

**MINUTES OF THE 43<sup>RD</sup> ANNUAL GENERAL MEETING OF  
ORIENTAL HOTELS LIMITED HELD ON TUESDAY, AUGUST 6, 2013  
AT THE MUSIC ACADEMY, TTK ROAD, ROYAPETTAH, CHENNAI  
600014**

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The following directors were present

Mr.Raymond.N.Bickson	Chairman
Dr.G.Sundaram	Chairman - Audit Committee
Mr.D.Varada Reddy	Managing Director
Mr.SBPV.Ramanohana Rao	Director
Mr.D.R.Kaarthikeyan	Director
Mr.D.Vijayagopal Reddy	Director
Mr.S.Y.Syed Meeran	Director
Mr.Pramod Ranjan	Director
Mr.Ramesh.D.Hariani	Director
Mr.Anil.P.Goel	Director

Other Officials present

Mr.P.Parameshwaran	General Manager– Finance
Mr.K.C.Raman	Company Secretary

1,534 members were present in person and 423 proxies were received. The Company has also received 3 letters from corporate shareholders appointing representatives under section 187 of the Companies Act, 1956.

Mr.Raymond.N.Bickson, Chairman took the Chair and presided over the meeting. The Chairman extended a warm welcome to the members of the forty third annual general meeting of the Company. After ascertaining the quorum, he called the meeting to order. He introduced the directors to the members.

**43-1 Notice of the meeting**

With the consent of the Members present, the Notice convening the meeting was taken as read. At the request of the Chairman, Mr.K.C.Raman, Company Secretary read out the Auditors' Report. The Annexure to the Auditors' Report was taken as read.

**43-2 Chairman's Address**

Mr.Raymond.N.Bickson, Chairman, on behalf of the Board expressed his appreciation for the invaluable contribution of Mr.R.K.Krishna Kumar, who stepped down, retired from the Board on July 18, 2013. Mr.R.K.Krishna Kumar served on the Board of both the Companies Oriental Hotels Limited as Chairman for the past 16

years and The Indian Hotels Companies Limited as Managing Director and as Vice Chairman for the past 6 years. He also served on the Board of Tata Sons. He played a pivotal role in guiding the Company into new markets and helped the Company transform itself into a multi brand player.

### **Company's performance**

With the wake of domestic and economic slowdown coupled with increased supply and acute competition, the year proved to be challenging one for the Company. India witnessed a massive addition of 12,000 rooms to the existing inventory. The growth in the International tourism industry saw a decline from 4.4% to 4%. The Foreign Tourist Arrivals (FTAs) in India which amounted to 6.65 million tourists, declined from 9.2% in 2011 to 5.4% in 2012. RevPar, projecting a decline of 12% also remained under pressure as demand growth continued to remain subdued on overall economic slowdown and increased supply in the market place.

### **Company's Performance**

The Company faced another challenging year owing to continued global and domestic economic slowdown, coupled with rapid increase in domestic hotel supply.

### **Stand-alone Results**

The Company reported a standalone revenue of ₹29,663 lakhs, which is higher by 10% as compared to the previous year. The Loss before exceptional item and tax amounted to ₹46 lakhs as against Profit of ₹1,881 lakhs for the previous year. The Company reported Profit after Tax at ₹1,430 lakhs as against ₹1,263 lakhs of the previous year, after taking into account ₹1,436 lakhs towards exceptional items during the year.

### **Consolidated Results**

On a consolidated basis, the Company's turnover increased by 8.6% to reach ₹34,878 lakhs. The Company reported a consolidated Profit after tax of ₹1,562 lakhs against ₹2,249 lakhs of the previous year, again after taking into account ₹1,436 lakhs towards exceptional items during the year.

### **Significant events during 2012/13**

- The Company renovated & increased area by 7000 Sqft of the Ball Room complex at Taj Coromandel, Chennai. It also added 4000 Sqft. new fitness center.
- 64 new additional rooms became fully operational at Vivanta by Taj, - Fisherman's Cove, Chennai.

- The Vivanta by Taj Surya, Coimbatore opened a Barbeque Restaurant and Chinese Restaurant.
- A new Jiva Spa and Chinese restaurant were opened at Vivanta by Taj, - Trivandrum.

### **Dividend**

The Company recommended a dividend of ₹0.55 (55%) per equity share of ₹1/-each for the year financial year 2012/13 (previous year – 45%)

### **Looking ahead**

- The market projections for the next year are challenging. Growth which is forecasted to be gradual will depend on the economic activities, infrastructure development and measures taken to position India as a better tourist destination for international tourists.
- The Company will continue to focus on revenue improvement through cost optimization and better liquidity to fund ongoing projects, and ensure timely completion of projects to increase market share.
- The Travel and Tourism Industry has more potential to create employment, increase foreign exchange and create a brand for India in global markets. The management will take steps to capitalize on this potential.
- The Company would continue in its quest for excellence through constant enhancement of guest experience through personalized services and product up-gradation.

The Chairman concluded his speech by thanking Mr.R.K.Krishna Kumar. He further expressed his gratitude to all the stakeholders of the Company for the support they rendered to Mr.R.K.Krishna Kumar and expressed his wish that he would also receive the same support and encouragement.

With these opening remarks, the Chairman proposed the following resolution for adoption of accounts as an ordinary resolution and Mr.P.Subramanian, Shareholder, seconded the resolution.

**Resolved that** the Audited Statement of Profit & Loss for the year ended March 31, 2013 and the Balance Sheet as on that date, along with the Schedules and Notes forming part thereof together with the Auditor's Report thereon and the Directors' Report thereon duly reviewed, considered and adopted.

Before putting the resolution to vote, the Chairman invited the members seek clarifications / queries if any on the annual accounts of the Company for the year ended March 31, 2013.

There were queries from the following the shareholders (speakers): Mr P .M.Gopalakrishnan, Mr.R.Vidyashankar, Mr.R.Sivakumar, Mr.R.Subramaniam, Mr.Venkitaraman, Mr.Padmananban, Mr.Pinni Srinivasalu, Mr.PV.John, Mr.LV.Rajarathinam, Mr.PR.Narasimhan and Mr.V.Sankearanarayanan.

There were queries from the shareholders, seeking certain clarifications and many queries were repeated hence, summary of major queries articulated by the shareholders are furnished hereunder:

- 1) Why is there a dip in profits although the turnover has increased?
- 2) Why only 5 years data on Financial Highlights is given in the Annual Report instead of 10 years?
- 3) Why short term fund of ₹274.31 lakhs have been used for acquisition of Fixed Assets?
- 4) Details of land purchased and other assets purchased to the extent of ₹47.12 crores
- 5) ₹245.14 lakhs is paid in the current year as professional fee as against ₹144.40 lakhs for the previous year. Why professional fee paid for the current year is high?
- 6) Details required for “Long term deposits Receivable” amounting to ₹4,750 lakhs which is shown under “Details of Transaction with the Related Parties related parties”.
- 7) How Debt Equity ratio has decreased from last year?
- 8) Why tax is low for the year?
- 9) Why pay roll cost has increased?
- 10) Why is there a change in the treatment in the exchange loss?
- 11) Why is there an increase in expenditure when compared to previous year?
- 12) Why tax demands as mentioned in the annexure to Audit Report are not provided?
- 13) Non Receipt of Annual of Report?

- 14) Why unclaimed amount of ₹64.69 lakhs is still outstanding? Why can't the Company trace the shareholders and remit the amount instead of transferring the same to Investor Education & Protection Fund (IEPF)?
- 15) Details about the Unclaimed shares transferred to unclaimed suspense account?
- 16) Why MD's remuneration of ₹115.63 lakhs is higher by ₹58 lakhs?
- 17) The shareholders suggested that going forward AGMs may be held at Narada Gana Saba.
- 18) Details required for Inter Corporate Deposits?
- 19) Detail of Margin Money deposits?
- 20) Break up of Exceptional items shown under Profit and Loss Statement?
- 21) Why subsidiary has not paid any dividend?
- 22) The investment in Subsidiary as per Investment Schedule in Page 51 is ₹ 4,683 lakhs. Whereas in Page 68, the capital of the Subsidiary Company is reflecting as ₹ 8,154 lakhs.
- 23) Why provision for diminution of investment is not made?
- 24) Why fee to consultants is high?

**The chairman had responded to the shareholder queries as aforementioned.**

1. Although the turnover has increased from ₹27,020.53 lakhs to ₹29,662.62 lakhs, the profit before tax has decreased from ₹1,880.96 lakhs to ₹1,390.01 lakhs, mainly due to an increase in unavoidable costs. Major impact is on fuel and power by ₹961.78 lakhs which is due to increase in power tariff and usage of diesel due to frequent power cuts in Tamil Nadu. Further, interest cost has gone up by ₹839.65 lakhs during the year.
2. Please refer page 66 of the Annual Report, where the information is made available from inception of the Company.
3. Raising long term funding for such small amount is not practical. The Company accumulates the short term borrowings over a period of time and swaps it with long term borrowings, progressively or alternatively the short term borrowings are retired from internal accruals.

4. During the year under review, 0.69 acres of land for an amount of ₹606.83 lakhs was acquired at Fisherman's cove, Kovalam. The other additions to Fixed Assets represent renovation of Ball Room in Taj Coromandel hotel and routine capital expenditure incurred.
5. This is due to impact of full year operations of Coimbatore hotel as against part of the period in the previous year. Also certain staff in IT Department has been outsourced in the current year instead of having them in direct payroll of the Company.
6. This is the long term deposit placed with M/s. Dodla International Limited from whom the Trivandrum Hotel has been taken on a long term license by the Company.
7. Loans were repaid during the year out of funds from disinvestment of stake in a Joint Venture Company, which has resulted in improvement of Debt Equity ratio.
8. PBT for the current year consists of profits from disinvestment of stake in the Joint venture Company and Capital Gains arising out of such disinvestment are offset by brought forward long term capital loss. Hence to this extent there will be no tax for the current year. Also there is deferred tax asset created to match with deferred tax on Carry forward losses arising out of claim under section 35AD of the income tax Act.
9. This is due to full year of operation of the new hotel at Coimbatore and due to normal increments to employees.
10. No change was adopted by the Company in calculated the exchange loss, but the Company has exercised the option as per MCA circular.
11. The increase in expenditures is due to incremental interest and depreciation costs of the new hotel at Coimbatore. Further Power & Fuel costs have also increased substantially due to severe power cuts and increase in diesel costs.
12. These demands are disputed by the Company and are pending at various levels. These demands are outstanding due to pending disposal of our appeals against these demands and also certain refunds are pending to be adjusted against these demands. These are already provided in the books of the Company.
13. The Company had dispatched the annual reports through the Postal Authorities under bulk mail systems; further Company received information about non receipt of the Annual reports, filed compliant letter with the Postal authorities requesting for an immediate action.

14. As per Company's Act 1956, unclaimed dividend if any for a period of seven years has to be credited to IEPF. The Company remits unclaimed dividend to IEPF account on completion of 7 years. The requisite details about unclaimed dividends are provided in the page 31 of the annual report, and the Company has taken necessary steps to inform the shareholders before transferring the unclaimed dividend to IEPF.
15. The details of the unclaimed shares are furnished in page no. 31 of the Annual Report and the Company gives information to the shareholders about the unclaimed shares, to the addresses that have been already registered with the Company.
16. The remuneration to the Managing Director was already approved by the shareholders at the AGM held on July 27, 2010. During the current year 2012/13 the MD's remuneration exceeds certain limits since the profits of Company is not adequate and as per the provisions of the Companies Act, 1956. The said payment was approved by the shareholders by passing a special resolution. The Company is in the process of obtaining requisite approval from Government of India.
17. It was informed to the shareholders that the Company will convene the forthcoming AGM at Narada Gana Sabha or such other suitable place available and will take all steps for the same.
18. The Details of Inter Corporate Deposits:

<b>ICD from:</b>	<b>Amount (₹ /lakhs)</b>
United Hotels Limited	800
Indi Travels Private Limited	1,450
<b>TOTAL</b>	<b>2,250</b>

ICD had given to Taj Karnataka Hotels Limited amount ₹560 lakhs.

19. Margin Money is towards deposit with banks for obtaining Bank Guarantees in favour of various statutory authorities.
20. Shareholders are requested to refer the note no.43 given in page 65 of the Annual Report.
21. Shareholders are advised (to refer page 55) for having received a dividend of ₹274 lakhs from the subsidiary company.

22. The investment shown in Note No. 51 is at historical cost. Whereas the financials of the subsidiary Company is reinstated at current foreign exchange rates in Page No. 68.
23. As mentioned in note d) on page 43, provision is made wherever necessary and for other than temporary decline.
24. This is the management/operating fee paid to the operating Company, viz., The Indian Hotels Company Limited and is higher compared to the previous year due to impact of full year operation of the newly opened hotel at Coimbatore.

As there were no further queries, the Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.

#### **43-3 Declaration of Dividend**

The Chairman proceeded with the Item No.2 of the notice for declaration of dividend @55% per equity shares. Mr.PR.Narasimhan, proposed the following resolution as an Ordinary Resolution, and Mr.SBPV.Ramanohana Rao, seconded the resolution.

**Resolved that** the recommendation of the Board of Directors of the Company for payment of 55% (i.e. ₹0.55 per equity share of ₹1/- fully paid up) as dividend on the paid-up equity share capital be and is hereby approved for the financial year 2012/13 and the dividend is hereby declared

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.

#### **43-4 Re-appointment of Mr.S.Y.Syed Meeran as a Director**

The Chairman proceeded with the Item No.3 of the notice for re-appointment of Mr.S.Y.Syed Meeran as a Director. Mr.PV.John proposed the following resolution as an Ordinary resolution and Mr.PR.Narasimhan seconded the resolution.

**Resolved that** Mr.S.Y.Syed Meeran, Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company and liable to retire by rotation.

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.



#### **43-5 Re-appointment of Dr.G.Sundaram as a Director**

The Chairman proceeded with the Item No.4 of the notice for re-appointment of Dr.G.Sundaram as a Director. Mr.VP.Asaithambi, proposed the following resolution as an Ordinary resolution and Mr.V.Sankaranarayanan, seconded the resolution.

**Resolved that** Dr.G.Sundaram, Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company and liable to retire by rotation.

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.

#### **43-6 Re-appointment of Mr.S.B.P.V.Ramamohana Rao as a Director**

The Chairman proceeded with the Item No.5 of the notice for re-appointment of Mr.SBPV.Ramamohana Rao as a Director; Mr.PR.Narasimhan, proposed the following resolution as an Ordinary resolution and which was seconded by Mr.VP.Asaithambi.

**Resolved that** Mr.SBPV.Ramamohana Rao, Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company and liable to retire by rotation.

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.

#### **43-7 Appointment of Auditors and fixing their remuneration**

The Chairman proceeded with the Item No.6 of the notice for appointment of the auditors and fixing of their remuneration; Mr.D.Prosper proposed the following resolution as an Ordinary resolution which was seconded by Mr.PR.Narasimhan.

**Resolved that** the retiring auditors M/s. Brahmayya & Co, Chartered Accountants, Chennai, Firm Registration No.000511S and M/s. SNB Associates, Chartered Accountants, Chennai, Firm Registration No.015682N be and are hereby re-appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this (43<sup>rd</sup>) Annual General Meeting till the conclusion of the next (44<sup>th</sup>) Annual General Meeting to jointly audit the Company's accounts and any other business/undertaking that the Company may venture into or commence during the financial year 2013/14 on a remuneration as the Board of Directors or the Audit Committee may decide including reimbursement of service tax and all the travel and out of pocket expenses incurred by the Auditors for the purpose of the audit.

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed by majority.

#### **43-8 Commission to Non-Executive Directors**

The Chairman proceeded with the Item No.7 of the notice for payment of commission to Non-Executive Directors; Mr.P.Subramaniam proposed the following resolution as a Special resolution which was seconded by Mr.K.Raja.

**Resolved that** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, for a sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 be paid and distributed amongst the Non-Executive Directors of the Company in such amounts or proportions and in such manner as may be decided by the Board of Directors for a period of five (5) years commencing from April 1, 2013 up to March 31, 2018.

The Chairman put the resolution to vote by show of hands and thereafter declared it to have been passed with majority.

There being no other business to be transacted; then the Chairman on behalf of the Board expressed grief and admired the support rendered by Late Shri.D.S.Reddy, former Managing Director & Vice Chairman of the Company, and paid homage by observing a minute's silence.

The Chairman thanked the shareholders for their active participation at the meeting and declared the meeting as closed.

The meeting concluded with vote of thanks to the Chair.

**Date: September 2, 2013**

**Chairman**