)

ORIENTAL HOTELS LIMITED

NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

₹ in lakhs

S.No.	Particulars	Associate Companies/ Joint Ventures	Significant Influence #	Enterprises influenced by Management Relatives of Key personnel	Total
M	Long term lease deposits placed	-	-	-	-
N	Outstanding Balances as at March 31, 2011			(4,750.00)	(4,750.00)
i)	Receivables		174.27	-	174.27
	- Taj Karnataka Hotels & Resorts Limited	-	(99.52)	(106.58)	(206.10)
	- TAL Hotels & Resorts Limited	(563.80)			(563.80)
	- Roots Corporation Limited	197.68			197.68
ii)	Payables	(234.13)	600.00		(234.13)
	- Taj International (HK) Ltd		8,029.06	-	8,029.06
	- Taj Madurai Limited	59.52	(2,630.04)		(2,630.04)
		(32.21)	43.05		43.05
iii)	Long Term Deposit Receivable		(50.97)		(50.97)
				4,750.00	4,750.00
				(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.

** Transactions with Taj Karnataka Hotels & Resorts Limited for the year are not disclosed as the Company ceased to be an associate from 1.04.2010

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 ₹88.31 Lakhs (Previous Year ₹83.32 Lakhs) and ₹35.00 Lakhs outstanding as at 31st March, 2011 (previous year ₹30.00Lakhs).

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 ₹175.00 lakhs per annum or specified percentage of Gross Annual Turnover whichever is higher.

Particulars	₹ in Lakhs	Previous year ₹ 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	175.00
ii) Later than one year and not later than five years	700.00	700.00
iii) Later than five years	5,833.33	6,008.33
b) License payments recognised in the profit and loss account	193.32	116.67

FORTY FIRST ANNUAL REPORT 2010-2011

NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

The company has taken certain vehicles on operation lease. The total lease rent paid on the same amounting to ₹1.52 lakhs have been recognised in profit and loss account.

Particulars	₹ in Lakhs	Previous year ₹ 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	13.34	-
ii) Later than one year and not later than five years	51.82	-
iii) Later than five years	-	-

14. The company has an investment of ₹30.00 Lakhs and advances outstanding of ₹560 Lakhs in an Taj Karnataka Hotels and Resorts Limited (TKHRL).TKHRL has accumulated losses in excess of its nerworth. 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.
15. Previous year figures have been regrouped wherever necessary.
16. The Proportinate share of assets, liabilites, 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%
	₹ in lakhs	₹ in lakhs
ASSETS		
Fixed Asset (Net Block)	177.20 (184.76)	6,766.92 (5,362.30)
Investments	-	12.39 (11.91)
Current Assets, Loans and Advances	0.02 (0.01)	1,629.58 (2,863.58)
Miscellaneous Expenditure :		
1) Preliminary expenses	0.06 (0.06)	-
2) Pre-operative expenses	202.68 (177.61)	-
LIABILITIES		
Reserves and Surplus	-	3,739.04 (2,148.58)
Share holders Deposit	-	430.86 (428.74)
Secured Loan	-	2,311.94 (1,743.23)
Unsecured Loans	57.30 (57.30)	868.50 (1,339.03)
Current Liabilities and Provisions	52.75 (35.16)	1,033.01 (1,012.28)
INCOME		
Rooms, Restaurants, Banquets and other Services	-	4,180.01 (3,111.25)

ORIENTAL HOTELS LIMITED

NOTES ON CONSOLIDATED BALANCE SHEET and CONSOLIDATED PROFIT AND LOSS ACCOUNT

Name of the Company	Prestige Garden Resorts Pvt Ltd	TAL Hotels & Resorts Ltd.
Percentage of Interest	50%	21.736%
	₹in lakhs	₹in lakhs
EXPENSES		
Operating and General Expenses	-	3,672.41
Depreciation	-	(2,398.58)
Interest	-	560.04
Provision for Tax	-	(465.23)
	-	165.11
	-	(227.24)
	-	25.17
	-	(0.09)

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
Firm Registration No : 000511S
R.NAGENDRA PRASAD
Partner
Membership No. 203377
Mumbai, May 13, 2011

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No : 015682N
S. LAKSHMANAN
Partner
Membership No. 20045

T.S. SUNDARAMBAL
Company Secretary
Mumbai, May 13, 2011

For and on behalf of the Board

R.K. KRISHNA KUMAR	<i>Chairman</i>
D.VARADA REDDY	<i>Managing Director</i>
S.B.P.V.RAMAMOHANA RAO	
Dr. G. SUNDARAM	
D. VIJAYAGOPAL REDDY	
S.Y. SYED MEERAN	
PRAMOD RANJAN	
D.R. KAARTHIKEYAN	
DIWAN ARUN NANDA	
RAMESH D HARIANI	

} Directors

FORTY FIRST ANNUAL REPORT 2010-2011

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash flow Statement for the year ended 31st March, 2011		
	₹ in lakhs	Previous Year ₹ in lakhs
A. Cash flow from Operating Activities		
Net profit before tax and extraordinary items	3,978.62	3,213.24
Adjustments for		
a) Depreciation	2,102.76	1,836.54
b) (Profit) / Loss on sale of assets	32.10	(43.24)
c) Assets Written off	165.78	136.00
d) Bad Debts/Advances Written Off	9.46	-
e) Provision for Doubtful Debts & Advances	32.52	62.52
f) Provision and Balances Written Back	(88.11)	(99.33)
g) Interest/Dividend Income	(113.35)	(136.52)
h) Interest Paid	1,521.46	1,316.23
i) Unrealised Foreign Exchange Loss	(23.88)	(124.21)
Operating profits before working capital changes	7,617.36	6,161.23
Adjustments for		
a) Increase in Trade and other receivables	(704.53)	(132.37)
b) Increase in Inventories	(25.90)	13.51
c) Increase in Trade payables	291.05	507.07
	(439.38)	388.21
Cash generated from operations	7,177.98	6,549.44
Adjustments for Direct taxes paid (net)	(1,333.11)	(1,160.03)
Cash flow before Extraordinary items	5,844.87	5,389.41
Net Cash flow from operating activities (A)	5,844.87	5,389.41
B. Cash flow from investing activities		
Purchase of fixed assets	(8,764.02)	(9,587.57)
Sale of fixed assets	40.15	203.95
(Purchase) / Sale of Investments	4,878.81	(268.11)
Long term deposits placed with hotel properties	0.00	(5,050.00)
Interest received	108.63	109.71
Dividend received	7.46	16.38
Deposits with other companies	(1,739.70)	272.40
Exchange Gain Realised on Funds Invested	0.04	0.09
Net cash flow from investing activities (B)	(5,468.63)	(14,303.15)
Carried over	376.24	(8,913.74)
Cash flow Statement (contd.)		

CONSOLIDATED CASH FLOW STATEMENT

	₹in lakhs	Previous Year ₹in lakhs
Brought Forward	376.24	(8,913.74)
C. Cash flow from financing activities		
Net Increase in borrowings	3,448.94	12,539.60
Interest Paid	(2,111.35)	(1,478.79)
Dividend paid	(1,561.97)	(1,860.16)
Net cash flow from financing activities (C)	(224.38)	9,200.65
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	151.86	286.90
Cash as per books (Refer Note i)		
Cash as on Opening 1st April	1,420.51	1,195.50
Translation Adjustment on Opening Cash/Cash Equivalents	2.67	(61.90)
Cash as on Closing 31st March	1,575.04	1,420.51
Net Increase / (Decrease) in cash and cash equivalents	151.86	286.91
NOTES TO THE CASH FLOW STATEMENT :		
i) Cash and Cash Equivalents		
Cash on hand and balances with banks	1,656.86	1,485.89
Bank balances and Deposits Not Considered as Cash	(81.84)	(65.42)
Unrealised Exchange Gain	0.02	0.04
Cash and Cash Equivalents as restated	1,575.04	1,420.51
ii) Previous Year's figures have been regrouped wherever necessary to conform to current year's classification.		
iii) Cash as an closing 31st March 2011 includes ₹167.02 Lakhs in escrow account.		
<p>As per our Report attached</p> <p>For BRAHMAYYA & CO Chartered Accountants Firm Registration No : 000511S R.NAGENDRA PRASAD Partner Membership No. 203377 Mumbai, May 13, 2011</p>	<p>For SNB ASSOCIATES Chartered Accountants Firm Registration No : 015682N S. LAKSHMANAN Partner Membership No. 20045</p>	<p style="text-align: center;">For and on behalf of the Board</p> <p>R.K. KRISHNA KUMAR <i>Chairman</i> D.VARADA REDDY <i>Managing Director</i> S.B.P.V.RAMAMOHANA RAO Dr. G. SUNDARAM D. VIJAYAGOPAL REDDY S.Y. SYED MEERAN PRAMOD RANJAN D.R. KAARTHIKEYAN DIWAN ARUN NANDA RAMESH D HARIANI</p> <p style="text-align: right;">} Directors</p>
	<p style="text-align: center;">T.S. SUNDARAMBAL <i>Company Secretary</i> Mumbai, May 13, 2011</p>	



ORIENTAL HOTELS LIMITED

MEMBERS' FEEDBACK FORM 2010-11

Name : e-mail id :

Address :

Dp ID : Client ID :

Folio No. :

(in case of physical holdings)

Number of Shares held :

		Excellent	Very good	Good	Satisfactory	Unsatisfactory
Directors' Report and Management Discussion and Analysis	Contents					
	Presentation					
Report on Corporate Governance	Contents					
	Presentation					
Quality of financial and non-financial information in the Annual Report	Contents					
	Presentation					
Information on Company's web-site	Contents					
	Presentation					
INVESTOR SERVICES						
Turnaround time for response to shareholder query						
Quality of response						
Timely receipt of Annual Report						
Conduct of Annual General Meeting						
Timely receipt of dividend warrants / payments through ECS						
Promptness in confirming demat / remat requests						
Overall rating						

Views / suggestions for improvement, if any _____

Signature of member



ORIENTAL HOTELS LIMITED

MANDATE FORM Electronic Clearing Services (Credit Clearing)

1. Particulars of the Shareholder

a. Regd. Folio No. : _____ Telephone No. _____
(If available)

b. Name of the First Regd.holder : _____
(in Block Letters)

2. Particulars of the Bank

a. Name of the Bank : _____

b. Name/ Address of the Branch : _____

: _____

: _____

: _____ Pincode : _____

c. Account No. : _____
(As appearing in your Cheque Book)

d. Account Type : Please tick relevant Box

Savings	<input type="checkbox"/>	Current	<input type="checkbox"/>	Credit	<input type="checkbox"/>
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e. 9 Digit code number of the bank and branch appearing on the MICR cheque issued by the Bank :

--	--	--	--	--	--	--	--	--

(Please attach a photocopy of a cheque for verifying the accuracy of the Code Number)

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the First Regd. Holder)
as per specimen signature with the Company

Name : _____

Address : _____

Place:

_____ Pincode: _____

Date :

- Note:
1. Please send the form to the Company or to the Registrar and Share Transfer Agents.
 2. Company reserves the right to pay dividend through warrants for the forms received without photo copy of the cheque.
 3. Shareholders who hold shares in demat form shall intimate their Depository Participant with whom they hold their demat account for any change or updation of ECS mandate.



Vivanta by Taj - Trivandrum, Kerala

