

THE INDIAN HOTELS COMPANY LIMITED

A **TATA** Enterprise

112TH ANNUAL REPORT 2012 - 2013



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On 7th March, 2013, India's most loved hospitality chain, the Taj Group, added a new address to its repertoire with Vivanta by Taj - Gurgaon, NCR. The first to arrive at the milestone of 100 properties in India and 119 globally.



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The Indian Hotels Company Limited

COMPANY INFORMATION

Board of Directors

Cyrus P. Mistry (w.e.f. December 28, 2012)	Chairman
Ratan N. Tata (retired w.e.f. December 28, 2012)	Chairman
R. K. Krishna Kumar	Vice Chairman
K. B. Dadiseth	
Deepak Parekh	
Jagdish Capoor	
Shapoor Mistry	
Nadir Godrej	
A. R. Aga (resigned w.e.f. June 6, 2012)	
Guy Lindsay Macintyre Crawford (w.e.f. March 27, 2013)	

Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director – Hotel Operations
Mehernosh S. Kapadia	Executive Director – Corporate Affairs

Committees of the Board

Audit Committee

K. B. Dadiseth	Chairman
Deepak Parekh	
Jagdish Capoor	

Remuneration Committee

Jagdish Capoor	Chairman
Cyrus P. Mistry	
R. K. Krishna Kumar	

Shareholders' / Investor Grievance Committee

R. K. Krishna Kumar	Chairman
Raymond N. Bickson	
Abhijit Mukerji	

Registered Office & Share Department

Mandlik House, Mandlik Road, Mumbai 400 001
 Tel: 6639 5515
 Fax: 2202 7442
 Email: investorrelations@tajhotels.com
Website: www.tajhotels.com

Management

Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director – Hotel Operations
Mehernosh S. Kapadia	Executive Director – Corporate Affairs
Deepa Misra Harris	Sr. Vice President – Sales & Marketing
H. N. Shrinivas	Sr. Vice President – Human Resources
Yannick Poupon	Chief Operating Officer – Luxury Hotels (International)
Jyoti Narang	Chief Operating Officer – Luxury Hotels (India)
Veer Vijay Singh	Chief Operating Officer – Vivanta Hotels
Prabhat Verma	Chief Operating Officer – Gateway Hotels
Beejal Desai	Vice President – Legal & Company Secretary

Solicitors

Mulla & Mulla & Craigie Blunt & Caroe

Auditors

Deloitte Haskins & Sells
 PKF Sridhar & Santhanam

Bankers

The Hongkong & Shanghai Banking Corporation Ltd.
 Standard Chartered Bank
 Citibank N.A
 HDFC Bank Ltd.
 ICICI Bank Ltd.

FINANCIAL HIGHLIGHTS

	2012-13 ₹ crores	2011-12 ₹ crores
Gross Revenue	1,924.79	1,864.72
Profit Before Tax and Exceptional Items	223.12	236.03
Profit Before Tax	(209.79)	229.92
Profit After Tax	(276.61)	145.35
Dividend	@ 69.40	75.95
Retained Earnings	* 135.84	170.98
Total Assets	7,226.22	7,363.98
Net Worth	3,307.65	3,377.02
Borrowings	2,522.27	2,679.38
Debt : Equity Ratio	0.76:1	0.79:1
Net Worth Per Ordinary Share of ₹ 1/- each - In ₹	40.96	# 42.83
Earnings Per Ordinary Share (Basic & Diluted) - In ₹	(3.47)	1.91
Dividend Per Ordinary Share - In ₹	0.80	1.00
Dividend %	80	100

@ Includes Dividend of ₹ 4.80 crores paid for previous year.

* Excludes ₹ 373 crores being provision for diminution in value of long term investment.

Excludes Share Warrants of ₹ 124.37 crores.

The Indian Hotels Company Limited

NOTICE

NOTICE is hereby given that the HUNDRED AND TWELFTH ANNUAL GENERAL MEETING of THE INDIAN HOTELS COMPANY LIMITED will be held at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Friday, August 2, 2013, at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2013, and the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on Ordinary shares.
3. To appoint a Director in place of Mr. Deepak Parekh, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Shapoor Mistry, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

6. Appointment of Mr. Cyrus P. Mistry as a Director of the Company.

To appoint a Director in place of Mr. Cyrus P. Mistry, who was appointed as an Additional Director of the Company with effect from December 28, 2012, by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act), but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act along with the prescribed deposit from a Member proposing his candidature, for the office of the Director of the Company.

7. Appointment of Mr. Guy Lindsay Macintyre Crawford as a Director of the Company.

To appoint a Director in place of Mr. Guy Lindsay Macintyre Crawford, who was appointed as an Additional Director of the Company with effect from March 27, 2013 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act), but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act along with the prescribed deposit from a Member proposing his candidature, for the office of the Director of the Company.

8. Re-appointment of Mr. Raymond N. Bickson as Managing Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with Schedule XIII to the Act, including any statutory modification or re-enactment thereof and subject to such other approvals if any, the Company hereby approves the re-appointment and terms of remuneration of Mr. Raymond N. Bickson, as the Managing Director of the Company for a period of 5 years with effect from July 19, 2013, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, including the minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year, during the tenure of his appointment, with authority to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Raymond N. Bickson."

9. Re-appointment of Mr. Anil P. Goel as a Whole-time Director of the Company.

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with Schedule XIII to the Act, including any statutory modification or re-enactment thereof and subject to such other approvals if any, the Company hereby approves the re-appointment and terms of remuneration of Mr. Anil P. Goel, as a Whole - time Director of the Company for a period of 3 years with effect from March 17, 2013, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, including the minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year, during the tenure of his appointment, with authority to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Anil P. Goel."

10. Re-appointment of Mr. Abhijit Mukerji as a Whole-time Director of the Company.

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with Schedule XIII to the Act, including any statutory modification or re-enactment thereof and subject to such other approvals if any, the Company hereby approves the re-appointment and terms of remuneration of Mr. Abhijit Mukerji, as a Whole - time Director of the Company for a period of 3 years with effect from March 17, 2013, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, including the minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year, during the tenure of his appointment, with authority to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Abhijit Mukerji."

NOTES:

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 10 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 19, 2013 to Friday, August 2, 2013, both days inclusive.
4. The Dividend on Ordinary Shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after August 3, 2013, to the Members whose names appear on the Company's Register of Members on August 2, 2013. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as at the close of business hours on July 18, 2013.
5. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
6. Pursuant to Sections 205A and 205C 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 unpaid dividend for the financial year ended March 31, 2006 is due for transfer to the IEPF in October, 2013.
7. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 has instructed all Companies for usage of electronic payment modes for making cash payments to the investors. Companies whose securities are listed on Stock Exchanges are directed to use, either directly or through their RTI & STA, any Reserve Bank of India approved electronic mode of payment such as ECS [ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT etc. Thus, Members are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s) if shares are held in physical form.

If shares are held in dematerialised form, Members may kindly provide the requisite bank account details to their Depository Participant, to ensure that future dividend payments are correctly credited to the respective account.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
10. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.

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11. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the Meeting are annexed to the Notice.
12. 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.
13. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
14. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. The Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail address with the Company for receiving electronic communications.

By Order of the Board of Directors

BEEJAL DESAI

Vice President – Legal and Company Secretary

Mumbai, May 30, 2013

Registered Office:

Mandlik House,
Mandlik Road,
Mumbai 400 001.

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956 (the Act)

1. The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 6, 7, 8, 9 and 10 of the accompanying Notice dated May 30, 2013.

Item No. 6

2. The Board of Directors appointed Mr. Cyrus P. Mistry as an Additional Director of the Company with effect from December 28, 2012 pursuant to the provisions of Section 260 of the Act and Article 132 of the Articles of Association of the Company. In terms of Section 260 of the Act, Mr. Cyrus P. Mistry holds office as an Additional Director up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for appointment as Director. The Company has received a notice pursuant to Section 257 of the Act, from a Member proposing Mr. Cyrus P. Mistry's candidature for the office of Director of the Company at the forthcoming Annual General Meeting of the Company. The Board commends to the Members his appointment as a Director of the Company.
3. Mr. Cyrus P. Mistry is a graduate of Civil Engineering from Imperial College, UK and has a M.Sc. in Management from London Business School. He joined the Board of Shapoorji Pallonji & Co. Ltd as Director in 1991 and was appointed the Managing Director, Shapoorji Pallonji Group in 1994. Under Mr. Cyrus P. Mistry's guidance, Shapoorji Pallonji's construction business had grown from a turnover of USD 20 million to approximately USD 1.5 billion. The group's international construction business has presence in over 10 countries. Mr. Cyrus P. Mistry joined the Board of Tata Sons Limited in 2006 and was appointed Deputy Chairman in November 2011. He was also on the Board of the Construction Federation of India, Imperial College Advisory Board, on the Board of Governors of NICMAR and is a Fellow of the Institute of Civil Engineers.
4. Both, Mr. Cyrus P. Mistry and Mr. Shapoor Mistry, being related to each other may be deemed to be concerned and interested in Item No. 6 as it relates to Mr. Cyrus P. Mistry's appointment as a Director of the Company.

Item No. 7

5. The Board of Directors appointed Mr. Guy Lindsay Macintyre Crawford as an Additional Director of the Company with effect from March 27, 2013 pursuant to the provisions of Section 260 of the Act and Article 132 of the Articles of Association of the Company. In terms of Section 260 of the Act, Mr. Crawford holds office as an Additional Director up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for appointment as the Director. The Company has received a notice pursuant to Section 257 of the Act, from a Member proposing Mr. Crawford's candidature for the office of Director of the Company at the forthcoming Annual General Meeting of the Company. The Board commends to the Members his appointment as a Director of the Company.
6. Mr. Crawford, is an alumni of Surrey University, Westminster Hotel School, London and Morrisons Academy for Boys, Crieff, Perthshire. Mr. Crawford brings with him a long and varied experience of over 30 years in the international hospitality industry and has been associated with various hotel groups across the globe in a variety of senior management positions. He started his career with the British Transport Hotels Group in 1970 after which he was associated with the Forte Hotel Group for over 20 years and was appointed as the Managing Director of the Le Meridien Hotels and Resorts and Heritage Hotels. Thereafter, in April 2002 he joined the Jumeirah Group, UAE as the Chief Executive. Presently, he is a hospitality consultant / advisor and Non-Executive Director of several universities and private companies respectively. He also advises and supports owners / investors in Bahrain, Maldives, UAE and China.
7. Mr. Crawford may be deemed to be concerned and interested in Item No. 7 as it relates to his appointment as a Director of the Company.

Item Nos. 8, 9 and 10

8. At the Annual General Meeting held on August 14, 2008, the Members of the Company had approved the appointment and remuneration of Mr. Raymond N. Bickson, Managing Director, Mr. Anil P. Goel, Executive Director – Finance and Mr. Abhijit Mukerji, Executive Director – Hotel Operations respectively. The present tenure of Mr. Raymond N. Bickson, as the Managing Director of the Company ends on July 18, 2013 and the tenures of Mr. Anil P. Goel and Mr. Abhijit Mukerji have ended on March 16, 2013.
9. The Board of Directors is of the opinion that it is in the interest of the Company that Mr. Raymond N. Bickson be re-appointed as the Managing Director of the Company for a period of 5 years from July 19, 2013 upto July 18, 2018 and Mr. Anil P. Goel and Mr. Abhijit Mukerji be re-appointed as Whole-time Directors of the Company for a period of 3 years respectively from March 17, 2013 upto March 16, 2016. Accordingly, the Board of Directors had subject to the approval of the Members, re-appointed Mr. Raymond N. Bickson as the Managing Director and Mr. Goel and Mr. Mukerji as Whole-time Directors of the Company.
10. The Board is of the view that the re-appointments of Mr. Bickson as the Managing Director and Mr. Goel and Mr. Mukerji as Whole-time Directors of the Company, will greatly benefit the operations of the Company and the remuneration payable to them is commensurate with their qualifications and experience.

The Indian Hotels Company Limited

11. The principal terms and conditions of re-appointment of Mr. Raymond N. Bickson as Managing Director and Mr. Anil P. Goel and Mr. Abhijit Mukerji as Whole-time Directors are as under:

Mr. Raymond N. Bickson

- (i) **Period:** For a period of 5 years commencing from July 19, 2013 to July 18, 2018
- (ii) **Nature of Duties:** Mr. Bickson shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/ or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and / subsidiaries or any other executive body or any committee of such a Company.
- (iii) (a) **Remuneration:** Basic salary upto a maximum of USD 1,00,000 per month with annual increments which will be effective 1st April each year as may be decided by the Board, based on merit and taking into account Company's performance; incentive remuneration, if any, and /or commission based on certain performance criteria to be laid down by the Board; benefits, perquisites and allowances including expatriate allowance, as may be determined by the Board from time to time.
(b) **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Bickson, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Bickson remuneration by way of basic salary, benefits, perquisites, allowances and incentive remuneration as above.

Mr. Anil P. Goel

- (i) **Period:** For the period of 3 years commencing from March 17, 2013 to March 16, 2016
- (ii) **Nature of Duties:** Mr. Goel shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Managing Director and / or Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/ or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and / subsidiaries or any other executive body or any committee of such a company.
- (iii) (a) **Remuneration:** Basic salary upto a maximum of ₹ 5,00,000/- per month with annual increments which will be effective 1st April each year as may be declared by the Board, based on merit and taking into account Company's performance; incentive remuneration, if any, and /or commission based on certain performance criteria to be laid down by the Board; benefits, perquisites and allowances, as may be determined by the Board from time to time.
(b) **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Goel, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Goel remuneration by way of basic salary, benefits, perquisites, allowances and incentive remuneration as above.

Mr. Abhijit Mukerji

- (i) **Period:** For a period of 3 years commencing from March 17, 2013 to March 16, 2016.
- (ii) **Nature of Duties:** Mr. Mukerji shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Managing Director and / or Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/ or subsidiaries, including performing duties as assigned by the Board from time to time, by serving on the boards of such associated companies and / subsidiaries or any other executive body or any committee of such a company.
- (iii) (a) **Remuneration:** Basic salary upto a maximum of ₹ 5,00,000/- per month with annual increments which will be effective 1st April each year, as may be decided by the Board, based on merit and taking into account the Company's performance; incentive remuneration, if any, and /or commission based on certain performance criteria to be prescribed by the Board; benefits, perquisites and allowances, as may be determined by the Board from time to time.
(b) **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Mukerji, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Mukerji remuneration by way of basic salary, benefits, perquisites, allowances and incentive remuneration as above.

12. The terms and conditions of re-appointment of Mr. Bickson, Mr. Goel and Mr. Mukerji (hereinafter referred to as 'the Appointees') also include the following principal clauses among others:
 - i) Adherence with the Tata Code of Conduct, no conflict of interest with the Company, intellectual property and maintenance of confidentiality.
 - ii) The Appointees shall not become interested or otherwise concerned, directly or through their respective spouse and/or children, in any selling agency of the Company.
 - iii) These appointments may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of the notice.
 - iv) The employment of the Appointees may be terminated by the Company without notice or payment in lieu of notice:
 - (a) If the Appointees are found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which they are required by the Agreement to render services; or
 - (b) In the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Appointees of any of the stipulations contained in the Agreement to be executed between the Company and the Appointees; or
 - (c) In the event the Board expresses its loss of confidence in the Appointees.
 - v) In the event the Appointees are not in a position to discharge their official duties due to any physical or mental incapacity, the Board shall be entitled to terminate their contracts on such terms as the Board may consider appropriate in the circumstances.
 - vi) Upon the termination by whatever means of the Appointees' employment:
 - (a) The Appointees shall immediately tender their resignation from office as a Director of the Company and from such offices held by them in any subsidiaries and associated companies and other entities without claim for compensation for loss of office and in the event of their failure to do so the Company is hereby irrevocably authorised to appoint some person in their name and on their behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries and associated companies of which they are at the material time Director or other officer.
 - (b) The Appointees shall not without the consent of the Company at any time thereafter represent themselves as connected with the Company or any of the subsidiaries or associated companies.
 - vii) The Appointees are appointed as Directors by virtue of their employment in the Company and their appointments shall be subject to the provisions of Section 283(1)(l) of the Act.
 - viii) If and when the Agreements expire or are terminated for any reason whatsoever, the Appointees will cease to be the Managing Director/ Whole-time Directors, as the case may be and also cease to be Directors. If at any time, the Appointees cease to be Directors of the Company for any reason whatsoever, they shall cease to be the Managing Director/ Whole-time Directors, as the case may be, and the Agreements shall forthwith terminate. If at any time, the Appointees cease to be in the employment of the Company for any reason whatsoever, they shall cease to be the Directors and Managing Director/ Whole-time Directors, of the Company, as the case may be.
13. In compliance with the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Act read with Schedule XIII to the Act, including any statutory modification or re-enactment thereof, the terms of remuneration specified above are now being placed before the Members for their approval.
14. This may also be treated as an abstract of the terms of the contracts of Mr. Bickson, Mr. Anil P. Goel and Mr. Abhijit Mukerji, respectively, pursuant to Section 302 of the Act.
15. Mr. Bickson, Mr. Goel and Mr. Mukerji are concerned or interested in the Resolutions at Item Nos. 8, 9 and 10 respectively of the accompanying Notice related to their individual appointments.
16. Keeping in view the experience and expertise of Mr. Raymond N. Bickson, Mr. Anil P. Goel and Mr. Abhijit Mukerji, the Board considers it desirable that the Company should continue to receive the benefit of their valuable experience and accordingly commends the Resolutions at Item Nos. 8, 9 and 10 of the accompanying Notice for acceptance by the Members.

By Order of the Board of Directors

BEEJAL DESAI

Vice President – Legal and Company Secretary

Mumbai, May 30, 2013

Registered Office:

Mandlik House,
Mandlik Road,
Mumbai 400 001.

The Indian Hotels Company Limited

Details of Directors seeking 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. Cyrus P. Mistry	Mr. Guy Crawford	Mr. Deepak Parekh	Mr. Shapoor Mistry
Date of Birth	July 4, 1968	June 18, 1952	October 18, 1945	September 6, 1964
Date of Appointment	December 28, 2012	March 27, 2013	May 9, 2000	April 17, 2003
Expertise in specific functional areas	Wide business experience across a variety of Industries.	Hoteliering	Banking & Finance	Management
Qualifications	Graduate Degree in Civil Engineering , UK, M.Sc. in Management, London Business School	Fellow, Institute of Hospitality, U.K.	B. Com, FCA (England & Wales)	B.A. (England) - Business & Economics
Details of shares held in the Company	-	-	1,845	-
List of Companies in which outside Directorships held as on 31.03.2013 (excluding private & foreign companies)	<ul style="list-style-type: none"> • Tata Industries Ltd. • The Tata Power Company Ltd. • Tata Sons Ltd. • Tata Teleservices Ltd. • Tata Global Beverages Ltd. • Tata Consultancy Services Ltd. • Tata Steel Ltd. • Tata Motors Ltd. • Tata Chemicals Ltd. 	Nil	<ul style="list-style-type: none"> • Housing Development Finance Corporation Ltd. • GlaxoSmithKline Pharmaceuticals Ltd. • Mahindra & Mahindra Ltd. • HDFC Asset Management Company Ltd. • HDFC Standard Life Insurance Company Ltd. • HDFC Ergo General Insurance Company Ltd. • Siemens Ltd. 	<ul style="list-style-type: none"> • Shapoorji Pallonji & Company Ltd. • Afcons Infrastructure Ltd. • Eureka Forbes Ltd. • Forbes & Co. Ltd. • Gokak Textiles Ltd. • Forvol International Services Ltd. • Shapoorji Pallonji Finance Ltd. • Shapoorji Pallonji Infrastructure Capital Co. Ltd. • Shapoorji Pallonji Power Co. Ltd. • Gokak Power & Energy Ltd.
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2013	Audit Committee <ul style="list-style-type: none"> • Tata Sons Ltd. 	Audit Committee NIL	Audit Committee <ul style="list-style-type: none"> • GSK Pharmaceuticals Ltd. • Mahindra & Mahindra Ltd. • Siemens Ltd. Share Transfer & Investors' Grievance Committee GSK Pharmaceuticals Ltd.	Audit Committee NIL

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

Details of Directors seeking 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. Anil P. Goel	Mr. Abhijit Mukerji
Date of Birth	December 16, 1955	May 20, 1957	September 11, 1962
Date of Appointment	January 9, 2003	March 17, 2008	March 17, 2008
Expertise in specific functional areas	Hoteliering	Finance	Hoteliering
Qualifications	Advanced Management Program at Harvard Business School in Boston. Also studied at the Goethe Institute in Berlin, the Alliance Française in Paris, the Université de Sorbonne in Paris, L'école Hôtelière Lausanne, and Cornell University in New York.	B. Com, A.C.A.	Degree from the Ecole Supérieure des Science Economiques et Commerciales (Cornell E.S.S.E.C., France), Harvard Business School – General Management Program (GMP) and is a Certified Hotel Administrator (CHA) from the Educational Institute of the American Hotel and Motel Association.

Details of shares held in the Company

-			
List of Companies in which outside Directorships held as on 31.03.2013 (excluding private & foreign companies)	<ul style="list-style-type: none"> • Taj Trade & Transport Company Ltd. • Taj GVK Hotels & Resorts Ltd. • Piem Hotels Ltd. • Roots Corporation Ltd. • Oriental Hotels Ltd. • United Hotels Ltd. • Taj SATS Air Catering Ltd. • Taj Safaris Ltd. • Benares Hotels Ltd. 	<ul style="list-style-type: none"> • Taj Sats Air Catering Ltd. • Taj GVK Hotels & Resorts Ltd. • Piem Hotels Ltd. • Roots Corporation Ltd. • TIFCO Holdings Ltd. • Taj Kerala Hotels & Resorts Ltd. • Kaveri Retreats and Resorts Ltd. 	<ul style="list-style-type: none"> • United Hotels Ltd. • ELEL Hotels & Investments Ltd. • Piem Hotels Ltd. • Kaveri Retreats and Resorts Ltd. • TRIL Infopark Ltd.
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2013	Audit Committee <ul style="list-style-type: none"> • Taj GVK Hotels & Resorts Ltd. • Roots Corporation Ltd. • Oriental Hotels Ltd. • Taj SATS Air Catering Ltd. • United Hotels Ltd. • Benares Hotels Ltd. 	Audit Committee <ul style="list-style-type: none"> • Piem Hotels Ltd. • Roots Corporation Ltd. • Taj GVK Hotels & Resorts Ltd. • Taj SATS Air Catering Ltd. • Kaveri Retreats and Resorts Ltd. 	Audit Committee <ul style="list-style-type: none"> • United Hotels Ltd. • TRIL Infopark Ltd.

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

The Indian Hotels Company Limited

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 112th Annual Report of the Company together with its Audited Statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as on that date:

FINANCIAL RESULTS

Particulars	2012-13 ₹/crores	2011-12 ₹/crores
Total Income	1,924.79	1,864.72
Profit before Depreciation, Finance Costs and Tax	453.34	461.92
Less: Depreciation	125.02	113.90
Less: Finance Costs	105.20	111.99
Profit before Tax & Exceptional Item	223.12	236.03
Less: Exceptional Items	432.91	6.11
Profit/(Loss) before Tax	(209.79)	229.92
Less: Provision for Tax	78.04	118.19
Add: MAT Credit	-	33.62
Add: Excess Provision of Tax of earlier years (Net)	11.22	-
Profit/(Loss) after Tax	(276.61)	145.35
Add: Balance brought forward from the previous year	422.67	380.13
Amount available for Appropriation	146.06	525.48

APPROPRIATIONS

(i) General Reserve	-	14.54
(ii) Proposed Dividend: Dividend of 80% i.e. ₹ 0.80/- per Ordinary Share was recommended by the Board of Directors on May 30, 2013. (In respect of the previous year, a final dividend of 100% i.e. ₹ 1/- per Ordinary Share was declared and paid to the Members)	64.60	75.95
Tax on Dividend	10.59	12.32
(iii) Dividend paid for previous year	4.80	-
Tax on Dividend	0.78	-
(iv) Balance carried to Balance Sheet	65.29	422.67
	<u>146.06</u>	<u>525.48</u>

INCOME

The total income for the year ended March 31, 2013 at ₹ 1,924.79 crores was higher than that of the previous year by 3%. While Room Income was marginally higher than the previous year, Food & Beverage income increased by 7% over the previous year, aided by growth in banqueting income.

DEPRECIATION AND FINANCE COSTS

Depreciation for the year was higher on account of incremental depreciation charge on the Vivanta by Taj - Yeshwantpur, Bengaluru which was operational for the entire period in the current year and the on-going renovations at select hotels. Further, depreciation for the previous year was lower due to a one time reversal of excess depreciation charged on the damaged assets for the period, post the terror attack at Taj Mahal Palace, Mumbai.

Finance costs for the year ended March 31, 2013, net of currency swap gains, at ₹ 105.20 crores were lower than the finance costs of the preceding year by ₹ 6.79 crores due to retirement of debt during the year.

PROFIT BEFORE TAX & EXCEPTIONAL ITEM

Profit before Tax & Exceptional Item at ₹ 223.12 crores was lower than the previous year by 5% primarily on account of higher expenditure on Power & Fuel and higher depreciation.

EXCEPTIONAL ITEMS

Over a period of time the Company has made long term strategic investments, either directly or through its overseas subsidiaries, which are being carried at "cost" in its financial statements. Selectively, some of these investments have witnessed a decline in the fair value and consequent erosion in net worth on account of the global recessionary conditions that have continued unabated in recent years. Thus, it was considered prudent to recognize a diminution in the value of the investments, other than temporary, in select entities for an amount of ₹ 373 crores. This covers a diminution of ₹ 305 crores in the Company's investment in Taj International Hotels (HK) Ltd. a Wholly Owned Subsidiary (WOS), which in turn holds investments in various international entities, including Orient-Express Hotels Ltd. In addition, a diminution other than temporary of ₹ 68 crores has been recognised in the Company's investments in BJets Pte Ltd. The Company will continue to monitor the performance of these assets on a periodic basis.

The Company has created a provision of ₹ 27.55 crores, to satisfy the obligations of BJets Pte. Ltd, an associate company, currently under restructuring.

An amount paid of ₹ 23.11 crores (including interest ₹ 17.97 crores) has been accounted for towards a satisfactory settlement of a dispute that was under arbitration for over 25 years.

PROFIT/ (LOSS)

Due to the various Exceptional Items as explained above, Profit before Tax was at ₹ (209.79) crores as against ₹ 229.92 crores in the previous year. Similarly, Profit after Tax was at ₹ (276.61) crores as against ₹ 145.35 crores for the previous year.

CONSOLIDATED FINANCIAL RESULTS

The consolidated turnover of the Company for the year ended March 31, 2013 aggregated to ₹ 3,803.52 crores as against ₹ 3,514.90 crores for the previous year. The consolidated turnover increased by 8% due to improved turnover of the parent Company, full year impact of change in status of certain companies from associates to subsidiaries, improved turnover from certain domestic subsidiaries and the benefit of conversion of the revenues of overseas subsidiaries at a rupee rate higher than what was prevalent for the preceding year for the relevant currencies. Profit after Tax aggregated to ₹ (430.24) crores for the year as against the Profit after Tax of ₹ 3.06 crores for the previous year. The consolidated results for the year were impacted due to various Exceptional Items recognised during the year, as explained earlier. Moreover, the Company continued to face challenging environment not just in the domestic market but also across the key international markets wherein the Company owns / operates hotels.

The Company's US hotels have shown marginal improvement in their turnover inspite of the continued challenges faced by the US economy. The Company is continuing on its focus to improve the profitability of its US operations on priority.

DIVIDEND

Your Directors are pleased to recommend a dividend of 80% or ₹ 0.80 per Ordinary Share for the year ended March 31, 2013.

EQUITY SHARE CAPITAL

During the financial year 2012-13, 4.80 crores Warrants issued to Tata Sons Limited aggregating to ₹ 497.47 crores have been converted into fully paid equity shares. Thus, the Company had received ₹ 373.10 crores, being the balance 75% of the aggregate exercise share price, and allotted 4.80 crores Equity Shares (at a price of ₹ 103.64 per share) against conversion of the Warrants into equity shares.

BORROWINGS

The total borrowings stood at ₹ 2,522.27 crores as at March 31, 2013 as against ₹ 2,679.38 crores as on March 31, 2012 for the standalone entity, a reduction of ₹ 157.10 crores.

The Indian Hotels Company Limited

CAPITAL EXPENDITURE

During the year under review, the Company incurred ₹ 142.41 crores towards capital expenditure, most part of which was incurred on the Company's projects covering Vivanta by Taj hotels at Dwarka and at Guwahati, as also on the ongoing renovations at certain hotels of the Company.

BUSINESS OVERVIEW

Global economic recovery has been very gradual with the Eurozone volatility continuing during 2012, albeit at a lower intensity. The Eurozone countries continued to adopt austerity measures, as part of the fiscal adjustment.

The GDP growth in India during the year is estimated to have been around 5%. Inflation was at very high levels during the first half of the year, but has gradually come down to 7% by the end of the year. The Indian Rupee witnessed a seesaw against the US Dollar and hovered between ₹ 55 to 56/\$ levels on the average. All the above factors went to weaken the overall economic mood of the country.

The International tourists arrival, worldwide, have grown to 1.035 billion in 2012, 4% above 2011 and are forecast to grow at a moderate pace in 2013. While emerging economies (constituting 47%) grew by 4.1%, the developed economies (constituting 53%) grew by 3.6%.

The Foreign Tourist Arrivals, in India, during 2012 was 6.65 million, which translates to a 5.4% growth over the previous year. Foreign Exchange Earnings from tourism grew to ₹ 94,487 crores during 2012 from ₹ 77,591 crores in 2011, registering a growth of 21.8%.

The Taj Group launched 2 new Vivanta by Taj hotels during the year at Coorg and Gurgaon, respectively. The Group currently has a portfolio of 27 Ginger hotels with a room inventory of ~2600 rooms (including 2 hotels under management contract). Projects for new Ginger hotels are at various stages of execution at Noida, Jaipur, Greater Noida, Chandigarh and Amritsar. The inventory of the Taj Group of Hotels now stands at 118 hotels with ~14,300 rooms.

Your Company continues to pursue the completion of on-going projects in a time bound manner, both in the domestic and international market, under various brands to achieve sustainable and profitable growth.

SUBSIDIARIES

The Ministry of Corporate Affairs vide their letter no. 5/12/2007-CL-III dated February 8, 2011 has granted a general exemption under Section 212 (8) of the Companies Act, 1956 for publication of the Accounts of subsidiary Companies, subject to fulfilment of certain conditions. In view of the same, your Company is also exempted from publication of the Accounts of its subsidiaries under the provision of Section 212 of the Companies Act, 1956. The accounts of the subsidiary companies are not separately included in the Annual Report. However, the Consolidated Financial Statements of the Subsidiaries, Joint Ventures and Associates, in accordance with relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form a part of the Annual Report and are reflected in the consolidated accounts.

The Financial Statements of the subsidiary companies and other detailed information will be made available to the investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection at the Registered Office of the Company as well as the respective Registered Offices of subsidiary companies.

LISTING

The Ordinary Shares of your Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Global Depository Shares (GDS) issued by the Company are listed on the London Stock Exchange Plc.

DEBENTURES

The Company had issued the following Debentures listed on the National Stock Exchange of India Limited:

- 2,000 – 2% Unsecured Non-Convertible Debentures of the face value ₹ 10,00,000 each (Rupees Ten Lakhs only) issued on private placement basis on April 23, 2012 for an aggregate value of ₹ 200 crores (Rupees Two Hundred Crores) repayable at the end of five years from the date of allotment.

The Company had redeemed the following Debentures:

- Out of the 3,000 – 11.80% Secured Non-Convertible Debentures of the face value ₹ 10,00,000 each (Rupees Ten Lakhs only) issued on private placement basis, 50% of the face value was redeemed on December 18, 2011 for an aggregate value of ₹ 150 crores (Rupees One Hundred and Fifty Crores) and 30% of the face value was redeemed on December 18, 2012 for an aggregate value of ₹ 90 crores (Rupees Ninety Crores).

FIXED DEPOSITS

The outstanding amount of Fixed Deposits placed with your Company amounted to ₹ 0.60 crores (Previous years ₹ 286.00 crores) excluding ₹ 2.31 crores (Previous year ₹1.75 crores), which remained unclaimed by depositors as on March 31, 2013. Your Company has stopped accepting and / or renewing Fixed Deposits from the general public and shareholders.

DIRECTORS

Mr. R. N. Tata retired as Director and Chairman of the Company, effective December 28, 2012, in accordance with the Tata Group guidelines on retirement. Mr. Tata is an iconic industrialist and an illustrious leader. He propelled the Company's growth plans and aided it to expand the wings of the 'Taj' Brand globally. Mr. Tata demonstrated exemplary courage & leadership during the unfortunate terrorist attack on the Taj Mumbai and provided tremendous support to the management whilst steering the Company successfully through its most trying times. The Board places on record its heartfelt appreciation for the stellar contribution made by Mr. R. N. Tata during his tenure as Chairman of the Company.

Mrs. A. R. Aga resigned as Director of the Company effective June 6, 2012, consequent upon her appointment as a Member of the Rajya Sabha. The Board places on record its appreciation for the contribution made by Mrs. A. R. Aga during her tenure as Director of the Company.

Mr. Cyrus P. Mistry was appointed as an Additional Director & Non Executive Chairman effective December 28, 2012. With Mr. Mistry taking over the mantle, the Company would benefit from his fresh perspective & dynamic leadership which would further consolidate the 'Taj' as one of the most globally renowned brands. Mr. Guy Lindsay Macintyre Crawford was appointed as an Additional Director of the Company effective March 27, 2013. Mr. Mistry and Mr. Crawford both hold office upto the date of the forthcoming Annual General Meeting.

Mr. Raymond N. Bickson's tenure as Managing Director ends on July 18, 2013. The Company has greatly benefited from his expertise and international experience. In view of the same, it is proposed to re-appoint Mr. Bickson as the Managing Director of the Company for a period of 5 years w.e.f. July 19, 2013. The Board commends his re-appointment as the Managing Director of the Company to the Members of the Company.

Mr. Anil P. Goel and Mr. Abhijit Mukerji's tenure as Whole-time Directors ended on March 16, 2013. The Company has greatly benefited from their expertise and experience. In view of the same, it is proposed to re-appoint Mr. Anil P. Goel and Mr. Abhijit Mukerji as Whole-time Directors of the Company for a period of 3 years each w.e.f. March 17, 2013. The Board commends their re-appointment as Whole-time Directors of the Company to the Members of the Company.

In accordance with the Companies Act, 1956, and the Articles of Association of the Company, two of your Directors, viz., Mr. Shapoor Mistry and Mr. Deepak Parekh retire by rotation, and are eligible for re-appointment.

Your approval for their appointments as Directors has been sought in the Notice convening the Annual General Meeting of the Company.

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 Practising Company Secretary's Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

AUDITORS

At the Annual General Meeting, the Members will be requested to re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm No. 117366W), and M/s. PKF Sridhar & Santhanam, Chartered Accountants (Firm No. 0039905) as the Joint Auditors for the current year and authorise the Board of Directors to fix their remuneration.

FOREIGN EXCHANGE EARNINGS AND OUTGO

As 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 the Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is given in Notes 37, 38 and 39 of the Notes to the Accounts.

The Indian Hotels Company Limited

STAFF

The particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956, read with the Rules thereunder, 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 Registered Office of the Company.

The Directors express their appreciation for the contribution made by the employees to the operations of the Company and for the support received from all other stakeholders, including shareholders, customers, suppliers and business partners.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Operating Management, hereby confirms that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) it has in the selection of the accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for that period;
- (iii) it has taken proper and sufficient care 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, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records; and
- (iv) it has prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Cyrus P. Mistry
Chairman

Mumbai, May 30, 2013

Registered Office:
Mandlik House
Mandlik Road
Mumbai 400 001

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company has been reporting consolidated results taking into account the results of its subsidiaries, joint ventures and associates (together referred to as "the Group"). This discussion, therefore, covers the financial results and other developments during April, 2012 to March, 2013, in respect of the Group. 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, economic developments within India and the countries within which your Company conducts its business, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

OVERVIEW OF THE GLOBAL & INDIAN TOURISM INDUSTRY

The international travel and tourism industry continues to show moderate growth and as per United Nations World Tourism Organisation (UNWTO) International Tourist Arrivals, worldwide, grew by 4% in 2012 to reach 1.035 billion from 996 million in 2011. As per World Travel and Tourism Council (WTTC) estimates, travel and tourism sector's importance to the global economy continued to grow. Its economic contribution, from both direct and indirect activities combined, was US\$6.6 trillion in Gross Domestic Product (GDP), 260 million jobs, US\$764 billion in investment and US\$1.2 trillion in exports. Thus, travel and tourism sector accounts for 9.3% of global GDP, 1 in 11 jobs, 5% of investment and 5% of exports.

Emerging economies (representing 47% of global arrivals) grew by 4.1% in volumes over 2011 which was higher than developed economies (representing 53% of global arrivals) which grew by 3.6% in volumes, which has been a long term trend now in the industry. Demand held well throughout the year across regions, with a strong fourth quarter. Asia Pacific continued to lead the regions with a 7% growth, much higher than the global average.

In terms of regional performance in the hospitality sector, a RevPAR (Revenue Per Available Room) growth of about 4% to 6% was observed in 2012 in America, Middle East and South East Asia by Smith Travel Research Global (STR). Europe and the Indian subcontinent however, saw a decline in RevPARs of 4% and 12% respectively. Supply-Demand mismatch in the Indian subcontinent and economic volatility in the Eurozone are the primary reasons for this performance trend.

As per WTTC, in India, the total direct and indirect economic impact of the travel and tourism industry was ₹ 6,385 billion, being 6.6% of the GDP and over 39 million jobs. As per statistics updated by the Indian Ministry of Tourism, the Foreign Tourist Arrivals in India for 2012 has been 6.65 million which is a 5.4% increase over 6.31 million tourists of 2011 – there has been a considerable slowdown in the growth rate as compared to the 9.2% growth in 2011, although it is at par with the global scenario. Foreign Exchange Earnings from tourism increased to ₹ 94,487 crores in 2012 from ₹ 77,591 crores in 2011, with a growth rate in earnings of 21.8% over 2011.

In terms of hospitality industry performance in India, data from STR reports indicate that the overall rates, occupancies and RevPAR have seen a decline in 2012, owing to the impact of increased supply in the marketplace and this trend is expected to continue for the next few years, given the gestation period for new hotel supply. The overall RevPAR for the industry is at ₹ 3,625 which is still 10% lower than the peak RevPAR seen in 2008.

FUTURE PROSPECTS

The UNWTO expects growth to continue in 2013 at 3%, in line with UNWTO long term forecast. While Asia Pacific and America will lead the growth, Europe and Middle East are expected to remain under pressure.

As per WTTC, Foreign Tourist Arrivals to India are forecasted to grow at a rate of 8% - 9% in the next few years and predict that India will receive 14 million tourists by 2023.

While key source markets of America and Europe are expected to continue to be the largest contributors to tourism, domestic short haul travel across Asia Pacific continues to be a growing trend, with Asia Pacific being the growth driver for outbound tourism. The Domestic Indian traveller has emerged in 2012 and increasing discretionary spends continue to propel domestic travel and tourism.

According to the STR Global Construction Pipeline Report, as of March 2013, the Asia Pacific hotel development pipeline comprises over 1,700 hotels and over 3.8 lakh rooms. India reported an expected room growth of 29% with 54,478 rooms in its total active pipeline open. The Upscale segment accounts for the largest portion of rooms in the total active pipeline with 26%, followed by the Upper Upscale segment at 23% and the Luxury segment at 18%.

Taj Group has also positioned itself to capture the maximum benefit from the industry boom in India. Taj Group recently launched its 100th hotel in India and is also pursuing a growth strategy across each of the different segments over the next few years, with its distinct brands 'Taj' in the Luxury segment, 'Vivanta by Taj' in the Upper Upscale segment, Gateway in the Upscale segment and 'Ginger' in the Economy segment, following its Brand Architecture initiative.

The Indian Hotels Company Limited

NEW HOTELS OPENED DURING 2012-13

The Company continued its focus on consolidating past commitments in terms of project completion, opening of new hotels and growth through management contracts in the Domestic and International markets.

The past year witnessed opening of seven new hotels including two 'Vivanta by Taj' hotels in Madikeri, Coorg and in Gurgaon, NCR. Your Company also concluded the soft opening of the Taj Palace Hotel, Marrakech, Morocco and also increased the Ginger footprint by opening four hotels in Chennai (Vadapalani), Faridabad, Mumbai (Andheri) and Bengaluru (Koramangala).

EXPANSION IN DOMESTIC AND INTERNATIONAL MARKETS

Luxury

Your Company is poised to augment its presence in the Middle-East with the signing of a Taj luxury hotel in Down Town Dubai.

The Taj luxury hotel at the Mumbai Domestic airport, being developed through a JV Company, is under execution, with civil and MEP works currently in progress. Guest room interior works are also progressing well and the project is slated for completion by 2014.

For the Sea Rock project in Mumbai, design planning and process of obtaining approvals is underway. Whilst the project has got delayed because mandatory pre-construction approvals are yet to be received, as also on account of a Public Interest Litigation (PIL) filed against the project at the Bombay High Court.

Vivanta by Taj

The 'Vivanta by Taj' brand will witness further growth with the execution of an Memorandum of Understanding (MOU) for a 282 room hotel in Faridabad, NCR.

In addition to the Vivanta by Taj hotel at Dwarka, New Delhi, slated to open in 2013-14, Vivanta by Taj, Guwahati, is progressing well wherein earthwork excavation works have been completed, foundation works and mock-up room execution is in progress. Substructure works are in progress at the Vivanta by Taj, Amritsar, owned by a subsidiary of your Company.

The Gateway Hotel

Your Company continued its thrust on flagging properties under the 'Gateway' brand in key commercial and industrial centres of India. It has entered into an MOU for a 100 room business hotel within a mixed use development in Adityapur (Jamshedpur). The Company continued with its approach of flagging new markets with the signing of an MOU for a 80 room Gateway hotel on Dehradun – Mussoorie road in Dehradun.

The openings slated for 2013-14 are Gateway hotels in the city of Kolkata, Hubli, Chennai (OMR) and Raipur.

At the Gateway Hotel, Bannerghatta, Bengaluru which is under one of our associate companies, mock-up rooms have been approved and interior fit-out works are in progress.

PRODUCT UPGRADATION / RENOVATION

Your Company undertook renovation projects for certain key properties as per the ongoing product upgradation initiatives. The Taj West End, Bengaluru now features a fully renovated Health Club and Salon. The Lobby, Deli and Bar at The Gateway Hotel, Bengaluru have been upgraded and were opened to guests in May, 2012.

Some of the key hotels within the portfolio of subsidiary/ associate/ joint venture companies also underwent successful renovation programs during the last year. The ballroom of the Taj Coromandel, Chennai, has been upgraded with the infusion of the latest-in-design and technology. The hotel also dons an all new Health Club for guest comfort and delight. The renovated Trattoria, at Vivanta by Taj, President, a favorite 24x7 Italian restaurant of South Mumbai re-opened with a unique design modelled on an 'Italian Home' last year. At the Vivanta by Taj, MG Road, Bengaluru, the oriental restaurant, 'Memories of China' has been upgraded and re-opened to guests in February, 2013. At the Vivanta by Taj, Blue Diamond, Pune wellness areas are currently undergoing renovation and are expected to be operational in 2013-14. In continuation with the upgradation agenda for the Gateway Hotel, Ernakulam, the newly renovated Pan Asian restaurant and bar were unveiled in December, 2012.

Your Company, through one of its associate companies, has largely completed the upgradation works at Vivanta by Taj, Bentota, Sri Lanka including renovation of Guest Rooms, Coffee Shop, Bar, Lobby, and the poolside.

Taj Samudra Hotel, Colombo, Sri Lanka, the flagship property of one of the associate companies will be undergoing large scale renovations this year, wherein larger rooms will be introduced along with a Grand Presidential Suite and a Club Lounge. Key public areas such as the lobby, tea lounge and bar will also be renovated. As a first step to this renovation, two mock up rooms were executed during the year and have been approved by management for roll out in this year.

GINGER HOTELS

Your Company's subsidiary, Roots Corporation Limited, which operates hotels under the 'Ginger' brand, has 27 operational Hotels. Four properties have been added in Faridabad, Chennai – Vadapalani, Mumbai – Andheri East and Bengaluru – Koramangala. Further projects are at various stages of execution in Noida, Jaipur, Amritsar, Chandigarh and Greater Noida. Ginger Hotels had a year-end inventory of 25 owned / leased hotels in addition to 2 hotels under management contracts.

Ginger Hotels continues its pursuit of Operational Excellence through redesigned Guest Satisfaction Tracking System (GSTS), Voice of the Customer, mystery & internal audits.

WILDLIFE LODGES

Your Company's Joint Venture, Taj Safaris Limited, which operates four lodges in Madhya Pradesh at Bandhavgarh, Pench, Panna and Kanha National Parks, continues to provide distinctive experiences and informs the guests of the ecological settings of these National Parks & tiger habitat, while continuing to delight the guests.

JIVA SPA

The philosophy of our spas is rooted inherently in India's ancient approach to wellness. The ethos of our carefully recreated treatments is drawn on the rich and ancient wellness heritage of India; the fabled lifestyle and culture of Indian royalty and the healing therapies that embrace Indian spirituality.

Jiva Spa is an eco-sensitive brand. Hence, all spa products are natural and contain Indian herbs, pure essential oils, lipids, clays, mud, salts and flower waters all of a botanical source. Jiva Spa uses organic linen and eco-friendly toxin-free pottery.

In the year 2012–13, your Company launched three new Jiva Spas at Taj Club House, Chennai, Vivanta by Taj, Madikeri, Coorg and Vivanta by Taj, Gurgaon.

The Jiva Grande Spa at Vivanta by Taj, Madikeri has already got some great coverage in the Style Magazine of December, 2012. This is great positioning in one of the UK's most well read supplements. The article includes JIVA Spas at Vivanta by Taj Madikeri, Coorg and Vivanta by Taj, Bekal as a twin centered option, giving good exposure for both spas and positioning the spas as among the spas for the UK traveler.

Jiva Grande Spa at Vivanta by Taj, Bekal, Kerala has also won many awards and accolades including being cited as amongst the 'Top 10 spas in the world' by UK Sunday Times Style Magazine, 'Best New Spas in the World' by the US Conde Nast Traveller Hot List 2013. It was the only spa included in the list from India. It has also won the Best Destination/Resort Spa and as The Spa of the Year in the recently announced Indian Salon Awards 2013.

GUEST EXPERIENCE

Taj Luxury Hotels, International

Introducing new services while improving the ones existing and product upgrades lead your Company's hotels to offer their guests a truly memorable experience. Your Company launched a new "Royal Attaché Service" at The Pierre, New York. The service, started in July, 2012, promises guests at the hotel's 11 Grand Suites a high degree of personalized service. The attachés have been trained in India to deliver the most challenging guest requests in the most engaging manner befitting royalty. This programme has been very well received by the guests and media – New York Times ran an article on the programme in their Sunday's New York Times Travel section.

A new restaurant 'Sirio' also re-opened as an Italian Restaurant at The Pierre, New York. The formal opening took place in October, 2012.

Your Company's new hotel Taj Palace Marrakech in Morocco had a soft opening in November, 2012 with limited facilities. A formal dinner, on the Opening Night of the 12th Marrakech International Film Festival, was attended by key Bollywood personalities, 1500 other dignitaries including celebrities, socialites and key influencers from across the world.

Refurbishment of rooms at St. James and suites at 51 Buckingham Gate continued in a phased manner. Designed by Sabyasachi, the Cinema Suite was inaugurated by the Honorable Minister of Tourism Dr. Chiranjeevi in November, 2012. The suite has already won many accolades and rave reviews. Additionally, a new Director's Board Room has been created, soft refurbishment of Bistro restaurant was completed and Taj Khazana opened during the year in hotel.

The Indian Hotels Company Limited

Taj Luxury Hotels, India

Continued improvement in service levels and product upgrades has enabled your Company to achieve exemplary and all-time-high levels of customer satisfaction. The improved customer satisfaction indices were also endorsed by Mystery Audit conducted by Richey International, a company recognised as a world leader in the field.

This significant improvement in the guest experience was a result of a specific intervention sweeping across the hotels, touching everyone, with the objective of revitalizing and re-connecting with the Taj legacy and providing a deeper understanding of guest expectations and appropriate responses. This program that lasted for 4 years, touched every associate, several times, using various training techniques. The essence of the entire initiative of the Taj Service Philosophy was recently captured in a 30 minutes training film on PUSH FOR THE FINEST. Today passionate and sensitive service, tempered with a sense of giving, is the core competency of Taj and this gives us a strong competitive advantage.

As part of the planned product upgrade of the hotels, your Company's flagship hotel – The Taj Mahal Palace, Mumbai has refurbished three floors in the Tower wing. The Taj West End, Bengaluru opened the new gym, Beauty Salon and the hydrotherapy areas. At the Taj Coromandel, Chennai, the new Ballroom which opened in November, 2012 was well received by the city's discerning clientele.

With environment consciousness on the rise amongst our discerning guests, your Company's hotels have gone beyond statutory requirements and demonstrated their commitment to the environment by being certified by EarthCheck, a world leader in the field. Almost all the Taj luxury hotels are EarthCheck silver certified.

Vivanta by Taj

The Vivanta by Taj product and service experience is designed around the global, cosmopolitan, work-hard-play hard traveller seeking a vivacious, reinvigorating hotel experience. Your Company's 'Vivanta by Taj' brand promises a sensorial journey for the bon vivant or in simple terms for the new age urban sophisticate. It makes for a distinct brand experience which is gathering strong recall amongst the customers and pillared on inventive and imaginative brand experiences and destination hotels.

New Hotels and Resorts

Your Company launched 2 new Vivanta by Taj hotels in the year 2012–2013.

Vivanta by Taj – Madikeri, Coorg:

Perched on an idyllic hill-side nearly 4000 feet above sea level, Vivanta by Taj - Madikeri, Coorg is a private Eden on Earth. Seven kilometres from Madikeri town, Vivanta Madikeri is spread across a 180-acre rainforest with more than 250 flora species around it.

Vivanta Madikeri offers 66 rooms & villas with panoramic views from every room. The resort houses an amphitheatre, a conservatory, Pottery Studio, a restaurant serving traditional Coorg cuisine, a strawberry farm, a Buddha garden and unique Vivanta motif experiences. Vivanta by Taj - Madikeri also offers the Jiva Grande Spa, and indoor and outdoor swimming pools. The 30,000 sq. ft. spa & wellness space sports eight private treatment rooms with steam & showers, a relaxation deck, a wellness café and the Gudda bath (wood-fired bath in an outdoor pavilion).

The resort was launched with a live performance of grammy winning international band Deep Forest which also celebrated the "Deep India" album – a powerful collaboration between Deep Forest and maestro Rahul Sharma. As a part of the much awaited album, Deep Forest and Rahul Sharma have created a special track called Viva Madikeri – inspired by the Vivanta by Taj - Madikeri Coorg and its environs.

Unique Vivanta Motif experiences that are offered includes:

1. Backpacker Diaries – a private label adventure experience with Muddy boots that includes survival training. Forest walks, Nature trails, offsite tenting, Terrain biking, Bird trails.
2. The Gudda bath experience at the Jiva Spa – a hot wood fired bath overlooking the rainforests.
3. The 2500 square feet Pottery studio and Earth Craft in partnership with Clay Station, which teaches ceramic art exploration and expression, Raku workshops (developed by early Japanese potters).
4. The "Tales from Madikeri" host table with Dr. Belliappa the noted historian of Coorg.
5. The Vivanta Coorg Conservatory – a living chronicle of the land of Kodavas.

6. Prayer session at the Bylakuppe Monastery.
7. Alternative dining experiences – Nook Dining at the Buddha Garden, 101 Candles dining at the Amphitheater, Gazebo dining, Sundowners at the Outdoor Celsius (Poolside) area.
8. Private label line of Coffee with Tata Coffee and unique cocktails – the Coorg Coffee Martini (Vodka shaken with Coorg Coffee and Kahlua) and Jappleini (Gin shaken with fresh lime juice and homemade strawberry purée made from strawberries picked from the organic garden) at the Hive Bar.
9. Chef's Table and cookery swapshop.
10. Bird Trail and the star birds compilation (Flights of fancy) with the ornithologist of Madikeri – Dr. Narsimhan

Your Company's resort has received a lot of positive reviews with some notable wins like Conde Nast Traveler UK Hotlist Best hotels listing, Mary Gostelow's Girlhead.com, Sunday Times, the Telegraph, Voyager's travel and extremely enthusiastic feedback from the leading international operators and DMCs including Greaves. This has also seen Coorg being heralded in international markets like UK, Germany, France and the US.

Vivanta by Taj – Gurgaon, NCR:

Your Company launched its first hotel in the heart of India's millennium city Gurgaon; Vivanta by Taj – Gurgaon, NCR is an urban cocoon. A metropolitan marvel with distinctive design and edgy spaces, it seeks to redefine relaxed luxury. The lofty facade is inspired by the "Jalis" of Indo-Islamic architecture, beautiful latticework that diffuses the sunlight to create an aura of comfort. The careful mix of glass and stone builds the impression of a sharp, yet beautifully robust, structure.

Keeping the next-gen business traveler in mind, Vivanta by Taj – Gurgaon welcomes guests with a grand triple-height lobby, flooded with natural light. The lobby opens up into a breathtaking courtyard, while sunlit double-loaded corridors incite a feeling of warmth on the way to each of our 208 plush rooms. Every room in the hotel is laid out with stylish Merbau and Oak Wood flooring equipped with a grand all-day diner – Latitude, signature restaurants including the iconic Thai Pavilion, the Tease bar and its "live vibe" alfresco spaces, a deli, state-of-the-art meeting facilities, large banquet halls, an energizing Jiva Spa and unique Vivanta Motif experiences, Vivanta by Taj – Gurgaon promises imaginative hospitality with a keen twist.

Unique Vivanta Motif experiences that are offered includes:

1. Live musicals on a grand stage, food boulevards and an exclusive "behind the scenes" peek at the larger than life 'Kingdom of Dreams', a destination in itself at Gurgaon.
2. Vivanta Trails with Tallis – Hunt for a new experience or discover an alternative life in Delhi with the Vivanta trails in association with Tallis & Co. This ranges from a stint at Kabootar Baazi or Pigeon Flying inside the lanes and by-lanes around Jama Masjid to a farming experience at a 300 acre private farm or a trip to the hot springs of Sohna situated in the foothills of the Aravallis or maybe a trip to the Sultanpur bird sanctuary.
3. Carpe diem with the Vivanta Instalife project which lets the guests experience various facets of the city and its life through experimental analog cameras.
4. Sample the best of Delhi's street food with the Yellow Line metro menu that recreates some of the best street food to be had from HUDA chowk to Chandni Chowk, in petite bites.
5. Savour master mixologist Atilla Iskifoglu's tribute to Gurgaon with his 6 signature cocktails, namely Skyscraper, Gurgaonpolitan, Healthy City, Back to the Future, Huda Hub and Electric Avenue.
6. Themed Tea parties at the Glass House.
7. Jet Alleviation treatment called Jagr, for corporate jet setters flitting through time zones, looking for a quick remedy to ease their jet lag.

The hotel featured as one of the mainline stories in T&L as also hit the headlines as the 100th Taj Group hotel in India.

Food and Beverage

Your Company's brand has also commenced certain critical renovations / new introductions, as also created unique dining experiences within existing / new properties so as to enhance guest experiences in line with the brand promise.

The Indian Hotels Company Limited

Renovations and launches

- The renovation and the launch of the Trattoria in its spanking new avatar at Vivanta by Taj – President.
- Chinapolis – New Chinese restaurant at Vivanta by Taj - Trivandrum.
- The renovation and re-launch of Memories of China at Vivanta by Taj – M.G. Road, Bengaluru.
- Launch of By the Bay restaurant at Vivanta by Taj - Bekal.
- Lutyen's Lounge at Vivanta by Taj - Ambassador.
- The re-launch of the Whispering Bamboo as a Chinese restaurant at Vivanta by Taj – Blue Diamond, Pune.

Launch of the signature Fuse 2.0 Cocktails

Your Company's brand saw the rollout of 6 signature cocktail drinks across all the Vivanta by Taj Hotels and Resorts. The launch event held in association with Canali and GQ was held at Mumbai, Hyderabad, Bengaluru and now would move into Vivanta by Taj – Gurgaon at Delhi.

The brand also saw a launch of new refreshed designs for toiletries and the new uniforms by Raghavendra Rathore across Vivanta by Taj Hotels and Resorts in a phased rollout fashion.

Unique Customer and Employee Engagement Experience

The Sounds of Coorg project at Vivanta Madikeri was an interesting innovation whereby an interactive microsite and gallery was created for employees to post the unique sights and sounds of Coorg and its rainforests. This project has now been taken to be a customer facing blog-site cum micro-site to talk of Vivanta Coorg's Rainforest Insider and its experiences and would be an industry first when launched (www.soundsofvivantacoorg.com)

The Gateway Hotel

Your Company's Upscale brand, 'The Gateway Hotel', continues to offer highest consistency in quality, service and style, provide warm welcome and crisp & courteous service. The Brand launched various initiatives for enhanced guest experiences.

Food & Beverage Initiatives

Various Food festivals were organised at Gateway Hotels which covered cuisines from Rajasthan, Awadh, Moplah, Bundelkhand, Kashmir etc.

'Home Food by Home Makers @ Gateway Hotels' was launched with guidance by local home makers in authentic style on offer at every location across India resulting in better guest experiences and excellent media coverage as well.

'Chef's Hat @ Gateway', based on the concept of "Co-creating with the customer", was initiated through special trollies designed exclusively for Interactive Cooking and positioned in the Coffee Shop creating an environment to mix and match the flavours allowing resident guests to indulge in inventing a new dish of their choice.

'Active Food' program was introduced with focus on whole grains and refined starch free products for breakfast and 'Grain of the Day' focusing on high fibre products with Ragi, Bajra, Jovar, Quinoa, Amaranth, broken wheat etc. It also included 'Wake-up' breakfast with newly sourced grains with innovative dishes.

Marketing Initiatives

Your Company's brand launched 'Revolutions – the Freedom Series', a movement celebrating artists who have left an indelible mark on culture and changed the world around us through their contribution to the visual or performing arts and literature. In association with Rolling Stone, Gateway Hotels kick-started 'Revolutions' with a tribute music concert to Bob Dylan at the swank new Sphyr Bar at Gateway Hotel, Bengaluru. The Series gained popularity with 'Revolutions' concerts in Gateway Hotels at Nashik, Ahmedabad, Agra and Jodhpur. The Series was promoted with an extensive marketing campaign across traditional and social media and launch of a range of Revolutions merchandise, with success reflected in over 18,000 Gateway Revolutions shares on Facebook.

Your Company re-launched The Gateway Hotel, Bengaluru post renovation and re-established the hotel's position as the preeminent Business Hotel of the garden city offering the highest standards of quality, service and style to business travellers seeking smarter choices. The launch event, in August, 2012, highlighted a newly-renovated contemporary lobby with a new Deli, Sphyr – the swank new bar and lounge with alfresco seating and spirited embellishments to the institution that is Karavalli and was a grand success with guests and media alike.

The Gateway Hotel, Ernakulam launched Gateway's newest bar Swirl and Pan-Asian restaurant Sian serving Szechwan cuisine with selections of Thai and Japanese, live Teppanyaki and a sushi bar. The launch was announced with a press conference and marketing campaign across national in-flight magazines, press, hoardings and radio.

Renovation Update

In addition to the renovations at The Gateway Hotel, Bengaluru and The Gateway Hotel, Ernakulam, the following renovations were completed during 2012-13:

- The Gateway Hotel, Varanasi – Coffee Shop re-launched in August 2012.
- The Gateway Hotel, Nasik – Refurbishment of Pancharatna, speciality restaurant was re-launched in April 2012.
- The Gateway Hotel, Agra – Renovation of guest bathrooms completed in September 2012.
- The Gateway Hotel, Coonoor – Renovation of guest bathrooms completed in December 2012.
- The Gateway Hotel, Madurai – Renovation of guest bathrooms completed in March 2013.
- The Gateway Hotel, Calicut – Renovation of the Ayurveda Spa

SALES & MARKETING INITIATIVES

Preferred destination of Heads of States:

Taj has had a legacy of welcoming world guests over 100 years. Taj hotels have historically played the perfect host to the world's eminent leaders, celebrities and royalty. Some of the Heads of States that we played host to in 2012/13 are:

- HE Julia Gillard, Prime Minister of Australia, The Taj Mahal Hotel, New Delhi
- HE Khalifa bin Salman Al Khalifa, Prime Minister of Bahrain, Taj Falaknuma Palace, Hyderabad
- HE Daniel Kablan Duncan, Prime Minister of Côte d'Ivoire, Taj Palace, New Delhi
- HE Francois Hollande, President of France, The Taj Mahal Palace Mumbai, Taj Palace, New Delhi
- HE Mohammed Waheed Hassan, President of the Maldives, Taj Palace, New Delhi
- HE Thein Sein, Prime Minister of Myanmar, The Taj Mahal Hotel, New Delhi
- HE Juan Carlos I, King of Spain, Taj Mahal Palace, Mumbai
- HE Mahinda Rajapaksa, President of Sri Lanka, Taj Palace, New Delhi
- HE Emomali Rahmon, President of Tajikistan, Taj Palace, New Delhi
- HE David Cameron, Prime Minister of UK, The Taj Mahal Palace, Mumbai, Taj Palace, New Delhi
- HE Hillary Rodham Clinton, Secretary of State USA, Taj Palace, New Delhi, Taj Bengal, Kolkata

Relaunch of Surprises campaign

Based on the success of the Surprises campaign in the last 3 years we relaunched the Surprises campaign for the period April – September 2012 as well as Winter 2012 with an objective to drive SpendPAR during the low demand period and reward loyalty. The focus is on boosting demand, enhancing capacity utilization and ancillary revenues with unique value propositions for the customers. The various initiatives undertaken for this campaign are Flexi Credits, Suite Celebrations, Stay a Bit Longer. The promotions were supported by innovative marketing campaigns which assisted in retaining market share.

Taj Holidays

We continued to drive focus for the resort destinations for domestic travelers through the Taj Holidays platform in line with our strategy to drive domestic dominance. Given our extensive presence in key resort destinations, we adopted a destination led approach that we supported through an integrated marketing campaign. We commissioned NDTV for a 5 part holiday destination series called "NDTV Good Times Discover India with Taj" which covered Jodhpur, Nilgiris, Bekal, Taj Safaris and Taj Falaknuma Palace.

Taj SME Program

In line with our strategy to garner a larger domestic market share a partnership on the Small & Medium Enterprises product with American Express was launched. The objective is to increase penetration and loyalty for the Taj Group amongst the large base of SME customers in India targeting existing Amex SME customers and also drive new acquisitions.

Taj InnerCircle

Taj InnerCircle continued to grow as the most preferred hotel loyalty program in the region. Taj InnerCircle is also highly awarded and has won several people's choice awards including the Freddie Awards for the Best Hotel Loyalty program in Asia/Oceania/ Middle East and the Best Loyalty Program by Conde Nast Travellers India in 2012.

The Indian Hotels Company Limited

Corporate Brand Book

In continuation with the Brand architecture roll out process, we launched the brand book aimed towards customers. A journey into all our brands, this book takes our guests through various aspects of the brand promise and delivery, what each brand stands for and also how each brand is different. Disseminated to our key guests, this brand book is an important tool for deeper understanding of our brands.

Weddings Focus

We undertook a strategic initiative targeted towards retaining and growing our market share of the luxury weddings segment in India. A new identity "Timeless Weddings at Taj" was created which encompasses weddings, renewal of vows, anniversaries, honeymoons and more. The initiative has been implemented by a specialized team and includes sales, marketing and promotion activities for customer outreach and engagement such as consumer research, familiarization trips for affiliated industry, partnerships with segment specialists and round tables, Weddings brochure, participation in tradeshow and key partnerships such as Vogue Wedding Fair.

Taj Hotels Resorts and Palaces (Luxury hotels)

- **Taj Royal Attache**

The Pierre in New York launched the Royal Attache Service in June 2012 in order to enhance its luxury positioning and Suite sales. A team of Taj Royal Attaches, all with extensive experience assisting royalty, Heads of State and CEOs from around the world, offer warm, intuitive, palace-style services to Grand Suite guests at The Pierre, a Taj Hotel. The concept was launched through focused client activities and is being publicized widely via a PR thrust across top Indian and international media. The Taj world renowned service has always been a major differentiator and through this service larger brand stories have been pegged in the international markets.

- **Kids@Taj**

This program focus on the young travelers at the Taj. Kids@Taj showcases a series of learning experiences and back of the house activities for the children. Special amenities like their own check in, special turn down, own key card, toiletries and kids menu are the key pillars for this program. The kids' passport – a unique concept for cross sell and loyalty for kids has also been launched as a part of this program. Launched across key international hotels so far, this program will further boost our family stay business at the hotels.

- **Customer Engagement Activities**

We continued to build engagement with key customers in India with a series of brand building events and promotions continuing with our strategy to garner a larger share of the growing domestic market and maintain our market positioning. These events saw a high profile turnout of celebrities and key international media reinforcing our positioning of our Grand Palaces as one of the most glamorous destinations in the world.

- **Taj and Rambagh Palace** benefited from a successful PR campaign held in Mumbai and New Delhi around the unveiling of a new coffee table book on Rambagh Palace. As a special tribute, the events also featured a curated show of limited edition rare photographs of Rajmata Gayatri Devi proceeds from which went to the Maharaja Sawai Jai Singh Benevolent Trust.
- **Jodhpur One World** - The Taj group played a key role in the Jodhpur One World, held at Jodhpur from 8th March to 10th March. Designed as a three day festival of culture and music, art and spirituality, thought and dialogue, the event featured a music performance by Sting and an auction to benefit the Indian Head Injury Foundation.
- We continued our association with **Polo** and also brought it to our Mumbai and Delhi audiences. The Jodhpur polo season was flagged off with an event at Taj Lands End Mumbai. In Delhi we partnered with the Indian Polo Association, for brand visibility on the Polo Grounds for select matches.

Vivanta by Taj Hotels & Resorts

- **The Vivanta by Taj brand** continued its initiatives to build the growing brand with unique **Vivanta Avatars** such as Divas of Rock, urbanFOLK and Barn Fest which are brand properties running successfully for 2 years now. Each of these events has been taken across several Vivanta cities and has met with extremely robust response from the audience, media and social media helping us build the brand and enhance customer engagement.

The Gateway Hotels & Resorts

- Launched Gateway Revolutions – the Freedom Series, a movement celebrating artists who have left an indelible mark on culture and changed the world around us through their contribution to the visual or performing arts and literature as the platform for customer engagement through unique experiences. The event travelled to Gateway Hotels in Bengaluru, Nashik, Agra, Ahmedabad and Jodhpur in 2012–13, organized as a series of ticketed events and festive packages.
- Active Foods by Gateway – An extensive campaign marketing Gateway's Active Food (high-fibre, low glycaemic value and packed with antioxidants and phytochemicals) to highlight the innovative cuisine was conducted through brand activation across all hotels supported by a media campaign as well as social media engagement.

ENVIRONMENTAL INITIATIVES

Over the last 9 years, your Company has been reporting its Environment approach and initiatives under Corporate Sustainability Report to the United Nations Global Compact (UNGC) and Global Reporting Initiative (GRI), based on international reporting guidelines "Global Compact" which lays down 10 key principles to specifically address issues in the areas of human rights, labour, corruption and the environment.

This year your Company will submit its 10th Corporate Sustainability Report to UNGC and GRI as per its reporting cycle in September, 2013. Over the last 3 years our Corporate Sustainability Report has been awarded an "A+" grading signifying highest levels of disclosure & transparency. This year in a self initiated tightening of performance standards, we have decided to report our performances as per the GRI – G3 Advanced level reporting guidelines. Your Company also continues to voluntarily participate in the globally recognized CDP (Carbon Disclosure Project) in line with its commitment to Climate Change Principles.

Energy Management

Your Company regularly measures and records its direct and indirect emissions of Green House Gases, water consumption and reuse, as well as waste generation and disposal. We are conscious of our environmental impact across our operations and strive to reduce consumptions. This year our total energy consumption i.e. Direct + indirect energy use was 2,109,850 GJ.

All our hotels participate in the globally recognised 'EarthCheck' benchmarking and certification system. EarthCheck certifications are a result of extensive on-site assessments and audits by third party /independent Environmental Assessors' - mapping indicators ranging from energy & water consumption, waste management to sensitivity exhibited vis-à-vis social and cultural dimensions in all areas of hotel operations. 60 of our hotels have been certified EarthCheck 'Silver' over last 3 years. We are proud to share that 9 hotels will become eligible for GOLD certification which will be a world first.

As we continue to bring about energy efficiencies in our operations, we also strive to substitute our energy consumptions with increased component of renewable energy. Last year 7.76% of our total energy consumption was from renewable sources. Several of our hotels have tie-ups with wind, hydro energy providers; generate own solar energy. Our hotels have consistently increased use of renewable energy year-on-year.

Water Management

Our hotels work on effective water management through reuse, recycling and rain water harvesting. 33 hotels this year have attained the status of zero water discharge into municipal sewers – which means that we completely use all the water we draw into the system, without any wastage. 17 hotels have systems for rain water harvesting.

Waste Management

We ensure that our 'E-waste', glass and pet bottles are disposed off through Government approved vendors for responsible recycling. Additionally, kitchen waste management is done through installation of biogas plants & vermi-composting by several of our hotels, to recycle waste generated from kitchen & horticulture.

Safety

Safety is now an integral part of the culture at the work place. We continue to improve our safety standards to maintain high awareness levels. Regular training to all associates is provided. We have engaged with Tata Consulting Engineers to conduct Safety Audits with a scoring system to assess performance of each hotel. Year-to-date safety audits have been conducted for 63 hotels in India. We will soon be implementing the same at our international hotels.

The Indian Hotels Company Limited

BUSINESS EXCELLENCE

Winning the JRDQV Award through adoption of the Tata Business Excellence Model

Your Company has won the prestigious and coveted JRDQV Award this year. The award is conferred on companies scoring at least 600 out of a maximum score of 1,000.

Each company writes an application in which it describes what job it does and how it does the job in the context of the criteria set by TBEM. This application is then “assessed” by trained TBEM assessors who study the document, visit the company and interact with its people, draw out the strengths and the improvement opportunities, and then provide feedback to the leadership team. An in-built scoring mechanism enables the company to track its progress over time and ensure that it keeps improving.

Your Company has diligently pursued business excellence by adopting the Tata Business Excellence Model (TBEM) both in letter and spirit. The process demands a certain discipline and the results of the assessments are very useful to the company leading to process improvements, new initiatives and enterprise wide improvement and innovation projects and ensuring enhanced focus on Climate Change, Innovation, Corporate Governance and Safety.

Internal TBEM Blitzes are conducted at hotels, to assess process readiness and drive improvements, establishing synergies across hotels and regions and associates are trained on quality improvement methodologies and problem solving tools to equip associates with the skills required to improve processes that they work with, thus preventing recurring issues or breakdowns of service and impacting guest satisfaction scores positively.

Balanced Scorecard enables Data Driven Decision making

Your Company has installed automated Balanced Scorecards across all hotels, key corporate functions and at the Enterprise level. With more than 100 scorecards and 1500 users across hotels, the BSC system allows managers across levels to access data and information relevant to role and responsibility, enabling decision making.

The data for these measures are updated automatically through integration with legacy hotel systems across the functions, translating the organization’s strategic plan into the “marching orders” for the organization on a daily basis.

Customer Driven Excellence

Your Company is continually looking at strengthening its focus on Customer Centricity. Initiatives to gather more feedback from guests, data mining, identification of improvement opportunities are uniformly deployed across hotels, reflecting in process and product improvement.

Guest feedback is used in conjunction with feedback from mystery shopper audits to align guest expectations and performance on products and services to build guest delight.

HUMAN RESOURCE (HR) INITIATIVES

Recognition of People Practices:

Gallup Great Workplace Award

The Gallup Great Workplace Award is awarded to companies for creating a highly engaged workplace culture and the results are decided by the Gallup Organisation, after analysing teams and organisation across the world.

Your Company was declared the winner of the Gallup Global Great Workplace Award for the fourth time in succession. Taj is among the 27 distinguished organisations from across the world and the only organisation from India which has been selected for this award.

The Great Place to Work award India’s Best Companies to Work For

Your company was also awarded The Great Place to Work award India’s Best Companies To Work For. This study in its 10th year received overwhelming response with more than 500 organizations registering to participate making it the largest such study in India. Only 100 made it to the Best Workplaces List, making this list the gold standard of best workplaces.

We are delighted to inform you that your organization is being recognized as:

- India’s Best Companies To Work For 2013 - Top 25
- Among Industry Best
- Among Best in Large Organizations [more than 10,000 employees]

E-learning and Distance Learning

The thrust on e-learning and distance learning continued this year. Our tie ups with leading learning content providers such as Skillsoft, eCornell, Harvard Manage Mentor, Glion, American Hotel & Lodging Education Institute has brought world class learning and content to managers across the Taj Group.

Leadership Development

In pursuance of the organization's objective of building a sustainable, high quality pool of leaders to support the strategic growth plans of the company, your organisation has instituted multi-tiered Leadership Development programmes. In the previous year, the organisation had launched a customised leadership development programme for its top management which has been carried forward in the current year. The Management Committee of your Company had participated in the 1st phase of the Leadership programme in the previous year and have completed two more phases in this year. In addition, similar programmes have been launched for the next two management levels.

Talent Development

With the intent of developing talent at all levels, the organization has launched a 360 degree feedback system for its mid-level managers. More than 100 managers have been covered in this quarter and will be taken through structured development inputs based on the same.

Initiatives for Efficient Workforce Cost Management

Minimal addition to Workforce:

Your organisation has launched a continuous drive to optimise productivity and enhance efficiency especially in terms of workforce. As in the previous few years, new hirings have been kept at a minimum and most new positions have been filled with internal redeployment. Through careful scrutiny of vacant positions and selectively closing critical positions at all levels, your company has achieved further improvement in manning standards. This initiative has assisted in achieving operating efficiencies and resulted in enhancing overall productivity levels within the company.

Filling positions in new hotels through internal redeployment:

This initiative of redeploying existing and trained workforce from current hotels to new openings was continued during this year. Staff has been redeployed into new hotels in Delhi NCR area, Kolkata, Chennai, Bengaluru, Coorg and other new hotels.

RISKS & CONCERNS

Industry Risk

General economic conditions

The hospitality industry is prone to impacts due to fluctuations in the economy caused by changes in global and domestic economies, changes in local market conditions, excess hotel room supply, reduced international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other social factors. Since demand for hotels is affected by world economic growth, a global recession could also lead to a downturn in the hotel industry.

Socio-political risks

In addition to economic risks, your Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities, etc. which may affect the level of travel and business activity.

Company specific Risks

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

The Indian Hotels Company Limited

Overseas Investments

The Company has made significant investments in hotel assets in the USA as also in acquiring a stake in an international hotel chain. Such investments are longterm and strategic. Because of a slow down in the overseas markets as well, such investments will need to be nursed over a longer gestation period.

Heavy Dependence on India

A significant portion of your Company's revenues are realised from its Indian operations, making it susceptible to domestic socio-political and economic conditions. Moreover, within India, the operations and earnings are primarily concentrated in hotel properties in five cities.

Dependence on the high-end Luxury segment

Luxury hotels contribute a significant proportion of the total revenue and earnings of your Company. This segment is affected by the international events and travel behaviour and suffers from high operating leverage. Adverse development affecting these hotels or the cities in which they operate could have a materially adverse effect on the Taj Group.

Competition from International Hotel Chains

The Indian subcontinent, South East Asia and Asia Pacific with high growth rates have become the focus area of major international chains. Several of these chains have announced their plans to establish hotels to take advantage of the demand supply imbalance. These entrants are expected to intensify the competitive environment. The success of Taj Group will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, brand recognition, service level, convenience of location and to a lesser extent, the quality and scope of other amenities, including food and beverage facilities.

Increased outbound travel

Recent competitiveness in international airfares and strengthening financial health of Indian people resulted in destinations like Europe, South East Asia and Australia becoming more affordable to the average Indian traveller. This has increased outbound travel and presents a risk to the domestic segment for leisure resorts.

High Operating Leverage

The industry in general has a high operating leverage which has further increased with on-going renovations and product upgrades. However, it has been observed that your Company has been able to earn higher revenues with acceptance of its products in the market and improved RevPAR (revenue per available room).

Foreign exchange fluctuation risks

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

Risk Mitigation Initiatives

Your Company employs various policies and methods to counter these risks effectively, as enumerated below:

Your Company has implemented various security measures at all its properties which inter alia include screening of guest's luggage, installation of metal detectors etc. to counter the security risk.

Foraying successfully in the mid-market segment, your Company counters the risk of dependence on the high end luxury segment. The Company through its subsidiary Roots Corporation Limited is also increasing its presence in 'Budget Hotel' segment under the brand 'Ginger'.

By extensively improving its service standards, as also renovating and repositioning all its key properties under new brands 'Gateway' and 'Vivanta by Taj' your Company counters the risk from growing competition and new properties. Further, it gains operating and financial leverage, by expansion through management contracts and leveraging the strengths of its Associates.

Foreign currency exposures and hedges are closely monitored by your Company in consultation with its advisors. Net exposures, including those from derivative instruments, are kept at acceptable levels and within overall limits approved by the Board, which are subject to regular reviews.

Internal control systems and their adequacy

Your Company has in place an adequate system of internal controls, with documented procedures covering all corporate functions and hotel operating units. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies & procedures issued by the Management covering all critical and important activities viz. Revenue Management, Hotel Operations, Purchase, Finance, Human Resources, Safety, etc. These policies & procedures are updated from time to time and compliance is monitored by Group Internal Audit. The Company continues its efforts to align all its processes and controls with global best practices.

The internal audit process, through its unique 'Taj Positive Assurance Model', which is an objective methodology of providing a positive assurance based on the audits of operating units and corporate functions, is a convergence of Process Framework, Risk and Control Matrix and a Scoring Matrix. A framework developed for each functional area identified on the basis of an assessment of risk & control as also providing a score, allowing the Unit to improve on high risk areas.

The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational unit and all major corporate functions under the direction of the Group Internal Audit department. The focus of these reviews is as follows:

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

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

OTHER INITIATIVES

Taj Public Service Welfare Trust

Your Company established the Taj Public Service Welfare Trust (The Trust) after the 26/11 terror attack in 2008. The Trust received support from well wishers in India and abroad in this year as well.

The Trust continued its program implementation on the "Building Sustainable Livelihood" approach, thus ensuring that the disaster affected families become self sustainable in a structured manner. Shared below is a gist of the program wise families supported in this year to achieve this objective.

No. of Families Supported

Program	26/11 terror attack	13/7 Mumbai Bomb Blast	Total
Short term programs			
Monthly sustenance	9	58	67
Medical support	23	13	36
Long term rehabilitation			
Education	64	24	88
(number of students)	133	39	172
Pension to the elders	19	2	21
Micro enterprise & support to pursue a vocational course	14	7	21

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During this year, at **ITI Lonavla**, the Centre of Excellence for Hospitality Skill Training, the hostel and set up of a new workshop to provide short term vocational skill training courses with support from other TATA group companies. The State Government of Maharashtra approved curriculum of four hospitality short term courses designed by IHM – Aurangabad. Vocational courses set up in the new workshop are with TATA Housing (shuttering carpentry skills required in the construction industry), Croma (skills for retail industry), Taj Salon (skills for beauty industry – girls only), Voltas (skills for A/C service engineers) and Inditravel (soft skills for chauffeurs). These facilities will make employable per annum over 1200 youth coming from disaster affected and socio economically deprived families.

In September, 2012, the Taj Palace Hotel in Delhi again conducted the charity fund raising event called “Black Tie” and raised ₹ 36 lakhs. In consultation with Army HQ in Delhi, this fund is being used to set up four residential quarters at the Paraplegic Rehabilitation Centre in Mohali. This will allow jawans of the Indian Armed Forces who have become Paraplegic in the line of duty to get a dignified place to stay. A part of this fund will be used for these Paraplegic jawans to support higher education of their children or to assist them set up a micro-enterprise to become self sustainable etc.

The Trust initiated its response to support families affected by the disaster in the Sunderbans region of West Bengal. With the support of its NGO partner, 202 families have been identified for restoration of their Livelihood options. These families have an average monthly income of ₹ 1500 p.m. and includes 242 malnourished children. The livelihood option will ensure that these affected families have a regular source of income to become self sustainable as well as improve the health of their children.

Management Discussion and Analysis of Operating Results and Financial Positions

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

Results of Operations for the year ended March 31, 2013

Standalone Financial Results

The following table sets forth financial information for the Company for the year ended March 31, 2013

Particulars	Year ended	
	March 31, 2013	March 31, 2012
Income		
Sales & Other Operating Income	1,875.86	1,808.73
Other Income	48.93	55.99
Total Income	1,924.79	1,864.72
Expenditure		
Consumption of Raw Materials	164.08	152.87
Employee Benefits Expense	476.73	471.38
License Fees	127.69	119.11
Fuel, Power and Light	157.25	132.92
Depreciation/Amortisation	125.02	113.90
Other Expenditure	545.70	526.52
Total Expenditure	1,596.47	1,516.70
Profit before Finance Cost and Tax	328.32	348.02
Finance Costs	105.20	111.99
Profit before Tax and Exceptional Items	223.12	236.03
Exceptional Items	(432.91)	(6.11)
Profit / (Loss) before Tax	(209.79)	229.92
Provision for Tax (Including for earlier years)	66.82	118.19
Add: MAT Credit	-	33.62
Profit / (Loss) after Tax	(276.61)	145.35

₹/crores

Revenues

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

Particulars	Year Ended		% Change
	March 31, 2013	March 31, 2012	
Room Income	889.25	883.27	1
Food, Beverage & Banqueting Income	732.37	684.13	7
Other Operating Income	254.24	241.33	5
Non-Operating Income	48.93	55.99	(13)
Total Income	1,924.79	1,864.72	3
Statistical Information			
Average Room Rate (₹)	9,504	9,469	-
Occupancy (%)	63	65	(2)

- Room sales showed a marginal growth over previous year, the increase was mainly due to Vivanta by Taj - Yeshwantpur, Bengaluru, being operational for the entire period in the current year.
- Food & Beverages Income grew by 7% over previous year, mainly due to increase in restaurant sales and banqueting business.
- Other Operating Income constitutes mainly of income from Management Fees, Laundry, Spa & Health Club, Telephone, Business Centre Rents, etc. Other Operating Income was higher than previous year by 5 %.
- Non-Operating Income was lower than the previous year, essentially due to significantly higher dividends from Mutual Funds on investment of temporary surplus funds in the previous year.

Operating Expenses

The operating expenses increased by 5% from ₹ 1516.70 crores to ₹ 1596.47 crores. While the increase in variable operating costs was due to increase in volume, licence fees increased due to full year impact of upward revision in fee for Taj Mahal Hotel, Delhi in the previous year. Fuel, Power and Light expenses were also higher than the previous year due to abnormal increase in tariffs across the country.

Depreciation for the year increased from ₹ 113.90 crores to ₹ 125.02 crores as in the previous year it was lower due to a one time reversal of excess depreciation charged on the damaged assets for the period, post the terror attack at Taj Mahal Palace, Mumbai. It was also higher on account of incremental depreciation charge for Vivanta by Taj- Yeshwantpur, Bengaluru which was operational for the entire period in the current year and the ongoing renovations at the hotels.

Finance Costs

Finance costs for the year ended March 31, 2013, at ₹ 105.20 crores, net of currency swap gain, was lower than the finance cost of the preceding year by ₹ 6.79 crores due to retirement of debt during the current year.

Profit Before Tax & Exceptional Item

Profit before Tax & Exceptional Item at ₹ 223.12 crores was lower than the previous year by 5% primarily on account of higher expenditure on Power & Fuel and higher depreciation.

Exceptional Items

Over a period of time the Company has made long term strategic investments, either directly or through its overseas subsidiaries, which are being carried at "cost" in its financial statements. Selectively, some of these investments have witnessed a decline in the fair value and consequent erosion in net worth on account of the global recessionary conditions that have continued unabated in recent years. Thus, it was considered prudent to recognize a diminution in the value of the investments, other than temporary, in select entities for an amount of ₹ 373 crores. This covers a diminution of ₹ 305 crores in the Company's investment in Taj International Hotels (HK) Ltd (a Wholly Owned Subsidiary), which in turn holds

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investments in the Company's various international entities, including Orient-Express Hotels Ltd. In addition, a diminution other than temporary of ₹ 68 crores has been recognised in the Company's investments in BJets Pte Ltd. The Company will continue to monitor the performance of these assets on a periodic basis.

The Company has created a provision of ₹ 27.55 crores, to satisfy the obligations of BJets Pte. Ltd, an associate company, currently under restructuring.

An amount paid of ₹ 23.11 crores (including interest ₹ 17.97 crores) has been accounted for towards a satisfactory settlement of a dispute that was under arbitration for over 25 years.

Profit before Tax

Profit before Tax decreased by 191% from ₹ 229.92 crores to ₹ (209.79) crores.

Profit after Tax

Profit after Tax decreased by 290% from ₹ 145.35 crores to ₹ (276.61) crores.

Cash Flow Data

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Net Cash from operating activities	332.02	448.62
Net Cash used for investing activities	(233.81)	(468.09)
Net Cash used for financing activities	(86.27)	(47.93)
Net Increase / (Decrease) in Cash and Cash equivalents	11.94	(67.40)

₹/crores

Operating Activities

Net cash from operating activities was lower at ₹ 332.02 crores vis-à-vis ₹ 448.62 crores in the previous year due to settlement of arbitration claim and wage settlements and higher outflow of tax during the current year.

Investing Activities

During the year under review, the Company incurred ₹ 142.41 crores towards capital expenditure, the majority of the expenditure having been incurred on projects at Vivanta by Taj hotels at Dwarka and Guwahati.

Financing Activities

During the financial year 2012-13, the Company had received balance amount of ₹ 373.10 crores, as the option to convert the Warrants were exercised by Tata Sons Limited. The Company allotted 4.80 crores Equity Shares (at a price of ₹ 103.64 per share) against conversion of Warrants into equity to Tata Sons Limited. The Company also raised ₹ 200 crores of debt by issue of 2% Unsecured Non-Convertible Debenture with a yield to maturity of 9.75%. The Company however repaid the external commercial borrowings of US\$ 30 million and fixed deposits of ₹ 283.95 crores during the year.

Certain Financial Ratios for Standalone Financials Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.43	0.44
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Reserves)	0.75	0.79

Consolidated Financial Results

Your Company has consolidated its Financial Statements with those of its Subsidiaries, Joint Ventures and Associates (together referred as 'Group Companies' or 'Group') in accordance with Generally Accepted Accounting Principles prevailing in India. The Consolidated Statements include the financial position of Subsidiaries on line by line basis, Jointly Controlled Entities on a line by line basis to the extent of proportionate holding and Associates by applying equity method of accounting.

The following table sets forth the Consolidated Financial results for the year ended March 31, 2013

₹/crores

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Income		
Sales & Other operating income	3,743.36	3,443.52
Other Income	60.16	71.38
Total Income	3,803.52	3,514.90
Expenditure		
Consumption of Raw Materials	381.55	362.57
Employee Benefits Expense	1,271.75	1,148.77
License Fees	197.11	175.10
Fuel, Power & Light	288.80	245.68
Depreciation	288.42	255.07
Other Expenditure	1,066.51	966.15
Total Expenditure	3,494.14	3,153.34
Profit before Finance Cost and Tax	309.38	361.56
Finance Costs	170.74	212.47
Profit before Tax and Exceptional Items	138.64	149.09
Exceptional Items Gain/(Loss)	(430.43)	(1.52)
Profit / (Loss) before Tax	(291.79)	147.57
Provision for Tax (incl. for earlier years)	98.96	121.75
Profit / (Loss) after Tax	(390.75)	25.82
Profit attributable to Minority Interest	(40.86)	(38.40)
Share of Profit of Associates	1.37	15.64
Profit / (Loss) after Tax	(430.24)	3.06

Revenues:

The Company, its Subsidiaries and its Jointly Controlled Entities (the Group) are primarily engaged in the business of Hoteliering.

₹/crores

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Hoteliering	3,498.17	3,162.02
Others	245.19	281.50
Unallocable Income	60.16	71.38
Total Revenue	3,803.52	3,514.90

- Hoteliering revenue increased during the year due to marginal improvement in business in domestic and international portfolio as well as due to significant depreciation of rupee. It also increased on account of full year impact of consolidation of subsidiaries acquired during the previous year.
- Un-allocable Income represents Dividend Income and Profit on sale of Investments.

Operating expenses:

The operating expenses were commensurate to the scale of business and increased capacity. These also included increase in staff cost commensurate to industry trends as also an increase in Fuel, Power and Light expenses due to abnormal increase in tariffs in the country. The expenses were also higher on account of significant depreciation in rupee against the previous year.

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Consolidated Profits Before Finance Cost and Tax:

Profit before Finance Costs and Tax at ₹ 309.38 crores was lower by 14 % over the preceding year.

Finance Costs:

The consolidated Finance cost, net of currency swap gains, at ₹ 170.74 crores was lower than the Finance cost of the preceding year by ₹ 41.73 crores as a result of the various deleverage initiatives undertaken by the Management in the course of the year.

Profit/ (Loss) after Tax:

Profit/ (Loss) after tax for the year was ₹ (430.24) crores as compared to a profit of ₹ 3.06 crores for the preceding year.

Cash Flow Data:

The following table sets forth selected items from the consolidated cash flow statements:

₹/crores

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Net Cash from operating activities	501.77	534.23
Net Cash from / (used for) investing activities	(347.25)	364.52
Net Cash used for financing activities	(117.32)	(1,052.44)
Net Increase / (Decrease) in Cash and Cash equivalents	37.20	(153.69)

Operating Activities:

Net Cash from operating activities was lower at ₹ 501.77 crores as compared to ₹ 534.23 crores in the previous year, due to lower operating income and higher outflow of tax during the current year.

Investing Activities:

During the year under review, the Company incurred ₹ 425.09 crores towards capital expenditure, the majority of the expenditure having been incurred on projects at Vivanta by Taj Hotels at Dwarka, Guwahati and expansion of hotels under Ginger brand.

In the previous year, Net cash from sale of current investment amounted to ₹ 617.47 crores which was used for repayment of debentures.

Financing Activities:

During the financial year 2012/13, the Company had received balance amount of ₹ 373.10 crores, as the option to convert the Warrants were exercised by Tata Sons Limited. The Company also raised ₹ 366.87 crores of debt and repaid loans of ₹ 624.27 crores during the year.

Certain Financial Ratios for Consolidated Financials:

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.55	0.55
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Reserves)	1.24	1.20

AWARDS AND ACCOLADES

Taj Hotels Resorts & Palaces

- Accredited with the Silver Award for Best Luxury Hotel Spa Resort Company at the British Travel Awards 2012.
- Taj Inner Circle was honoured with the Award for Best Loyalty Programme at the Conde Nast Traveller India Readers' Choice Awards 2012. The guest loyalty programme of the Taj Hotels Resorts and Palaces, was awarded Best Hotel Program of the Year, Best Redemption Ability and Best Customer Service at the 2012 Freddie Awards. Taj InnerCircle won this award for the Middle East, Asia and Oceania region.
- Taj Group was conferred the Award for Brand Excellence at the Conde Nast Traveller India Readers' Choice Awards 2012. The company was awarded for taking Brand India global.
- Taj Hotels Resorts and Palaces was given recognition in the T+L Global Vision Awards for its Corporate Social Responsibility activities.
- Conferred the Award for Best Business Hotel Chain in India at the Business Traveller Awards 2012.
- IHCL has been conferred the Gallup Global Great Workplace Award for the year 2013, i.e. the fourth year in succession.

Taj Falaknuma Palace, Hyderabad

- Recipient of the prestigious NDTV Good Times Lifestyle Hotel/Resort of the Year Award 2013.
- Awarded the prestigious Andrew Harpers 'Grand Prize as the Best Hotel of the Year' 2013.
- Declared the Best Hotel in India at the Harpers's Bazaar (India) Luxury Awards 2012.
- Ranked first on the list of Overseas Leisure Hotels in Asia and the Indian Subcontinent at the Conde Nast Traveller UK Readers' Travel Awards 2012.
- The Jiva Spa at Falaknuma Palace won the Best New Spa (Hotel) award at the Fifth Asia Spa Awards.

The Taj Mahal Palace, Mumbai

- The legendary Wasabi by Morimoto has been voted 20th on the S. Pellegrino's list of 50 Best Restaurants in Asia.
- Featured on the list of T+L Top 500 Best Hotels in the world.
- Conferred the 1st Runner's Up Award for Best Business Hotel in India at the Conde Nast Traveller India Readers' Choice Awards 2012.
- Ranked 9th on the Conde Nast Traveller USA Readers' Choice Awards 2012 list of Top 10 Hotels in India.
- Ranked 3rd on the list of Overseas Business Hotels at the Conde Nast Traveller UK Readers' Travel Awards 2012
- Features in the T+L World's Best Awards 2012 list of Top City Hotels in Asia.

Taj Lake Palace, Udaipur

- Featured on the list of T+L Top 500 Best Hotels in the world.
- Featured in Platinum Circle (list of hotels that have made it to the Gold List for 5 consecutive years) of the CNT USA Gold List 2013.
- Ranked 3rd on the Conde Nast Traveller USA Readers' Choice Awards 2012 list of Top 10 Hotels in India.
- Featured in the T+L World's Best Awards 2012 list of Top 100 hotels in the world.

Umaid Bhawan Palace, Jodhpur

- Featured on the list of T+L Top 500 Best Hotels in the world.
- Featured among the top 25 winners at the Trip Advisor 2012 Travellers' Choice Awards for Best Heritage Hotels.
- Featured in the T+L World's Best Awards 2012 list of Top 100 hotels in the world. It also features on the list of Top Resorts in Asia.

Rambagh Palace, Jaipur

- Featured on the list of T+L Top 500 Best Hotels in the world.
- Featured on the CNT USA Gold List 2013.
- Conferred the Rajasthan Energy Conservation Award 2012 by the Government of Rajasthan for its outstanding efforts towards energy conservation.
- Ranked 4th on the Conde Nast Traveler USA Readers' Choice Awards 2012 list of Top 10 Hotels in India.
- Ranked 16th on the list of Overseas Leisure Hotels in Asia and the Indian Subcontinent at the Conde Nast Traveller UK Readers' Travel Awards 2012
- 1st on the list of Top 10 winners at the Trip Advisor 2012 Travellers' Choice Awards for Best Heritage Hotels.
- Features in the T+L World's Best Awards 2012 list of Top 100 hotels in the world. It also features on the list of Top Resorts in Asia.
- Awarded the Best Luxury Hotel in India at the Lonely Planet India Awards 2012.

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Taj Palace Hotel, New Delhi

- Featured on the list of T+L Top 500 Best Hotels in the world.
- Ranked 8th on the Conde Nast Traveler USA Readers' Choice Awards 2012 list of Top 10 Hotels in India.
- At the TTG Travel Awards 2012, Taj Palace Hotel was voted as the Best City Hotel - Delhi by the readers of TTG Asia, TTG China, TTG India, TTGmice and TTG - BTmice China.

Taj Mahal Hotel, New Delhi

- The iconic restaurant Varq has been voted 30th on the S. Pellegrino's list of 50 Best Restaurants in Asia.
- Featured on the list of T+L Top 500 Best Hotels in the world.
- Features in the T+L World's Best Awards 2012 list of Top City Hotels in Asia.

Taj Land's End, Mumbai

- Expedia.com's Insiders' Select rankings named Taj Lands End, Mumbai as one of the top 10 hotels in the world, based on consistent delivery of values such as competitive pricing and impeccable customer service.

Taj Safari Lodges

- Mahua Kothi Jungle Lodge was honoured as 'Most Inspirational Eco Lodge of the Year' at the 2012 Tour Operators for Tigers (TOFT) Wildlife Tourism Awards.
- Mahua Kothi has featured 4th in Conde Nast Traveler USA's Hot List 2012 under the section "All-Stars: 8 of our Favourite Hot Hotels"... Hot List Hotels that changed the reviewers lives.

The Pierre, A Taj Hotel, New York

- Featured on the list of T+L Top 500 Best Hotels in the world.
- Ranked 44th in the "Top 50 Large City Hotels in the Continental US" category in the T+L World's Best Awards 2012.
- Ranked 12th on the Conde Nast Traveler USA Readers' Choice Awards 2012 list of Top 25 Hotels in New York City.

Taj Campton Place, San Francisco

- Featured on the list of T+L Top 500 Best Hotels in the world.

51 Buckingham Gate, London

- Ranked 14th on the list of UK Business Hotels at the Conde Nast Traveller UK Readers' Travel Awards 2012

Taj Exotica Resort & Spa, Maldives

- Rated by TripAdvisor as the top hotel in Maldives for Service and Luxury.
- Featured on the CNT USA Gold List 2013.
- Announced the Best Overseas Leisure Hotel at the Conde Nast Traveller India Readers' Choice Awards 2012.
- Ranked 2nd on the Conde Nast Traveler USA Readers' Choice Awards 2012 list of Top 100 Hotels in the World.
- Ranked 1st on the Conde Nast Traveler USA Readers' Choice Awards 2012 list of Top 15 Resorts in Asia.

Premium Hotels / Vivanta by Taj

- Vivanta by Taj Hotels & Resorts was given the award for Best Luxury Hotel Chain at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.
- Vivanta by Taj Hotels & Resorts was conferred with the award for the Most Popular Hospitality Brand at the Today's Traveller Awards 2012.

Vivanta by Taj -Dal View, Srinagar

- 1st Runner's Up Award for Best New Hotel in India at the Conde Nast Traveller India Readers' Choice Awards 2012.

Vivanta by Taj – Bekal

- Awarded for Best Luxury Spa Resort (5-star category) in Kerala at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.
- Included in the Travel & Leisure USA IT List 2012.
- Featured in the Conde Nast Traveller, UK Hot List 2012 - it has been included as one of the "60 Best New Hotels" in the world.
- Featured in the Conde Nast Traveller, Russia Hot list 2012.

Vivanta by Taj - Fort Aguada, Goa

- Awarded for Best Beach Resort (5-star category) at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.

Usha Kiran Palace, Gwalior

- Featured among the top 25 winners at the Trip Advisor 2012 Travellers' Choice Awards for Best Heritage Hotels.

Jai Mahal Palace, Jaipur

- Featured among the top 25 winners at the Trip Advisor 2012 Travellers' Choice Awards for Best Heritage Hotels.

Vivanta by Taj - President, Mumbai

- Awarded for Most Promising Luxury Business Hotel in Mumbai at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.

Vivanta by Taj - Ambassador, New Delhi

- Awarded for Best Heritage Hotel in Delhi at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.

Vivanta by Taj - Yeshwantpur, Bengaluru

- Featured in the Wallpaper Magazine List of Best Business Hotels in the World 2012.

Vivanta By Taj - Whitefield, Bengaluru

- Second Runners-Up Award for Best Business Hotel for Women Travellers (India) at the T+L (India & S. Asia) India's Best Awards.

The Gateway Hotel Ummed, Ahmedabad

- Mentioned in the Conde Nast Traveller India list of Top 100 Business Hotels in India

The Gateway Hotel, Vizag

- Awarded for Best Business Hotel in Vishakhapatnam at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.

The Gateway Hotel Old Port Road, Mangalore

- Mentioned in the Conde Nast Traveller India list of Top 100 Business Hotels in India

The Gateway Hotel Athwa Lines, Surat

- Mentioned in the Conde Nast Traveller India list of Top 100 Business Hotels in India

The Gateway Hotel Vadodra, Gujarat

- Kai Asia, the restaurant at The Gateway Hotel, Vadodra, Gujarat was given the award for Best Pan-Asian Restaurant in Gujarat at the World Travel Brands Awards organised by Brands Academy with NDTV Profit as partner.

The Gateway Hotel Ambad, Nashik

- Mentioned in the Conde Nast Traveller India list of Top 100 Business Hotels in India

The Gateway Hotel Residency Road, Bengaluru

- 'Karavalli', renowned for its authentic coastal cuisine, has been voted 44th on the S. Pellegrino's list of 50 Best Restaurants in Asia and was conferred the All Time Favourite Restaurant for 2012 at the NDTV Good Times Food Awards.
- 'Karavalli', the iconic restaurant of the hotel, was conferred the All Time Favourite Restaurant for 2012 at the NDTV Good Times Food Awards.

The Gateway Hotel Ramgarh Lodge, Jaipur

- Featured among the top 25 winners at the Trip Advisor 2012 Travellers' Choice Awards for Best Heritage Hotels.

REPORT ON CORPORATE GOVERNANCE

Philosophy on Corporate Governance

Your Company is a firm believer that Corporate Governance is about upholding the highest standards of integrity, transparency and accountability. Corporate Governance practices are an integral part of all Company activities, which help ensure efficient conduct of the affairs of the Company, without compromising its core values. Our policy ensures that corporate governance is made a priority at every level. Some of the important initiatives undertaken by the Company as a Tata Group Company includes Tata Code of Conduct, Tata Business Excellence Model, Global Reporting Initiatives, Corporate Sustainability and the core values practised by the group, which help in building confidence of our varied stakeholders, thereby paving the way for long term success.

The Company has undertaken several proactive measures towards maintaining the highest standards of Governance which include the following:

The Board of Directors:

1. The Board of Directors comprises Executive, Non-Executive as well as Independent Directors. Two thirds of the Board of Directors comprises Non-Executive Directors, with the Chairman being a Non-Executive Director. The Directors possess experience in fields as varied as banking, finance, real estate, marketing and hoteliering to social service. The skill and knowledge of the Directors have proved to be of immense value to the Company. Due to the change in the leadership of Tata Group, the optimal composition of the Board has undergone a change. The Company is keen to find individuals to be positioned as Independent Directors, who displays the intellect, stature and maturity necessary for a dynamically growing, global company in a complex business environment and at the same time possesses the Tata values which include commitment to improving the quality of life of the community served by striving for leadership and global competitiveness in all its businesses. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting.
2. "Independent Directors" i.e. Directors who apart from receiving Directors' remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its holding company, its subsidiaries and associates, which may affect the independence of the Director.
3. During the year under review, the Board of Directors of the Company met six times and the period between any 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 28, 2012	April to June
2	August 8, 2012	July to September
3	October 18, 2012 November 6, 2012 November 20, 2012	October to December
4	February 11, 2013	January to March

As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

4. 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.
5. The Non-Executive Directors of the Company are paid, in addition to commission, sitting fees of ₹ 20,000/- per meeting for attending meetings of the Board of Directors, Audit Committee and Remuneration Committee and the sitting fees for the Share Transfer & Shareholders' / Investor Grievance Committee meetings, is ₹ 10,000/- per meeting.
6. None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement. "Committees" for this purpose include the Audit Committee and the Shareholders' / Investor Grievance Committee under the said Clause 49 of the Listing Agreement.
7. A detailed explanation, in the form of a table illustrating the above is given on page no. 43 for ready reference.

8. The Company has adopted a Code of Conduct for its Non-Executive Directors and all Non-Executive Directors have affirmed compliance with the said Code for the financial year ended March 31, 2013. All Senior Management of the Company have affirmed compliance with the Tata Code of Conduct. The Code of Conduct is also displayed on the Company's web site. The Annual Report of the Company contains a Certificate duly signed by the Managing Director (CEO) in this regard.
9. Other than the transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and / or relatives.

Committees of the Board:

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

1. Audit Committee:

The Company's Audit Committee comprises entirely of Independent Directors, viz. Mr. K. B. Dadiseth (Chairman), Mr. Deepak Parekh and Mr. Jagdish Capoor. Each Member of the Committee has the relevant experience in the field of finance, banking and accounting, with a majority of the Members being Chartered Accountants. The Committee has, inter alia, the following terms of reference:

- i. Overseeing 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.
- ii. Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- iii. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Board's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices and reasons thereof.
 - Major accounting entries based on the exercise of judgement by the Management.
 - Qualifications in the draft Audit Report.
 - Significant adjustments made in the financial statements, arising out of audit findings.
 - The Going Concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Any related party transactions i.e. 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.
- iv. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- v. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the Monitoring Agency, monitoring the utilisation of the proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.
- vi. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- vii. Reviewing the adequacy of internal audit function, 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.
- viii. Discussion with internal auditors on any significant findings and follow-up thereon.

The Indian Hotels Company Limited

- ix. 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.
- x. Discussion with external / statutory auditors before the audit commences, nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- xi. Reviewing the Company's financial and risk management policies.
- xii. 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.

The Committee met six times during the period under review, the details of attendance whereat are on page 43.

Audit Committee meetings are attended by invitation by the Managing Director, Executive Director – Finance, the Executive Director – Hotel Operations, Group Internal Audit and the Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting.

2. Share Transfer & Shareholders' / Investor Grievance Committee :

The Share Transfer & Shareholders' / Investor Grievance Committee has the required powers to carry out the handling of shareholders / investor grievances. The brief terms of reference of the Committee include redressing shareholder and investor complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of dividends, etc. Mr. R. K. Krishna Kumar, Non- Executive Director, is the Chairman of the Committee.

The Committee met once during the period under review and was attended by all the Members.

Share transfers are processed weekly and approved by the Committee. Investor grievances are placed before the Committee. There were no pending investor complaints which remained unresolved. The Company has also cleared all complaints received through SEBI Complaints Redress System (SCORES) - a centralized web based complaints redress system which serves as a Centralised database of all complaints received, enables uploading of Action Taken Reports(ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status. All valid share transfers lodged upto March 31, 2013, have been processed by the Committee. The status of the complaints received (inclusive of SCORES) from shareholders from 01.04.2012 to 31.03.2013 is as under:

Complaints received

23

Pending as on March 31, 2013

Nil

Amounts Transferred to IEPF

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of seven years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

The proposed dates for transfer of the unclaimed dividend to the IEPF by the Company: -

Financial Year	Date of declaration of Dividend	Proposed Date of transfer to IEPF*
2005-06	August 5, 2006	October 9, 2013
2006-07	August 4, 2007	October 8, 2014
2007-08	April 15, 2008	June 20, 2015
2008-09	August 3, 2009	October 7, 2016
2009-10	August 5, 2010	October 10, 2017
2010-11	August 5, 2011	October 10, 2018
2011-12	August 3, 2012	October 8, 2019

* Indicative dates, actual dates may vary

It may be noted that no claims will lie against the Company nor the IEPF in respect of the said unclaimed amounts transferred to the Fund.

During the year the Company made renewed attempts to establish contact with those members who had not claimed dividend(s). A special mailer was sent to the Members. As a result, the Company did achieve limited success and was able to arrange payment of a sum of ₹ 3,71,200/-. The Company transferred the following amounts to IEPF of the Central Government during the financial year 2012-13.

Particulars	₹
Amounts transferred upto March 31, 2013 (a)	3,07,66,111.67
Amounts transferred during financial year 2012-13:	
- Unpaid / unclaimed dividend with the Company	20,31,412.00
- Unpaid / unclaimed matured deposits with the Company	3,02,000.00
- Unpaid matured debentures with the Company	-
- Interest accrued on the unpaid matured deposits	94,723.00
- Interest accrued on the unpaid matured debentures	-
Total (b)	24,28,135.00
Amount transferred upto March 31, 2013 (a+b)	3,31,94,246.67

Compliance Officer

Mr. Beejal Desai

Vice President - Legal & Company Secretary

The Indian Hotels Company Limited

Address: Mandlik House, Mandlik Road, Mumbai – 400 001

Phone : 022-6665 3238

Fax : 022-2202 7442

E-mail: investorrelations@tajhotels.com

3. Remuneration Committee:

The Company has a Remuneration Committee which is a non – mandatory requirement as per the Listing Agreement. The Committee recommends managerial remuneration payable to the Whole-time Directors. The Committee consists of 3 Non-Executive Directors. In addition to the Chairman, Mr. Jagdish Capoor, who is an Independent Director, the Committee comprises of Mr. Cyrus P. Mistry (appointed in place of Mr. Ratan N. Tata who stepped down as Chairman effective December 28, 2012) and Mr. R. K. Krishna Kumar.

Mr. Tata, the erstwhile Chairman of the Remuneration Committee was present at the last Annual General Meeting of the Company. During the year, the Committee met once and was attended by all the Members.

4. Remuneration Policy:

The remuneration of the Whole-time Director(s) is recommended by the Remuneration Committee based on factors such as industry benchmarks, the Company's performance vis-à-vis the industry, performance/ track record of the Whole-time Director(s), etc., which is decided by the Board of Directors. Remuneration comprises a fixed component viz. salary, perquisites and allowances and a variable component viz. commission. The Remuneration Committee also recommends the annual increments (which are effective April 1 annually) within the salary scale approved by the Members as also the Commission payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits prescribed under Sections 198 and 309 of the Companies Act, 1956.

The commission payable to Non-Executive Directors is decided by the Board upto 1% of the net profits of the Company calculated in accordance with provisions of Sections 198, 349 and 350 of the Companies Act, 1956 and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat, etc.

The Indian Hotels Company Limited

Service Contract and Notice Period of the Managing Director and the Executive Directors

Mr. Raymond N. Bickson's contract as a Managing Director is for a period of 5 years, commencing from July 19, 2013, upto and including July 18, 2018 terminable by 6 months notice on either side.

Mr. Anil P. Goel's contract as Whole-time Director of the Company is for a period of 3 years, commencing from March 17, 2013, upto and including March 16, 2016 terminable by 6 months notice on either side.

Mr. Abhijit Mukerji's contract as Whole-time Director of the Company is for a period of 3 years, commencing from March 17, 2013, upto and including March 16, 2016, terminable by 6 months notice on either side.

Mr. Mehernosh Kapadia's contract as a Whole-time Director of the Company is for a period of 5 years, commencing from August 10, 2011, up to and including August 9, 2016, terminable by 6 months notice on either side.

The Company has no scheme for stock options.

Details of ordinary shares of the Company held by the Non-Executive Directors as on March 31, 2013, are as under:

Mr. Deepak Parekh	1,845
Mr. Jagdish Capoor	5,000

Details on General Meetings:

Location, date and time of the Annual General Meetings held in the last 3 years are as under:

Location	Date	Time
Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020	August 3, 2012 August 5, 2011 August 5, 2010	3.00 p.m.

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

Postal Ballot:

The Company did not pass any resolution vide Postal Ballot during the year.

Disclosures:

The Board of Directors receive, from time to time, disclosures relating to financial and commercial transactions from key managerial personnel of the Company, where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

The details of the Related Party transactions are placed before and reviewed by the Company's Audit Committee.

The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India / statutory authorities on all matters relating to capital markets, during the last 3 years.

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 Executive Director - Finance have issued a certificate to the Board, for the year ended March 31, 2013.

Subsidiary Companies:

The Company does not have any material unlisted Indian subsidiary and hence is not required to have an Independent Director of the Company on the Board of such subsidiary. The Audit Committee reviews the financial statements of the Company's unlisted subsidiary companies. The Minutes of the subsidiary companies are periodically placed before and reviewed by the Board of Directors of the Company.

Risk Management:

The Company has a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks. This Policy has been adopted by the Audit Committee as well as the Board of Directors of the Company. The Audit Committee reviews the risk management and mitigation plan from time to time.

Board of Directors:

Names	Category	Remuneration paid			No. of outside Directorships as at March 31, 2013		No. of outside Committee Positions Held		No. of Board Meetings attended	No. of Audit Committee Meetings attended	Attendance at the last AGM
		Salary & Perks 2012-2013	Sitting Fees 2012-2013	Commission 2011-2012	Indian	Foreign	as Member	as Chairman			
Mr. Ratan N. Tata * (Ex-Chairman)	Promoter Non-Executive	-	1,20,000	42,00,000	NA	NA	NA	NA	5	NA	Y
Mr. Cyrus Mistry @ (Chairman)	Promoter Non-Executive	-	20,000	NA	9	5	1	-	1	NA	NA
Mr. R. K. Krishna Kumar (Vice Chairman)	Promoter Non-Executive	-	1,50,000	40,00,000	12	4	1	1	6	NA	Y
Mr. K. B. Dadiseth	Non-Executive Independent	-	1,80,000	58,00,000	8	2	4	2	4	5	Y
Mr. Deepak Parekh	Non-Executive Independent	-	80,000	23,00,000	8	1	3	2	2	2	N
Mr. Jagdish Capoor	Non-Executive Independent	-	2,00,000	29,00,000	6	1	1	1	3	6	Y
Mr. Shapoor Mistry	Non-Executive	-	40,000	14,00,000	10	-	-	-	2	NA	Y
Mr. Nadir Godrej	Non-Executive Independent	-	1,20,000	17,00,000	9	6	1	1	6	NA	Y
Mrs. A. R. Aga#	Non-Executive Independent	-	-	17,00,000	NA	NA	NA	NA	0	NA	NA
Mr. Guy Lindsay Macintyre Crawford ^	Non-Executive Independent	-	-	-	-	-	-	-	NA	NA	NA
Mr. Raymond N. Bickson	Executive	9,17,55,840	-	1,15,00,000	9	8	4	2	6	NA	Y
Mr. Anil P. Goel	Executive	1,27,08,778	-	90,00,000	7	11	4	-	6	NA	Y
Mr. Abhijit Mukerji	Executive	1,08,97,214	-	90,00,000	5	-	2	-	6	NA	Y
Mr. Mehernosh S.Kapadia	Executive	85,28,893	-	30,00,000	5	2	2	-	6	NA	Y

* Retired as Director & Chairman effective December 28, 2012.

@ Appointed as Director & Chairman effective December 28, 2012.

Resigned as Director on June 6, 2012.

^Appointed as Director effective March 27, 2013.

NOTE:

Traditionally, the Directors are paid commission each year, after the annual accounts are approved by the Members at the Annual General Meeting of the Company.

The Indian Hotels Company Limited

Means of Communication:

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers viz. Financial Express and Loksatta. Additionally, the results and other important information is also periodically updated on the Company's website viz. www.tajhotels.com, which also contains a separate dedicated section "Investor Relations". Further, the Company also holds an Analysts' Meet after the quarterly, half-yearly and Annual Financial Statements have been adopted by the Board of Directors, where information is disseminated and analysed. Moreover, the Company also gives important Press Releases from time to time.

Corporate Filing and Dissemination System (CFDS)

The Stock Exchanges have the CFDS which is a portal jointly owned, managed and maintained by the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). It is a single source to view information filed by listed companies. All disclosures and communications to the BSE and NSE are filed electronically through the CFDS portal www.corpfiling.co.in. Hard copies of the said disclosures and correspondence are also filed with the BSE and NSE.

NSE Electronic Application Processing System (NEAPS)

The Company also files information through NEAPS – a web based application provided by NSE which facilitates online filing of Corporate Governance Report, Shareholding Pattern by companies, Results and other disclosures.

Extensive Business Reporting Language (XBRL)

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular No. 37/2011 dated June 7, 2011, had mandated certain companies to file their Annual Accounts vide this mode. The Company has filed its Annual Financial Statements on MCA through XBRL.

Ministry of Corporate Affairs (MCA)

The Company has periodically filed all the necessary documents with the MCA.

SEBI Complaints Redress System (SCORES)

A centralized web based complaints redress system which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

Letters

Letters reminding the investors to claim their pending / unclaimed dividends and interest are regularly despatched to investors.

Annual Report

The Annual Report containing inter alia the Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the investors. Management Discussion and Analysis forms part of the Annual Report. Pursuant to the Green Initiative launched by the MCA, the Company also sends e-copies of the Annual Report to Members who have registered for the same.

The Annual Reports are also available in the Investor Relations section on the Company's web site www.tajhotels.com.

Compliance with non-mandatory requirements

1. The Board : The Non-Executive Chairman has a separate office in his capacity as the Group Chairman at the Tata Group headquarters at Bombay House, 24, Homi Mody Street, Mumbai - 400 001 and hence a separate office is not maintained. The Company has adopted the Tata Guidelines for composition of the Board of Directors, Committees of the Board and Retirement Age of Directors, which take into account the provisions of the Listing Agreement, the Companies Act, 1956 and other applicable laws.
2. Remuneration Committee : Details already given under the caption 'Remuneration Committee' in an earlier part of the Report.
3. Shareholders Rights : In addition to publishing its quarterly results in a leading English and Marathi newspaper having wide circulation, the Company uploads its quarterly results and shareholding pattern and corporate governance reports on its website www.tajhotels.com. Additionally, the same is also available on www.corpfiling.co.in. Continuing its efforts to increase Green Initiatives and as per the amended Listing Agreement, the Company had despatched letters seeking confirmation from the Members on the option for receipt of (post / e-mail) communication from the Company. For cases where the replies were not received, a hard copy of the report was despatched to the postal address registered with the Company.
4. Audit qualifications: For the financial year 2012-13, there are no audit qualifications to the Company's financial statements.

5. Mechanism for evaluating Non-Executive Board Members: The Board of Directors of the Company presently comprises eight Non-Executive Directors. The Directors appointed on the Board are from diverse fields relevant to the Company's business and have long-standing experience and expertise in their respective fields. They have considerable experience in managing large corporates and have been in public life for decades. The enormously rich background of the Directors is of considerable value to the Company.

Non-Executive Directors add substantial value through the deliberations at the meetings of the Board and Committees thereof. To safeguard the interests of the investors, they also play a control role. In important Committees of the Board like the Audit Committee, the Remuneration Committee, etc., they play an important role by contributing to the deliberations of the Committee Meetings. Besides contributing at the meetings of the Board and Committees, the Non-Executive Directors also have off-line deliberations with the Management of the Company and add value through such deliberations.

In the light of the above, the Chairman, under authority from the Board, decides on the performance of each 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 can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest. No employee has been denied access to the Audit Committee in this regard.

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

General Shareholder Information

Annual General Meeting

Date and Time	August 2, 2013 at 3 p.m.
Venue	Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg Mumbai 400 020
Registered Office	Mandlik House Mandlik Road Mumbai 400 001
Telephone No.	91- 22- 6639 5515
Facsimile No.	91- 22- 2202 7442
Website	www.tajhotels.com
Dedicated E-mail	investorrelations@tajhotels.com

Financial Calendar

Financial reporting for:

• Quarter ending June 30, 2013	August 2013
• Quarter ending September 30, 2013	November 2013
• Quarter ending December 31, 2013	February 2014
• Quarter ending March 31, 2014	May 2014

Date of Book Closure	July 19, 2013 to August 2, 2013 (Both days inclusive)
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Dividend Payment Date	On or after August 3, 2013
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Listing

Ordinary Shares	BSE Limited National Stock Exchange of India Limited
Global Depository Shares	London Stock Exchange Plc.

The Indian Hotels Company Limited

The Company has paid annual listing fees to each of the above Stock Exchanges in respect of the financial year 2013-2014.

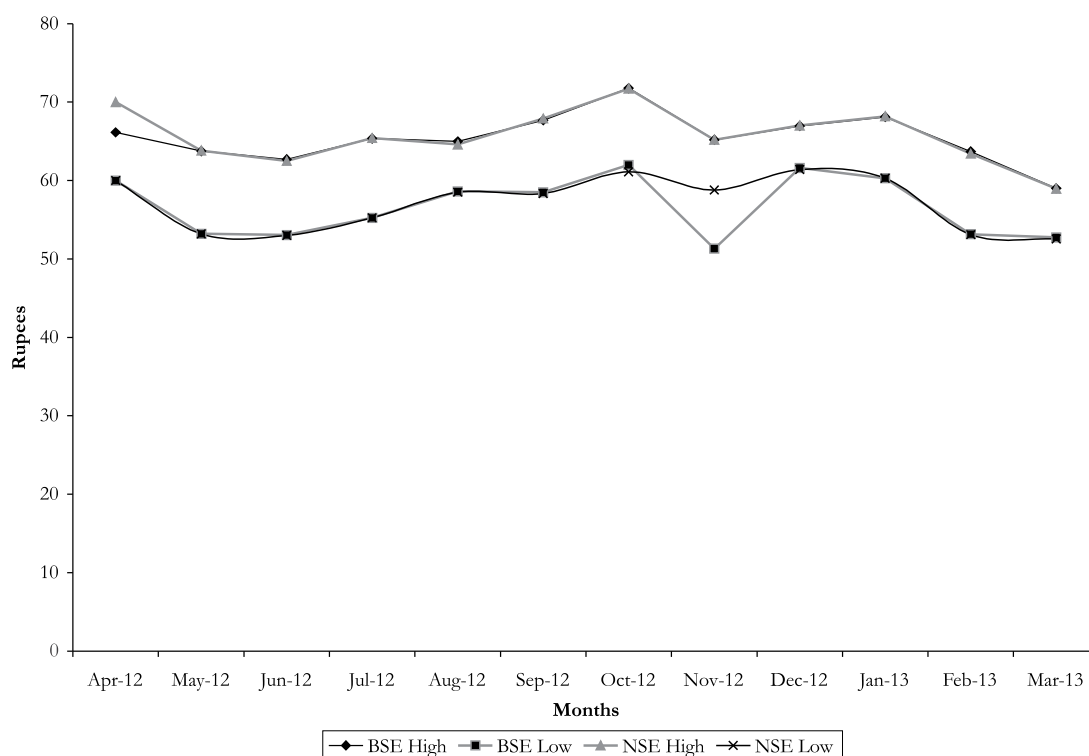
Stock Codes

STOCK EXCHANGE	STOCK CODE
BSE Limited	500850
National Stock Exchange of India Limited	INDHOTEL EQ
London Stock Exchange Plc.	IHTD

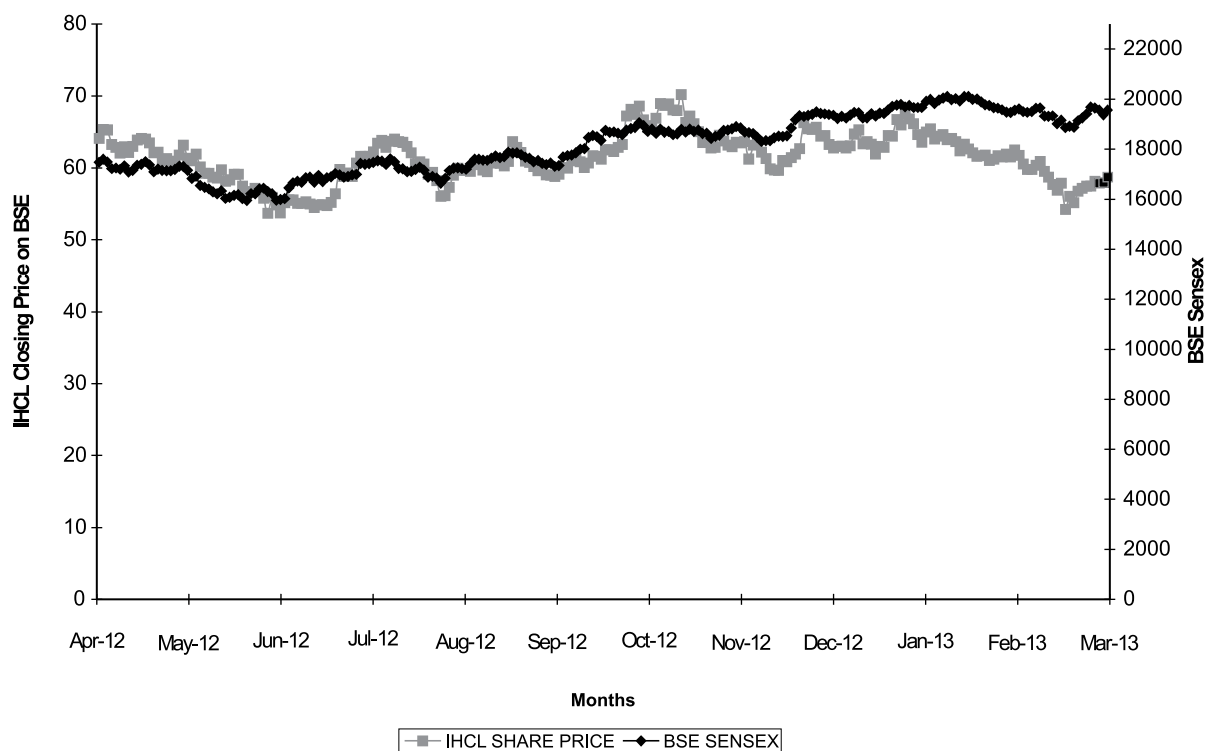
Market Price Data: High, Low during each month in last financial year

Months	BSE High	BSE Low	No. of Shares traded	NSE High	NSE Low	No. of Shares traded
Apr-12	66.15	60.00	14,42,929	70.00	60.00	72,99,729
May-12	63.75	53.20	15,32,362	63.80	53.20	1,05,17,634
Jun-12	62.70	53.05	27,34,075	62.50	53.00	1,69,36,293
Jul-12	65.35	55.25	17,57,419	65.40	55.25	94,62,792
Aug-12	65.00	58.60	16,10,238	64.60	58.50	1,28,27,555
Sep-12	67.70	58.50	25,61,490	67.90	58.35	1,58,90,294
Oct-12	71.75	62.00	46,85,798	71.70	61.10	2,44,28,811
Nov-12	65.20	51.30	21,37,470	65.20	58.80	97,69,245
Dec-12	66.95	61.60	21,76,008	67.00	61.40	1,39,63,070
Jan-13	68.10	60.30	34,69,786	68.20	60.30	2,12,68,533
Feb-13	63.70	53.15	15,66,379	63.40	53.10	1,27,43,147
Mar-13	59.00	52.75	15,71,233	58.95	52.55	93,81,269

Comparative High – Low Price on BSE and NSE



Performance in comparison to broad-based indices such as BSE Sensex



Share Transfer Agent	The Company has been granted Certificate of Permanent Registration as Category II Share Transfer Agent by SEBI
SEBI Registration No.	INR000003746

Share Transfer System

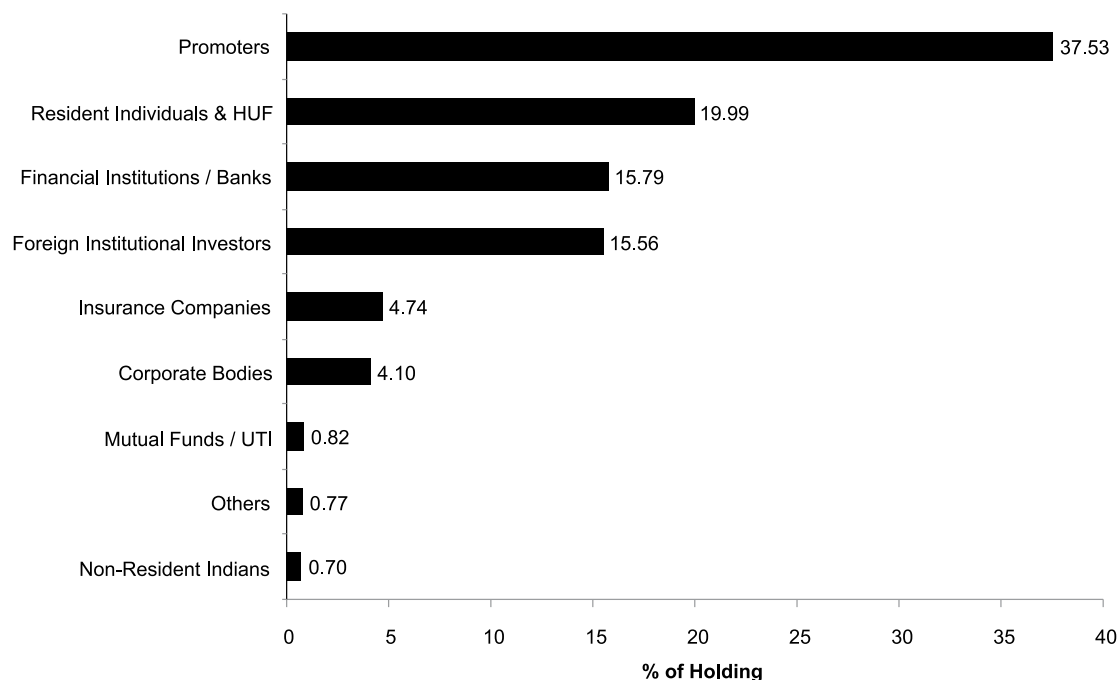
All shares have been transferred and returned within 15 days from the date of lodgement, provided the necessary documents were in order.

The Indian Hotels Company Limited - Distribution of Shareholding as on March 31, 2013

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	30,30,66,224	37.53
Resident Individuals & HUF	16,13,76,580	19.99
Financial Institutions / Banks	12,74,96,983	15.79
Foreign Institutional Investors	12,56,31,289	15.56
Insurance Companies	3,82,83,291	4.74
Corporate Bodies	3,30,93,088	4.10
Mutual Funds / UTI	65,97,750	0.82
Others	62,55,348	0.77
Non-Resident Indians	56,72,234	0.70
Total	80,74,72,787	100.00

The Indian Hotels Company Limited

Shareholding pattern of the Company as on March 31, 2013



Note: "Others" include Trusts, Clearing Members, Directors & their Relatives, Global Depository Receipts, Central / State Governments and Foreign Banks.

Distribution Schedule of The Indian Hotels Company Limited as on March 31, 2013

No. of Shares held	Total Members	Percentage to total members	Total Shares	Total % to Paid up Capital
Upto 100	74,837	42.15	38,56,634	0.48
101 to 1000	73,595	41.45	2,91,81,571	3.61
1001 to 2500	15,767	8.88	2,56,89,863	3.18
2501 to 5000	6,550	3.69	2,39,14,778	2.96
5001 to 10000	3,910	2.20	2,79,96,289	3.47
10001 to 20000	1,770	1.00	2,43,07,764	3.01
20001 to 30000	438	0.24	1,06,18,524	1.32
30001 to 40000	172	0.10	60,11,711	0.75
40001 to 50000	108	0.06	48,56,320	0.60
50001 to 100000	190	0.11	1,31,86,377	1.63
100001 & above	210	0.12	63,78,52,956	78.99
Total	1,77,547	100.00	80,74,72,787	100.00

Reconciliation of Share Capital Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, a Reconciliation of Share Capital Audit by a practicing Company Secretary is carried out at the end of every quarter 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 said audit confirms that the total issued / paid – up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Unclaimed Suspense Account maintained under Clause 5A of the Listing Agreement with the Stock Exchanges

As per the provisions of clause 5A of the Listing Agreement, the unclaimed shares lying in the possession of the Company are required to be dematerialized and transferred into a special demat account held by the Company. Accordingly unclaimed shares lying with the Company have been transferred and dematerialized in an 'Unclaimed Suspense Account' of the Company. This Account is being held by the Company purely on behalf of the shareholders entitled for these shares. It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said 'Unclaimed Suspense Account' and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares. Shareholders who have not yet claimed their shares are requested to immediately approach the Share Department of the Company by forwarding a request letter duly signed by all the shareholders furnishing their complete postal address along with PIN code, a copy of PAN card & proof of address. For delivery in demat form, a copy of Demat Account - Client Master Report duly certified by the Depository Participant (DP) and a recent Demat Account Statement, to enable the Company to release the said shares to the rightful owner.

The status of equity shares lying in the Suspense Account as on March 31, 2013 is as under:

Sr. No.	Particulars	No. of shareholders	No. of equity shares held
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	49	5,604
2	Number of shareholders who approached the Company (with complete documentation) for transfer of shares from the Unclaimed Suspense Account during the year	-	-
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	49	5,604

Report on Corporate Governance

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance in hard copy and additionally electronically through CFDS portal to the BSE & NSE as well as through the NEAPS application of NSE. A certificate from a practising Company Secretary on Corporate Governance is attached as an annexure to this Report.

Dematerialisation of Shares & Liquidity

As of the end of March 31, 2013, shares comprising approximately 97.73% of the Company's Equity Share Capital have been dematerialised.

Status on Dematerialised shares (Equity ISIN No. INE053A01029)

Shares held through	Percentage of Holding
NSDL	94.54
CDSL	3.19
Physical	2.27
Total	100.00

Outstanding GDRs / Warrants, conversion date and likely impact on equity

2,48,080 GDRs are outstanding as on March 31, 2013, without any impact on equity. The Company offers investors the facility for conversion of Ordinary Shares into GDRs within the limits prescribed for two way fungibility.

The Indian Hotels Company Limited

Registrars to the Company's Fixed Deposit Scheme

Sharepro Services (I) Pvt. Ltd.
Samhita Warehousing Complex
13 AB, Gala No.52
Near Sakinaka Telephone Exchange
Off. Kurla Andheri Road
Sakinaka, Mumbai 400072.

Tel. No.91-22-67720400
Fax No.91-22-28508927
Email : ihclfd@shareproservices.com

Investor Correspondence

For any queries, investors are requested to contact the Company's share department at Mandlik House, Mandlik Road, Mumbai 400 001. A dedicated e-mail i.d. investorrelations@tajhotels.com has been set up for investor complaints.

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, 2013.

For The Indian Hotels Company Limited

Raymond N. Bickson
Managing Director

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF THE INDIAN HOTELS COMPANY LIMITED

I have examined the compliance of the conditions of Corporate Governance by THE INDIAN HOTELS COMPANY LIMITED, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me and representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements except for Clause 49(I)(A).

I 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.

Mr. Shreepad M. Korde
Practising Company Secretary
C. P No. 1079
Mumbai
May 30, 2013

COMPANY-WISE LIST OF HOTELS/UNITS

Company/ Hotel/ Unit	Rooms	Company/ Hotel/ Unit	Rooms	Company/ Hotel/ Unit	Rooms
The Indian Hotels Company Limited		Subsidiary Companies		Joint Venture Companies	
Taj Mahal Palace, Mumbai	560	Roots Corporation Limited		Taj GVK Hotels & Resorts Limited	
Taj Lands End, Mumbai	493	Ginger - Agartala	101	Taj Krishna, Hyderabad	260
Taj Wellington Mews, Mumbai	80	Ginger - Ahmedabad	93	Taj Banjara - Hyderabad	122
Taj Mahal Hotel, New Delhi	294	Ginger - Bengaluru, Whitefield	99	Taj Deccan, Hyderabad	151
Taj Palace Hotel, New Delhi	403	Ginger - Bengaluru, Inner Ring Road	67	Taj Club House, Chennai	220
Taj Bengal, Kolkata	229	Ginger - Bhubaneswar	101	Taj Chandigarh, Chandigarh	149
Taj West End, Bengaluru	117	Ginger - Chennai, IIT	85		
Taj Lake Palace Hotel, Udaipur	83	Ginger - Chennai, Vadapalanai	79	Vivanta by Taj - Begumpet, Hyderabad	180
Taj Falaknuma Palace, Hyderabad	60	Ginger - Faridabad	91		
Taj Exotica, Goa	140	Ginger - Goa	137	Taj Kerala Hotels & Resorts Limited	
		Ginger - Guwahati	70	Vivanta by Taj - Kumarakom, Kerala	28
Vivanta by Taj - Aurangabad, Maharashtra	66	Ginger - Indore	95		
Vivanta by Taj - Connemara, Chennai	150	Ginger - Jamshedpur	94	Gateway - Ernakulam	108
Vivanta by Taj - Fort Aguada, Goa	145	Ginger - Mangalore	79	Gateway - Varkala	30
Vivanta by Taj - Holiday Village, Goa	142	Ginger - Mysore	98		
Vivanta by Taj - Hari Mahal, Jodhpur	93	Ginger - Mumbai, Andheri East	116	Kaveri Retreats and Resorts Limited	
Vivanta by Taj - Whitefield, Bengaluru	199	Ginger - Nashik	95	Vivanta by Taj - Madikeri, Coorg	63
Vivanta by Taj - Yeshwantpur, Bengaluru	327	Ginger - New Delhi	108		
Jai Mahal Palace, Jaipur	100	Ginger - Pantnagar	98	Taj Karnataka Hotels & Resorts	
Usha Kiran Palace, Gwalior	40	Ginger - Puducherry	97	Gateway - Chikmagalur	29
		Ginger - Pune	100		
Gateway - Bengaluru	98	Ginger - Pune Wakad	128	Taj Madras Flight Kitchen, Chennai	-
Gateway - Jaisalmer	43	Ginger - Surat	100		
Gateway - Calicut	74	Ginger - Trivandrum	101	Taj Safaris Limited	
Hotel Chandela, Khajuraho	90	Ginger - Vadodara	99	Mahua Kothi - Bandhavgarh	12
Hotel Savoy, Ooty	40	Ginger - Vivek Vihar, New Delhi	85	Banjaar Tola - Kanha	18
Kuteeram, Bengaluru	9			Pashan Garh - Panna	12
		Managed Properties - Ginger		Baghvan - Pench	12
Managed Properties		Ginger - Manesar	100		
Ummaid Bhawan Palace, Jodhpur	64	Ginger - Tirupur	98	IHMS (SA) Pty Limited	
Rambagh Palace, Jaipur	79			Taj Cape Town, South Africa	166
		Piem Hotels Limited		Taj Maldives Private Limited	
Vivanta by Taj - Kovalam, Kerala	59	Vivanta by Taj - President, Mumbai	292	Taj Exotica, Maldives	64
Vivanta by Taj - Panaji, Goa	170	Vivanta by Taj - Blue Diamond, Pune	110		
Vivanta by Taj - Dal View, Srinagar	76	Vivanta by Taj - Gomti Nagar, Lucknow	110	Vivanta by Taj - Coral Reef, Maldives	62
Vivanta by Taj - Bekal, Kerala	64	Vivanta by Taj - M G Road, Bengaluru	167		
Vivanta by Taj - Sawai Madhopur	36			Associate Companies	
Vivanta by Taj - Gurgaon, NCR	200	Gateway - Nashik	70	Oriental Hotels Limited	
Ramgarh Lodge, Jaipur	14	Gateway - Agra	100	Taj Coromandel, Chennai	213
Gateway - Surat	204	United Hotels Limited		Vivanta by Taj - Fisherman's Cove, Chennai	152
Gateway - Vijaywada	108	Vivanta by Taj - Ambassador, New Delhi	88	Vivanta by Taj - Malabar, Cochin	96
Gateway - Jodhpur	88			Vivanta by Taj - Trivandrum, Kerala	127
Gateway - Vadodara	86	Beneras Hotels Limited		Vivanta by Taj - Surya, Coimbatore	180
Gateway - Ahmedabad	91	Nadesar Palace - Varanasi	10		
Gateway - Gir Forest	28	Gateway - Ganges, Varanasi	130	Gateway - Mangalore	93
SMS Hotel, Jaipur	27			Gateway - Coonoor	32
		Taj SATS Air Catering Limited		Gateway - Madurai	63
Taj Palace, Marrakech, Morocco	161	Amritsar Bengaluru	-	Gateway - Visakhapatnam	95
Taj Palace Hotel, Dubai	249	Delhi Goa	-		
Taj Tashi, Thimpu, Bhutan	65	Kolkata Mumbai	-	TAL Lanka Hotels PLC	
Taj Pamodzi - Zambia	193			Taj Samudra, Colombo	300
Rebak Island Resort, Langkawi, Malaysia	94	IHMS Australia Pty Ltd (IHMSA)		Lanka Island Resorts Limited	
Gateway - Colombo	110	Blue, Sydney	100	Vivanta by Taj - Bentota, Sri Lanka	162
		International Hotel Management Services Inc			
		The Pierre, New York	189		
		Taj Boston, Boston	273		
		Taj Campton Place, San Francisco	110		
		St James Court Hotels Limited			
		51 Buckingham Gate, London	86		
		St James Court, London	342		
		Taj International Hotels Limited			
		Bombay Brasserie } Restaurants	-		
		Quilon	-		

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES – 2012-13

Your Company believes that the benefits that it derives by operating hotels in various remote and culturally rich destinations must also touch the lives of communities around.

While the existence of your Company's hotels leads to economic development through mushrooming of required supply chains, derivative businesses and enhancement in local employment trends in the surrounding areas, we understand that 'purposeful' and 'developmental' investment of time and efforts, in line with business requirements, can affect a significant value-add to the locality we operate in.

As per the Tata commitment to Affirmative Action, your Company consciously chooses to reach out to locations with high density of underprivileged population. In line with this, your Company leadership has chosen the following focus areas:

1. Strengthen skill training partnerships in North East, Jammu & Kashmir and other interior / remote areas with high density of underprivileged population.
2. Actively look for Tata synergies in reaching out to deserving, marginalized youth in areas like Mithapur, Orissa & Jharkhand.
3. Partner with National-level Government schemes aimed at development of underprivileged communities.

Your Company led the hotel industry's participation in the now national skill training scheme 'Hunar se Rozgar' for trades in hotel operations by piloting the process at its New Delhi hotels. Most of your Company's hotels have already completed training 20-30 less privileged candidates.

Your Company continues to encourage its associates, vendors and partners to volunteer their time, knowledge and resources for identified causes and social projects for not just benefitting the beneficiaries, but also for their own personal growth and mutual satisfaction.

Your Company has renewed its commitment to promote the 'spirit of volunteering' through its campaign for 'Give Back' and is keen to open up opportunities for volunteering to its guests as well in years to come.

Your Company defines its target communities based on societal challenges that it can contribute to by extending business core competencies.

Target Communities include:

- Rural / marginalized un-skilled youth seeking employment/self- employment
- Women Self Help Groups / Non Profit Organizations seeking training & inputs on kitchen management, cooking hygiene, diversity in low-cost cooking, etc.
- Local culture troupes, artisan / craftsmen groups, income-generation projects of NGOs, Women SHGs seeking training / development / marketing or brand support
- Organizations / Groups working in training & development of differently abled and marginalized castes

Impact of Key Programmes in 2012-13

Since the commencement of your Company's Hospitality Skill Training program in 2009, 98% of the 8500 students trained across the 36 skill training centers have been placed across the different hotels and restaurant groups within the country.

Students from across various skill training centres have been employed by the hotel sector and restaurant associations. Your Company endeavours to facilitate access to work opportunities in regional and national Hospitality industry (including Taj Group of Hotels) for trained youth from this centre.

Based on your Company's theme of focusing on economic development for marginalized communities around our properties and building their livelihoods your Company's hotels partner with small scale entrepreneurs, women's Self Help Groups and NGOs' income generation projects to source select goods and services (like supplies of fresh fish, vegetables, laundry bags, honey, candles, gift items for guests, table napkins, dusters, dry snacks, pickles and allied services like roti-making and peeling onions and garlic, etc. required for hotel operations).

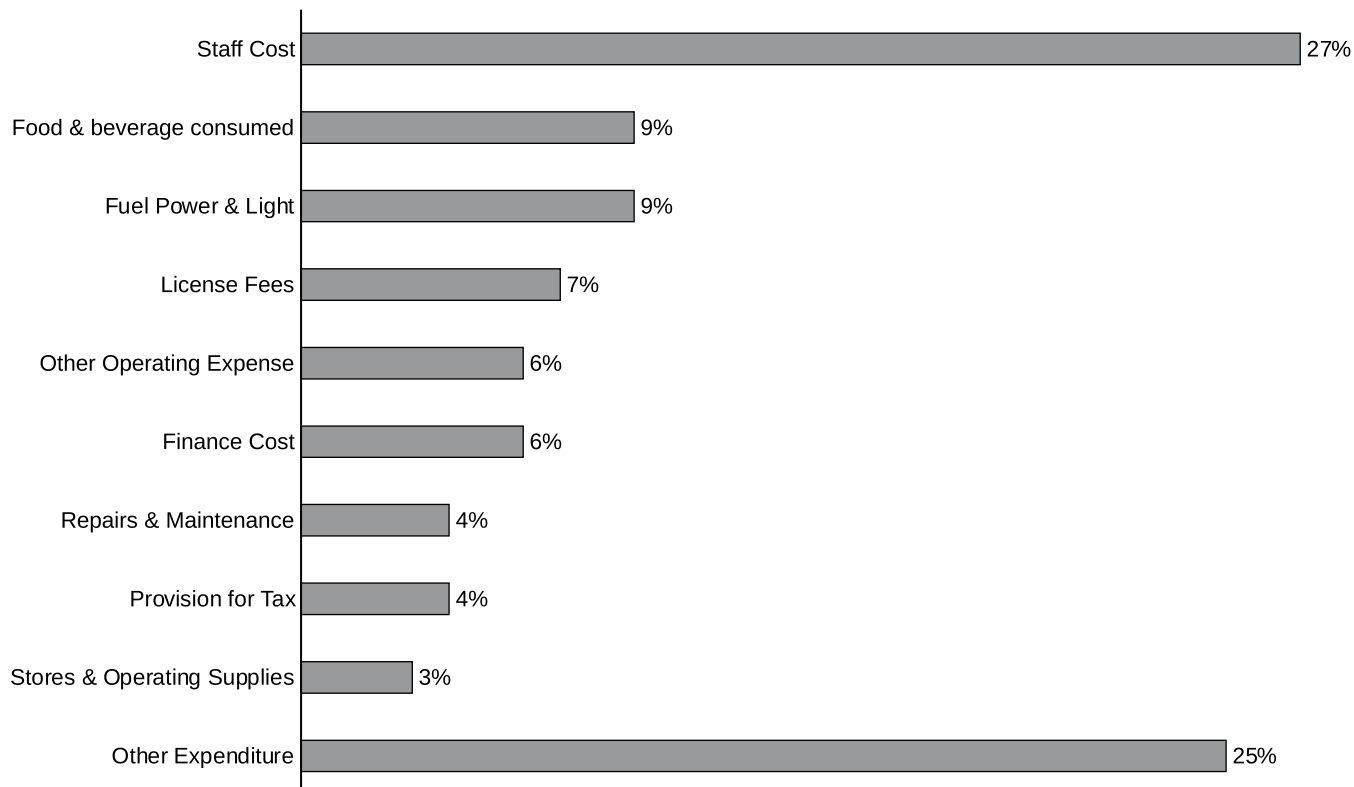
Your Company's association with the rich heritage and culture of India enables it to provide a platform to showcase indigenous art, crafts and culture to the world, while encouraging the artisans who keep these traditions alive. Under the Company's CSR mandate of "Building Sustainable Livelihoods", it works toward facilitating awareness and revival of indigenous arts, enhance visibility and provide a platform for exhibition and sale of artifacts, performances by local artisans/craftsmen and culture troupes. Your Company encourages purchase of 'quality' gift-items, products for business-use from artisans, small-scale entrepreneurs and NGOs.

Appended below is the snapshot of Company-wide TRENDS IN IMPACT of significant Taj Group CSR programmes:

TAJ GROUP IMPACT	2009-10	2010-11	2011-12	2012-13
No. of Beneficiaries trained in hospitality skills and made employable	1,451	2,036	2,385	2,796
No. of differently abled persons benefitted through Hospitality Trainings & Recruitment	291	87	90	122
Taj Support to Local Artisans/ Karigars/ Cultural Troupes	234	227	390	370
Sourcing goods/services from Small Scale Entrepreneurs/local Self Help Groups/NGOs' Income Generation Programmes (value of goods sourced)(₹/crores)	3.91	12.7	4.14	3.35
Direct Programme Expenditure by Group Hotels for CSR Projects (₹/crores)	1.28	2.2	4.65	3.63
Total No. of Employee Volunteers supporting Charity & Theme Based Initiatives	10,307	5,466	1,532	3,927
Total No. of volunteering hours supporting Charity & Theme Based Initiatives	92,759	81,990	1,92,926	2,41,718

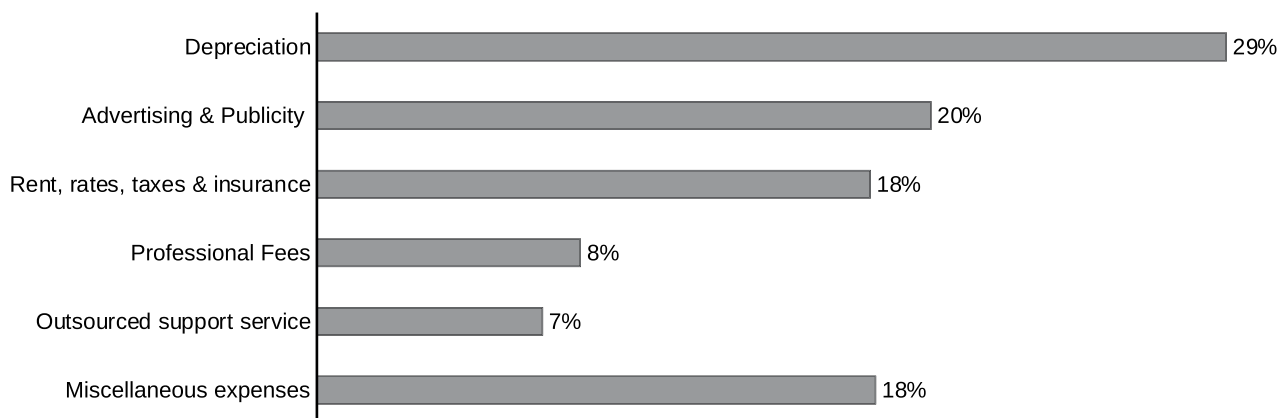
The Indian Hotels Company Limited

BREAK UP OF TOTAL EXPENSES



Footnote : Excludes Exceptional Items of ₹ 432.91 crores.

BREAK UP OF OTHER EXPENDITURE



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
THE INDIAN HOTELS COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **THE INDIAN HOTELS COMPANY LIMITED** (the "Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to footnote (iii) to Note 15 to the financial statements which describes the uncertainty related to the carrying value of investments in Orient Express Hotels Limited. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

The Indian Hotels Company Limited

2. As required by Section 227(3) of the Act, 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 purposes of our audit.
- (b) In our opinion, 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, the Statement of Profit and Loss, 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

For PKF SRIDHAR & SANTHANAM
Chartered Accountants
(Registration No. 0039905)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

S. Ramakrishnan
Partner
(Membership No. 18967)

MUMBAI, 30th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities clauses (viii), (xiii), (xiv), (xviii) and (xx) of paragraph 4 of CARO are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion, the fixed assets disposed off during the year, do not constitute a substantial part of the fixed assets of the Company and such disposal has not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to the information and explanations given to us, the Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956.
- (v) 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 with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of ₹5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA, or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. According to information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.

The Indian Hotels Company Limited

(ix) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Excise duty and Service Tax which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	₹ crores	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and Sales Tax / Value Added Tax Act of various states	Sales Tax	0.02	Financial years 2008-09 and 2009-10	Additional Commercial Tax Officer, Panaji, Goa
		0.80	Financial years 1994-1995, 1995-1996, 1997-1998, 2005-2006	Appellate Board
		0.06	Financial year 2003-2004	Appellate Deputy Commissioner
		0.85	Financial year 2004-2005 to 2009-2010	Deputy Commissioner of Commercial Taxes
		0.08	Financial year 2003-2005	Joint Commissioner of Sales Tax
		4.90	Financial year 1999-2005	Joint Commissioner of Sales Tax (Appeal)
		0.31	Financial years 1992-93, 1993-94 and 1997-98	Tribunal
		0.07	Financial years 2000-2001 and 2002-2003	Assistant commissioner
Finance Act, 1994	Central Excise	0.28	Financial year 2006-10	Commissioner of Central Excise
Finance Act, 1994 and Service Tax Laws	Service Tax	12.32	Financial year 2006-07 to 2010-11	CESTAT
		1.61	Financial years 2002 to 2011	Custom Excise and Service Tax Appellate Tribunal
		0.14	Financial years 2002 to 2007	Assistant commissioner of Service Tax (Appeals)
		0.59	Financial years 2003-2006 and 2011-2012	Joint Commissioner of Service Tax
Income Tax Act, 1961	Income Tax	0.31	Financial years 2005-06 to 2007-2008	Commissioner of Income Tax (Appeals), Panaji, Goa

- (x) The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are *prima facie*, not prejudicial to the interests of the Company.

- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, there is a temporary usage of short-term funds for long-term investment to the extent of ₹ 331.97 crores.
- (xvi) According to the information and explanations given to us and the records examined by us, unsecured debentures of ₹ 200.00 crores are issued during the year. Accordingly, the Company has not created any security in respect of debentures issued.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

For PKF SRIDHAR & SANTHANAM
Chartered Accountants
(Registration No. 003990S)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

S. Ramakrishnan
Partner
(Membership No. 18967)

MUMBAI, 30th May, 2013

The Indian Hotels Company Limited

Balance Sheet as at March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	80.75	75.95
Reserves and Surplus	4	3,226.90	3,176.70
Money received against warrants	3(iii)	-	124.37
		<u>3,307.65</u>	<u>3,377.02</u>
Non-current Liabilities			
Long-term Borrowings	5	2,268.13	2,039.94
Deferred Tax Liabilities (net)	6	95.50	95.93
Other Long-term Liabilities	7	74.75	74.22
Long-term Provisions	8	674.42	584.64
		<u>3,112.80</u>	<u>2,794.73</u>
Current Liabilities			
Short-term Borrowings	9	193.54	122.57
Trade Payables	10	152.47	148.86
Other Current Liabilities	11	343.01	789.58
Short-term Provisions	12	116.75	131.22
		<u>805.77</u>	<u>1,192.23</u>
Total		<u><u>7,226.22</u></u>	<u><u>7,363.98</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	1,745.30	1,826.55
Intangible Assets	14	11.16	12.20
Capital Work-in-Progress		307.50	225.43
Intangible Assets Under Development		1.73	4.18
		<u>2,065.69</u>	<u>2,068.36</u>
Non-current Investments	15	3,369.14	3,622.19
Long-term Loans and Advances	16	1,441.02	1,346.93
Other Non-current Assets	17	12.36	27.58
		<u>6,888.21</u>	<u>7,065.06</u>
Current Assets			
Inventories	18	38.37	39.79
Trade Receivables	19	125.22	124.83
Cash and Bank Balances	20	48.96	22.93
Short-term Loans and Advances	21	92.69	71.87
Other Current Assets	22	32.77	39.50
		<u>338.01</u>	<u>298.92</u>
Total		<u><u>7,226.22</u></u>	<u><u>7,363.98</u></u>
Summary of Significant Accounting Policies	2		
The accompanying notes form an integral part of the Financial Statements	1 - 47		

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For PKF Sridhar & Santhanam
Chartered Accountants

For and on behalf of the Board

Cyrus P. Mistry
R. K. Krishna Kumar
Raymond N. Bickson
Anil P. Goel
Abhijit Mukerji
Mehernosh S. Kapadia

Chairman
Vice - Chairman
Managing Director
Executive Director - Finance
Executive Director - Hotel Operations
Executive Director - Corporate Affairs

Sanjiv V. Pilgaonkar
Partner

S. Ramakrishnan
Partner

Deepak Parekh
Jagdish Capoor
Nadir Godrej
Guy Lindsay Macintyre Crawford

}

Directors

Mumbai, May 30, 2013

Beejal Desai

Vice President - Legal & Company Secretary

Statement of Profit and Loss for the year ended March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Revenue			
Rooms, Restaurants, Banquets and Other Operating Income	23	1,875.86	1,808.73
Other Income	24	48.93	55.99
Total		1,924.79	1,864.72
Expenses			
Food and Beverages Consumed	25	164.08	152.87
Employee Benefit Expense and Payment to Contractors	26	476.73	471.38
Finance Costs	27	105.20	111.99
Depreciation and Amortisation		125.02	113.90
Other Operating and General Expenses	28	830.64	778.55
Total		1,701.67	1,628.69
Profit Before Tax and Exceptional Items		223.12	236.03
Exceptional Items	29	(432.91)	(6.11)
Profit / (Loss) Before Tax		(209.79)	229.92
Tax Expenses			
Current Tax		52.61	50.04
Deferred Tax		25.43	68.15
Minimum Alternate Tax Credit		-	(33.62)
Short Provision of Tax of Earlier Years (net)		(11.22)	-
Total		66.82	84.57
Profit / (Loss) After Tax		(276.61)	145.35
Earnings Per Share -	46		
Basic and Diluted - (₹)		(3.47)	1.91
Face Value per Ordinary Share - (₹)		1.00	1.00

Summary of Significant Accounting Policies

2

The accompanying notes form an integral part of the Financial Statements

1 - 47

In terms of our report attached.

For Deloitte Haskins & Sells
 Chartered Accountants

For PKF Sridhar & Santhanam
 Chartered Accountants

For and on behalf of the Board

 Cyrus P. Mistry
 R. K. Krishna Kumar
 Raymond N. Bickson
 Anil P. Goel
 Abhijit Mukerji
 Mehernosh S. Kapadia

 Chairman
 Vice - Chairman
 Managing Director
 Executive Director - Finance
 Executive Director - Hotel Operations
 Executive Director - Corporate Affairs

Sanjiv V. Pilgaonkar
 Partner

S. Ramakrishnan
 Partner

 Deepak Parekh
 Jagdish Capoor
 Nadir Godrej
 Guy Lindsay Macintyre Crawford

}

Directors

Mumbai, May 30, 2013

Beejal Desai

Vice President - Legal & Company Secretary

The Indian Hotels Company Limited

Cash Flow Statement for the year ended March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash Flow From Operating Activities			
Net Profit / (Loss) Before Tax		(209.79)	229.92
Adjustments For :			
Depreciation and Amortisation		125.02	113.90
Amortisation of borrowing costs		1.48	0.74
Provision for Doubtful Debts and Advances		(2.47)	3.85
(Profit) / Loss on sale of investments		(0.49)	0.01
Loss on sale of assets		0.40	0.86
Expenditure on discontinued project written off		-	3.82
Interest income on surrender of project		-	(14.45)
Shortfall of business interruption insurance claim		-	5.71
Dividend Income		(23.38)	(29.73)
Interest Income		(5.79)	(6.27)
Interest Expense		103.72	111.25
Unrealised Exchange Loss		4.53	9.30
Miscellaneous credit write back		(4.06)	-
Provision for Contingent Claims		(0.26)	5.75
Provision for Diminution in value of Long-term Investments		373.00	-
Provision for Obligation of an Associate		27.55	-
Provision for Loyalty Programmes (net of Redemptions)		(0.25)	0.83
Provision for Employee Benefits		4.67	0.60
		<u>603.67</u>	<u>206.17</u>
Cash Operating Profit before working capital changes		393.88	436.09
Adjustments for (increase) / decrease in operating assets:			
Inventories		1.42	(7.96)
Trade Receivables		(1.09)	(21.88)
Short-term loans and advances		(3.82)	7.88
Long-term loans and advances		2.27	1.32
Other Current Assets		2.89	24.40
Other Non-Current Assets		(4.18)	(0.84)
		<u>(2.51)</u>	<u>2.92</u>
Adjustments for (increase) / decrease in operating liabilities:			
Trade Payables		3.61	15.40
Other Current Liabilities		(11.97)	24.78
Other Long-term Liabilities		(0.19)	0.42
		<u>(8.55)</u>	<u>40.60</u>
Cash Generated from Operating Activities		382.82	479.61
Direct Taxes Paid		(50.80)	(30.99)
Net Cash From Operating Activities (A)		<u>332.02</u>	<u>448.62</u>
Cash Flow From Investing Activities			
Purchase of Fixed Assets		(142.30)	(153.62)
Sale of Fixed Assets		1.40	38.25
Purchase of Long-term Investments		(121.37)	(819.08)
Sale of Current Investments		0.49	617.46
Interest Received		4.19	50.83
Dividend Received		23.38	29.73
Long-term Deposits placed with subsidiaries		-	(270.82)
Long-term Deposits Raised / (Repaid)		-	49.10
Long-term Deposits placed with others		-	(14.88)
Bank Balances not considered as Cash and Cash Equivalents		(0.58)	(10.58)
Long-term Deposits refunded by other companies		0.98	15.52
Net Cash Used In Investing Activities (B)		<u>(233.81)</u>	<u>(468.09)</u>

Cash Flow Statement for the year ended March 31, 2013 (Contd)

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash Flow From Financing Activities			
Proceeds from Issue of Ordinary Shares		373.10	-
Debenture Issue Costs		(1.42)	(2.53)
Interest Paid		(118.87)	(177.86)
Repayment of Long-term borrowings		(516.31)	(1,069.49)
Proceeds from Long-term borrowings		200.00	1,180.96
Short-term Loans raised		954.29	643.23
Short-term Loans repaid		(883.32)	(534.42)
Dividend Paid (Including tax on dividend)		(93.74)	(87.82)
Net Cash Used In Financing Activities (C)		(86.27)	(47.93)
Net Increase / (Decrease) In Cash and Cash Equivalents (A + B + C)			
		11.94	(67.40)
Cash and Cash Equivalents - Opening - 1st April		22.88	90.28
Cash and Cash Equivalents - Closing - 31st March		34.82	22.88
Footnote :			
Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances as per the Balance Sheet			
Cash and Cash Equivalents as above		34.82	22.88
Add : Other Cash and Bank Balances			
Call and Short-term Deposits		9.96	0.17
Deposits pledged with others		1.08	1.25
Margin money deposits		0.65	0.65
Earmarked balances		4.42	13.46
Cash and Bank Balances as per the Balance Sheet		50.93	38.41
Less : Classified as Non-Current (Refer Note 17, Page 82)		1.97	15.48
Cash and Bank Balances classified as Current (Refer Note 20, Page 82)		48.96	22.93
The accompanying notes form an integral part of the Financial Statements	1 - 47		

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For PKF Sridhar & Santhanam
Chartered Accountants

For and on behalf of the Board

Cyrus P. Mistry
R. K. Krishna Kumar
Raymond N. Bickson
Anil P. Goel
Abhijit Mukerji
Mehernosh S. Kapadia

Chairman
Vice - Chairman
Managing Director
Executive Director - Finance
Executive Director - Hotel Operations
Executive Director - Corporate Affairs

Sanjiv V. Pilgaonkar
Partner

S. Ramakrishnan
Partner

Deepak Parekh
Jagdish Capoor
Nadir Godrej
Guy Lindsay Macintyre Crawford

}

Directors

Mumbai, May 30, 2013

Beejal Desai

Vice President - Legal & Company Secretary

Notes to Financial Statements for the year ended March 31, 2013

Note 1 : Corporate Information

The Indian Hotels Company Limited ("IHCL" or the "Company"), is a listed public limited company incorporated in 1902. It is promoted by Tata Sons Ltd., which holds a significant stake in the Company. The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts.

Note 2 : Significant Accounting Policies

The financial statements are prepared under the historical cost convention, on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006 (as amended). The preparation of the 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 these estimates. The significant accounting policies adopted in the presentation of the financial statements are as under : -

(a) Revenue Recognition :

Revenue comprises sale of rooms, food and beverages, allied services relating to hotel operations, including net income from telecommunication services and management and operating fees. Revenue is recognised upon rendering of the service.

(b) Export Benefits Entitlement :

Benefits arising in the nature of Duty Free Scrips are recognised upon the actual utilisation of Duty Credit Scrips for the purchase of Fixed Assets and Inventories and are adjusted against the cost of the related assets.

(c) Employee Benefits (other than persons engaged through contractors) :

i. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the period. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

ii. Gratuity Fund

The Company makes annual contributions to funds administered by the trustees for amounts notified by the funds. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iii. Post-Retirement Benefits

The net present value of the Company's obligation towards post retirement pension scheme for retired whole time directors and Post employment medical benefits to qualifying employees is actuarially determined, based on the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iv. Superannuation

The Company has a defined contribution plan, wherein it annually contributes a sum equivalent to the employee's eligible annual basic salary to a fund administered by the trustees. The Company recognises such contributions as an expense in the year in which they are incurred.

The Company also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Company accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended March 31, 2013

v. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation, carried out at the Balance Sheet date.

vi. Other Employee Benefits

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the likely entitlement thereof.

(d) Fixed Assets :

Fixed assets are stated at cost less depreciation / amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs.

(e) Depreciation / Amortisation :

Depreciation on assets is provided at the rates as specified in Schedule XIV to the Companies Act, 1956. In respect of Leasehold Land, depreciation is provided from the date the land is put to use for commercial operations, over the balance period of the lease. The renewal of these leases is considered as certain in view of past experience for the purpose of depreciation of building on leased property. In respect of Improvements to Buildings, depreciation is provided @ 6.67% based on its useful life.

Intangible assets are amortised on a straight-line basis at the rates specified below

Website Development Cost	20.00%
Cost of Customer Reservation System (including licensed software)	16.67%
Service & Operating Rights	10.00%

(f) Foreign Currency Translation :

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items that have not been hedged, from April 1, 2011 onwards, the Company has adopted the following policy :

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term asset / liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

Hedge Accounting

In accordance with its risk management policy, the Company has entered into cross currency swap transactions with a view to convert its Indian Rupee borrowings into foreign currency borrowings. To the extent the Company has

Notes to Financial Statements for the year ended March 31, 2013

designated the foreign currency component (and ignoring the impact of interest) of the swap contracts as hedging instruments in a net investment hedging relationship applying hedge accounting principles (prior to the revision of Accounting Standard (AS) 11 on "The Effects of Changes in Foreign Exchange Rates" by notification no. G.S.R.914(E) dated December 29, 2011), the exchange difference arising on translation of the borrowing so converted into a foreign currency liability, at the Balance Sheet date, that are designated and are effective hedges is recognised directly in the "Hedge Reserve" account under "Reserve and Surplus" (Note 4) and the ineffective portion is recognised immediately into the Statement of Profit and Loss. Hedge Accounting is discontinued when the hedging instrument expires or is exercised or cancelled or no longer qualifies for hedge accounting.

Translation of foreign operations

Exchange differences on a monetary item that is receivable from or payable to foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future which, in substance, forms a part of the Company's net investment in that foreign operation, are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment. Upon disposal, such accumulation in the Foreign Currency Translation Reserve, or in the case of partial disposal, proportionate share of the related accumulated exchange difference, is recognised as income or as expense in the Statement of Profit and Loss. For this purpose, partial settlement of a monetary item, is considered to be a partial disposal.

The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

(g) Impairment of Assets :

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, a reversal of impairment loss is recognised.

(h) Assets taken on lease :

Operating Lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease.

(i) Inventories :

Stock of Food and Beverages and Stores and Operating supplies are carried at cost (computed on a Weighted Average basis) or Net Realisable Value, whichever is lower.

(j) Investments :

- i. Long-term investments are carried at cost. Provision is made for diminution in value, other than temporary, on an individual basis.
- ii. Current investments are carried at the lower of cost and fair value, determined on a category-wise basis.

(k) Taxes on income :

- i. Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for 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 the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognised as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date.
- ii. Current tax assets and Current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and Deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Notes to Financial Statements for the year ended March 31, 2013

- iii. 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 the 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. Deferred Tax assets are reviewed at each Balance Sheet date for their realisability.
- iv. Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(l) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognised in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), when there is a present legal 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 measured in terms of future outflow of resources, or where a reliable estimate of the 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.

(m) Borrowing Costs :

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Debenture issue costs and the premium on redemption of debentures are adjusted against the available Securities Premium Account in accordance with the provisions of section 78 of the Companies Act, 1956. All other borrowing costs (other than on cross currency interest rate swap which are recognised in the Statement of Profit and Loss in the period in which they accrue) are charged to Statement of Profit and Loss over the tenure of the borrowing.

The Company enters into Interest Rate Swap Contracts to manage interest risks on borrowings. These contracts are held till the maturity of the underlying borrowings. Interest is accounted in the period in which it accrues.

Note 3 : Share Capital

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Authorised Share Capital		
Ordinary Shares		
100,00,00,000 Ordinary Shares of ₹ 1/- each	100.00	100.00
Preference Shares		
1,00,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	100.00	100.00
	200.00	200.00
Issued Share Capital		
80,74,89,291 (Previous year - 75,94,89,291) Ordinary Shares of ₹ 1/- each	80.75	75.95
	80.75	75.95
Subscribed and Paid Up		
80,74,72,787 (Previous year - 75,94,72,787) Ordinary Shares of ₹ 1/- each, Fully Paid (Refer Footnote (v) and (vi))	80.75	75.95
	80.75	75.95

Notes to Financial Statements for the year ended March 31, 2013

Footnotes :

- (i) The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended March 31, 2013, the amount of per share dividend recognised as distribution to equity shareholder was ₹ 0.80/- (Previous year ₹ 1/-).

- (ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2013		March 31, 2012	
	No. of shares	₹ crores	No. of shares	₹ crores
As at the beginning of the year	75,94,72,787	75.95	75,94,72,787	75.95
Add : Issued during the year	4,80,00,000	4.80	-	-
As at the end of the year	80,74,72,787	80.75	75,94,72,787	75.95

- (iii) On December 23, 2010, the Company had issued on preferential basis 4,80,00,000 Warrants to Tata Sons Ltd. at a price of ₹ 103.64 per warrant with a right exercisable by the warrant holder to subscribe to one Ordinary share of the face value of ₹ 1/- each per warrant which option was exercisable after April 1, 2011, but not later than 18 months from the date of issue of the warrants. The Company had received ₹ 124.37 crores, as 25% advance against the warrants at the time of issue of the warrants. The Company has received the balance 75% application / allotment monies amounting to ₹ 373.10 crores on June 22, 2012 and pursuant to the above the Company has allotted 4,80,00,000 Ordinary shares of face value of ₹ 1/- each at a premium of ₹ 102.64 per share to Tata Sons Ltd. on preferential basis. The equity shares issued as aforesaid are eligible to dividend of ₹ 1/- per share for the year 2011-12.

- (iv) Shareholders holding more than 5% shares in the Company :

	March 31, 2013		March 31, 2012	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity share of ₹ 1/- each fully paid				
Tata Sons Limited	20,20,52,004	25.02	14,87,21,334	19.58
Life Insurance Corporation of India	7,68,79,324	9.52	7,68,79,324	10.12
Sir Dorabji Tata Trust	5,02,21,040	6.22	5,02,21,040	6.61

- (v) Aggregate number of equity shares issued for consideration other than cash and shares issued on conversion of Foreign Currency Convertible Bonds during the period of five years immediately preceeding the year March 31, 2013 :

	March 31, 2013 No. of shares	March 31, 2012 No. of shares
Shares allotted as fully paid shares, pursuant to amalgamation of Gateway Hotels & Getaway Resorts Limited and Indian Resort Hotels Limited with the Company.	-	1,62,19,670
Shares issued as fully paid shares, pursuant to exercise of option for conversion by holders of Foreign Currency Convertible Bonds.	-	903

- (vi) 16,504 (Previous year - 16,504) Ordinary Shares have been issued but not subscribed to as at the end of the respective years and have been kept in abeyance pending resolution of legal dispute.

Notes to Financial Statements for the year ended March 31, 2013

Note 4 : Reserves and Surplus

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Capital Reserve		
Opening and Closing Balance	43.91	43.91
Capital Redemption Reserve		
Opening and Closing Balance	1.12	1.12
Securities Premium Reserve		
Opening Balance	1,667.09	1,668.80
Add : On allotment of shares on Warrant (Refer Note 3 Footnote (iii), Page 68)	492.67	-
Less : Provision for Premium payable on redemption of Debentures (net of tax)	63.66	-
Less : Issue expenses written off (net of tax)	0.96	1.71
Closing Balance	2,095.14	1,667.09
Debenture Redemption Reserve		
Opening and Closing Balance	440.97	440.97
Investment Reserve		
Opening and Closing Balance	5.00	5.00
Investment Allowance Utilised Reserve		
Opening and Closing Balance	4.03	4.03
Export Profits Reserve		
Opening and Closing Balance	0.41	0.41
Hedge Reserve (Refer Footnote)		
Opening Balance	(118.22)	-
Add / (Less) : Exchange translation for the year	(58.68)	(118.22)
Closing Balance	(176.90)	(118.22)
Foreign Currency Translation Reserve		
Opening Balance	215.90	14.15
Add / (Less) : Transferred to Statement of Profit and Loss on disposal of the net investments	-	(1.11)
Add / (Less) : Exchange translation difference on net investment in non-integral foreign operations	62.67	202.86
Closing Balance	278.57	215.90
Foreign Currency Monetary Item Translation Difference Account (Refer Note 35, Page 89)		
Opening Balance - (Debit) / Credit	9.21	-
Add / (Less) : Exchange translation difference for the year	(33.71)	0.46
Add / (Less) : Transferred to Statement of Profit and Loss on amortisation	9.25	8.75
Closing Balance - (Debit) / Credit	(15.25)	9.21
General Reserve		
Opening Balance	484.61	470.07
Add : Transferred from Surplus in Statement of Profit and Loss	-	14.54
Closing Balance	484.61	484.61
Carried over	3,161.61	2,754.03

Notes to Financial Statements for the year ended March 31, 2013

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Brought over	3,161.61	2,754.03
Surplus in Statement of Profit and Loss		
Opening Balance	422.67	380.13
Add : Net Profit / (Loss) for the current year	(276.61)	145.35
Less : Dividend paid for previous year	4.80	-
Less : Tax on Dividend	0.78	-
Less : Proposed Dividend	64.60	75.95
Less : Tax on Dividend	10.59	12.32
Less : Transfer to General Reserve	-	14.54
Closing Balance	65.29	422.67
	3,226.90	3,176.70

Footnote :

The Company has adopted hedge accounting principles to account for hedging of loans extended to subsidiaries forming a part of the Company's net investment in non-integral foreign operations. Effectively, the Company had partially converted its rupee borrowings into foreign currency borrowings, using cross-currency swap derivative instruments, so as to cover the foreign currency fluctuations of its investments in overseas subsidiaries and the foreign currency borrowings.

On application of the hedge accounting policy, the foreign currency translation differences of both, the hedging instrument (i.e. the borrowings) and the hedged item (i.e. the net investment in non-integral foreign operation), are recognised under Reserves and Surplus having due consideration to hedge effectiveness. Accordingly, the translation difference on the borrowings amounting to ₹ 58.68 crores (Previous year ₹ 118.22 crores) for year ended March 31, 2013 forming the effective portion of the hedge has been recognised in the Hedge Reserve Account in the Balance Sheet, whilst the corresponding translation differences of the net investment in non-integral foreign operation of ₹ 62.67 crores (Previous year ₹ 202.86 crores) for the year ended March 31, 2013 has been recognised under "Foreign Currency Translation Reserve Account" in the Balance Sheet.

Note 5 : Long-term Borrowings

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Debentures		
Secured	939.79	968.50
Unsecured	809.07	581.68
	1,748.86	1,550.18
Term Loans from Banks		
Unsecured	515.90	485.99
	515.90	485.99
Fixed Deposits		
Unsecured		
From Shareholders	-	0.60
From Others	-	-
	-	0.60
Loans and advances from Related Parties		
Unsecured	3.37	3.17
	3.37	3.17
	2,268.13	2,039.94

Notes to Financial Statements for the year ended March 31, 2013

Footnotes :

(i) Current and Non-Current Components of Long-Term Borrowing as at:

	March 31, 2013 ₹ crores		March 31, 2012 ₹ crores	
	Non-Current	Current	Non-Current	Current
Non Convertible Debentures (NCDs)				
Secured (Refer Footnote (ii))				
a) 10.10% Non-Convertible Debentures	300.00	-	300.00	-
b) 9.95% Non-Convertible Debentures	250.00	-	250.00	-
Add : Exchange Loss on currency swap of the above Debentures	49.61	-	32.25	-
c) 2% Non-Convertible Debentures	300.00	-	300.00	-
Add : Exchange Loss on currency swap of the above Debentures	40.18	-	26.25	-
d) 11.80% Non-Convertible Debentures	-	60.00	60.00	90.00
	<u>939.79</u>	<u>60.00</u>	<u>968.50</u>	<u>90.00</u>
Unsecured (Refer Footnote (iii))				
a) 2% Non-Convertible Debentures	250.00	-	250.00	-
Add : Exchange Loss on currency swap of the above Debentures	39.90	-	23.13	-
b) 9.90% Non-Convertible Debentures	136.00	-	136.00	-
c) 2% Non-Convertible Debentures	150.00	-	150.00	-
Add : Exchange Loss on currency swap of the above Debentures	33.17	-	22.55	-
d) 2% Non-Convertible Debentures	200.00	-	-	-
	<u>809.07</u>	<u>-</u>	<u>581.68</u>	<u>-</u>
Term Loan From Banks (Unsecured)				
Foreign Currency Term Loan From Banks - (Refer Footnote iv)	515.90	-	485.99	-
Foreign Currency Term Loan From Banks - (Refer Footnote (v))	-	-	-	141.47
	<u>515.90</u>	<u>-</u>	<u>485.99</u>	<u>141.47</u>
Fixed Deposits (Unsecured) (Refer Footnote (vi))				
From Shareholders	-	0.60	0.60	60.60
From Others	-	-	-	224.80
	<u>-</u>	<u>0.60</u>	<u>0.60</u>	<u>285.40</u>
Loans and Advances (Unsecured)				
From Related Party	3.37	-	3.17	-
	<u>2,268.13</u>	<u>60.60</u>	<u>2,039.94</u>	<u>516.87</u>

(ii) Secured Debentures include :

- 3,000, 10.10% Secured Non-Convertible Debentures of ₹ 10 lakhs each aggregating ₹ 300 crores, are allotted on November 18, 2011 and repayable at par at the end of 10th year from the date of allotment i.e November 18, 2021.
- 2,500, 9.95% Secured Non-Convertible Debentures of ₹ 10 lakhs each aggregating ₹ 250 crores, are allotted on July 27, 2011 and repayable at par at the end of 10th year from the date of allotment i.e July 27, 2021. The Company has entered into currency swap transactions with a view to convert these debentures into foreign currency borrowing, to hedge its foreign currency assets. Accordingly, the underlying borrowings are translated at the exchange rate prevailing at the Balance Sheet date.
- 3,000, 2% Secured Non-Convertible Debentures of ₹ 10 lakhs each aggregating ₹ 300 crores, are allotted on March 22, 2010 and repayable in 3 annual instalments commencing at the end of 5th, 6th & 7th year from the date of allotment along with redemption premium of ₹ 6.13 lakhs per debenture in the ratio of 20:30:50 so as to give a yield to maturity of 9.5%. The Company has entered into currency swap transactions on ₹ 200 crores with a view to convert these debentures into foreign currency borrowing, to hedge its foreign currency assets. Accordingly, the underlying borrowings to the extent of ₹ 200 crores are translated at the exchange rate prevailing at the Balance Sheet date.

Notes to Financial Statements for the year ended March 31, 2013

- d) 3,000, 11.80% Secured Non-Convertible Debentures of ₹ 10 lakhs each aggregating ₹ 300 crores, allotted on December 18, 2008 and repayable in 3 annual instalments in the ratio of 50:30:20 at the end of the 3rd year from the date of allotment. During the year, the Company has repaid the second instalment which was due on December 18, 2012 of ₹ 90 crores.

All the Secured Non-Convertible Debentures are rated, listed and secured by a *pari passu* first charge created on all the fixed assets of the Company, both present and future.

(iii) Unsecured Debentures include :

- a) 2,500, 2% Unsecured Non-Convertible Debentures of ₹ 10 lakhs each, allotted on December 9, 2009 aggregating ₹ 250 crores and repayable at the end of the 10th year, along with redemption premium of ₹ 12.43 lakhs per debenture. The Company has entered into currency swap transactions with a view to convert these debentures into foreign currency borrowing to the extent of ₹ 249.27 crores, to hedge its foreign currency assets. Accordingly, the underlying borrowings are translated at the exchange rate prevailing at the Balance Sheet date.
- b) 1,360, 9.90% Unsecured Non-Convertible Debentures of ₹ 10 lakhs each, allotted on February 24, 2012 aggregating ₹ 136 crores and repayable at the end of the 5th year from the date of allotment.
- c) 1,500, 2% Unsecured Non-Convertible Debentures of ₹ 10 lakhs each, allotted on December 9, 2009 aggregating ₹ 150 crores and repayable at the end of the 5th year, along with redemption premium of ₹ 4.37 lakhs per debenture. The Company has entered into currency swap transactions with a view to convert these debentures into foreign currency borrowing, to hedge its foreign currency assets. Accordingly, the underlying borrowings are translated at the exchange rate prevailing at the Balance Sheet date.
- d) 2,000, 2% Unsecured Non-Convertible Debentures of ₹ 10 lakhs each, allotted on April 23, 2012 aggregating ₹ 200 crores and repayable at the end of the 5th year from the date of allotment, along with redemption premium of ₹ 4.71 lakhs per debenture.
- (iv) The Company had taken external commercial borrowing of US \$ 95 million on November 23, 2011. The loan is repayable at the end of 50th, 60th, and 72nd month from November 23, 2011 in equal instalments to achieve the average maturity of 5.05 years and carries an interest based on spread over LIBOR.
- (v) The Company had taken interest bearing external commercial borrowing of US \$ 30 million on April 25, 2007. The company has repaid the external commercial borrowings which was due on April 25, 2012.
- (vi) The Company had taken Fixed Deposits from Public as well as Shareholders carrying interest @ 9.50% and 10% for 2 and 3 years respectively, with an additional interest @ 0.25% p.a. for senior citizens, shareholders and employees. The interest on these deposits was being paid on half-yearly basis and on maturity. As on April 1, 2012 ₹ 286.00 crores of fixed deposits were outstanding of which ₹ 285.40 crores matured in current year. The Company has repaid ₹ 283.95 crores being fixed deposits which were claimed.

(vii) Maturity Profile of Debentures :

				₹ crores
Non-Convertible Debentures (NCDs)	Redeemable on	Principal	Premium	Total
Secured				
a) 10.10% Non-Convertible Debentures	November 18, 2021	300.00	-	300.00
b) 9.95% Non-Convertible Debentures	July 27, 2021	250.00	-	250.00
c) 2% Non-Convertible Debentures (3rd installment)	March 22, 2017	150.00	105.25	255.25
2% Non-Convertible Debentures (2nd installment)	March 22, 2016	90.00	51.50	141.50
2% Non-Convertible Debentures (1st installment)	March 22, 2015	60.00	27.22	87.22
d) 11.80% Non-Convertible Debentures (3rd installment)	December 18, 2013	60.00	-	60.00
		910.00	183.97	1,093.97
Unsecured				
a) 2% Non-Convertible Debentures	December 9, 2019	250.00	310.84	560.84
b) 9.90% Non-Convertible Debentures	February 24, 2017	136.00	-	136.00
c) 2% Non-Convertible Debentures	April 23, 2017	200.00	94.23	294.23
d) 2% Non-Convertible Debentures	December 9, 2014	150.00	65.46	215.46
		736.00	470.53	1206.53
		1646.00	654.50	2300.50

Notes to Financial Statements for the year ended March 31, 2013

Note 6 : Deferred Tax Liabilities (net)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Deferred tax liabilities:		
Depreciation on fixed assets	273.42	266.32
Unamortised borrowing costs	2.07	2.42
Total (A)	275.49	268.74
Deferred tax assets:		
Provision for doubtful debts	2.93	2.99
Premium on redemption of Debentures	148.93	141.82
Provision for Employee Benefits	13.81	12.67
Others	14.32	15.33
Total (B)	179.99	172.81
Net Deferred tax liabilities (A-B)	95.50	95.93

Footnote:

Deferred Tax Assets of ₹ 25.86 crores (Previous year - ₹ NIL) has been adjusted against Securities Premium Reserve

Note 7 : Other Long-term Liabilities

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Creditors for capital goods and services	3.13	2.41
Deposits from others		
Secured (Refer Note 15 Footnote (v), Page 81)	71.10	71.10
Unsecured	0.52	0.71
	71.62	71.81
	74.75	74.22

Note 8 : Long-term Provisions

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provision For Employee Benefits		
Compensated absences	11.72	11.06
Gratuity	-	4.83
Post-employment medical benefits	2.63	2.40
Post-retirement pension	5.57	6.08
	19.92	24.37
Provision - Others		
Premium on Redemption of Debentures (Refer Note 5 Footnote (vii), Page 72)	654.50	560.27
	674.42	584.64

Notes to Financial Statements for the year ended March 31, 2013

Note 9 : Short-term Borrowings

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Loans repayable on demand		
From Bank		
Secured (Refer Footnote (i))	-	2.68
	-	2.68
Other Short-term Loans		
From Related Parties		
Unsecured (Refer Footnote (ii))	45.00	25.00
From Others		
Unsecured (Refer Footnote (iii))	148.54	94.89
	193.54	119.89
	193.54	122.57

Footnotes :

- Secured loan from Bank consists of overdraft facilities. These are secured by hypothecation of operating supplies, stores, food and beverages and receivables.
- Short-term loans from related parties consists of inter-corporate deposits for a period of 90 days with an option of pre-payment and carries interest @ 9%.
- The Company has issued 3,000 Commercial Paper of ₹ 5 lakhs each aggregating ₹ 150 crores (net proceeds ₹ 147.57 crores and interest accrued for current year ₹ 0.97 crore) on March 8, 2013. The Commercial Paper carries interest @10 % and is repayable at par at the end of 60 days from the date of allotment.

Note 10 : Trade Payables

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Trade Payables		
Micro, Small and Medium Enterprises (Refer Footnote (i) and (ii))	1.71	1.60
Vendor Payables	76.49	53.66
Accrued expenses and others	74.27	93.60
	152.47	148.86

Footnotes :

- The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
- The disclosures relating to Micro, Small and Medium Enterprises are as under:

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	1.71	1.60
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Notes to Financial Statements for the year ended March 31, 2013

Note 11 : Other Current Liabilities

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Current maturities of long-term borrowings (Refer Note 5 Footnote (i), Page 71)		
Debentures	60.00	90.00
Term Loans	-	141.47
Fixed Deposits	0.60	285.40
	60.60	516.87
Payables on Current Account dues :		
Related Parties	19.14	9.20
Others	11.08	8.74
	30.22	17.94
Deposits (Unsecured)	19.66	20.22
Interest accrued but not due on borrowings	40.01	39.89
Income received in advance	17.46	13.31
Advances collected from customers	36.93	41.48
Creditors for capital expenditure	10.22	17.59
Unclaimed dividend (Refer Footnote (i))	3.15	3.04
Unclaimed Share Application Money (Refer Footnote (i))	0.13	0.13
Unclaimed Matured Deposits and interest accrued thereon (Refer Footnote (i))	2.68	2.02
Unclaimed matured debentures and interest accrued thereon ₹ 25,100 (Previous Year - ₹ 25,100) (Refer Footnote (i))	-	-
Other Liabilities (Refer Footnote (ii))	121.95	117.09
	343.01	789.58

Footnotes :

- A sum of ₹ 0.24 crore (Previous year ₹ 0.21 crore) due for transfer to the Investor Education and Protection Fund during the year has been transferred and there are no dues in this respect which have remained unpaid as at the Balance Sheet date.
- Other liabilities include accruals related to employees ₹ 66.15 crores (Previous year ₹ 86.11 crores) and Provision for obligation of an Associate ₹ 27.55 crores (Previous year ₹ NIL)

Note 12 : Short-term Provisions

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provision for Employees Benefits		
Compensated absences	17.44	13.17
Post-employment medical benefits	0.23	0.22
Post-retirement pension	6.16	1.32
	23.83	14.71
Carried over	23.83	14.71

Notes to Financial Statements for the year ended March 31, 2013

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Brought over	23.83	14.71
Provision - Others		
Provision for Contingencies (Refer Footnote (i))	2.57	12.83
Proposed Dividend	64.60	75.95
Tax on Dividend	10.59	12.32
Loyalty Programmes (Refer Footnote (ii))	15.16	15.41
	92.92	116.51
	116.75	131.22

Footnotes :

(i) Provision for Contingencies include :

	Opening Balance	Addition / (Deletion)	Closing Balance
	₹ crores	₹ crores	₹ crores
Legal and Statutory matters	1.44	(0.26)	1.18
	1.12	0.32	1.44
Contractual matters in the course of business	10.16	(10.00)	0.16
	5.00	5.16	10.16
Employee related matters	1.23	-	1.23
	0.96	0.27	1.23
Total	12.83	(10.26)	2.57
	7.08	5.75	12.83

a) The above matters are under litigation / negotiation and the timing of the cash flows cannot be currently determined.

b) Figures in italics are in respect of previous year.

(ii) Details of Provision for Loyalty Programmes :

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Opening Balance	15.41	14.58
Less : Redeemed during the year	11.21	9.00
	4.20	5.58
Add : Provision during the year	10.96	9.83
Closing Balance	15.16	15.41

Notes to Financial Statements for the year ended March 31, 2013

Note 13 : Tangible Assets (Owned)

	Freehold Land	Leasehold Land	Buildings (Refer Footnote (i))	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Gross Block at Cost								
At April 1, 2011	136.22	11.83	1,098.62	876.50	359.04	70.46	16.50	2,569.17
Additions	-	-	59.40	108.32	54.90	7.62	0.29	230.53
Adjustments (Refer Footnote (iii))	-	-	1.33	10.74	18.34	2.48	-	32.89
Disposals	0.27	-	1.81	25.13	5.88	0.13	1.26	34.48
At March 31, 2012	135.95	11.83	1,157.54	970.43	426.40	80.43	15.53	2,798.11
Additions	-	-	10.28	22.35	6.48	1.77	0.25	41.13
Disposals	-	-	0.36	6.66	3.98	1.98	0.30	13.28
At March 31, 2013	135.95	11.83	1,167.46	986.12	428.90	80.22	15.48	2,825.96
Depreciation (Refer Footnote (ii))								
At April 1, 2011	3.88	0.85	163.12	418.71	219.85	45.35	7.18	858.94
Charge for the year	-	0.18	26.53	47.50	24.77	9.51	1.09	109.58
Adjustments (Refer Footnote (iii))	-	-	5.76	14.05	13.39	0.72	-	33.92
Disposals	-	-	0.34	23.61	5.67	0.12	1.14	30.88
At March 31, 2012	3.88	1.03	195.07	456.65	252.34	55.46	7.13	971.56
Charge for the year (Refer Footnote (iv))	-	0.16	29.12	54.44	27.98	7.54	1.43	120.67
Disposals	-	-	0.13	5.80	3.44	1.92	0.28	11.57
At March 31, 2013	3.88	1.19	224.06	505.29	276.88	61.08	8.28	1,080.66
Net Block								
At March 31, 2012	132.07	10.80	962.47	513.78	174.06	24.97	8.40	1,826.55
At March 31, 2013	132.07	10.64	943.40	480.83	152.02	19.14	7.20	1,745.30

Footnotes :

- Gross Block includes buildings constructed on leasehold land and improvements thereto - ₹ 599.92 crores (Previous year - ₹ 591.48 crores).
- Accumulated Depreciation includes adjustment for impairment made in earlier years of ₹ 6.61 crores (Previous year - ₹ 6.61 crores), including ₹ 3.88 crores (Previous year ₹ 3.88 crores) on Freehold Land.
- Adjustments for the previous year include cost / depreciation adjustments on decapitalisation / recapitalisation of fixed assets on restoration of Taj Mahal Palace, Mumbai, subsequent to receipt of insurance claim.
- Depreciation charge for the year includes ₹ 0.04 crore (Previous year ₹ 0.05 crore) which is capitalised during the year.

Notes to Financial Statements for the year ended March 31, 2013

Note 14 : Intangible Assets

	Website Development Cost	Software (Refer Footnote)	Service & Operating Rights	Total
	₹ crores	₹ crores	₹ crores	₹ crores
Gross Block at Cost				
At April 1, 2011	8.41	18.27	9.33	36.01
Additions	0.18	0.82	-	1.00
Adjustments	-	0.06	-	0.06
Disposals	4.52	-	-	4.52
At March 31, 2012	4.07	19.15	9.33	32.55
Additions	-	0.71	2.72	3.43
Disposals	-	0.29	-	0.29
At March 31, 2013	4.07	19.57	12.05	35.69
Amortisation				
At April 1, 2011	5.02	8.53	6.95	20.50
Charge for the year	0.84	2.94	0.59	4.37
Disposals	4.52	-	-	4.52
At March 31, 2012	1.34	11.47	7.54	20.35
Charge for the year	0.81	2.79	0.79	4.39
Disposals	-	0.21	-	0.21
At March 31, 2013	2.15	14.05	8.33	24.53
Net Block				
At March 31, 2012	2.73	7.68	1.79	12.20
At March 31, 2013	1.92	5.52	3.72	11.16

Footnote :

Software includes Customer Reservation System and other Licensed software.

Notes to Financial Statements for the year ended March 31, 2013

Note 15 : Non-current Investments (at cost)

	Face Value	March 31, 2013		March 31, 2012	
		Holdings		Holdings	
		As at	₹ crores	As at	₹ crores
Trade Investments :					
Fully Paid Unquoted Equity Instruments					
Investments in Subsidiary Companies					
International Hotel Management Services Inc.					
(includes ₹ 1,925.81 crores (Previous year ₹ 1,806.34 crores) by way of additional paid-in capital)	US \$ 1	100	1,937.14	100	1,817.67
KTC Hotels Ltd.	₹ 10	6,04,000	0.70	6,04,000	0.70
Residency Food & Beverages Ltd.	₹ 10	1,85,00,000	18.25	1,85,00,000	18.25
Roots Corporation Ltd.	₹ 10	5,10,00,000	51.00	5,10,00,000	51.00
Taj International Hotels (H.K.) Ltd.					
(13,00,00,000 Shares allotted during the year)	US \$ 1	23,00,00,000	1,111.05	10,00,00,000	446.02
Share application money with Taj International Hotels (H.K.) Ltd. pending for allotment			-		665.03
Taj SATS Air Catering Ltd.	₹ 10	88,74,000	61.82	88,74,000	61.82
TIFCO Holdings Ltd.	₹ 10	8,15,00,000	81.50	8,15,00,000	81.50
United Hotels Ltd.	₹ 10	25,18,320	1.11	25,18,320	1.11
Piem Hotels Ltd.	₹ 10	9,86,760	61.12	9,86,760	61.12
Ideal Ice & Cold Storage Co. Ltd.	₹ 10	1,07,224	0.06	1,07,224	0.06
Inditravel Ltd.	₹ 10	2,40,004	0.24	2,40,004	0.24
Taj Enterprises Ltd.	₹ 100	7,000	0.07	7,000	0.07
Taj Rhein Shoes Co. Ltd.	₹ 100	45,000	0.45	45,000	0.45
Taj Trade & Transport Co. Ltd.	₹ 10	12,54,000	2.67	12,54,000	2.67
			<u>3,327.18</u>		<u>3,207.71</u>
Investments in Jointly Controlled Entities					
IHMS Hotels (SA) (Proprietary) Ltd. (₹ 3,052)	ZAR 1	500	-	500	-
Share application money with IHMS Hotels (SA) (Proprietary) Ltd. pending for allotment (including ₹ 0.48 crores during the year)			42.48		42.00
Taj Karnataka Hotels & Resorts Ltd.	₹ 10	5,00,000	0.50	5,00,000	0.50
Taj Kerala Hotels & Resorts Ltd.	₹ 10	1,41,51,663	15.67	1,41,51,663	15.67
Taj Madras Flight Kitchen Pvt. Ltd.	₹ 10	79,44,112	8.56	79,44,112	8.56
Taj Safaris Ltd.	₹ 10	59,16,667	7.92	59,16,667	7.92
TAL Hotels & Resorts Ltd.	US \$ 1	13,29,778	13.63	13,29,778	13.63
Kaveri Retreats and Resorts Ltd.*	₹ 10	20,00,000	6.80	-	-
			<u>95.57</u>		<u>88.28</u>
Investments in Associate Companies					
BJETS Pte Ltd., Singapore	US \$ 1	2,00,00,000	102.59	2,00,00,000	102.59
Taida Trading & Industries Ltd.	₹ 100	26,912	0.27	26,912	0.27
Taj Madurai Ltd.	₹ 10	9,12,000	0.95	9,12,000	0.95
Kaveri Retreats and Resorts Ltd.*	₹ 10	-	-	20,00,000	6.80
			<u>103.81</u>		<u>110.61</u>
Carried over			3,526.56		3,406.60

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

	Face Value	March 31, 2013		March 31, 2012	
		Holdings		Holdings	
		As at	₹ crores	As at	₹ crores
Brought over			3,526.56		3,406.60
Investments in Other Companies					
Hotels and Restaurant Co-op. Service Society Ltd. (₹ 1,000/-)	₹ 50	20	-	20	-
India Tourism Development Corporation Ltd. (Listed but not quoted)	₹ 10	67,50,275	44.58	67,50,275	44.58
Kumarkrupa Hotels Ltd.	₹ 10	96,432	0.94	96,432	0.94
Lands End Properties Pvt. Ltd.	₹ 10	19,90,000	1.99	19,90,000	1.99
Taj Air Ltd.	₹ 10	1,47,060	0.15	1,47,060	0.15
Tata Projects Ltd.	₹ 100	90,000	0.17	90,000	0.17
Tata Services Ltd.	₹ 1,000	421	0.03	421	0.03
Tata Sons Ltd.	₹ 1,000	4,500	25.00	4,500	25.00
TRIL Infopark Ltd. (Refer Footnote v)	₹ 10	7,11,00,000	71.10	7,11,00,000	71.10
			143.96		143.96
Fully Paid Quoted Equity Investments :					
Investments in Subsidiary Companies					
Benares Hotels Ltd.	₹ 10	2,93,000	0.69	2,93,000	0.69
			0.69		0.69
Investments in Jointly Controlled Entities					
Taj GVK Hotels & Resorts Ltd.	₹ 2	1,60,00,000	40.34	1,60,00,000	40.34
			40.34		40.34
Investments in Associate Companies					
TAL Lanka Hotels PLC	Sri Lankan				
	Rs 10	3,43,75,640	18.72	3,43,75,640	18.72
Oriental Hotels Ltd.	₹ 1	3,37,64,550	28.73	3,37,64,550	28.73
			47.45		47.45
Investment in Other Companies					
Tourism Finance Corporation of India Ltd.	₹ 10	50,000	0.10	50,000	0.10
Total Trade Investment			3,759.09		3,639.14
Non-trade Investments - Long Term					
Investment in Equity Instruments					
HDFC Bank Ltd. (quoted) (₹ 5,000/-)	₹ 2	2,500	-	2,500	-
Investment in Preference Shares					
Central India Spinning Weaving & Manufacturing Co. Ltd. (10% unquoted Cumulative Preference Shares) (₹ 27,888/-)	₹ 500	50	-	50	-
Investment in Others					
National Savings Certificate (₹ 45,000/-)			-		-
			-		-
Total Long-Term Investments - Gross			3,759.09		3,639.14
Less : Provision for Diminution in value of Investments			389.95		16.95
Total Long-Term Investments - Net			3,369.14		3,622.19

* Became Jointly Controlled Entity with effect from April 1, 2012

Notes to Financial Statements for the year ended March 31, 2013

Footnotes :

(i) Aggregate of Quoted Investments - Gross	: Cost	88.58	88.58
	: Market Value	220.35	265.48
(ii) Aggregate of Unquoted Investments - Gross	: Cost	3,670.51	3,550.56

- (iii) The Company has made long-term strategic investments, either directly or through its overseas subsidiaries, which are being carried at "cost" in its financial statements. Selectively, some of these investments have witnessed a decline in their fair values and consequent erosion in net worth on account of the global recessionary conditions that have continued unabated in recent years. Thus, the Company has felt it prudent to recognise a diminution, other than temporary, of ₹ 305 crores, in the value of its investment in Taj International Hotels (H.K) Ltd. ("TIHK"), a wholly owned subsidiary, which in turn holds investments in the Company's various international entities, including Orient-Express Hotels Ltd. The charge to the Statement of Profit and Loss has been classified as an "Exceptional Item" for the current year. The performance of its investments would be monitored on a periodic basis by the Company and adjustments made to their carrying values thereof, if necessary.

Through a subsidiary of TIHK, the Company holds Class A shares costing ₹ 1,078 crores (US \$ 262 million) in Orient-Express Hotels Ltd. ("Orient-Express"), which are carried at cost by that subsidiary. The market value of these shares has declined significantly and as at the Balance Sheet date it corresponds to a value of ₹ 382 crores, approximately. In pursuit of its long-term strategic growth plans, in October, 2012, the Company communicated its desire to acquire all of the outstanding Class A shares of Orient-Express to the Board of Directors of that company. The Company's bid was valued at approximately US \$ 1.86 billion (including Orient-Express' existing outstanding debt). The Board of Directors of Orient-Express responded by stating that in their view it was a "highly disadvantageous time to sell" Orient-Express. The Company is reviewing its options in this regard.

- (iv) The Company has also recognised a diminution, other than temporary, of ₹ 68 crores, in respect of its investment in Bjets Pte Ltd., Singapore. The charge to the Statement of Profit and Loss has been classified as an "Exceptional Item" for the current year.
- (v) Transfer of shares are restricted due to option granted for 10 years upto July, 2021 to Tata Realty and Infrastructure Ltd. for repurchase of the shares at par value. Tata Realty and Infrastructure Ltd. has deposited a sum of ₹ 71.10 crores (Previous year ₹ 71.10 crores) as Option Deposit, which shall be adjusted upon exercise of the option or refunded.

Note 16 : Long-term Loans and Advances

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Capital advances	36.35	9.59
Long-term security deposits placed for Hotel Properties		
External parties	117.05	118.03
Related parties	3.50	3.50
	120.55	121.53
Deposits with Public Bodies and Others	29.73	25.55
Loans and advances to related parties (Refer Footnote)		
Subsidiary Companies	1,105.56	1,041.46
Jointly Controlled Entities	13.50	13.03
Associates	-	8.04
	1,119.06	1,062.53
Other loans and advances		
Advance Income Tax paid (net)	78.82	51.37
MAT credit entitlement	48.67	66.25
Others	7.84	10.11
	135.33	127.73
	1,441.02	1,346.93

Footnote :

Loans and advances to related parties include long-term shareholders' deposits placed by the Company with its overseas Subsidiaries and Jointly Controlled Entities.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Note 17 : Other Non-Current Assets

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Deposits with Banks (Refer Note 20, Page 82)	1.97	15.48
Unamortised borrowing costs (Refer Note 22, Page 83)	4.77	6.07
Interest receivable from Related parties	5.62	6.03
	<u>12.36</u>	<u>27.58</u>

Note 18 : Inventories (At lower of cost and net realisable value)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Food and Beverages	17.52	20.15
Stores and Operating Supplies	20.85	19.64
	<u>38.37</u>	<u>39.79</u>

Note 19 : Trade Receivables

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
(Unsecured) (Refer Footnote)		
Outstanding over six months :		
Considered good	10.25	12.57
Considered doubtful	8.61	9.22
	<u>18.86</u>	<u>21.79</u>
Others :		
Considered good	114.97	112.26
Considered doubtful	0.01	-
	<u>114.98</u>	<u>112.26</u>
	<u>133.84</u>	<u>134.05</u>
Less : Provision for Doubtful Debts	8.62	9.22
	<u>125.22</u>	<u>124.83</u>

Footnote :

Trade Receivables include debts due from Directors - ₹ 12,151 (Previous year - ₹ NIL) in the ordinary course of business.

Note 20 : Cash and Bank Balances

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash and Cash Equivalents		
Cash on hand	2.07	1.52
Cheques, Drafts on hands	3.79	7.27
Balances with bank in current account	28.38	13.51
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months)	0.58	0.58
	<u>34.82</u>	<u>22.88</u>
Other Balances with Banks :		
Call and Short-term deposit accounts	9.96	0.17
Deposits pledged with others	1.08	1.25
Margin money deposits	0.65	0.65
Earmarked balances	4.42	13.46
	<u>16.11</u>	<u>15.53</u>
Total Cash and Bank Balances	<u>50.93</u>	<u>38.41</u>
Less : Term deposit with banks maturing after 12 months from Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current (Refer Note 17, Page 82)	1.97	15.48
	<u>48.96</u>	<u>22.93</u>

Notes to Financial Statements for the year ended March 31, 2013

Note 21 : Short-term Loans and Advances

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Short-term Loans and Advances		
Related Parties		
Jointly Controlled Entities	9.90	5.00
Associates	8.04	-
	17.94	5.00
Others	0.94	2.02
	18.88	7.02
Deposit with Public Bodies and Others	5.36	10.47
Other Advances		
Considered good	68.45	54.38
Considered doubtful	2.15	5.32
	70.60	59.70
Less : Provision for doubtful Advances	2.15	5.32
	68.45	54.38
	92.69	71.87

Note 22 : Other Current Assets

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Interest Receivable :		
Related Parties	2.56	0.92
Others	14.67	14.30
	17.23	15.22
On Current Account dues :		
Related Parties	9.57	16.74
Others	4.65	6.16
	14.22	22.90
Unamortised Borrowing Costs :		
Opening Balance	7.45	0.25
Add : Additions during the year	0.12	7.94
Less : Amortised during the year (Refer Footnote)	1.48	0.74
Closing Balance	6.09	7.45
Less : Unamortised borrowing costs - Non-Current (Refer Note 17, Page 82)	4.77	6.07
	1.32	1.38
	32.77	39.50

Footnote :

Represents expenses on loans amortised over the tenure of the loan.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Note 23 : Rooms, Restaurants, Banquets and Other Operating Income

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Room Income	889.25	883.27
Food, Restaurants and Banquet Income	732.37	684.13
Shop Rentals	26.21	28.31
Membership Fees	49.91	42.81
Management and Operating Fees	116.52	112.17
Others	61.60	58.04
	1,875.86	1,808.73

Note 24 : Other Income

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Interest Income		
Inter-corporate deposits	0.15	0.25
Deposits with banks	2.06	1.64
Deposits with related parties	1.95	1.94
Interest on Income Tax Refunds	0.06	1.60
Others	1.57	0.84
	5.79	6.27
Dividend Income from Long - term Investments		
From related parties (including Dividend from Subsidiaries ₹ 9.18 crores (Previous year ₹ 7.36 crores))	17.30	17.69
From others	1.63	1.87
Dividend Income from other Current Investments	4.45	10.17
Profit on sale of Current Investments (Net)	0.49	-
Exchange Gain (Net)	-	2.29
Others	19.27	17.70
	48.93	55.99

Note 25 : Food and Beverages Consumed

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Opening Stock	20.15	15.40
Add : Purchases	161.45	157.62
	181.60	173.02
Less : Closing Stock	17.52	20.15
Food and Beverages Consumed	164.08	152.87

	March 31, 2013		March 31, 2012	
	₹ crores	%	₹ crores	%
Imported	25.04	15.26	16.99	11.11
Indigenous	139.04	84.74	135.88	88.89
	164.08	100.00	152.87	100.00

Notes to Financial Statements for the year ended March 31, 2013

Note 26 : Employee Benefit Expense and Payment to Contractors

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Salaries, Wages, Bonus etc.	341.07	325.71
Company's Contribution to Provident and Other Funds (Refer Note 36, Page 90 to 93)	28.21	42.23
Reimbursement of Expenses on Personnel Deputed to the Company	14.77	14.05
Payment to Contractors	29.51	26.84
Staff Welfare Expenses	63.17	62.55
	476.73	471.38

Note 27 : Finance Costs

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Interest Expense on borrowings	146.53	160.01
On Income Tax Demand	6.57	-
	153.10	160.01
Other borrowing costs	1.48	0.74
Less : Interest recovered on related currency swaps	34.13	36.12
Less : Interest capitalised (Refer Footnote)	15.25	12.64
	105.20	111.99

Footnote :

The Company has capitalised the Interest cost on borrowings relating to assets in Capital Work in Progress.

Note 28 : Other Operating and General Expenses

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
(i) Operating Expenses consist of the following :		
Linen and Room Supplies	28.62	27.12
Catering Supplies	16.68	18.46
Other Supplies	3.67	3.98
Fuel, Power and Light	157.25	132.92
Repairs to Buildings	25.86	25.74
Repairs to Machinery	28.50	26.07
Repairs to Others	19.26	18.05
Linen and Uniform Washing and Laundry Expenses	10.12	9.00
Payment to Orchestra Staff, Artistes and Others	21.00	21.74
Guest Transportation	15.28	14.86
Travel Agents' Commission	20.90	17.52
Discount to Collecting Agents	17.94	18.78
Other Operating Expenses	33.35	31.70
	398.43	365.94

Linen, Room, Catering and Other Supplies Consumed

	March 31, 2013		March 31, 2012	
	₹ crores	%	₹ crores	%
Imported	4.46	9.11	5.34	10.77
Indigenous	44.51	90.89	44.22	89.23
	48.97	100.00	49.56	100.00

Notes to Financial Statements for the year ended March 31, 2013

(ii) General Expenses consist of the following:

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Rent	39.86	37.72
Licence Fees	127.69	119.11
Rates and Taxes	29.04	26.98
Insurance	7.18	7.98
Advertising and Publicity	84.40	79.67
Printing and Stationery	7.05	7.07
Passage and Travelling	10.52	11.25
Provision for Doubtful Debts (Refer Footnote (v))	0.70	0.99
Professional Fees	36.23	38.00
Outsourced Support Services	31.02	22.01
Exchange Loss (Net)	0.51	-
Loss on Sale of Fixed Assets (Net)	0.40	0.86
Loss on Sale of Investment (Net)	-	0.01
Payment made to Statutory Auditors (Refer Footnote (iv))	2.67	2.30
Directors' Fees and Commission	1.86	2.50
Other Expenses (Refer Footnote (iii))	53.08	56.16
	432.21	412.61
	830.64	778.55

Footnotes :

(i) Expenditure recovered from other parties :

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Fuel, Power and Light	3.54	3.09
Repairs to Buildings	0.22	0.17
Repairs to Machinery	0.01	0.01
Linen and Uniform Washing	1.27	1.80
Rent	0.52	0.28
Other Expenses	1.30	1.08
	6.86	6.43

(ii) The following direct expenses incurred during the year and to the extent attributable to construction or renovation of hotel buildings have been capitalised :

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Employee benefits expense	0.96	0.96
License fees	1.11	0.48
Fuel, power and light	0.28	0.24
Depreciation	0.04	0.05
Other expenses (Net)	3.14	2.02
	5.53	3.75

(iii) Other expenses include Advances written off – ₹ 1.57 crores (Previous year - ₹ 0.03 crore) .

Notes to Financial Statements for the year ended March 31, 2013

(iv) Payment made to Statutory Auditors :

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
As auditors	1.80	1.80
As tax auditors	0.20	0.20
For Company Law matters - ₹ 75,000 (Previous year - ₹ 55,000)	0.01	-
For other services	0.53	0.18
For out-of pocket expenses	0.13	0.12
Service tax on above [Net of credit availed - ₹ 0.33 crore (Previous year - ₹ 0.24 crore)]	-	-
	<u>2.67</u>	<u>2.30</u>

(v) Provision for Doubtful Debts :

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Opening Balance	9.22	9.08
Add : Provision during the year	1.35	0.99
	<u>10.57</u>	<u>10.07</u>
Less : Bad debts written off	1.30	0.56
Less : Provision no longer required, written back	0.65	0.29
Closing Balance	<u>8.62</u>	<u>9.22</u>

Note 29 : Exceptional Items

	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Exceptional Items comprises of the following :		
Exchange Gain / (Loss) on long-term borrowings/assets (Refer Footnote)	(9.25)	(8.75)
Settlement of Arbitration Claim (including interest ₹ 17.97 crores)	(23.11)	-
Short fall of business interruption insurance claim (Taj Mahal Palace, Mumbai)	-	(8.73)
Interest Income net of expenditure on surrender of project	-	11.37
Provision for Diminution in value of long-term investments (Refer Note no 15 (iii) and (iv) Page 81)	(373.00)	-
Provision for Obligation of an Associate	(27.55)	-
	<u>(432.91)</u>	<u>(6.11)</u>

Footnote :

Exchange difference on revaluation of long-term foreign currency monetary items.

Notes to Financial Statements for the year ended March 31, 2013

Note 30 : Contingent Liabilities (to the extent not provided for) :

(a) On account of Income Tax matters in dispute :

In respect of tax matters for which Company's appeals are pending - ₹ 60.12 crores (Previous year - ₹ 27.34 crores). The said amounts have been paid / adjusted and will be recovered as refund if the matters are decided in favour of the Company.

(b) On account of other disputes in respect of :

Particulars	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Entertainment tax	0.03	0.53
Sales tax / VAT	7.70	7.37
Property tax	10.98	8.60
Stamp Duty	0.60	0.60
Service Tax	7.35	7.03
Others	1.96	1.83

The Company is a defendant in various legal actions and a party to claims which arose during the ordinary course of business. The Company's management believes based on the facts presently known, that the results of these actions will not have a material impact on the Company's financial statements.

(c) In a hotel on land under license agreement, there is a demand for increased lease rentals with effect from 2006-07 amounting to ₹ 194.85 crores (Previous year ₹ 161.26 crores) plus interest thereon. The Company has disputed this enhanced lease rental and filed a suit in the High Court and taken out a Notice of Motion, inter alia, for a stay against any further proceedings by the licensor pending resolution of dispute by the Court. The Company has been legally advised that the demand is not sustainable as it is not in accordance with the judgment of the Hon'ble Supreme Court. The Company does not expect any additional liability in this regard.

In some hotels, proposed revisions in property taxes are contested by the Company, amounts of which are indeterminate.

(d) Guarantees / Letter of Comfort given by the Company in respect of loans obtained by other companies and outstanding as on March 31, 2013 - ₹ 868.68 crores (Previous year - ₹ 670.05 crores).

Note 31 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 173.75 crores (Previous year - ₹ 89.73 crores).

Note 32 : Other Commitments

(a) The Company owns 19.90% of the issued share capital of Lands End Properties Private Limited (LEPPL), a Company owning 67% interest in the Hotel Sea Rock Property through its wholly-owned subsidiary, Sky Deck Properties & Developers Private Limited (SDPDPL). During the year, LEPPL has refinanced loan of ₹ 400 crores and accrued premium by raising a fresh debt of ₹ 521 crores through issuance of Zero coupon Non-Convertible Debentures, redeemable at a premium having a yield to maturity of 10%. LEPPL has a call option on this borrowing to redeem such Debentures on February 13, 2014 or February 13, 2015 with an additional redemption premium of 0.5% and 0.15% of nominal value respectively. However, the call option can only be exercised with prior written consent from the Company. In respect of such debentures issued by LEPPL, the Company has :-

- the first right to purchase the entire shareholding of SDPDPL held by LEPPL for an aggregate value of ₹ 693.45 crores; or
- the obligation to make good the value of the shortfall if lenders of LEPPL realise an amount lower than the redemption amount, on sale of the shares of SDPDPL in case the right referred in (i) above is not exercised.

(b) The Company had given an option to certain shareholders of ELEL Hotels & Investment Ltd. (ELEL), a company having an underlying lease of the Hotel Sea Rock Property as under :-

- Shareholders holding 5,26,854 shares in ELEL would have had an option to sell these shares to the Company upon the achievement and fulfilment of certain conditions. The intent states that the option would have been

Notes to Financial Statements for the year ended March 31, 2013

exercisable by the shareholders at a predetermined price, based on the obligations actually fulfilled by the holders of these shares. The holders of these shares are entitled to exercise this Put option on July 1, 2013 or January 1, 2014 or July 1, 2014. In parallel, the Company also has an option to purchase these shares at the same price on September 1, 2013 or April 1, 2014 or September 1, 2014.

- ii. Given the non-fulfilment of conditions as at date as well as the uncertainty in achieving these conditions going forward, the resolution of this Put/ Call option with respect to timing, price and resultant liability remains indeterminate.

- (c) The Company has given letters of support in case of select subsidiaries and associate companies during the year.

Note 33 : Operating Lease

The Company has taken certain vehicles, flats and immovable properties on operating lease. The total lease rent paid on the same is included under Rent and Licence Fees forming part of Other Expenses. (Refer Note 28 (ii), Page 86). The minimum future lease rentals payable in respect of non-cancellable leases entered into after April 1, 2001 to the extent of minimum guarantee amount are as follows : -

Particulars	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Not later than one year	16.14	16.02
Later than one year but not later than five years	54.13	57.62
Later than five years	314.59	326.22

Note 34 : Derivative Instruments and Unhedged Foreign Currency Exposure :

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 : -

(a) Derivative Instruments outstanding :

Nature of Derivative	March 31, 2013		March 31, 2012	
	US \$ million	₹ crores	US \$ million	₹ crores
Option Contract	-	-	30.00	141.47
Libor Cap	-	-	30.00	-
Interest Rate Swap	63.34	-	63.34	-

The above excludes cross currency interest rate swaps referred to in footnote to Note 4, Page 70.

(b) Unhedged Foreign currency exposure receivable/(payable) :

Currency	March 31, 2013	March 31, 2012
United States Dollar (Million)*	(76.92)	(106.92)

* Net of notional amount of US \$ 186.38 million (Previous year – US \$ 186.38 million) as cross currency interest rate swaps referred to in footnote to Note 4, Page 70.

Note 35 : Foreign Currency Monetary Item Translation Difference Account

The Company has exercised the option granted vide notification No. G.S.R.225(E) dated March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.378(E) (F.No17/133/2008-CL.V) dated May 11, 2011 and Amendment Notification No G.S.R.914(E) dated December 29, 2011 incorporating the new paragraph 46(A) relating to Accounting Standard (AS-11) 'The Effects of Changes in Foreign Exchange Rates' and accordingly, the exchange differences arising on revaluation of long-term foreign currency monetary items for the year ended March 31, 2013 have been accumulated in "Foreign Currency Monetary Item Translation Difference" and amortised over the balance period of such long-term asset or liability, by recognition as income or expense in each of such periods. Foreign currency monetary items outstanding as at March 31, 2013 are accounted as per Company's Policy on Transactions in Foreign Exchange (Refer Note 2(f), Page 65).

Notes to Financial Statements for the year ended March 31, 2013

Note 36 : Employee Benefits

- (a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds"(net of recoveries) :

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provident Fund	16.10	15.24
Superannuation Fund	4.44	5.94
Total	20.54	21.18

- (b) The Company operates post retirement defined benefit plans as follows : -

i. **Funded :**

- Post Retirement Gratuity.
- Pension to Employees – Post retirement minimum guaranteed pension scheme for certain categories of employees, which is funded by the Company and the employees.

ii. **Unfunded :**

- Pension to Executive Directors and Employees – Post retirement minimum guaranteed pension scheme for certain retired executive directors and certain categories of employees, which is unfunded.
- Post Employment Medical Benefits to qualifying employees.
- Post Employment Compensated Absence Benefit for certain categories of employees.

- (c) **Pension Scheme for Employees :**

The Company has formulated a funded pension scheme for certain employees. The actuarial liability arising on the above, after allowing for employees' contribution is determined as at the year end, on the basis of uniform accrual benefit, with demographic assumptions taken as NIL.

- (d) **Defined Benefit Plans – As per Actuarial Valuation on March 31, 2013 : -**

i. **Amount to be recognised in Balance Sheet and movement in Net Liability**

	Gratuity Funded ₹ crores	Post Employment Benefits (Compensated Absence) ₹ crores	Post Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Present Value of Funded Obligations	140.65	11.72	-	-	-	5.12
	133.73	11.06	-	-	-	4.08
Present Value of Unfunded Obligations	-	-	2.86	9.88	1.85	-
	-	-	2.62	5.69	1.71	-
Fair Value of Plan Assets	(143.08)	-	-	-	-	(6.59)
	(128.90)	-	-	-	-	(6.14)
Unrecognised Past Service Cost	-	-	-	-	-	(1.52)
	-	-	-	-	-	(1.90)
Adjustment to Plan Asset	-	-	-	-	-	0.50
	-	-	-	-	-	0.70
Net (Asset) / Liability	(2.44)	11.72	2.86	9.88	1.85	(2.49)
	4.83	11.06	2.62	5.69	1.71	(3.26)

Notes to Financial Statements for the year ended March 31, 2013

ii. Expenses recognised in the Statement of Profit & Loss

	Gratuity Funded ₹ crores	Post Employment Benefits (Compensated Absence) ₹ crores	Post Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Current Service Cost	7.50	14.42	0.03	0.43	-	0.11
	6.77	-	-	0.63	-	0.12
Interest Cost	11.13	0.88	0.22	0.49	0.13	0.32
	9.02	-	0.05	0.43	0.13	0.33
Expected return on Plan Assets	(8.99)	-	-	-	-	(0.42)
	(8.03)	-	-	-	-	(0.37)
Actuarial Losses / (Gain) recognised in the year	(1.20)	(0.87)	0.12	3.27	0.42	0.70
	14.75	-	(0.04)	0.80	0.22	(0.43)
Past service Cost	-	-	-	-	-	0.38
	-	-	-	-	-	-
Effect of the limit on Plan Asset	-	-	-	-	-	(0.20)
	-	-	-	-	-	0.35
Expense	8.43	14.43	0.37	4.19	0.55	0.89
	22.51	-	0.01	1.86	0.35	-

Footnote : Amount taken to Statement of Profit and Loss in respect of gratuity is net of recovery ₹ 1.65 crores (Previous year - ₹ 1.46 crores)

iii. Reconciliation of Defined Benefit Obligation

	Gratuity Funded ₹ crores	Post Employment Benefits (Compensated Absence) ₹ crores	Post Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Opening Defined Benefit Obligation	133.73	11.06	2.62	5.69	1.71	4.08
	112.72	-	0.73	5.11	1.75	4.19
Current Service Cost	7.50	14.42	0.03	0.43	-	0.11
	6.76	-	1.91	0.63	-	0.12
Interest Cost	11.13	0.88	0.22	0.49	0.13	0.32
	9.02	-	0.05	0.43	0.13	0.33
Actuarial Losses / (Gain)	5.66	(0.87)	0.12	3.27	0.42	0.63
	14.18	-	(0.04)	0.80	0.22	(0.53)
Benefits Paid	(17.36)	(13.77)	(0.13)	-	(0.41)	(0.02)
	(8.95)	-	(0.03)	(1.28)	(0.39)	(0.03)
Closing Defined Benefit Obligation	140.65	11.72	2.86	9.88	1.85	5.12
	133.73	11.06	2.62	5.69	1.71	4.08

Notes to Financial Statements for the year ended March 31, 2013

iv. Reconciliation of Fair Value of Plan Assets

	Gratuity Funded ₹ crores	Post Employment Benefits (Compensated Absence) ₹ crores	Post Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Opening Fair Value of Plan Assets	128.90	-	-	-	-	6.14
	112.39	-	-	-	-	5.24
Expected return on Plan Assets	8.99	-	-	-	-	0.42
	8.03	-	-	-	-	0.37
Actuarial (Gain) / Losses	6.05	-	-	-	-	(0.07)
	(0.57)	-	-	-	-	0.32
Contribution by Employer	16.50	13.77	0.13	-	0.41	0.12
	18.00	-	0.03	1.28	0.39	0.24
Benefits Paid	(17.36)	(13.77)	(0.13)	-	(0.41)	(0.02)
	(8.95)	-	(0.03)	(1.28)	(0.39)	(0.03)
Closing Fair Value of Plan Assets	143.08	-	-	-	-	6.59
	128.90	-	-	-	-	6.14
Expected Employer's contribution next year	5.00	2.02	0.23	0.93	0.47	-
	5.00	-	0.21	0.93	0.39	-

v. Description of Plan Assets (Managed by an Insurance Company)

	Gratuity Funded	Post Employment Benefits (Compensated Absence)	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
Government of India Securities	32%	-	-	-	-	35%
	9%	-	-	-	-	41%
Corporate Bonds	51%	-	-	-	-	57%
	77%	-	-	-	-	54%
Equity	16%	-	-	-	-	-
	13%	-	-	-	-	-
Others	1%	-	-	-	-	8%
	1%	-	-	-	-	5%
Grand Total	100%	-	-	-	-	100%
	100%	-	-	-	-	100%

Notes to Financial Statements for the year ended March 31, 2013

vi. Actuarial Assumptions

	Gratuity Funded	Post Employment Benefits (Compensated Absence)	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
Discount rate (p.a.)	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
	8.60%	-	8.60%	8.60%	8.60%	8.60%
Expected Rate of Return on Assets (p.a.)	7.50%	-	-	-	-	7.50%
	7.50%	-	-	-	-	7.50%
Salary Escalation Rate (p.a.)	5.00%	5.00%	-	5.00%	4.00%	-
	6.00%	-	-	6.00%	4.00%	-
Mortality Table *						
Mortality in service	Table 1	-	Table 1	Table 1	NA	NA
	<i>LIC</i>	-	<i>LIC</i>	<i>LIC</i>	NA	NA
	<i>(1994-96)</i>	-	<i>(1994-96)</i>	<i>(1994-96)</i>		
Mortality in retirement	NA	-	Table 2	NA	Table 2	Table 2
	NA	-	Table 2	NA	Table 2	Table 2

* Table 1 – Indian Assured Lives Mortality (2006-08) Ult table

Table 2 – UK Published PA (90) annuity rated down by 4 years

vii. Effect of Change in Assumed Health Care Cost

	1% Increase ₹ crores	1% Decrease ₹ crores
Effect on the aggregate of service cost and interest cost (1% increase - ₹ 48,651 (Previous year - ₹ 49,753)) (1% Decrease - ₹ (42,691) (Previous year - ₹ 43,426))	- -	- -
Effect of defined benefit obligation	0.06 0.06	(0.05) (0.05)

viii. Experience Adjustments

	2012-13 ₹ crores	2011-12 ₹ crores	2010-11 ₹ crores	2009-10 ₹ crores	2008-09 ₹ crores
Defined Benefit Obligation	172.08	158.89	124.50	106.89	106.07
Plan Assets	149.68	135.04	117.63	98.94	71.84
Deficit	(22.38)	(23.85)	(6.87)	(7.95)	(34.23)
Experience Adjustment on Plan Liabilities	14.96	20.08	3.88	1.97	10.55
Experience Adjustment on Plan Assets	6.24	(0.25)	(0.19)	7.61	(7.87)

Footnote : Figures in italics under (i) to (vii) are of the Previous year.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Note 37 : CIF Value of imports

Particulars	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Raw Materials (Food and Beverages)	8.84	8.84
Stores, Supplies and Spare Parts for Machinery	5.32	10.49
Capital Goods	18.02	27.93

Note 38 : Earnings in Foreign Exchange

Particulars	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Rooms, Restaurants, Banquets and Other Services	727.20	713.60
Interest received	0.73	0.69

The earnings in foreign exchange, as reported above, are on the basis of actual receipts during the year.

Note 39 : Expenditure in Foreign Exchange

Particulars	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
Membership Fees	7.33	5.19
Advertising	43.08	48.51
Professional and Consultancy Fees	9.68	21.20
Interest	25.41	14.12
Others	32.98	24.02

Note 40 : Remittance in Foreign Currencies for dividend to non-resident shareholders

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividend have been made by / on behalf of non-resident shareholders. The particulars of dividend paid to non-resident shareholders during the year, are as under :

Particulars	March 31, 2013	March 31, 2012
Year to which dividend relates	2011-12	2010-11
Numbers of non-resident shareholders	2,984	2,878
Number of Ordinary Shares held by non-resident shareholders	5,787,643	5,459,777
Gross amount of dividend (₹ crore)	0.57	0.54
Net amount of dividend (₹ crore)	0.57	0.54

Notes to Financial Statements for the year ended March 31, 2013

Note 41 :

The Company, on a review of its foreign operations had, in the past, made voluntary disclosures to the appropriate regulator, of what it considered to be possible irregularities, in relation to foreign exchange transactions relating to the period prior to 1998. Arising out of such disclosures, the Company received show cause notices. The Company has replied to the notices and is waiting for the directorate to return its files, after which it will complete the replies. Adjudication proceedings are in progress.

Note 42 :

Deposits and Advances in the nature of loans to Subsidiaries, Jointly Controlled Entities and Associates : -

Particulars	Maximum amount outstanding during the year ₹ crores	Balance Outstanding as on March 31, 2013 ₹ crores	Maximum amount outstanding during the previous year ₹ crores	Balance Outstanding as on March 31, 2012 ₹ crores
Subsidiaries				
IHMS Inc.	119.86	-	217.42	-
Taj International Hotels (H.K) Ltd.*	1,148.67	1,105.56	2,043.20	1,041.46
Roots Corporation Ltd.	-	-	4.15	-
Jointly Controlled Entities				
IHMS Hotels (SA) (Proprietary) Ltd.	-	-	45.51	-
Taj Karnataka Hotels & Resorts Ltd.	5.35	5.35	5.35	5.35
TAL Hotels & Resorts Ltd. (repayment beyond 7 years)	8.46	8.15	7.99	7.68
Taj GVK Hotels & Resorts Ltd.	5.00	5.00	5.00	5.00
Taj Safaris Ltd.	-	-	1.00	-
Associates				
Oriental Hotels Ltd.	-	-	8.00	-
Taida Trading and Industries Ltd.	8.04	8.04	8.04	8.04

* There is no repayment schedule and no interest is payable

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Note 43 : Related Party Disclosures

(a) The names of related parties of the Company are as under :

i. Company having substantial interest

Name of the Company	Country of Incorporation
Tata Sons Ltd.	India

ii. Subsidiary Companies

Name of the Company	Country of Incorporation
---------------------	--------------------------

Domestic

TIFCO Holdings Ltd.	India
Residency Foods & Beverages Ltd.	India
KTC Hotels Ltd.	India
United Hotels Ltd.	India
Taj SATS Air Catering Ltd.	India
Roots Corporation Ltd.	India
Taj Enterprises Ltd.	India
Taj Trade and Transport Co. Ltd.	India
Benares Hotels Ltd.	India
Inditravel Ltd.	India
Piem Hotels Ltd.	India
Northern India Hotels Ltd.	India
Taj Rhein Shoes Co. Ltd.	India
Ideal Ice & Cold Storage Co. Ltd.	India

International

Samsara Properties Ltd.	British Virgin Islands
Apex Hotel Management Services (Pte) Ltd.	Singapore
Chieftain Corporation NV	Netherlands Antilles
IHOCO BV	Netherlands
St. James Court Hotel Ltd.	United Kingdom
Taj International Hotels Ltd.	United Kingdom
IHMS (Australia) Pty. Ltd.	Australia
International Hotel Management Services Inc.	United States of America
Taj International Hotels (H.K.) Ltd.	Hong Kong
PIEM International (H.K.) Ltd.	Hong Kong

Notes to Financial Statements for the year ended March 31, 2013

iii. Jointly Controlled Entities

Name of the Company	Country of Incorporation
<u>Domestic</u>	
Taj Madras Flight Kitchen Pvt. Ltd.	India
Taj Karnataka Hotels & Resorts Ltd.	India
Taj Kerala Hotels & Resorts Ltd.	India
Taj GVK Hotels & Resorts Ltd.	India
Taj Safaris Ltd.	India
Kaveri Retreats and Resorts Ltd.*	India
<u>International</u>	
TAL Hotels & Resorts Ltd.	Hong Kong
IHMS Hotels (SA) (Proprietary) Ltd.	South Africa

iv. Associates

Name of the Company	Country of Incorporation
<u>Domestic</u>	
Oriental Hotels Ltd.	India
Taj Madurai Ltd.	India
Taida Trading & Industries Ltd.	India
<u>International</u>	
Lanka Island Resort Ltd.	Sri Lanka
TAL Lanka Hotels PLC	Sri Lanka
BJETS Pte Ltd., Singapore	Singapore

v. Key Management Personnel

	Relation
Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director - Hotel Operations
Mehernosh S. Kapadia	Executive Director - Corporate Affairs

* Became jointly controlled entity with effect from April 1, 2012

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

(b) Details of related party transactions during the year ended March 31, 2013 and outstanding balances as at March 31, 2013 :

Particulars	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Subsidiaries ₹ crores	Associates ₹ crores	Joint Ventures ₹ crores
Interest paid / provided	-	-	2.79	-	-
	-	-	2.39	-	-
Interest received / accrued	-	-	0.01	0.72	1.22
	-	-	0.02	0.65	1.15
Dividend received	3.60	-	9.18	1.66	2.86
	3.60	-	7.36	2.82	3.91
Dividend paid	19.67	0.01	0.34	0.15	-
	14.87	-	0.34	-	-
Operating / Licence fees paid	-	-	0.45	-	-
	-	-	0.45	-	-
Operating fees received / accrued	-	-	39.37	23.43	22.73
	-	-	37.19	22.69	25.58
Purchase of goods and services	-	-	21.21	0.14	0.04
	3.12	-	20.90	1.23	0.37
Sale of goods and services	3.13	0.02	6.04	0.02	0.03
	1.82	-	5.89	1.04	1.42
Allotment of Shares	497.47	-	-	-	-
	-	-	-	-	-
ICD Raised	-	-	305.75	-	-
	-	-	116.75	-	-
ICD Repaid	-	-	285.75	-	-
	-	-	91.75	-	-
ICD Placed	-	-	2.50	-	4.90
	-	-	-	16.04	1.25
ICD Encashed	-	-	2.50	-	-
	-	-	4.15	10.75	1.25
Purchase of Shares	-	-	784.51	-	-
	-	-	473.20	6.80	-
Shareholders' Deposit placed	-	-	120.91	-	-
	-	-	1056.85	-	0.39
Share Application money paid	-	-	-	-	0.47
	-	-	-	-	-
Shareholders' Deposits converted into Equity / Share Application Money (Refer Footnote (ii))	-	-	119.47	-	-
	-	-	665.03	-	42.00
Paid on Account of Debenture Redemption	-	-	-	-	-
	-	-	3.95	0.43	-

Notes to Financial Statements for the year ended March 31, 2013

Particulars	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Subsidiaries ₹ crores	Associates ₹ crores	Joint Ventures ₹ crores
Remuneration paid / payable (Refer Footnote (iii) and (iv))	-	15.64	-	-	-
	-	<i>12.90</i>	-	-	-
Transfer of Project	-	-	-	-	-
	-	-	<i>10.87</i>	-	-
Guarantees / Letter of Comfort given on behalf(net) (Refer Note 30(d), Page 88)	-	-	43.44	-	115.40
	-	-	<i>251.58</i>	-	-
Balances outstanding at the end of the year					
Trade Receivables	0.96	-	11.25	11.47	12.86
	<i>0.24</i>	-	<i>8.06</i>	<i>8.95</i>	<i>17.32</i>
Trade Payables	2.85	-	1.15	0.07	0.03
	<i>2.45</i>	-	<i>0.71</i>	<i>0.01</i>	-
Due from / (to) on Current A/c	-	-	(6.53)	(0.80)	(2.25)
	<i>0.29</i>	-	<i>13.34</i>	<i>(0.33)</i>	<i>1.76</i>
Interest Receivable	-	-	4.10	1.21	2.88
	-	-	-	-	-
Other Recoverable	-	-	1.45	1.74	2.06
	-	-	<i>2.50</i>	<i>1.44</i>	<i>2.50</i>
Interest accrued but not due	-	-	0.31	-	-
	-	-	-	-	-
ICD Payable	-	-	45.00	-	-
	-	-	<i>25.00</i>	-	-
ICD Receivable	-	-	-	-	4.90
	-	-	-	-	-
Deposits (Net)	-	-	1106.17	16.19	23.40
	-	-	<i>1016.79</i>	<i>8.04</i>	<i>18.03</i>
Guarantees / Letter of Comfort given on behalf (Refer Note 30(d), Page 88)	-	-	733.08	-	115.40
	-	-	<i>650.05</i>	-	-

Footnotes :

- (i) Figures in italics are of the Previous year.
- (ii) Represent investing activities which has not involved cash flows.
- (iii) Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.
- (iv) Includes commission approved by shareholders.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

(c) Statement of Material Transactions

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Company having substantial interest		
Tata Sons Ltd.		
Allotment of Shares	497.47	-
Dividend Received	3.60	3.60
Dividend Paid	19.67	14.87
Purchase of goods and services	-	3.12
Sale of goods and services	3.13	1.82
Trade Payables	2.85	2.45
Remuneration to Key Management Personnel		
Raymond N. Bickson	10.33	8.06
Anil P. Goel	2.17	2.13
Abhijit Mukerji	1.99	1.90
Subsidiaries		
TIFCO Holdings Ltd.		
Interest Paid / Provided	0.76	0.38
Purchase of goods and services	0.40	-
ICD raised during the year	68.25	46.75
ICD repaid during the year	88.25	26.75
KTC Hotels Ltd.		
Operating / Licence Fees Paid	0.45	-
Dividend Received	2.42	-
Due on current account (Net) - Receivable / (Payable)	(1.65)	-
United Hotels Ltd.		
Dividend Received	-	2.01
Taj Sats Air Catering Ltd.		
ICD Placed during the year	2.50	-
ICD Encashed during the year	2.50	-
Purchase of goods and services	1.34	-
Due on current account (Net) - Receivable / (Payable)	-	2.02
Other Recoverable	0.49	1.37

Notes to Financial Statements for the year ended March 31, 2013

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Roots Corporation Ltd.		
ICD Encashed during the year	-	4.15
Taj Trade & Transport Co. Ltd.		
Dividend paid	0.09	-
Sale of goods and services	2.54	1.74
Piem Hotels Ltd.		
Interest Paid / Provided	1.79	1.73
Dividend Received	4.44	3.52
Operating / Licence Fees Received	26.96	26.18
Purchase of goods and services	-	2.09
Sale of goods and services	1.27	2.58
Due on current account (Net) - Receivable / (Payable)	(10.45)	7.32
Other Recoverable	0.79	0.73
Trade Payables	-	0.52
Trade Receivables	6.47	-
ICD raised during the year	204.00	50.00
ICD repaid during the year	159.00	50.00
ICD closing position – Payable	45.00	-
Interest accrued but not due	0.31	-
Deposit given outstanding	0.48	-
Paid on Account of Debenture Redemption	-	3.84
Transfer of Project	-	10.87
Inditravel Ltd.		
Interest Paid / Provided	-	0.25
Dividend paid	0.03	-
Purchase of goods and services	8.79	7.60
Sale of goods and services	1.70	-
Trade Payables	0.85	-
ICD raised during the year	29.50	18.50
ICD repaid during the year	34.50	13.50

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
International Hotel Management Services Inc.		
Due on current account (Net) – Receivable / (Payable)	5.74	8.57
Purchase of shares	119.47	217.42
Shareholder's deposit placed	120.89	137.20
Deposit Encashed	119.47	217.42
Interest Receivable	4.10	-
Purchase of goods and services	8.25	7.26
Taj International Hotels (H.K.) Ltd.		
Purchase of shares	665.03	255.78
Shareholder's deposit placed	-	919.65
Deposit Closing Position – Receivable	1102.19	1,041.46
Share application Money Paid to	-	665.03
Deposit Encashed	-	920.82
Jointly Controlled Entities		
Taj GVK Hotels & Resorts Ltd.		
Interest received / accrued	0.35	0.35
Dividend Received	2.40	3.20
Due on current account (Net) – Receivable / (Payable)	(1.98)	-
Other Recoverable	0.56	1.10
Operating/Licence Fees Received	15.26	18.17
Trade Receivables	5.95	9.48
Deposit given outstanding	5.00	5.00
Taj Karnataka Hotels & Resorts Ltd.		
Due on current account (Net) – Receivable	1.44	2.16
Deposit given outstanding	5.35	5.35
Interest Receivable	1.52	-
TAL Hotels & Resorts Ltd.		
Interest received / accrued	0.73	0.69
Deposit Closing Position – Receivable	8.15	7.67

Notes to Financial Statements for the year ended March 31, 2013

Name of the Company	March 31, 2013	March 31, 2012
	₹ crores	₹ crores
IHMS Hotels (SA) (Proprietary) Ltd.		
Share application Money Paid to	0.47	-
Due on current account (Net) – Receivable	0.96	-
Kaveri Retreat & Resorts Ltd.		
ICD Placed during the year	4.90	-
ICD Closing position – Receivable	4.90	-
Associates		
Taida Trading & Industries Ltd.		
Interest received / accrued	0.72	0.62
Interest Receivable	1.21	-
Dividend paid	0.02	-
Due on current account (Net) – Receivable	1.03	1.59
ICD Placed during the year	-	8.04
ICD Closing Position - Receivable	8.04	8.04
Oriental Hotels Ltd.		
Dividend Received	1.52	2.70
Operating / Licence Fees Received	23.43	22.69
Sale of goods and services	-	1.04
Trade Receivables	9.07	8.95
Due on current account (Net) – Receivable	(2.20)	-
ICD Placed during the year	-	8.00
ICD Encashed during the year	-	8.00

Footnote : Transaction with related party excludes, recovery of spends on their behalf.

Note 44 :

The Company's only business being hoteliering, disclosure of segment-wise information is not applicable under Accounting Standard 17 - 'Segmental Information' (AS-17) notified by the Companies (Accounting Standards) Rules, 2006 (as amended). There is no geographical segment to be reported since all the operations are undertaken in India.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2013

Note 45 :

In compliance with Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' - (AS-27), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has interests directly or through its Subsidiaries in the following Jointly Controlled Entities :

Name of the Company	Country of Incorporation	Amount of Interest based on the Audited Accounts for the year ended March 31, 2013						
		Holding	Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitment
		(%)	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Taj Safaris Ltd.	India	35.10 33.47	9.20 9.09	8.08 8.59	6.15 5.46	7.52 6.82	0.28 0.49	0.01 -
Taj GVK Hotels & Resorts Ltd.	India	25.52 25.52	171.44 157.93	83.40 71.20	64.88 65.32	62.64 57.83	2.87 5.01	0.15 0.70
Taj Karnataka Hotels & Resorts Ltd.	India	44.27 44.27	4.07 3.91	7.11 6.87	2.43 2.09	2.52 2.21	- -	0.02 0.04
Taj Kerala Hotels & Resorts Ltd.	India	28.30 28.30	19.18 19.51	4.19 4.37	11.17 10.99	10.99 10.45	0.86 0.85	0.16 0.38
Kaveri Retreats & Resorts Ltd *	India	50.00 -	48.96 -	29.77 -	3.72 -	9.83 -	1.04 -	0.32 -
Taj Madras Flight Kitchen Pvt. Ltd.	India	50.00 50.00	22.12 21.39	2.22 2.59	13.21 13.84	12.11 13.33	11.86 12.02	0.30 0.08
TAL Hotels & Resorts Ltd.	Hong Kong	27.49 27.49	161.17 151.45	51.10 58.97	68.89 64.53	58.09 54.90	0.02 0.01	0.86 0.43
IHMS Hotels (SA) (Proprietary) Ltd.	South Africa	50.00 50.00	144.24 97.04	139.94 65.47	4.43 4.28	31.35 16.05	- -	- 0.03

* Became Jointly Controlled Entity with effect from April 1, 2012

Footnote : Figures in the italics relate to the Previous year.

Notes to Financial Statements for the year ended March 31, 2013

Note 46 : Earnings Per Share (EPS) :

Earnings Per Share is calculated in accordance with Accounting Standard 20 – 'Earnings Per Share' - (AS-20), notified by the Company's (Accounting Standards) Rules, 2006 (as amended).

Particulars	March 31, 2013	March 31, 2012
Profit / (Loss) after tax – (₹ crores)	(276.61)	145.35
Number of Ordinary Shares	80,74,72,787	75,94,72,787
Weighted Average Number of Ordinary Shares	79,66,89,225	75,94,72,787
Face Value per Ordinary Share (₹)	1	1
Earnings Per Share – (₹) Basic and Diluted	(3.47)	1.91*

* Since the exercise price of the Warrants issued by the Company was more than the fair value of the Ordinary Shares, and thereby being anti-dilutive in nature, these Warrants were not considered for the calculation of Diluted Earnings Per Share.

Note 47 :

The Company has regrouped / reclassified the previous year figures to conform to the current year's presentation.

For and on behalf of the Board

Cyrus P. Mistry	Chairman
R. K. Krishna Kumar	Vice - Chairman
Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director - Finance
Abhijit Mukerji	Executive Director - Hotel Operations
Mehernosh S. Kapadia	Executive Director - Corporate Affairs
Deepak Parekh	Director
Jagdish Capoor	Director
Nadir Godrej	Director
Guy Lindsay Macintyre Crawford	Director
Beejal Desai	Vice President - Legal & Company Secretary

Mumbai, May 30, 2013

The Indian Hotels Company Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

		TIFCO Holdings Ltd.	KTC Hotels Ltd.	United Hotels Ltd.	Taj SATS Air Catering Ltd.	Roots Corporation Ltd.	Residency Foods and Beverages Ltd.	Taj Enterprises Ltd.
1	The Financial Year of the Company ends on :	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
2	Fully paid-up shares held by IHCL in the Subsidiary Company or by Subsidiary Company in the Sub-subsidiary Company at the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be							
	a) Number	81,500,000	6,04,000	4,620,000	8,874,000	57,535,948	19,000,010	45,296
		Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 10/- each fully paid-up	Equity Shares of ₹ 100/-each fully paid-up
	b) Extent of holding #	100.00%	100.00%	55.00%	51.00%	67.62%	99.36%	76.59%
3	Changes in the interest of the Company or the Subsidiary Company between the end of the Financial Year of the Subsidiary Company or Sub-subsidiary Company and 31st March, 2013	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise
	Number of Shares acquired							
4	The net aggregate of Profit of the Subsidiary Company/Sub-subsidiary Company so far as they concern the Members of the Company							
	a) Dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	₹ 106,091,000	₹ 2,460,953	₹ 28,302,632	₹ (3,846,420)	₹ (9,329,534)	₹ 1,505,377	₹ 6,418,822
5	The net aggregate of profits/(losses) of the Subsidiary/Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company							
	a) Dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	24,160,000	12,591,600	Nil	Nil	Nil	Nil
	b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	₹ 1,234,332,000	₹ 1,854,847	₹ 93,167,542	₹ 494,605,140	₹ (312,140,451)	₹ (169,460,177)	₹ 6,617,646
6	Material changes between the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be and 31st March, 2013							
	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	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise

Extent of holding is taken as "effective holding" for the purpose of this statement

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

		Taj Trade & Transport Co Ltd.	Inditravel Ltd.	Ideal Ice & Cold Storage Co. Ltd.	Benares Hotels Ltd.	Piem Hotels Ltd.	Taj Rhein Shoes Co. Ltd.	Northern India Hotels Ltd.
1	The Financial Year of the Company ends on :	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
2	Fully paid-up shares held by IHCL in the Subsidiary Company or by Subsidiary Company in the Sub-subsidiary Company at the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be a) Number b) Extent of holding #	3,104,263 Equity Shares of ₹ 10/- each fully paid-up 72.73%	696,012 Equity Shares of ₹ 10/- each fully paid-up 77.19%	219,996 Equity Shares of ₹ 10/- each fully paid-up 47.43%	698,038 Equity Shares of ₹ 10/- each fully paid-up 51.68%	1,964,770 Equity Shares of ₹ 10/- each fully paid-up 51.57%	277,490 Equity Shares of ₹ 100/- each fully paid-up 71.63%	407,567 Equity Shares of ₹ 10/- each fully paid-up 48.03%
3	Changes in the interest of the Company or the Subsidiary Company between the end of the Financial Year of the Subsidiary Company or Sub-subsidiary Company and 31st March, 2013 Number of Shares acquired	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise
4	The net aggregate of Profit of the Subsidiary Company/Sub-subsidiary Company so far as they concern the Members of the Company a) Dealt with in the accounts of the Company for the year ended 31st March, 2013 b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil ₹ 22,914,889	Nil ₹ 68,805,802	Nil ₹ (21,497)	Nil ₹ 44,317,457	Nil ₹ 269,365,841	Nil ₹ (81,073)	Nil ₹ 11,524,214
5	The net aggregate of profits/(losses) of the Subsidiary/Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company a) Dealt with in the accounts of the Company for the year ended 31st March, 2013 b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil ₹ 52,284,659	6,000,100 ₹ 134,057,079	Nil ₹ (8,293,724)	4,688,000 ₹ 156,721,567	44,404,200 ₹ 2,052,223,408	Nil ₹ (161,581,577)	Nil ₹ 62,274,381
6	Material changes between the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be and 31st March, 2013 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	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise

Extent of holding is taken as "effective holding" for the purpose of this statement

The Indian Hotels Company Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

		TIFCO Security Services Ltd.	Taj International Hotels (H.K.) Ltd.	Chieftan Corporation NV	IHOCO B.V.	ST. James Court Hotel Ltd.	Taj International Hotel Ltd. (U.K.)	IHMS INC.
1	The Financial Year of the Company ends on :	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
2	Fully paid-up shares held by IHCL in the Subsidiary Company or by Subsidiary Company in the Sub-subsidiary Company at the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be a) Number b) Extent of holding #	50,000 Equity Shares of ₹ 10/- each fully paid-up 100.00%	100,000,000 Equity Shares of US \$ 1 each fully paid-up 100.00%	9,923 Equity Shares of UK£ 1 each fully paid-up 100.00%	41,000 Equity Shares of DFL 100 each fully paid-up 100.00%	50,527,912 Equity Shares of UK£ 1 each fully paid-up 72.25%	2 Equity Shares of UK£ 1 each fully paid-up 100.00%	100 Equity Shares of US \$ 1 each fully paid-up 100.00%
3	Changes in the interest of the Company or the Subsidiary Company between the end of the Financial Year of the Subsidiary Company or Sub-subsidiary Company and 31st March, 2013 Number of Shares acquired	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise
4	The net aggregate of Profit of the Subsidiary Company/Sub-subsidiary Company so far as they concern the Members of the Company a) Dealt with in the accounts of the Company for the year ended 31st March, 2013 b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil ₹ (71,537)	Nil US \$ (78,146,697)	Nil UK£ (13,099)	Nil € (13,882)	Nil UK£ 737,277	Nil UK£ 211,554	Nil US \$ (33,764,906)
5	The net aggregate of profits/(losses) of the Subsidiary/Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company a) Dealt with in the accounts of the Company for the year ended 31st March, 2013 b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil ₹ Nil	Nil US \$ 5,535,237	Nil UK£ (651,797)	Nil € 9,980,529	Nil UK£ (4,353,927)	Nil UK£ 1,785,212	Nil US \$ (185,336,046)
6	Material changes between the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be and 31st March, 2013 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	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise

Extent of holding is taken as "effective holding" for the purpose of this statement

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

		Samsara Properties Ltd.	IHMS (AUS) Pty Ltd.	Piem International (HK) Ltd.	BAHC 5 Pte. Ltd.	Premium Aircraft Leasing Corporation Ltd.	Apex Hotel Management Services Pte. Ltd.
1	The Financial Year of the Company ends on :	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
2	Fully paid-up shares held by IHCL in the Subsidiary Company or by Subsidiary Company in the Sub-subsidiary Company at the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be						
	a) Number	20,001,000	5,000,000	800,000	1	10	2
		Equity Shares of US \$ 1 each fully paid-up	Equity Shares of AUD\$ 1 each fully paid-up	Equity Shares of US \$ 10 each fully paid-up	Equity Shares of US \$ 1 each fully paid-up	Equity Shares of US \$ 1 each fully paid-up	Equity Shares of S\$ 1 fully paid-up
	b) Extent of holding #	100.00%	100.00%	51.57%	51.57%	51.57%	100.00%
3	Changes in the interest of the Company or the Subsidiary Company between the end of the Financial Year of the Subsidiary Company or Sub-subsidiary Company and 31st March, 2013	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise
	Number of Shares acquired						
4	The net aggregate of Profit of the Subsidiary Company/Sub-subsidiary Company so far as they concern the Members of the Company						
	a) Dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	Nil	Nil	Nil	Nil	Nil
	b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	US \$ (11,523)	AUD\$ (385,782)	US \$ 622,098	US \$ (1,903,070)	US \$ (2,762)	S\$ Nil
5	The net aggregate of profits/(losses) of the Subsidiary/Sub-subsidiary Company for previous financial years, so far as they concern the Members of the Company						
	a) Dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	Nil	Nil	Nil	Nil	Nil
	b) Not dealt with in the accounts of the Company for the year ended 31st March, 2013	US \$ (77,196,433)	AUD\$ (16,781,533)	US \$ 13,354,994	US \$ (10,669,646)	US \$ (7,139)	S\$ Nil
6	Material changes between the end of the Financial Year of the Subsidiary or Sub-subsidiary Company as the case may be and 31st March, 2013						
	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	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise	Does Not Arise

Extent of holding is taken as "effective holding" for the purpose of this statement

For and on behalf of the Board
Cyrus P. Mistry
R.K.Krishna Kumar
Raymond N. Bickson
Anil P. Goel
Abhijit Mukerji
Mehernosh S. Kapadia

Chairman
Vice - Chairman
Managing Director
Executive Director- Finance
Executive Director- Hotel Operations
Executive Director- Corporate Affairs

Deepak Parekh
Jagdish Capoor
Nadir Godrej
Guy Lindsay Macintyre Crawford

}

Directors

Mumbai, May 30, 2013

Beejal Desai

Vice President - Legal & Company Secretary

The Indian Hotels Company Limited

Financial Statistics

(₹ Crores)

Year	Capital Accounts					
	Share Capital	Reserves and Surplus	Borrowings	Gross Block	Net Block	Investments
1973-74	2.35	1.12	5.32	10.58	8.14	0.16
1974-75	2.35	1.94	4.55	10.99	8.09	0.20
1975-76	2.35	2.21	4.21	11.82	8.42	0.20
1976-77	# 3.07	2.38	3.98	12.21	8.30	0.25
1977-78	3.07	3.39	4.73	13.14	8.69	0.34
1978-79	3.07	5.41	6.17	17.81	12.68	0.55
1979-80	* 5.09	5.58	5.56	20.48	14.31	0.74
1980-81	5.09	8.53	7.76	25.01	17.60	1.10
1981-82	** 6.9	9.20	8.87	28.79	20.06	1.13
1982-83	*** 6.35	12.34	26.71	49.54	39.22	2.65
1983-84	6.35	17.45	32.25	58.48	44.40	3.77
1984-85	6.35	22.23	42.20	67.77	44.55	11.70
1985-86	a 7.85	28.70	38.82	71.69	53.72	6.21
1986-87	7.85	32.73	53.58	89.73	67.56	5.53
1987-88	+ 9.86	41.97	63.47	107.70	80.08	6.90
1988-89	9.86	48.54	74.06	127.39	93.56	9.34
1989-90	! 14.78	51.44	97.13	161.28	119.95	11.19
1990-91	14.78	56.77	121.07	178.61	128.43	12.37
1991-92	14.78	73.72	123.53	194.44	135.89	13.76
1992-93	!! 19.96	124.44	106.86	210.68	142.53	16.93
1993-94	19.96	165.65	100.86	234.64	156.21	32.54
1994-95	æ 39.92	205.84	245.05	293.59	201.92	36.04
1995-96	= 45.12	567.16	200.18	384.01	273.21	142.09
1996-97	45.12	671.86	219.75	500.10	364.08	214.80
1997-98	45.12	767.68	197.31	581.48	414.57	218.09
1998-99	45.12	844.35	178.42	665.67	466.77	259.09
1999-00	45.12	913.96	432.32	842.01	606.86	337.75
2000-01	45.12	980.10	555.31	942.16	665.06	422.13
2001-02	45.12	844.13	809.21	946.15	655.08	541.34
2002-03	45.12	842.17	799.50	985.71	677.77	571.64
2003-04	45.12	844.79	1412.46	1159.69	813.13	600.83
2004-05	¶ 50.25	1081.80	1052.03	1290.70	885.20	607.01
2005-06	¶ 58.41	1657.83	544.34	1308.34	843.01	656.57
2006-07	◇ 60.29	1738.39	943.94	2014.34	1360.05	962.81
2007-08	60.29	1956.29	1134.18	2072.16	1371.60	977.58
2008-09	Ω 72.34	2975.29	1766.47	2362.23	1585.40	2026.88
2009-10	72.35	2616.87	2650.55	2408.32	1561.26	2445.63
2010-11	& 75.95	3028.59	2341.44	2605.18	1725.74	3026.78
2011-12	75.95	3176.70	2679.38	2830.66	1838.75	3622.19
2012-13	§ 80.75	3226.90	2522.27	2861.65	1756.46	3369.14

Issue of Bonus Shares in the Ratio 2:5

* Issue of Bonus Shares in the Ratio 4:5

** Issue of Bonus Shares in the Ratio 2:5

*** After redemption of Preference Share of ₹ 0.55 crore

a After conversion of a part of the 15,000,000 Convertible debenture at a premium of ₹ 15/- per share

+ After conversion of a part of the 20,01,121 Convertible debenture at a premium of ₹ 15/- per share

! After issue of bonus share in the Ratio 1:2

!! After Right issue of Shares in the Ratio of 1:3

æ Issue of Bonus Shares in the Ratio of 1:1

= Issue of Global Depository Shares

¶ Conversion of foreign currency bonds into share capital.

◇ Split of Shares of face value Rs.10/- each to share of Face value Re.1/- each

Ω After Right issue of Shares in the Ratio of 5:1

& Allotment of Shares on preferential basis to promoters

§ Conversion of Warrants into Ordinary Shares

Financial Statistics

(₹ Crores)

Year	Revenue Accounts							Dividend	Rate of Dividend on Ordinary Shares %
	Gross Revenue	Expenditure (including Interest)	Depreciation	Profit before Tax	Tax Expenses	Profit after Tax	Net Transfer to General Reserves		
1973-74	5.82	4.82	0.50	0.50	0.01	0.51	0.35	â 0.17	6.40
1974-75	7.26	5.79	0.49	0.98	0.00	0.98	3.61	â 0.37	18.00
1975-76	8.61	6.73	0.50	1.38	0.33	1.05	0.64	â 0.41	20.00
1976-77	10.77	8.45	0.52	1.80	0.75	1.05	0.49	â 0.56	20.00
1977-78	13.92	9.76	0.53	3.63	1.94	1.69	1.01	â 0.68	25.00
1978-79	18.42	13.63	0.69	4.10	1.40	2.70	2.02	â 0.68	25.00
1979-80	26.49	18.59	1.04	6.86	3.63	3.23	2.18	â 1.05	25.00
1980-81	31.54	23.13	1.24	7.17	3.17	4.00	2.95	â 1.45	22.00
1981-82	36.09	26.72	1.33	8.04	4.10	3.94	2.49	â 1.45	22.00
1982-83	42.98	36.87	1.62	4.49	0.00	4.49	2.99	â 1.50	23.00
1983-84	54.69	43.79	3.80	7.10	0.40	6.70	5.11	1.59	25.00
1984-85	65.50	55.39	2.66	7.45	1.08	6.37	4.78	1.59	25.00
1985-86	78.48	69.32	3.44	7.66	1.60	6.06	4.22	1.84	25.00
1986-87	93.05	79.68	4.25	9.12	2.75	6.37	4.02	2.35	30.00
1987-88	105.69	90.98	5.55	9.16	2.40	6.76	4.23	2.53	30.00
1988-89	117.72	100.61	6.24	10.87	1.50	9.37	6.42	2.96	30.00
1989-90	141.50	120.93	7.80	12.77	1.25	11.52	7.83	3.70	25.00
1990-91	159.11	139.42	9.11	10.58	1.55	9.03	5.33	3.70	25.00
1991-92	206.79	169.52	++ 8.85	27.58	6.50	21.08	16.75	5.17	35.00
1992-93	239.21	188.24	9.77	41.20	9.00	32.20	24.86	8.68	50.00
1993-94	301.92	223.49	10.90	67.53	15.50	52.03	41.21	13.97	70.00
1994-95	381.88	263.20	13.67	105.11	23.00	82.11	60.15	21.96	55.00
1995-96	547.36	347.42	20.37	179.57	39.00	140.57	107.10	33.47	75.00
1996-97	613.33	405.67	27.18	180.48	33.60	146.48	104.70	38.35	85.00
1997-98	623.91	427.53	32.42	163.96	26.00	137.96	95.78	38.35	85.00
1998-99	623.34	435.36	33.84	154.14	35.00	119.14	76.57	38.35	85.00
1999-00	650.91	482.49	37.69	130.73	17.50	113.23	70.66	@ 38.35	85.00
2000-01	742.92	560.47	45.16	137.29	20.50	116.79	67.07	45.12	100.00
2001-02	617.55	589.81	47.49	98.14	17.44	80.70	40.00	36.09	80.00
2002-03	609.91	575.43	38.98	53.80	13.72	40.48	7.50	31.58	70.00
2003-04	727.09	646.89	48.58	80.20	19.55	60.65	8.57	36.09	80.00
2004-05	896.23	754.55	56.77	141.68	35.82	105.86	11.00	50.25	100.00
2005-06	1154.80	890.90	65.90	272.00	88.22	183.78	20.00	77.95	130.00
2006-07	1618.83	1146.47	91.44	474.64	152.25	322.39	35.00	96.46	160.00
2007-08	1823.16	1254.11	85.48	580.47	203.01	377.46	38.00	114.54	190.00
2008-09	1706.52	1348.42	94.46	362.30	128.27	234.03	30.00	86.81	120.00
2009-10	1520.36	1358.48	104.14	218.25	65.15	153.10	15.31	72.35	100.00
2010-11	1737.14	1509.90	108.40	221.45	80.20	141.25	14.13	75.95	100.00
2011-12	1864.72	1628.69	113.90	229.92	84.57	145.35	14.54	75.95	100.00
2012-13	1924.79	1701.67	125.02	(209.79)	66.82	(276.61)	-	* 69.4	80.00

â Preference and Ordinary Dividend

@ Ordinary / Interim dividend for the year

* Include ₹ 4.80 crores dividend paid for previous year

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF

THE INDIAN HOTELS COMPANY LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **THE INDIAN HOTELS COMPANY LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, jointly controlled entities and associates referred to in paragraph 6 below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

5. We draw attention to footnote (ii) to Note. 15 to the consolidated financial statements which describe the uncertainty related to the carrying value of investments in Orient Express Hotels Limited. Our opinion is not qualified in respect of this matter.

Other Matter

6. We did not audit the financial statements of twenty six subsidiaries (including step down subsidiaries) and five jointly controlled entities, whose financial statements reflect total assets (net) of ₹ 5,544.53 crores as at 31st March, 2013, total revenues of ₹ 1,606.13 crores and net cash flows amounting to ₹ 18.39 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 1.37 crores for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of six associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117366W)

Sanjiv V. Pilgaonkar
Partner
(Membership No.39826)

MUMBAI, May 30, 2013

The Indian Hotels Company Limited

Consolidated Balance Sheet as at March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	80.75	75.61
Reserves and Surplus	4	2,898.53	2,893.72
Money received against Share Warrants	3(iii)	-	124.37
		<u>2,979.28</u>	<u>3,093.70</u>
Minority Interest		707.72	646.90
Non-current Liabilities			
Long-term Borrowings	5	3,431.18	3,083.78
Deferred Tax Liabilities (net)	6	128.79	130.18
Other Long-term Liabilities	8	76.22	76.61
Long-term Provisions	9	695.98	604.03
		<u>4,332.17</u>	<u>3,894.60</u>
Current Liabilities			
Short-term Borrowings	10	247.67	170.02
Trade Payables		319.96	313.90
Other Current Liabilities	11	574.63	965.43
Short-term Provisions	12	135.13	147.59
		<u>1,277.39</u>	<u>1,596.94</u>
Total		<u><u>9,296.56</u></u>	<u><u>9,232.14</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	5,342.48	5,173.02
Intangible Assets	14	40.46	43.07
Capital Work-in-Progress		400.57	330.88
Intangible Assets Under Development		20.93	20.52
		<u>5,804.44</u>	<u>5,567.49</u>
Goodwill on Consolidation (net)		512.83	489.51
Non-current Investments	15	1,522.61	1,841.15
Deferred Tax Assets (net)	7	4.45	2.49
Long-term Loans and Advances	16	476.42	431.90
Other Non-current Assets	17	26.49	52.30
		<u>8,347.24</u>	<u>8,384.84</u>
Current Assets			
Current Investments	18	40.69	62.75
Inventories	19	96.74	86.35
Trade Receivables	20	273.98	290.38
Cash and Bank Balances	21	210.06	159.72
Short-term Loans and Advances	22	256.04	181.18
Other Current Assets	23	71.81	66.92
		<u>949.32</u>	<u>847.30</u>
Total		<u><u>9,296.56</u></u>	<u><u>9,232.14</u></u>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the Consolidated Financial Statements	1 - 44		

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

Sanjiv V. Pilgaonkar

Partner

Mumbai, May 30, 2013

For and on behalf of the Board

Raymond N. Bickson

Anil P. Goel

Abhijit Mukerji

Beejal Desai

Managing Director

Executive Director - Finance

Executive Director - Hotel Operations

Vice President - Legal & Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Income			
Rooms, Restaurants, Banquets and Other Operating Income	24	3,743.36	3,443.52
Other Income	25	60.16	71.38
Total		3,803.52	3,514.90
Expenditure			
Food and Beverages Consumed		381.55	362.57
Employee Benefit Expenses and Payment to Contractors	26	1,271.75	1,148.77
Finance Costs	27	170.74	212.47
Depreciation and Amortisation Expenses	13	288.42	255.07
Other Operating and General Expenses	28	1,552.42	1,386.93
Total		3,664.88	3,365.81
Profit Before Tax and Exceptional Items		138.64	149.09
Exceptional Items Gain / (Loss)	29	(430.43)	(1.52)
Profit Before Tax		(291.79)	147.57
Tax Expense			
Current Tax		91.47	86.77
Deferred Tax		22.55	70.50
Minimum Alternate Tax Credit		(1.37)	(35.84)
Short / (Excess) Provision of Tax of earlier years (Net)		(13.69)	0.32
Total		98.96	121.75
Profit / (Loss) After Tax		(390.75)	25.82
Profit attributable to Minority Interest		(40.86)	(38.40)
Share of Profit of Associates		1.37	15.64
Profit / (Loss) After Tax		(430.24)	3.06
Earnings Per Share -	42		
Basic and Diluted - (₹)		(5.40)	0.04
Face Value per Ordinary share - (₹)		1.00	1.00

Summary of Significant Accounting Policies 2
 The accompanying notes form an integral part of the Consolidated Financial Statements 1 - 44

In terms of our report attached.
For Deloitte Haskins & Sells
 Chartered Accountants

Sanjiv V. Pilgaonkar
 Partner

Mumbai, May 30, 2013

For and on behalf of the Board
 Raymond N. Bickson Managing Director
 Anil P. Goel Executive Director - Finance
 Abhijit Mukerji Executive Director - Hotel Operations
 Beejal Desai Vice President - Legal & Company Secretary

The Indian Hotels Company Limited

Consolidated Cash Flow Statement for the year ended March 31, 2013

	Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash Flow From Operating Activities			
Net Profit / (Loss) Before Tax		(291.79)	147.57
Adjustments For :			
Depreciation and Amortisation		288.42	255.07
(Profit) / Loss on sale of investments		(14.70)	0.08
Profit on sale of Hotel unit		-	(11.40)
Loss on Aale of Assets		4.22	4.36
Expenditure on discontinued project written off		-	3.82
Settlement of Claims in case of a subsidiary		-	1.02
Interest income on surrender of project		-	(14.45)
Shortfall of business interruption insurance claim (TMPT)		-	5.71
Provision for Doubtful Debts and Advances		7.80	5.92
Dividend Income		(14.60)	(18.05)
Interest Income		(19.04)	(19.74)
Finance Cost		170.74	212.47
Unrealised Exchange Loss		8.95	5.31
Miscellaneous Expenditure written off		2.39	-
Reversal of Liabilities		(8.55)	-
Provision for Loyalty Programmes (net of Redemptions)		(0.36)	0.83
Provision for Stock		0.13	-
Provision for Diminution in value of Investment		373.50	(0.67)
Provision for obligation of an Associate		27.55	-
Provision for Contingencies		(0.26)	5.87
Provision for Employee Benefits		8.91	2.11
		<u>835.10</u>	<u>438.26</u>
Cash Operating Profit before working capital changes		<u>543.31</u>	<u>585.83</u>
Adjustments For :			
Trade and Other Receivables		(9.18)	(49.68)
Inventories		(9.79)	(12.29)
Trade and Other Payables		69.73	82.25
		<u>50.76</u>	<u>20.28</u>
Cash Generated from Operating Activities		<u>594.07</u>	<u>606.11</u>
Direct Taxes Paid		(92.30)	(71.88)
Net Cash From Operating Activities (A)		<u>501.77</u>	<u>534.23</u>
Cash Flow From Investing Activities			
Purchase of Fixed Assets		(425.09)	(320.23)
Sale of Fixed Assets		2.35	59.25
Purchase of Investments (including advance paid)		(5.98)	(115.45)
Acquisition / Sale of a Subsidiaries		-	(55.34)
Profit on Sale of Investments		-	0.58
Sale of Investment		21.14	-
Proceeds from Sale / Redemption of Current Investments		22.06	672.90
Interest Received		21.20	75.27
Dividend Received		17.71	27.12
Deposits Refunded by / (Placed with) Other Companies		-	(2.80)
Bank Balances not considered as Cash & Cash Equivalents		14.31	(53.67)
Long-term Deposits refunded by Other Companies		0.81	50.71
Short-term Loans repaid by Other Company		-	18.41
Deposits Refunded by / (Placed with) Other Companies		(15.76)	7.77
Net Cash Used In Investing Activities (B)		<u>(347.25)</u>	<u>364.52</u>

Consolidated Cash Flow Statement for the year ended March 31, 2013

Note	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash Flow From Financing Activities		
Debenture Issue / Loan arrangement costs	(1.94)	(16.15)
Proceeds from issue of Ordinary Shares	373.10	-
Interest Paid	(188.25)	(278.68)
Repayment of Long-term Loans and Debentures	(624.27)	(2,074.98)
Proceeds from Long-term Loans and Debentures	366.87	1,285.49
Short-term Loans Raised/(Repaid) (Net)	16.98	19.00
Long-term Trade Deposits Raised/(Repaid)	(0.25)	(0.08)
Proceeds from issue of Equity Shares to Minority Interest by a Subsidiary	50.00	100.00
Dividend Paid (Including tax on dividend)	(109.56)	(87.04)
Net Cash Used In Financing Activities (C)	(117.32)	(1,052.44)
Net Increase / (Decrease) In Cash and Cash Equivalents (A + B + C)	37.20	(153.69)
Cash and Cash Equivalents - Opening - 1st April	84.57	134.96
Impact of Change in Stake in JV	0.44	-
Adjustments on Acquisitions	-	90.67
Adjustment for Translation of Foreign Currency Balances	1.39	12.63
Cash and Cash Equivalents - Closing - 31st March	123.60	84.57

Footnotes :

1. Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances as per the Balance Sheet

Cash and Cash Equivalents as above	123.60	84.57
Add : Other Cash and Bank Balances		
Call and Short-term Deposits	88.75	86.85
Deposits pledged with others	1.34	1.60
Margin money deposits	5.48	4.42
Earmarked balances	11.79	22.08
Cash and Bank Balances as per the Balance Sheet	230.96	199.52
Less : Classified as Non-current (Refer Note 17, Page 138)	20.90	39.80
Cash and Bank Balances classified as Current (Refer Note 21, Page 139)	210.06	159.72

2. The Group through its Jointly Controlled Entity have acquired "Good Hope Palace Hotels (Pty) Ltd." for which no cash flow were involved.

The accompanying notes form an integral part of the Consolidated Financial Statements 1 - 44

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, May 30, 2013

For and on behalf of the Board

Raymond N. Bickson

Managing Director

Anil P. Goel

Executive Director - Finance

Abhijit Mukerji

Executive Director - Hotel Operations

Beejal Desai

Vice President - Legal & Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 1. Basis of consolidation

- (a) The consolidated financial statements relate to The Indian Hotels Company Ltd. ("the Company"), its subsidiaries, jointly controlled entities and associates. The Company, its subsidiaries and jointly controlled entities together constitute "the Group". The consolidated financial statements have been prepared on the following basis:
- (i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
 - (ii) In the case of foreign subsidiaries and foreign jointly controlled entities, revenue items are consolidated at the average exchange rate prevailing during the year. The opening balance in the Statement of Profit and Loss and the opening balance in Reserves and Surplus have been converted at the rates prevailing as at the respective Balance Sheet dates. All assets and liabilities as at the year end are converted at the rates prevailing as on that date. Any exchange difference arising on consolidation is shown under Foreign Currency Translation Reserve.
 - (iii) Investments in Associate Companies have been accounted for under the equity method as per Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
 - (iv) Interests in Jointly Controlled Entities have been accounted for by using the proportionate consolidation method as per Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures', as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
 - (v) The financial statements of subsidiaries, jointly controlled entities and associates consolidated are drawn upto the same reporting date as that of the Company except in the case of an Associate Company where the financial statements have been drawn upto December 31, 2012.
 - (vi) The excess of cost to the Group of its investment in the subsidiaries and jointly controlled entities over the Group's portion of equity as at the date of making the investment is recognised in the financial statements as Goodwill on consolidation.
 - (vii) The excess of the Group's share in equity of each subsidiary, jointly controlled entity and associates over the cost of the acquisition at the date on which the investment is made, is recognised as Capital Reserve on Consolidation and included as Reserves and Surplus under Shareholders' Equity in the Consolidated Balance Sheet.
 - (viii) Goodwill
 - Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.
 - Goodwill arising from the acquisition of associates is included in the carrying value of the investment in associates.
 - Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Statement of Profit and Loss.
 - Goodwill on acquisition of the foreign subsidiaries are restated at the rate prevailing at the end of the year.
 - (ix) Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments in subsidiary companies are made and further movement in their share in the equity, subsequent to the dates of investment.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(b) The list of subsidiaries, jointly controlled entities and associates, which are included in the consolidation with their respective country of incorporation and the Group's holding therein, is given below: -

(i) Subsidiary Companies

		As at March 31, 2013		As at March 31, 2012	
		Directly by Parent or through its subsidiaries Holding (%)	Effective Holding (%)	Directly by Parent or through its subsidiaries Holding (%)	Effective Holding (%)
	Country of Incorporation				
Domestic					
Benares Hotels Ltd.	India	53.70	51.68	53.70	51.68
Ideal Ice & Cold Storage Co. Ltd.	India	55.00	47.43	55.00	47.43
Inditravel Ltd	India	96.67	77.19	96.67	77.19
KTC Hotels Ltd.	India	100.00	100.00	100.00	100.00
Northern India Hotels Ltd.	India	93.14	48.03	93.14	48.03
Piem Hotels Ltd.	India	51.57	51.57	51.57	51.57
Residency Foods & Beverages Ltd.	India	100.00	99.36	100.00	99.36
Roots Corporation Ltd.	India	66.93	63.25	71.55	67.62
Taj Enterprises Ltd.	India	90.59	74.70	90.59	74.70
Taj Rhein Shoes Co. Ltd.	India	92.50	71.63	92.50	71.63
Taj SATS Air Catering Ltd.	India	51.00	51.00	51.00	51.00
Taj Trade & Transport Ltd.	India	89.51	72.73	89.51	72.73
TIFCO Holdings Ltd.	India	100.00	100.00	100.00	100.00
TIFCO Security Services Ltd.	India	100.00	100.00	100.00	100.00
United Hotels Ltd.	India	55.00	55.00	55.00	55.00
International					
Apex Hotel Management Services (Pte) Ltd.	Singapore	100.00	100.00	100.00	100.00
Chieftain Corporation NV	Netherlands Antilles	100.00	100.00	100.00	100.00
IHMS (Australia) Pty. Ltd.	Australia	100.00	100.00	100.00	100.00
IHOCO BV	Netherlands	100.00	100.00	100.00	100.00
International Hotel Management Services Inc. and its Limited Liability companies (IHMS Inc.)	United States of America	100.00	100.00	100.00	100.00
Piem International (H.K.) Ltd.	Hong Kong	100.00	51.57	100.00	51.57
Samsara Properties Ltd.	British Virgin Islands	100.00	100.00	100.00	100.00
St. James Court Hotel Ltd.	United Kingdom	89.39	72.25	89.39	72.25
Taj International Hotels (H.K.) Ltd.	Hong Kong	100.00	100.00	100.00	100.00
Taj International Hotels Ltd.	United Kingdom	100.00	100.00	100.00	100.00

Footnotes :

- (i) Investments in the following subsidiaries are held for disposal.
- BAHG 5 Pte Ltd.
 - Premium Aircraft Leasing Corporation Ltd.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(ii) Jointly Controlled Entities

		As at March 31, 2013		As at March 31, 2012	
	Country of Incorporation	Directly by Parent or through its subsidiaries Holding (%)	Effective Holding (%)	Directly by Parent or through its subsidiaries Holding (%)	Effective Holding (%)
Domestic					
Taj Madras Flight Kitchen Pvt. Ltd.	India	50.00	50.00	50.00	50.00
Taj Karnataka Hotels & Resorts Ltd.	India	49.41	44.27	49.41	44.27
Taj Kerala Hotels & Resorts Ltd.	India	28.30	28.30	28.30	28.30
Taj GVK Hotels & Resorts Ltd.	India	25.52	25.52	25.52	25.52
Taj Safaris Ltd.	India	39.89	35.10	36.57	33.47
Kaveri Retreat & Resorts Ltd. (Refer Footnote (i))	India	50.00	50.00	-	-
International					
TAL Hotels & Resorts Ltd.	Hong Kong	28.26	27.49	28.26	27.49
IHMS Hotels (SA)(Pty) Ltd.	South Africa	50.00	50.00	50.00	50.00

(iii) Associates

Domestic					
Oriental Hotels Ltd. (Refer Footnote (i))	India	37.05	35.67	37.05	35.67
Taj Madurai Ltd.	India	26.00	26.00	26.00	26.00
Taida Trading and Industries Ltd. (Refer Footnote (ii))	India	48.74	34.76	48.74	34.76
Kaveri Retreat & Resorts Ltd. (Refer Footnote (iii))	India	-	-	50.00	50.00
International					
BJets Pte Ltd., Singapore (Refer Footnote (ii) & (iv))	Singapore	45.69	45.69	61.54	45.69
Lanka Island Resorts Ltd.	Sri Lanka	24.66	24.66	24.16	24.16
TAL Lanka Hotels PLC	Sri Lanka	24.62	24.62	24.62	24.62

Footnotes :

- (i) Including 5.40% (Previous year 5.40%) of the shares held in the form of Global Depository Receipts (GDR).
- (ii) The carrying amount of the investment has been reported at NIL value, as the Group's share of losses exceeds the cost / carrying value.
- (iii) Kaveri Retreat and Resorts Ltd. has become Jointly Controlled Entity with effect from April 1, 2012.
- (iv) Audited financial statement as at December 31, 2012 has been considered for the purpose of Consolidation.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

- (c) The following amounts are included in the Financial Statements in respect of the Jointly Controlled Entities based on the proportionate consolidation method prescribed in the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27) as notified by the Companies (Accounting Standards) Rules, 2006 (as amended). (Post Elimination):-

	March 31, 2013 ₹ cores	March 31, 2012 ₹ cores
Assets		
Fixed Assets (including CWIP)	391.75	308.94
Non-current Investments	14.14	9.52
Deferred Tax Assets (Net)	2.49	-
Other Non-current Assets	69.14	59.53
Current Assets	68.96	80.37
Liabilities		
Non-current Liabilities	186.63	119.80
Deferred Tax Liability (Net)	12.44	24.33
Current Liabilities	77.76	64.63
Contingent Liabilities	13.70	13.28
Capital Commitments	1.82	1.66
Income		
Income from Operations	188.34	169.08
Other Income	2.21	2.15
Expenses		
Food & Beverages Consumed	20.85	19.58
Employee Benefit Expenses	47.04	38.24
Depreciation	21.42	18.01
Finance Cost	15.41	10.92
Other Operating & General Expense	84.11	69.42
Tax Expenses		
Tax Expenses	1.09	4.80

Note 2. Significant Accounting Policies

The financial statements are prepared under the historical cost convention, on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006 (as amended). The preparation of the 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 these estimates. The significant accounting policies adopted in the presentation of the financial statements are as under:-

(a) Revenue Recognition :

Revenue from sale of rooms, food and beverages, allied services relating to hotel operations, including net income from telecommunication services and management and operating fees is recognised upon rendering of the service.

Revenue from in-flight catering and institutional catering of food and beverages and other allied services rendered to airlines and other institutions are recognised, net of trade discounts, deductions and cost reimbursements, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of food and beverages to airlines and other customers. Sales include excise duty but exclude sales tax and value added tax.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(b) Export Benefits Entitlement :

Benefits arising in the nature of Duty Free Scrips are recognised upon the actual utilisation of Duty Credit Scrips for the purchase of Fixed Assets and Inventories and are adjusted against the cost of the related assets.

(c) Employee Benefits :

(i) Defined Contribution Schemes

i. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the period. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

ii. Others

Employee benefits arising out of contributions towards Provident Fund and Family Pension Scheme to Regional Provident Fund Commissioner or the Central Provident Commissioner and Social Security etc. paid/payable during the year are recognised in the Statement of Profit and Loss.

The Group also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Group accounts for the net present value of its obligation therein, based on an independent external actuarial valuation carried out at the Balance Sheet date.

Certain international subsidiaries operate a defined contribution pension scheme and the pension charge represents the amounts paid/payable by them to the Fund.

(ii) Gratuity Fund

The Company makes annual contributions to funds administered by the trustees for amounts notified by the funds. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iii) Post-Retirement Benefits

The net present value of the Company's obligation towards post retirement pension scheme for retired whole time directors and Post employment medical benefits to qualifying employees is actuarially determined, based on the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iv) Superannuation

The Company has a defined contribution plan, wherein it annually contributes a sum equivalent to the employee's eligible annual basic salary to a fund administered by the trustees. The Company recognises such contributions as an expense in the year in which they are incurred.

The Company also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Company accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(v) Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation, carried out at the Balance Sheet date.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(vi) Other Employee Benefits

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the likely entitlement thereof.

(d) Fixed Assets :

Fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs.

(e) Depreciation and Amortisation :

i. Depreciation :

Indian Entities

Depreciation on assets is provided at the rates as specified in Schedule XIV to the Companies Act, 1956. In respect of Leasehold Land, depreciation is provided from the date the land is put to use for commercial operations, over the balance period of the lease. The renewal of these leases is considered as certain in view of past experience for the purpose of depreciation of building on leased property. In respect of Improvements to Buildings, depreciation is provided @ 6.67% based on its useful life.

In respect of some of the subsidiaries depreciation is provided under the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, amounts in respect of which are not material.

International Entities

Assets are depreciated based on the estimated useful life determined by the Management of the respective Subsidiaries, whereof the average rates of depreciation for each category are equal to or higher than the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of improvements in the nature of structural changes and major refurbishment to Buildings occupied on lease, depreciation is provided for over the period of the lease subject to minimum rates prescribed as per Schedule XIV to the Companies Act, 1956.

ii. Amortisation :

Intangible assets are amortised on a straight-line basis at rates specified below:

Asset Classification	Rate
Leasehold Property Rights	6.67%*
Website Development Cost	20.00%
Cost of Customer Reservation System (including licensed software)	10.00 to 16.67%
Management Contract Acquisition Costs	5.00% to 33.33%**
Service & Operating Rights (Included in Management Contract)	10.00%
Non-Compete Fees	14.29%
Lease Acquisition Cost of Jointly Controlled Entity	5.00%
Brand	10.00%

* Over the term of the lease.

** Based on the terms of the Contract.

(f) Foreign Currency Translation :

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. In case of Group, with respect to long-term foreign currency monetary items that have not been hedged, from April 1, 2011 onwards, the Group has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset;
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term asset / liability;

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Hedge Accounting

In accordance with its risk management policy, the Group has entered into cross currency swap transactions with a view to convert its Indian Rupee borrowings into foreign currency borrowings. To the extent the Company has designated the foreign currency component (and ignoring the impact of interest) of the swap contracts as hedging instruments in a net investment hedging relationship applying hedge accounting principles (prior to the revision of Accounting Standard (AS) 11 on "The Effects of Changes in Foreign Exchange Rates" by notification no. G.S.R.914(E) dated December 29, 2011), the exchange difference arising on translation of the borrowing so converted into a foreign currency liability, at the Balance Sheet date, that are designated and are effective hedges is recognised directly in the "Hedge Reserve" account under "Reserve and Surplus" (Refer Note 4, Page 128 & 129) and the ineffective portion is recognised immediately into the Statement of Profit and Loss. Hedge Accounting is discontinued when the hedging instrument expires or is exercised or cancelled or no longer qualifies for hedge accounting.

Translation of Foreign Operations

Exchange differences on a monetary item that is receivable from or payable to foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future which, in substance, forms a part of the Company's net investment in that foreign operation, are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment. Upon disposal, such accumulation in the Foreign Currency Translation Reserve, or in the case of partial disposal, proportionate share of the related accumulated exchange difference, is recognised as income or as expense in the Statement of Profit and Loss. For this purpose, partial settlement of a monetary item is considered to be a partial disposal.

The financial statements of integral foreign operations are translated using the principles and procedures as if the transactions of the foreign operations are those of the Company itself.

(g) Derivative Instruments :

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

(h) Impairment of Assets :

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the

Notes to Consolidated Financial Statements for the year ended March 31, 2013

greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised.

(i) Assets taken on lease :

Operating Lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease.

Assets taken on finance lease in one of the subsidiaries and a jointly controlled entity are capitalised as tangible fixed assets. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in borrowings net of the finance charge allocated to future periods. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

(j) Inventories :

Stock of Food and Beverages and Stores and Operating Supplies are carried at cost (computed on a Weighted Average basis) or Net Realisable Value, whichever is lower. In respect of three subsidiaries and two Jointly Controlled Entities, Stock of Food & Beverages and Stores & Operating Supplies are valued at cost on FIFO basis. All other inventories are valued at the lower of Cost and Net Realisable Value.

(k) Investments :

- i. Non-current investments are carried at cost. Provision is made for diminution in value, other than temporary, on an individual basis.
- ii. Current investments are carried at the lower of cost and fair value, determined on a category-wise basis.

(l) Taxes on income :

- i. Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for 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 the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognised as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date.
- ii. Current tax assets and Current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.
- iii. 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 the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date. In situations where the Group 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. Deferred Tax assets are reviewed at each Balance Sheet date for their realisability.
- iv. Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay current income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(m) Government Grants :

Government grants are recognised on the basis of reasonable certainty. Capital grants relating to specific assets are reduced from the gross value of the respective fixed assets.

(n) Accounting for Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognised in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), when there is a present legal 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 Group, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the 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.

(o) Borrowing Costs :

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Debenture issue costs and the premium on redemption of debentures are adjusted against the available Securities Premium Account in accordance with the provisions of section 78 of the Companies Act, 1956. All other borrowing costs (other than on cross currency interest rate swap which are recognised in the Statement of Profit and Loss in the period in which they accrue) are charged to Statement of Profit and Loss over the tenure of the borrowing.

The Company enters into interest rate swap contracts to manage interest risk on borrowings. These contracts are held till maturity of the underlying borrowings. Interest is accounted in the period in which it accrues.

Note 3 : Share Capital

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Authorised Share Capital		
Ordinary Shares		
100,00,00,000 Ordinary Shares of ₹ 1/- each	100.00	100.00
Preference Shares		
1,00,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	100.00	100.00
	200.00	200.00
Issued Share Capital		
80,74,89,291 (Previous year - 75,94,89,291) Ordinary Shares of ₹ 1 /- each	80.75	75.95
	80.75	75.95
Subscribed and Paid Up		
80,74,72,787 (Previous year - 75,60,77,117) Ordinary Shares of ₹ 1 /- each, Fully Paid (Refer Footnotes (ii), (v) and (vi))	80.75	75.61
	80.75	75.61

Footnotes :

- (i) The Company has one class of Ordinary Shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of an interim dividend. In the event of liquidation, the equity (ordinary) shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year March 31, 2013 the amount of per share dividend recognised as distribution to equity shareholder was ₹ 0.80 (Previous year - ₹ 1/-)

Notes to Consolidated Financial Statements for the year ended March 31, 2013

- (ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2013		March 31, 2012	
	No. of shares	₹ crores	No. of shares	₹ crores
As at the beginning of the year	756,077,117	75.61	759,472,787	75.95
Add : Issued during the year	48,000,000	4.80	-	-
Less : Cancellation of Ordinary Shares owned by Subsidiaries on Consolidation (Refer Footnote (vii))	-	-	3,395,670	0.34
Add : Sale of Shares owned by Subsidiaries (Refer Footnote (vii))	3,395,670	0.34	-	-
As at the end of the year	<u>807,472,787</u>	<u>80.75</u>	<u>756,077,117</u>	<u>75.61</u>

- (iii) On December 23, 2010, the Company had issued on preferential basis 4,80,00,000 Warrants to Tata Sons Ltd. at a price of ₹ 103.64 per warrant with a right exercisable by the warrant holder to subscribe to one Ordinary share of the face value of ₹ 1 each per warrant which option was exercisable after April 1, 2011, but not later than 18 months from the date of issue of the warrants. The Company had received ₹ 124.37 crores, as 25% advance against the warrants at the time of issue of the warrants. The Company has received the balance 75% application/allotment monies amounting to ₹ 373.10 crores on June 22, 2012 and pursuant to the above the Company has allotted 4,80,00,000 Ordinary shares of face value of ₹ 1 each at a premium of ₹ 102.64 per share to Tata Sons Ltd. on preferential basis. The equity shares issued as aforesaid are eligible to dividend of ₹ 1/- per share for the year 2011/12.

- (iv) Shareholders holding more than 5% shares in the Company :

	March 31, 2013		March 31, 2012	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity share of ₹ 1/- each fully paid				
Tata Sons Limited	20,20,52,004	25.02	14,87,21,334	19.58
Life Insurance Corporation of India	7,68,79,324	9.52	7,68,79,324	10.12
Sir Dorabji Tata Trust	5,02,21,040	6.22	5,02,21,040	6.61

- (v) Aggregate number of Ordinary shares issued for consideration other than cash and shares issued on conversion of Foreign Currency Convertible Bonds during the period of five years immediately preceeding the year March 31, 2013:

	March 31, 2013 No. of shares	March 31, 2012 No. of shares
Shares allotted as fully paid shares, pursuant to amalgamation of Gateway Hotels & Getaway Resorts Limited and Indian Resort Hotels Limited with the Company.	-	1,62,19,670
Shares issued as fully paid shares, pursuant to exercise of option for conversion by holders of Foreign Currency Convertible Bonds.	-	903

- (vi) 16,504 (Previous year - 16,504) Ordinary Shares have been issued but not subscribed to as at the end of the respective years and have been kept in abeyance pending resolution of legal dispute.
- (vii) Shares owned by the subsidiaries which were sold during the year, were acquired by them prior to their becoming subsidiaries.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 4 : Reserves and Surplus

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Capital Reserve		
Opening and Closing Balance	43.97	43.97
Capital Reserve on Consolidation		
Opening Balance	95.77	-
Add : Due to dilution of stake in a subsidiary	16.87	95.77
Closing Balance	112.64	95.77
Capital Redemption Reserve		
Opening Balance	10.59	1.12
Add : Due to acquisition of new subsidiaries	-	9.47
Closing Balance	10.59	10.59
Securities Premium Reserve		
Opening Balance	1,667.09	1,668.80
Add : On allotment of shares on Warrant (Refer Note 3 Footnote (iii), Page 127)	492.67	-
Less : Provision for Premium payable on redemption of Debentures (net of tax)	(63.66)	-
Less : Issue expenses written off (net of tax)	(0.96)	(1.71)
Closing Balance	2,095.14	1,667.09
Revaluation Reserve		
Opening Balance	47.29	28.49
Add : Share in Revaluation Reserves of an associate company	-	17.84
Less : Depreciation transferred during the year	(1.54)	(1.18)
Add : Foreign Exchange fluctuation for the year (net)	-	2.14
Closing Balance	45.75	47.29
Reserve Fund (In terms of Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening Balance	31.35	29.00
Add : Transferred from Surplus in Statement of Profit and Loss	2.25	2.35
Closing Balance	33.60	31.35
Debenture Redemption Reserve		
Opening and Closing Balance	440.97	440.97
Investment Reserve		
Opening and Closing Balance	5.00	5.00
Investment Allowance Utilised Reserve		
Opening and Closing Balance	4.03	4.03
Export Profits Reserve		
Opening and Closing Balance	0.41	0.41
Hedge Reserve (Refer Footnote)		
Opening Balance	(118.22)	-
Add / (Less) : Exchange translation for the year	(58.68)	(118.22)
Closing Balance	(176.90)	(118.22)
Foreign Currency Translation Reserve		
Opening Balance	439.62	84.56
Add / (Less) : Transferred to Statement of Profit and Loss on disposal of net investments	-	(1.11)
Add / (Less) : Foreign Exchange fluctuation for the year (net)	169.17	356.17
Closing Balance	608.79	439.62
Carried over	3,223.99	2,667.87

Notes to Consolidated Financial Statements for the year ended March 31, 2013

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Brought over	3,223.99	2,667.87
Unamortised Foreign Currency Monetary Item Translation Difference (Refer Note 37, Page 147)		
Opening Balance	9.21	-
Add / (Less) : Exchange translation difference for the year	(44.02)	0.46
Add / (Less) : Transferred to Statement of Profit and Loss on amortisation	9.25	8.75
Closing Balance	(25.56)	9.21
Foreign Exchange Earnings Utilised Reserve		
Opening Balance	-	2.28
Less : Transferred to General Reserve	-	(2.28)
Closing Balance	-	-
General Reserve		
Opening Balance	557.59	515.08
Add : Transferred from Surplus in Statement of Profit and Loss	5.28	26.75
Add : Transferred from Foreign Exchange Earnings Utilised Reserve	-	2.28
Add : Due to acquisition of new subsidiaries	-	13.48
Less : Due to change in Associate reserves	(0.27)	-
Closing Balance	562.60	557.59
Surplus in Statement of Profit and Loss		
Opening Balance	(340.95)	(253.58)
Add : Net Profit / (Loss) for the current year	(430.24)	3.06
Add / (Less) : Adjustment on account of change in stake of Jointly Controlled Entities / Subsidiary	(2.63)	(1.85)
Add : Adjustment on account of change in stake of Associates of earlier years	-	1.65
Add : Due to acquisition of new subsidiaries	-	27.14
Less : Transfer to General Reserve	(5.28)	(26.75)
Less : Transfer to Reserve Fund	(2.25)	(2.35)
Less : Dividend paid for previous year	(4.80)	-
Less : Proposed Dividend	(64.60)	(75.95)
Less : Tax on Dividend	(11.75)	(12.32)
Closing Balance	(862.50)	(340.95)
	2,898.53	2,893.72

Footnote :

The Company has adopted hedge accounting principles to account for hedging of loans extended to subsidiaries forming a part of the Company's net investment in non-integral foreign operations. Effectively, the Company had partially converted its rupee borrowings into foreign currency borrowings, using cross-currency swap derivative instruments, so as to cover the foreign currency fluctuations of its investments in overseas subsidiaries and the foreign currency borrowings.

On application of the hedge accounting policy, the foreign currency translation differences of both, the hedging instrument (i.e. the borrowings) and the hedged item (i.e. the net assets in non-integral foreign operation), are recognised under Reserves and Surplus having due consideration to hedge effectiveness. Accordingly, the translation difference on the borrowings amounting to ₹ 58.68 crores for year ended March 31, 2013 (Previous year ₹ 118.22 crores) forming the effective portion of the hedge has been recognised in the Hedge Reserve Account in the Balance Sheet, whilst the corresponding translation differences of the net investment in non-integral foreign operation of ₹ 62.67 crores for the year ended March 31, 2013 (Previous year ₹ 202.86 crores) has been recognised under "Foreign Currency Translation Reserve Account" in the Balance Sheet.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 5 : Long-term Borrowings

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Debentures		
Secured	939.80	968.50
Unsecured	809.07	581.68
	1,748.87	1,550.18
Term Loans		
From Banks		
Secured	1,161.82	1,030.46
Unsecured	515.90	486.20
	1,677.72	1,516.66
From Others		
Unsecured	0.86	4.87
	0.86	4.87
	1,678.58	1,521.53
Fixed Deposits		
Unsecured		
From Shareholders	-	0.60
	-	0.60
Other Loans and Advances		
Unsecured	2.97	11.29
	2.97	11.29
Long-term maturities of finance lease obligations		
Long-term maturities of finance lease obligations	0.76	0.18
	0.76	0.18
	3,431.18	3,083.78

Footnote :

(i) Details of Borrowings as at:

	March 31, 2013 ₹ crores		March 31, 2012 ₹ crores	
	Non-Current	Current	Non-Current	Current
Debentures	1,748.87	60.00	1,550.18	90.00
Term Loans from Banks	1,677.72	77.71	1,516.66	171.06
Term Loans from Others	0.86	-	4.87	3.00
Fixed Deposits	-	0.60	0.60	285.40
Other Loans and Advances	3.73	0.48	11.47	0.02
	3,431.18	138.79	3,083.78	549.48
Short-term Borrowings (Refer Note 10, Page 132)	-	247.67	-	170.02
Total Borrowings	3,431.18	386.46	3,083.78	719.50

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 6 : Deferred Tax Liabilities (net)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Deferred Tax Liabilities :		
Depreciation on Fixed Assets	336.62	325.27
Unamortised Borrowing Cost	2.07	-
Others	8.41	8.41
Total (A)	347.10	333.68
Deferred Tax Assets :		
Provision for Doubtful Debts	6.19	4.62
Premium on Redemption of Debentures	148.93	141.82
Provision for Employee Benefits	18.35	14.99
Depreciation on fixed assets (Refer Footnote (i))	16.54	18.46
Others	28.30	23.61
Total (B)	218.31	203.50
Net Deferred Tax Liabilities (A-B) (Refer Footnote (ii))	128.79	130.18

Footnotes :

- (i) Deferred Tax Asset on unabsorbed depreciation has been recognised by a subsidiary to the extent of deferred tax liability arising on timing difference in respect of depreciation on fixed assets of that entity.
- (ii) The net deferred tax liabilities include ₹ NIL (Previous year - ₹ 13.57 crores) for the subsidiaries acquired during the year.
- (iii) Deferred Tax Assets of ₹ 25.89 crores (Previous year - ₹ NIL) has been adjusted against Securities Premium Reserve.

Note 7 : Deferred Tax Assets (net)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Deferred Tax Assets :		
Provision for Doubtful Debts	1.10	1.02
Provision for Employee Benefits	0.46	0.18
Depreciation on Fixed Assets (Refer Footnote (i))	3.68	1.40
Others	0.26	0.79
Total (A)	5.50	3.39
Deferred Tax Liabilities:		
Depreciation on Fixed Assets	1.05	0.90
Total (B)	1.05	0.90
Net Deferred Tax Assets (A-B) (Refer Footnote (ii))	4.45	2.49

Footnotes :

- (i) The net deferred tax assets include ₹ NIL (Previous year - ₹ 1.40 crores) for the subsidiaries acquired during the year.
- (ii) Deferred tax assets and deferred tax liabilities of entities within the group have been offset as they relate to the same governing taxation laws.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 8 : Other Long-term Liabilities

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Creditors for capital expenditure	4.02	3.76
Deposits from others		
Secured (Refer Note 15 Footnote (iii), Page 137)	71.10	71.10
Unsecured	0.85	1.13
Others	0.25	0.62
	<u>76.22</u>	<u>76.61</u>

Note 9 : Long-term Provisions

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provision For Employee Benefits (Refer Note 39, Page 147 to 151)	41.36	43.64
Provision - Others		
Premium on Redemption of Debentures	654.50	560.27
Provision for Contingencies (Refer Footnote)	0.12	0.12
	<u>654.62</u>	<u>560.39</u>
	<u>695.98</u>	<u>604.03</u>

Footnote :

Provision for contingencies on standard assets has been made by a subsidiary engaged in business of non-banking financial services

Note 10 : Short-term Borrowings

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Loans repayable on demand		
From Bank		
Secured (Refer Footnote (i))	51.75	36.56
Unsecured	4.71	13.83
	<u>56.46</u>	<u>50.39</u>
Other Short-term Loans		
Secured	-	1.71
Unsecured (Refer Footnote (ii))	191.21	117.92
	<u>191.21</u>	<u>119.63</u>
	<u>247.67</u>	<u>170.02</u>

Footnote :

- (i) Secured loans from Bank consist of overdraft facilities. These are secured by hypothecation of operating supplies, stores, food and beverages and receivables.
- (ii) Unsecured Short-term loans from other consists of inter-corporate deposits, Commercial paper and other loans.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 11 : Other Current Liabilities

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Current maturities of long-term borrowings (Refer Note 5 (i), Page 130)		
Debentures	60.00	90.00
Term Loans	77.71	174.06
Fixed Deposits	0.60	285.40
Finance Lease Obligations	0.48	0.02
	138.79	549.48
Payables on Current Account dues	18.24	8.93
Deposits	22.77	22.54
Interest accrued but not due on borrowings	45.59	43.25
Income received in advance	20.78	16.52
Advances collected from customers	96.44	99.58
Creditors for capital expenditure	19.41	28.63
Unclaimed Dividends	3.91	3.74
Unclaimed Share Application Money	0.13	0.14
Unclaimed Matured Deposits and interest accrued thereon	2.68	2.02
Unclaimed matured debentures and interest accrued thereon ₹ 25,100 (Previous year - ₹ 25,100)	-	-
Other Liabilities (Refer Footnote below)	205.89	190.60
	574.63	965.43

Footnote :

Other Liabilities include provision for obligation of an Associate ₹ 27.55 crores (Previous year - ₹ NIL).

The Indian Hotels Company Limited

Note 12 : Short-term Provisions

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provision for Employees Benefits (Refer Note 39, Page 147 to 151)	38.05	26.87
Provision - Others		
Provision for Contingent Claims (Refer Footnote (i))	3.30	13.51
Proposed Dividend	64.60	75.95
Tax on Dividend	10.59	12.32
Loyalty Programmes (Refer Footnote (ii))	17.18	17.54
Provision for Tax (net of advances)	1.41	1.40
	97.08	120.72
	135.13	147.59

Footnotes :

(i) Provision for Contingencies include :

₹ crores

	Opening Balance	Addition / (Deduction)	Closing Balance
Legal and Statutory matters	1.64	(0.21)	1.43
	1.12	0.52	1.64
Contractual matters in the course of business	10.64	(10.00)	0.64
	5.36	5.28	10.64
Employee related matters	1.23	-	1.23
	0.96	0.27	1.23
Total	13.51	(10.21)	3.30
	7.44	6.07	13.51

a) The above matters are under litigation / negotiation and the timing of the cash flows cannot be currently determined.

b) Figures in italics are in respect of previous year.

(ii) Details of Provision for Loyalty Programmes :

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Opening Balance	17.54	14.58
Add : Due to new subsidiaries	-	2.24
Less : Redeemed during the year	11.33	9.26
	6.21	7.56
Add : Provision for the year	10.97	9.98
Closing Balance	17.18	17.54

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 13 : Tangible Assets (Owned, unless otherwise stated)

	Freehold Land	Leasehold Land	Buildings (Refer Footnote (i))	Plant and Machinery	Furniture & Fixtures (Refer Footnote (ii))	Office Equipment (Refer Footnote (ii))	Vehicles	₹ crores Total
Gross Block at Cost								
At April 1, 2011	414.39	223.57	3,396.92	1,192.71	649.33	95.36	47.00	6,019.28
Translation Adjustment (Refer Footnote (iii))	35.41	25.41	272.03	9.64	33.93	2.20	0.31	378.93
Addition of new subsidiaries (Refer Footnote (viii))	18.61	14.11	161.49	167.11	64.82	12.06	5.19	443.39
Additions	-	-	121.19	138.76	85.17	10.36	2.30	357.78
Adjustments (Refer Footnote (vii))	-	-	15.58	10.74	4.09	2.48	-	32.89
Disposals	2.94	-	10.10	40.62	16.61	1.04	4.09	75.40
At March 31, 2012	465.47	263.09	3,957.11	1,478.34	820.73	121.42	50.71	7,156.87
Translation Adjustment (Refer Footnote (iii))	16.57	2.99	94.75	1.14	10.70	1.29	0.16	127.60
Addition on stake change (Refer Footnote (viii))	3.67	-	40.93	11.73	7.49	0.23	0.10	64.15
Additions	1.81	0.05	142.92	77.05	60.67	7.48	4.63	294.61
Disposals	-	-	1.77	14.93	17.91	2.51	0.85	37.97
At March 31, 2013	487.52	266.13	4,233.94	1,553.33	881.68	127.91	54.75	7,605.26
Depreciation (Refer Footnote (vi))								
At April 1, 2011	3.88	26.56	480.97	551.30	380.14	60.02	25.65	1,528.52
Translation Adjustment (Refer Footnote (iii))	-	3.05	40.73	5.67	20.45	1.18	0.25	71.33
Addition of new subsidiaries (Refer Footnote (viii))	-	1.84	28.66	80.76	36.37	7.93	2.84	158.40
Charge for the year (Refer Footnote (iv) and (v))	-	2.66	94.79	79.00	53.86	13.47	4.06	247.84
Adjustments (Refer Footnote (vii))	-	-	7.19	14.05	11.89	0.72	-	33.85
Disposals	-	-	1.92	34.59	15.16	0.78	3.64	56.09
At March 31, 2012	3.88	34.11	650.42	696.19	487.55	82.54	29.16	1,983.85
Translation Adjustment (Refer Footnote (iii))	-	0.61	13.74	1.09	6.04	0.72	0.16	22.36
Addition on stake change (Refer Footnote (viii))	-	-	1.36	1.82	5.34	0.08	0.01	8.61
Charge for the year (Refer Footnote (iv) and (v))	-	2.85	107.55	89.38	62.78	12.21	4.51	279.28
Disposals	-	-	0.43	12.63	15.08	2.41	0.77	31.32
At March 31, 2013	3.88	37.57	772.64	775.85	546.63	93.14	33.07	2,262.78
Net Block								
At March 31, 2012	461.59	228.98	3,306.69	782.15	333.18	38.88	21.55	5,173.02
At March 31, 2013	483.64	228.56	3,461.30	777.48	335.05	34.77	21.68	5,342.48

Footnotes :

- Gross Block includes buildings constructed on leasehold land and improvements thereto - ₹ 2141.61 crores (Previous year - ₹ 1992.76 crores).
- Furniture, Fixtures and Office Equipments as at the year end include assets on finance lease: Gross Block - ₹ 3.92 crores (Previous year - ₹ 2.58 crores), Accumulated Depreciation - ₹ 2.64 crores (Previous year ₹ 2.58 crores), Depreciation for the year - ₹ 0.04 crore (Previous year - ₹ 0.54 crore).
- Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment".
- Depreciation charge for the year includes ₹ 0.04 crore (Previous year ₹ 0.05 crore) which is capitalised during the year.
- Depreciation / Amortisation for the year includes ₹ 1.20 crores (Previous year ₹ 1.22 crores) recouped from Revaluation Reserve.
- Accumulated Depreciation includes adjustment for impairment of ₹ 6.61 crores (Previous year ₹ 6.61 crores) including ₹ 3.88 crores (Previous year ₹ 3.88 crores) on Freehold Land, made in earlier years.
- Adjustments include cost / depreciation adjustments on decapitalisation / recapitalisation of assets on restoration of Taj Mahal Palace, Mumbai, subsequent to receipt of insurance claim during the year.
- Represent the impact of increase / decrease in share of the Group in certain jointly controlled entities for current year and entities which became subsidiaries during Previous year.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 14 : Intangible Assets

	₹ crores					
	Goodwill	Leasehold Property Rights	Website Development Cost	Software (Refer Footnote (i))	Management Contracts	Total
Gross Block at Cost						
At April 1, 2011	-	20.73	8.42	22.53	47.91	99.59
Translation Adjustment (Refer Footnote (ii))	-	1.60	-	0.01	6.98	8.59
Addition of new subsidiaries (Refer Footnote (iii))	4.76	0.01	0.03	1.98	-	6.78
Additions	-	5.98	0.18	3.40	0.10	9.66
Disposals	-	-	4.52	0.03	-	4.55
At March 31, 2012	4.76	28.32	4.11	27.89	54.99	120.07
Translation Adjustment (Refer Footnote (ii))	-	1.14	-	0.03	3.38	4.55
Addition on Stake change (Refer Footnote (iii))	-	-	-	0.28	-	0.28
Additions	-	2.71	0.04	3.20	0.19	6.14
Disposals	-	-	-	0.29	-	0.29
At March 31, 2013	4.76	32.17	4.15	31.11	58.56	130.75
Amortisation						
At April 1, 2011	-	10.73	5.03	9.53	35.92	61.21
Translation Adjustment (Refer Footnote (ii))	-	0.60	-	0.01	5.41	6.02
Addition of new subsidiaries (Refer Footnote (iii))	4.76	-	0.02	1.03	-	5.81
Charge for the year	-	1.46	0.84	3.62	2.58	8.50
Disposals	-	-	4.52	0.02	-	4.54
At March 31, 2012	4.76	12.79	1.37	14.17	43.91	77.00
Translation Adjustment (Refer Footnote (ii))	-	0.31	-	(0.01)	2.69	2.99
Addition of stake change (Refer Footnote (iii))	-	-	-	0.13	-	0.13
Charge for the year	-	2.68	0.82	3.92	2.96	10.38
Disposals	-	-	-	0.21	-	0.21
At March 31, 2013	4.76	15.78	2.19	18.00	49.56	90.29
Net Block						
At March 31, 2012	-	15.53	2.74	13.72	11.08	43.07
At March 31, 2013	-	16.39	1.96	13.11	9.00	40.46

Footnotes :

- (i) Software includes Customer Reservation System and Licensed Software.
- (ii) Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment".
- (iii) Represent assets and accumulated depreciation of certain entities which became subsidiaries during the year. This also includes impact due to increase / decrease in stake in respect of shareholding for certain jointly controlled entities.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 15 : Non-current Investments (at cost)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Trade Investments :		
Equity Investments in Associate Companies (Refer Note 1(b)(iii), Page 120)		
[Includes Goodwill of ₹ 70.80 crores (Previous year - ₹ 75.12 crores) and is net of capital reserve of ₹ 0.68 crore (Previous year - ₹ 0.68 crores) arising on the acquisition of associates]	251.59	283.31
Investment in Government Security		
Investments in Shares	0.02	0.01
Quoted (Refer Footnote (i) and (ii))	1,423.50	1,340.89
Unquoted (Refer Footnote (iii))	221.09	217.03
Total Long Term Investments - Gross	1,896.20	1,841.24
Less : Provision for Diminution in value of Investments	373.59	0.09
Total Long Term Investments - Net	1,522.61	1,841.15

Footnotes

- (i) Aggregate of Quoted Investments - Gross : Cost / Carrying value **1,423.50** 1,340.89
: Market Value **428.86** 414.23
- (ii) The Group has made investments in various international hotel assets. In view of the global recessionary trends, the fair values of certain assets have declined. Thus, the Group has felt it prudent to recognise other than temporary diminution in value thereof by ₹ 373.00 crores. The charge to the Statement of Profit and Loss has been classified as an Exceptional Item of the current year. The performance of these investments would be monitored on a periodic basis by the Company and adjustments made to the carrying value thereof, if necessary.
- The Group, holds Class A shares in Orient-Express Hotels Ltd. ("Orient-Express"), In pursuit of its long-term strategic growth plans, in October, 2012, the Group communicated its desire to acquire all of the outstanding Class A shares of Orient-Express to the Board of Directors of that company. The Group bid was valued at approximately US \$ 1.86 billion (including Orient-Express' existing outstanding debt). The Board of Directors of Orient-Express responded by stating that in their view it was a "highly disadvantageous time to sell" Orient-Express. The Group is reviewing its options in this regard.
- (iii) Unquoted Investment, includes Investment in TRIL Infopark Limited for which transfer of shares are restricted due to an option granted for 10 years upto July, 2021 to Tata Realty and Infrastructure Ltd. for repurchase of the shares at par value. Tata Realty and Infrastructure Ltd. has deposited a sum of ₹.71.10 crores as Option Deposit, which shall be adjusted upon exercise of the option or refunded.

Note 16 : Long-term Loans and Advances (Unsecured, considered good unless stated otherwise)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Capital advances	62.02	34.42
Long-term security deposits placed for Hotel Properties	136.96	133.97
Deposits with Public Bodies and Others	43.92	37.85
Loans and Advances	69.35	74.63
Other Loans and Advances		
Advance Income Tax paid (net)	101.88	69.71
MAT credit entitlement	52.85	69.11
Others	9.44	12.21
	164.17	151.03
	476.42	431.90

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 17 : Other Non-Current Assets

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Deposits with Banks (Refer Note 21, Page 139)	20.90	39.80
Unamortised borrowing costs (Refer Note 23, Page 139)	5.10	11.11
Interest receivable	0.49	1.39
	<u>26.49</u>	<u>52.30</u>

Note 18 : Current Investments

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Investments in Mutual Fund Units (Unquoted)	40.69	62.75
Investments in Subsidiaries (Refer Footnote)		
BAHC 5 Pte Ltd.	-	-
1 (Previous year 1) equity shares of US \$ 1 each (₹ 51 (Previous year ₹ 51))		
Premium Aircraft Leasing Corporation Ltd.	-	-
10 (Previous year 10) equity shares of US \$ 1 each (₹ 512 (Previous year ₹ 512))		
	<u>40.69</u>	<u>62.75</u>

Footnote :

These shares are held for disposal.

Note 19 : Inventories (At lower of cost and net realisable value)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Food and Beverages	33.37	34.63
Stores and Operating Supplies	49.68	43.36
Apartment held for sale	13.69	8.36
	<u>96.74</u>	<u>86.35</u>

Note 20 : Trade Receivables (Unsecured)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Outstanding over six months :		
Considered good	25.61	32.45
Considered doubtful	22.77	18.21
	<u>48.38</u>	<u>50.66</u>
Others :		
Considered good	248.37	257.93
Considered doubtful	-	-
	<u>248.37</u>	<u>257.93</u>
	<u>296.75</u>	<u>308.59</u>
Less : Provision for Doubtful Trade Receivables	22.77	18.21
	<u>273.98</u>	<u>290.38</u>

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 21 : Cash and Bank Balances

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Cash and Cash Equivalents		
Cash on hand	4.79	3.94
Cheques, Drafts on hands	12.65	11.42
Balances with banks in current account	78.18	47.01
Balances with banks in call and short-term deposit accounts (less than 3 months)	27.98	22.20
	<u>123.60</u>	<u>84.57</u>
Other Balances with banks :		
Call and Short-term deposit accounts	88.75	86.85
Deposits pledged with others	1.34	1.60
Margin money deposits	5.48	4.42
Earmarked balances	11.79	22.08
	<u>107.36</u>	<u>114.95</u>
	<u>230.96</u>	<u>199.52</u>
Less : Term deposit with banks maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current (Refer Note 17, Page 138)	20.90	39.80
	<u>210.06</u>	<u>159.72</u>

Note 22 : Short-term Loans and Advances (Unsecured, considered good unless stated otherwise)

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Short-term Loans and Advances	96.44	50.91
Deposit with public bodies and others	45.45	13.29
Other advances		
Considered good	114.15	116.98
Considered doubtful	8.96	5.94
	<u>123.11</u>	<u>122.92</u>
Provision for doubtful advances	8.96	5.94
	<u>114.15</u>	<u>116.98</u>
	<u>256.04</u>	<u>181.18</u>

Note 23 : Other Current Assets

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Interest Receivable	21.31	17.38
On Current Account dues	43.12	45.32
Unamortised Borrowing Costs		
Opening Balance	15.33	9.96
Add : Additions during the year	1.33	12.56
Add : Translation adjustment	0.27	1.22
Less : Amortised during the year (Refer Footnote)	(4.45)	(8.41)
Closing Balance	12.48	15.33
Less : Unamortised borrowing costs - Non Current (Refer Note 17, Page 138)	5.10	11.11
	<u>7.38</u>	<u>4.22</u>
	<u>71.81</u>	<u>66.92</u>

Footnote :

Expenses on borrowing are amortised over the tenure of the respective loan.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 24 : Rooms, Restaurants, Banquets and Other Operating Income

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Income from Operations	3,743.36	3,443.52
Other Operating Income	-	-
Total	3,743.36	3,443.52

Income from Operations is derived from the following :

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Room Income	1,810.85	1,672.56
Food, Restaurants and Banquet Income	1,501.90	1,382.46
Shop Rentals	34.38	36.35
Membership Fees	51.03	43.73
Management and Operating Fees	106.50	110.29
Others	238.70	198.14
Total	3,743.36	3,443.53

Note 25 : Other Income

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Interest Income		
Inter-corporate deposits	12.26	12.08
Deposits with banks	0.01	-
Interest on Income Tax Refunds	0.48	3.19
Others	6.29	4.47
Total	19.04	19.74
Dividend Income from long-term Investments	5.57	5.51
Dividend Income from Current Investments	9.03	12.54
Profit on sale of Current Investments (Net)	0.75	-
Exchange Gain (Net)	-	8.09
Others	25.77	25.50
Total	60.16	71.38

Note 26 : Employee Benefit Expenses and Payment to Contractors

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Salaries, Wages, Bonus etc.	976.50	860.74
Company's Contribution to Provident & Other Funds (Refer Note 39, Page 147 to 151)	48.52	61.35
Reimbursement of Expenses on Personnel Deputed to the Company	42.29	37.70
Payment to Contractors	86.72	77.50
Staff Welfare Expenses	117.72	111.48
Total	1,271.75	1,148.77

Note 27 : Finance Costs

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Interest Expense		
Interest Expenses on borrowings	218.78	263.47
On Income Tax Demand	6.58	0.04
	225.36	263.51
Less : Interest recovered on Currency swaps relating to above	34.13	36.12
Less : Interest Capitalised (Refer Footnote)	20.49	14.92
Total	170.74	212.47

Footnote :

The Group has capitalised the interest cost on borrowings utilised for projects under construction, relating to assets in capital work-in-progress

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 28 : Operating and General Expenses

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
(i) Operating expenses consist of the following :		
Linen and Room Supplies	63.43	57.15
Catering Supplies	35.04	34.49
Other Supplies	7.99	8.38
Fuel, Power and Light	288.80	245.68
Repairs to Buildings	43.88	41.30
Repairs to Machinery	52.46	47.26
Repairs to Others	40.11	36.89
Linen and Uniform Washing and Laundry Expenses	43.77	37.84
Payment to Orchestra Staff, Artistes and Others	28.30	28.55
Guest Transportation	9.30	17.56
Travel Agents' Commission	55.70	44.38
Discount to Collecting Agents	44.51	40.77
Other Operating Expenses	116.94	84.72
Total	830.23	724.97
(ii) General expense consist of the following :		
Rent	61.01	55.35
Licence Fees	197.11	175.10
Rates and Taxes	78.75	72.01
Insurance	20.00	18.97
Advertising and Publicity	126.00	111.55
Printing and Stationery	15.04	14.41
Passage and Travelling	20.23	19.80
Provision for Doubtful Debts and advances	7.80	5.92
Professional Fees	53.31	51.27
Support services	31.02	22.01
Exchange Loss (Net)	0.95	-
Loss on Sale of Fixed Assets (Net)	4.22	4.36
Loss on Sale of Investment (Net)	-	0.08
Provision Diminution in Value of Investment	0.50	-
Payment made to Statutory Auditors (Refer Footnote)	7.75	6.27
Directors' Fees and Commission	2.88	3.13
Other Expenses	95.62	101.73
Total	722.19	661.96
	1,552.42	1,386.93

Footnotes :

Payment made to Statutory Auditors:

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
As auditors	5.52	5.30
For other services (including tax audit and company law matters)	2.16	0.86
Expenses and incidentals	0.07	0.11
	7.75	6.27

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 29 : Exceptional Items

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Exceptional Items comprises of the following :		
Exchange Gain / (Loss) on long-term borrowings/assets (Refer Footnote)	(20.72)	(14.55)
Profit on sale of hotel property	-	11.40
Interest Income net of expenditure on surrender of project	-	11.37
Profit on sale of Investment by Subsidiaries of Holding Company Shares	13.95	-
Settlement of arbitration Claim (including interest ₹ 17.97 crores)	(23.11)	-
Provision for Diminution in value of Long-term investments (Refer Note 15 (ii), Page 137)	(373.00)	-
Provision for Obligation of an Associate	(27.55)	-
Short fall of business interruption insurance claim (Taj Mahal Palace, Mumbai)	-	(8.72)
Settlement of claims due to disposal of a subsidiary	-	(1.02)
Total	(430.43)	(1.52)

Footnote :

Exchange difference on revaluation of long-term foreign currency monetary items.

Note 30. Shareholder's Agreement of a subsidiary:

As per Share Subscription Agreement and Shareholders' Agreement dated March 16, 2011 entered into with Omega TC holding Pte Limited ("Investor") by a subsidiary company, the subsidiary has issued 5,555,556 equity shares of ₹ 10 for a total consideration of ₹ 50 crores on March 27, 2013.

The investor also has an option but not the obligation to subscribe for further such number of Equity Shares as is equal to the aggregate consideration of upto ₹ 100 crores on or before March 31, 2014 provided that the company requires an amount equivalent to the consideration and such requirement is a part of business plan.

Note 31. Contingent Liabilities (to the extent not provided for) :

(a) On account of Income Tax matters in dispute :

In respect of tax matters for which Group appeals are pending ₹ 68.92 crores (Previous year ₹ 33.03 crores). The said amounts have been paid / adjusted and will be recovered as refund if the matters are decided in favour of companies of the Group.

In respect of other tax matters ₹ 0.05 crores (Previous year ₹ 0.15 crore)

(b) On account of other disputes in respect of :

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Luxury tax	3.60	0.55
Entertainment tax	0.03	0.53
Sales tax / VAT	21.61	20.23
Property and Water tax	13.45	11.58
Stamp Duty	0.60	0.60
Service tax	33.27	22.09
Excise	21.14	29.13
Others	5.39	5.11

The Company is a defendant in various legal actions and a party to claims which arose during the ordinary course of business. The Company's management believes based on the facts presently known, that the results of these actions will not have a material impact on the Company's financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(c) Other claims against the Group not acknowledged as debt :

Legal and statutory matters ₹ 2.69 crores (Previous year ₹ 5.14 crores)

- (d) In a hotel on land under license agreement, there is a demand for increased lease rentals with effect from 2006-07 amounting to ₹ 194.85 crores (Previous year ₹ 161.26 crores) plus interest thereon. The Company has disputed this enhanced lease rental and filed a suit in the High Court and taken out a Notice of Motion, inter alia, for a stay against any further proceedings by the licensor pending resolution of dispute by the Court. The Company has been legally advised that the demand is not sustainable as it is not in accordance with the judgment of the Hon'ble Supreme Court of India. The Company does not expect any additional liability in this regard. In some hotels, proposed revisions in property taxes are contested by the Company, amounts of which are indeterminate.

- (e) The Group had spent ₹ 8.13 crores in one of the hotel property at Ludhiana taken on operating lease which has a remaining written down value of ₹ 6.3 crores as at Balance Sheet date. The Group had, after taking legal advice, suspended its operations & further given a termination notice to end the lease contract due to non-fulfilment of obligations by the landlord to provide critical services such as electricity, power backup, security etc for the mall including the Hotel and not adapting good engineering practices in the construction of the Hotel Building. The landlord has disputed the validity of the notice and has raised a claim for ₹ 44.12 crores towards arrear rentals, CAM charges and rental for period between August 2012 till October, 2038

In the meantime, the Group has filed a suit seeking relief to restrain the landlord from preventing the Group from removing its moveable assets from the said property. Based on the discussions & legal advice sought by the Group from senior lawyers, the Group feels that it has a good case to recover the initial investment /damages from the owner & it also intends to file a suit for damages against the landlord. In view of the above, the Group feels confident not to have any loss on account of the amount invested in the property and based on the facts of the case and the supporting law liability for claims raised by the landlord can be defended.

- (f) One of the jointly controlled entities dealing in Air catering services has got rights from Airport Authority of India (AAI) for the entry and use of the facilities at the domestic and international terminals at the Chennai Airport, in order to provide in-flight catering services to the aircrafts in accordance with the agreements entered into with the various airlines. AAI has unilaterally taken a decision to revise upward the royalty to 13% of the gross turnover from ₹ 30,000 per month with effect from April 1, 2008 and raised a demand of ₹ 3.17 crores for a period from April 1, 2008 to March 31, 2010. No provision has been made in respect of this additional royalty since the same is being disputed by the entity and treated as contingent liability. Should the entity be liable to make any payment to AAI against the aforesaid claim, the management believes the same would be fully recoverable on a back to back basis from various airline companies in view of the entity's agreement/ understanding with them.

Pursuant to the joint representation made by all the in-flight caterer including the entity, AAI, vide its letter dated July 19, 2010, revised its claim of royalty from 13% of the gross turnover to an amount ranging from 5% to 10% of the Gross Turnover from April 2008, which the entity is paying from April 1, 2010 onwards and recovering from respective airlines as per the agreements.

Note 32. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 240.94 crores (Previous year – ₹ 136.52 crores).

Note 33. Other Commitments

- (a) The Company owns 19.90% of the issued share capital of Lands End Properties Private Limited (LEPPL), a Company owning 67% interest in the Hotel Sea Rock Property through its wholly-owned subsidiary, Sky Deck Properties & Developers Private Limited (SDPDPL). During the year, LEPPL has refinanced loan of ₹ 400 crores and accrued premium by raising a fresh debt of ₹ 521 crores through issuance of Zero coupon Non-Convertible Debentures, redeemable at a premium having a yield to maturity of 10%. LEPPL has a call option on this borrowing to redeem such Debentures on February 13, 2014 or February 13, 2015 with an additional redemption premium of 0.5% and 0.15% of nominal value respectively. However, the call option can only be exercised with prior written consent from the Company. In respect of such debentures issued by LEPPL, the Company has :-

- the first right to purchase the entire shareholding of SDPDPL held by LEPPL for an aggregate value of ₹ 693.45 crores; or
- the obligation to make good the value of the shortfall if lenders of LEPPL realise an amount lower than the redemption amount, on sale of the shares of SDPDPL in case the right referred in (i) above is not exercised.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

- (b) The Company had given an option to certain shareholders of ELEL Hotels & Investment Ltd. (ELEL), a company having an underlying lease of the Hotel Sea Rock Property as under:-

Shareholders holding 5,26,854 shares in ELEL would have had an option to sell these shares to the Company upon the achievement and fulfilment of certain conditions. The intent states that the option would have been exercisable by the shareholders at a predetermined price, based on the obligations actually fulfilled by the holders of these shares. The holders of these shares are entitled to exercise this Put option on July 1, 2013 or January 1, 2014 or July 1, 2014. In parallel, the Company also has an option to purchase these shares at the same price on September 1, 2013 or April 1, 2014 or September 1, 2014.

Given the non-fulfilment of conditions as at date as well as the uncertainty in achieving these conditions going forward, the resolution of this Put/ Call option with respect to timing, price and resultant liability remains indeterminate.

- (c) In case of one of the jointly controlled entity, as per the share purchase agreement it has given a commitment to pay for the uncalled amount of ₹ 13.67 crores towards the acquisition of 1,95,37,500 shares of Greenwoods Palaces & Resorts Pvt. Ltd.
- (d) The Company has given letters of support in case of select associate companies during the year.

Note 34. Guarantees and Undertakings given :

- (a) The Group has given an undertaking to a lender of Taj Air Limited (TAL) not to transfer, assign, dispose of or encumber its holding in the shares of TAL without the said lender's prior written approval except for changes in the shareholding of TAL between specified entities.
- (b) Group has pledged its investment in BAHC 5 Pte Ltd. (BAHC 5) with a net book value of US \$ 1 and issued guarantees in respect of a loan from a third party to BAHC 5 for losses that might incur as a result of granting the loan to BAHC 5 to the extent of approximately US \$ 68 million without charge. As at the end of the Balance Sheet date, the Group does not consider it probable that a claim will be made against the Company under these guarantees. The maximum liability of the Company at the end of the reporting period under these guarantees is approximately US \$ 68 million, representing the loan drawn down by BAHC 5 as at the end of the reporting period.
- (c) The Group has pledged its investment in St. James Courts Hotel Limited with a net book value of ₹ 232.37 crores (US \$ 42.79 million) and issued guarantees without charge in respect of a bank loan to Bjets Pte Ltd (Bjets) for losses that might incur as a result of granting the loan to Bjets to the extent of approximately ₹ 141.19 crores (US \$ 26 million). As at the end of the Balance Sheet date, the Group does not consider it probable that a claim will be made against the Company under these guarantees. The maximum liability of the Company at the end of the reporting period under these guarantees is approximately ₹ 141.19 crores (US \$ 26 million), representing the loan drawn down by Bjets as at the end of the reporting period.
- (d) The Group, together with an associate and a third party entered into an agreement with the bank, in consideration for the lender providing a credit facility of up to ₹ 48.87 crores (US \$ 9 million) to Lanka Island Resorts Limited, an associate of the Group. The Group has agreed to execute a shortfall undertaking and a non-disposal undertaking for shares in Lanka Island Resorts Limited in favour of the bank as security for repayment of credit facilities and money payable by the associate to the bank under the facility agreement and performance and observance by the bank of all its obligations and covenants under the facility agreement.
- (e) Guarantees given by the Group in respect of loans obtained by other companies and outstanding as on March 31, 2013 - ₹ 24.05 crores (Previous year - ₹ 32.55 crores).

Note 35. Operating and Finance Leases

- (a) IHMS Inc. formed IHMS LLC ("New York LLC") under the laws of the State of Delaware, U.S.A. The New York LLC was formed to acquire the lease with 795 Fifth Avenue Corporation, its affiliates 795 Fifth Avenue Limited Partnership, Barneys New York and individual apartment owners, which encompass the facilities of the Hotel Pierre.

The New York LLC has entered into lease agreements for the use of various facilities at the Hotel Pierre for the purpose of operating a hotel business. Under the terms of the various Agreements, the New York LLC is required to:

- (i) Provide an irrevocable unconditional letter of credit in the amount of ₹ 27.15 crores (US \$ 5 million), as to be renewed annually until expiration of the lease.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

- (ii) Spend not less than ₹ 190.06 crores (US \$ 35 million) on renovations of the property not later than June 30, 2007.
- (iii) In November 2007, the New York LLC entered into a lease modification agreement with its landlord. The principal modification extended the lease term for an additional 10 years, to June 30, 2025, and increased the New York LLC's renovation commitment to ₹ 434.44 crores (US \$ 80 million). The New York LLC spent approximately ₹ 568.24 crores (US \$ 104.64 million) towards the renovation project and substantially completed the renovation project on June 30, 2010.

Future fixed and minimum rentals, exclusive of formula or percentage rentals for the period ending March 31, are approximately as under :-

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Not later than one year	10.69	10.07
Later than one year but not later than five years	42.77	40.28
Later than five years	77.52	83.10

- (iv) Lease on cooperative apartments and ballroom

The New York LLC assumed a lease agreement with Barney's New York, currently scheduled to expire in August 2013, for the use of Hotel Pierre's ballroom, and with some other individuals for the use of their cooperative apartments as hotel rooms and suites. Such leases require the New York LLC to pay minimum rent which increase annually by the change in the Consumer Price Index and to reimburse the owners for their actual cooperative maintenance charges. On March 12, 2012, the lease agreement with Barney's was amended wherein, among other things, the scheduled expiration was extended to December 31, 2018 and the annual fixed rent was increased to US \$ 1,700,000 ("Amended Lease Agreement"). In addition, the Amended Lease Agreement required a one-time rent adjustment fee of US \$ 1,000,000 ("Rent Adjustment"). The Rent Adjustment is included in deferred cost and will be expensed over the term of the Amended Lease Agreement. Accumulated amortisation of the Rent Adjustment amounted to ₹ 0.92 crores (US \$ 1,68,672) at March 31, 2013. Future fixed minimum rentals, exclusive of formula or percentage rentals for the period ending March 31, are approximately as under :-

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Not later than one year	9.94	9.37
Later than one year but not later than five years	39.06	37.48
Later than five years	6.92	15.22

- (b) IHMS New York LLC, IHMS San Francisco LLC and IHMS Boston LLC, as lessors under various operating leases, will receive base rents over the next five years and, in the aggregate, over the remaining terms of the leases as follows :-

	San Francisco LLC ₹ crores	Boston LLC ₹ crores	New York LLC ₹ crores	Total ₹ crores
Not later than one year	0.35 <i>0.31</i>	2.36 <i>2.23</i>	1.88 <i>1.54</i>	4.59 <i>4.08</i>
Later than one year but not later than five years	0.50 <i>0.80</i>	7.48 <i>8.92</i>	7.52 <i>6.15</i>	15.50 <i>15.87</i>
Later than five years	- <i>-</i>	- <i>0.37</i>	5.17 <i>6.57</i>	5.17 <i>6.94</i>

Figures in italics are in respect of previous year

Notes to Consolidated Financial Statements for the year ended March 31, 2013

- (c) Apart from the operating lease as mentioned in Note 35 (a) above, the Group has also taken certain assets on operating lease, the minimum future lease rentals payable on which are as follows:

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Not later than one year	41.92	35.39
Later than one year but not later than five years	160.83	138.58
Later than five years	1,165.20	1,101.43

A subsidiary company is liable, in certain cases, to pay variable rent based on fulfilment of certain operational parameters. The total amount charged to Statement of Profit and Loss in respect thereof is ₹ 0.32 crore (Previous year ₹ 0.11 crore)

- (d) The Group has taken assets on finance lease, certain assets, the minimum future lease rentals and present value of minimum lease rentals payable are as follows:

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Minimum lease rentals payable as on Balance Sheet date	1.05	-

Minimum lease payment		
	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Not later than one year	0.45	-
Later than one year but not later than five years	0.60	-
Later than five years	-	-
Total	1.05	-

Note 36. Derivative Instruments and Un-hedged Foreign Currency Exposure :

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:-

(a) Derivative Instruments outstanding:

Nature of Derivative	Risk Hedged	March 31, 2013		March 31, 2012	
		Currency million	₹ crores	Currency million	₹ crores
Option Contract	US \$ / ₹	-	-	30.00	141.47
Libor Cap	US \$	40.00	-	70.00	-
	GB £	20.00	-	20.00	-
	US \$	63.34	-	63.34	-
Interest Rate Swap	GB £	30.00	-	20.00	-
	US \$	-	-	8.13	-
Forward Contracts	US \$	-	-	0.68	-

The above excludes cross currency interest rate swap referred to in footnote to Note 4, Page 129.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(b) Un-Hedged Foreign currency exposure receivable/(payable) :

Currency	March 31, 2013	March 31, 2012
United States Dollar (Million)*	(99.38)	(116.13)
South African Rand (Million)	62.23	53.25
Thai Baht (Million)	237.42	237.04

* Net of notional amount of US \$ 186.38 million (Previous year – US \$ 186.38 million) as cross currency interest rate swaps referred to in footnote to Note 4, Page 129.

Note 37. Foreign Currency Monetary Item Translation Difference Account

The Company has exercised the option granted vide notification No. G.S.R.225(E) dated March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.378(E) (F.No17/133/2008-CL.V) dated May 11, 2011 and Amendment Notification No. G.S.R.914(E) dated December 29, 2011 incorporating the new paragraph 46(A) relating to Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" and accordingly, the exchange differences arising on revaluation of long-term foreign currency monetary items for the year ended March 31, 2013 have been accumulated in "Unamortised Foreign Currency Monetary Item Translation Difference" and amortised over the balance period of such long-term asset or liability, by recognition as income or expense in each of such periods. Foreign currency monetary items outstanding as at March 31, 2013 are accounted as per Company's Policy on Transactions in Foreign Exchange (Refer Note 2(f), Page 123 & 124).

Note 38.

The Company, on a review of its foreign operations had, in the past, made voluntary disclosures to the appropriate regulator, of what it considered to be possible irregularities, in relation to foreign exchange transactions relating to period prior to 1998. Arising out of such disclosures, the company received show cause notices. The Company has replied to the notices and is waiting for the directorate to return its files, after which it will complete the replies. Adjudication proceedings are in progress.

Note 39. Employee Benefits:

- (a) The Group has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds":

	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Provident Fund	29.26	19.76
Superannuation Fund	6.80	8.49
Total	36.06	28.25

- (b) The Group operates post retirement defined benefit plans as follows :-

i. Funded :

- Post Retirement Gratuity.
- Pension to Employees – Post retirement minimum guaranteed pension scheme for certain categories of employees, which is funded by the Company and the employees.

ii. Unfunded :

- Pension to Executive Directors and Employees – Post retirement minimum guaranteed pension scheme for certain retired executive directors and certain categories of employees, which is unfunded.
- Post-Employment Medical Benefits to qualifying employees.
- Post-Employment Compensated Absence Benefit for certain categories of employees.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(c) Pension Scheme for Employees:

The Company has formulated a funded pension scheme for certain employees. The actuarial liability arising on the above, after allowing for employees' contribution is determined as at the year end, on the basis of uniform accrual benefit, with demographic assumptions taken as Nil.

(d) Defined Benefit Plans :

The disclosure given below exclude amount of entities who have not obtained such information as these have been classified as small and medium company and have been exempt from making such disclosure :-

(i) Amount to be recognised in Balance Sheet and movement in Net Liability

	Gratuity Funded ₹ crores	Post-Employment Benefit (Compensated Absence) ₹ crores	Post-Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Present Value of Funded Obligations	183.46 171.57	11.72 11.06	- -	- -	- -	5.12 4.08
Present Value of Unfunded Obligations	1.14 -	- -	2.86 2.62	10.58 6.33	1.85 1.71	- -
Fair Value of Plan Assets	(182.86) (163.39)	- -	- -	- -	- -	(6.59) (6.14)
Unrecognised Past Service Cost	- -	- -	- -	- -	- -	(1.52) (1.90)
Adjustment to Plan Asset	- -	- -	- -	- -	- -	0.50 0.70
Net (Asset) / Liability	1.74 6.33	11.72 11.06	2.86 2.62	10.58 6.33	1.85 1.71	(2.49) (3.26)

(ii) Expenses recognised in the Statement of Profit and Loss

	Gratuity Funded ₹ crores	Post-Employment Benefit (Compensated Absence) ₹ crores	Post-Employment Medical Benefits Unfunded ₹ crores	Pension Top-up Unfunded ₹ crores	Pension Director Unfunded ₹ crores	Pension Staff Funded ₹ crores
Current Service Cost	9.78 8.92	14.42 -	0.03 -	0.46 0.65	- -	0.11 0.12
Interest Cost	14.40 11.86	0.88 -	0.22 0.05	0.55 0.47	0.13 0.13	0.32 0.33
Expected return on Plan Assets	(11.56) (10.17)	- -	- -	- -	- -	(0.42) (0.37)
Actuarial Losses / (Gain) recognised in the year	0.30 15.00	(0.87) -	0.12 (0.04)	3.24 0.97	0.42 0.22	0.70 (0.84)
Past service Cost	- 0.08	- -	- -	- -	- -	0.38 -
Effect of the limit on Plan Asset	- -	- -	- -	- -	- -	(0.20) 0.35
Expense	12.92 25.70	14.43 -	0.37 0.01	4.25 2.09	0.55 0.35	0.89 (0.41)

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(iii) Reconciliation of Defined Benefit Obligation

	Gratuity Funded	Post-Employment Benefit (Compensated Absence)	Post-Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Opening Defined Benefit Obligation	171.57	11.06	2.62	6.33	1.71	4.08
	134.96	-	0.73	5.52	1.75	4.19
Additions Due to Acquisitions	(0.09)	-	-	-	-	-
	13.23	-	-	-	-	-
Current Service Cost	9.78	14.42	0.03	0.46	-	0.11
	8.84	-	1.91	0.65	-	0.12
Interest Cost	14.40	0.88	0.22	0.55	0.13	0.32
	11.75	-	0.05	0.47	0.13	0.32
Contribution by Plan Participants	-	-	-	-	-	-
	1.26	-	-	-	-	-
Actuarial Losses / (Gain)	8.38	(0.87)	0.12	3.24	0.42	0.63
	14.00	-	(0.04)	0.97	0.22	(0.52)
Benefits Paid	(19.44)	(13.77)	(0.13)	-	(0.41)	(0.02)
	(12.55)	-	(0.03)	(1.28)	(0.39)	(0.03)
Past Service Cost	-	-	-	-	-	-
	0.08	-	-	-	-	-
Closing Defined Benefit Obligation	184.60	11.72	2.86	10.58	1.85	5.12
	171.57	11.06	2.62	6.33	1.71	4.08

(iv) Reconciliation of Fair Value of Plan Assets

	Gratuity Funded	Post- Employment Benefits (Compensated Absence)	Post-Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Opening Fair Value of Plan Assets	163.39	-	-	-	-	6.14
	133.24	-	-	-	-	5.24
Additions Due to Acquisitions	-	-	-	-	-	-
	12.61	-	-	-	-	-
Expected return on Plan Assets	11.56	-	-	-	-	0.42
	10.45	-	-	-	-	0.37
Actuarial (Gain) / Losses	7.26	-	-	-	-	(0.07)
	(1.05)	-	-	-	-	0.32
Contribution by Employer	20.01	13.77	0.13	-	0.41	0.12
	19.47	-	0.03	1.28	0.39	0.25
Contribution by Plan Participants	-	-	-	-	-	-
	1.26	-	-	-	-	-
Benefits Paid	(19.36)	(13.77)	(0.13)	-	(0.41)	(0.02)
	(12.59)	-	(0.03)	(1.28)	(0.39)	(0.04)
Closing Fair Value of Plan Assets	182.86	-	-	-	-	6.59
	163.39	-	-	-	-	6.14
Expected Employer's contribution next year	6.61	2.02	0.23	6.00	0.47	-
	7.30	-	0.21	0.93	0.39	-

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(v) Description of Plan Assets (Managed by an Insurance Company)

	Gratuity Funded	Post-Employment Benefits (Compensated Absence)	Post- Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
Government of India Securities	29% 7%	- -	- -	- -	- -	35% 41%
Corporate Bonds	45% 62%	- -	- -	- -	- -	57% 54%
Equity	14% 13%	- -	- -	- -	- -	- -
Others	12% 18%	- -	- -	- -	- -	8% 5%
Grand Total	100% 100%	- -	- -	- -	- -	100% 100%

(vi) Actuarial Assumptions

	Gratuity Funded	Post-Employment Benefits (Compensated Absence)	Post-Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
Discount rate (p.a.)	7.80% - 8.50% 8.60%	8.10% -	8.10% 8.60%	7.95% - 8.10% 8.60%	8.10% 8.60%	8.10% 8.60%
Expected Rate of Return on Assets (p.a.)	7.50% - 8% 7.50%	- -	- -	- -	- -	7.50% 7.50%
Salary Escalation Rate (p.a.)	3% - 7% 6.00%	5.00% -	- -	5.00% 6.00%	5.00% 4.00%	- -
Mortality Table (LIC)	2006-08* 1994-96	2006-08* -	2006-08* 1994-96	2006-08* 1994-96	2006-08* 1994-96	2006-08* 1994-96

Footnote :

* Indian Assured Lives Mortality

(vii) Effect of Change in Assumed Health Care Cost

	1% Increase ₹ crores	1% Decrease ₹ crores
Effect on the aggregate of service cost and interest cost (1% increase - ₹ 48,651) (1% Decrease - ₹ 42,691)	- -	- -
PY (1% increase - ₹ 49,753) (1% Decrease - ₹ 43,426)		
Effect of defined benefit obligation	0.06 0.06	(0.05) (0.05)

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(viii) Experience Adjustments

	2012/13 ₹ crores	2011/12 ₹ crores	2010/11 ₹ crores	2009/10 ₹ crores	2008/09 ₹ crores
Defined Benefit Obligation	211.80	196.05	146.92	125.93	124.34
Plan Assets	186.10	168.98	138.50	118.68	85.67
Deficit	(13.98)	(16.01)	(8.42)	(7.25)	(38.67)
Experience Adjustment on Plan Liabilities	21.86	21.12	5.26	3.08	10.00
Experience Adjustment on Plan Assets	7.32	(0.55)	0.26	9.54	(10.17)

Footnote : Figures in italics under (i) to (vii) are of the previous year.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Note 40. Related Party Disclosures:

(a) The names of related parties of the Group are as under:

i. Company having substantial interest

Tata Sons Ltd.

ii. Associates and Jointly Controlled Entities

The names of all the associates and jointly controlled entities are given in (Refer Note 1 (b), Page 119)

iii. Co-venturer

Singapore Airport Terminal Services Ltd. (SATS)

Malaysian Airline Systems

Kerala Tourism Infrastructure Ltd.(formerly known as Tourism Resorts Kerala Ltd.)

Zinc Holdings Ltd.

And Beyond Holdings Pty. Ltd.

Coromandel Beach Properties Pvt. Ltd.

Caspian Capital & Finance Ltd.

Tata Africa Holding (Pty) Ltd.

iv. Key Management Personnel

Key managerial personnel comprise the whole-time directors of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

v. Following are the Key Management Personnel:

	Designation
Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director - Hotel Operation
Mehernosh S. Kapadia	Executive Director - Corporate Affairs

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(b) Details of related party transactions during the year ended March 31, 2013 and outstanding balances as at March 31, 2013:

	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Associates and Jointly Controlled Entities ₹ crores	Co-venturer ₹ crores
Interest Paid / Provided	-	-	4.31	0.76
	-	-	0.59	-
Interest received / accrued	-	-	0.77	-
	-	-	3.56	-
Dividend Paid	19.67	0.01	0.16	0.15
	14.87	-	0.15	-
Dividend Received	3.60	-	5.21	-
	3.60	-	8.34	-
Operating / License Fees Paid / Provided	-	-	2.06	0.01
	-	-	0.56	-
Operating / License Fees Received / Accrued	-	-	42.97	-
	-	-	46.82	-
Purchase of goods and services	-	-	1.33	0.23
	3.12	-	1.65	0.31
Sale of goods and services	3.13	0.02	3.42	1.51
	1.82	-	4.26	1.03
Allotment of Shares	497.47	-	-	-
	-	-	-	-
ICD Raised	-	-	13.19	-
	-	-	-	-
ICD Repaid	-	-	23.83	-
	-	-	-	-
ICD Placed	-	-	29.20	-
	-	-	-	-
ICD Encashed	-	-	9.39	-
	-	-	-	-
Share Application money paid	-	-	0.24	-
	-	-	-	-
Subscription of Shares	-	-	-	-
	-	-	24.80	-
Remuneration paid / payable (Refer Footnote (ii) and (iii))	-	15.64	-	-
	-	12.90	-	-
Balances outstanding at the end of the year				
Trade receivables	0.96	-	21.45	0.19
	0.24	-	22.94	0.11
Trade payables	2.85	-	2.54	0.44
	2.45	-	0.01	0.01
Due from / (to) on Current A/c	-	-	15.61	(0.03)
	0.28	-	1.22	(0.10)
Interest Receivable	-	-	4.41	-
	-	-	-	-
Interest Payable	-	-	0.35	-
	-	-	-	-
Deposits (Net)	-	-	37.16	-
	-	-	11.77	-
Loans Outstanding (Net)	-	-	25.83	(7.31)
	-	-	18.81	-

Footnotes :

(i) Figures in italics are of the previous year.

(ii) Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Company's liability to all its employees.

(iii) Includes commission approved by shareholders.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(c) Statement of Material Transactions

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Company having substantial interest		
Tata Sons Limited		
Allotment of Shares	497.47	-
Dividend Received	3.60	3.60
Dividend Paid	19.67	14.87
Purchase of goods and services	-	3.12
Sale of goods and services	2.31	1.82
Trade Payables	2.85	2.45
Tata Quality Management Services		
Sale of goods and services	0.82	-
Remuneration to Key Management Personnel		
Mr. Raymond N. Bickson	10.33	8.06
Mr. Anil P. Goel	2.17	2.13
Mr. Abhijit Mukerji	1.99	1.90
Associates		
Oriental Hotels Ltd.		
Interest paid / provided	0.47	0.11
Interest received / accrued	0.69	0.45
Interest Payable	0.35	-
Dividend Received	1.52	5.33
Operating / Licence Fees Paid	1.00	0.56
Operating / Licence Fees Received	23.43	22.69
Purchase of goods and services	0.92	1.37
Sale of goods and services	3.05	2.73
Due on current account (Net) - Payable	2.20	1.12
Trade Receivables	9.07	8.95
ICD Placed during the year	21.75	70.00
ICD Encashed during the year	7.25	60.00
ICD raised during the year	9.00	15.50
ICD repaid during the year	14.50	16.00
ICD Closing Position - Receivable	14.50	-
ICD Closing Position - Payable	2.48	5.50
Loans borrowed during the year	-	1.34

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Taida Trading & Industries Ltd.		
Interest received / accrued	0.72	0.62
Interest Receivable	1.21	0.47
Due on current account (Net) - Receivable	-	1.59
ICD Placed during the year	-	8.04
ICD Closing Position - Receivable	8.04	8.04
Kaveri Retreats and Resorts Ltd.		
Interest received / accrued	-	0.59
Subscription of shares	-	24.80
ICD Placed during the year	-	15.10
ICD Encashed during the year	-	22.20
ICD Closing Position - Receivable	-	9.10
BJets Pte Ltd. ,Singapore		
Interest received / accrued	0.77	0.66
Interest Receivable	1.15	0.38
Loans given outstanding	16.31	12.79
Jointly Controlled Entities (to the extent of Co-venturer share)		
Taj GVK Hotels & Resorts Ltd.		
Dividend Received	1.79	2.38
Operating / Licence Fees Received	11.36	13.79
Due on current account (Net) - Payable	1.48	0.57
Trade Receivables	4.43	7.19
Purchase of Goods & Services	0.31	-
Kaveri Retreats and Resorts Ltd.		
Interest received / accrued	0.83	-
ICD Placed during the year	4.57	-
ICD Closing Position - Receivable	9.13	-
TAL Hotels & Resorts Ltd.		
Interest received / accrued	-	0.50
Operating / Licence Fees Received	2.85	5.08
Due on current account (Net) - Receivable	-	0.51
Loans granted during the year	-	5.92
Loans given outstanding	5.92	5.92
Interest Receivable	0.53	-

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Name of the Company	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Taj Kerala Hotels & Resorts Ltd.		
Interest paid / provided	-	0.31
ICD repaid during the year	-	7.53
ICD Closing Position - Payable	-	0.90
Sale of Goods & Services	0.19	-
Purchase of Goods & Services	0.03	-
Taj Madras Flight Kitchen Pvt. Ltd.		
Interest paid / provided	0.29	0.17
Sale of Goods & Services	0.16	-
ICD raised during the year	2.50	2.50
ICD repaid during the year	5.00	-
ICD Closing Position - Receivable	-	2.50
Taj Karnataka Hotels & Resorts Ltd.		
Interest Receivable	0.85	-
Loans & Advances receivable	2.98	-
Due on current account (Net) – Receivable	-	1.21
Taj Safaris Ltd.		
Interest received / accrued	-	0.44
ICD Closing Position - Receivable	-	3.53
ICD encashed during the year	1.72	-
IHMS Hotels (SA) (Proprietary) Ltd.		
Due on current account (Net) – Receivable	18.30	-
Subscription of Shares	0.24	-
Investing parties		
Malaysian Airlines Systems		
Sale of goods and services	1.51	0.89
Coromandel Beach Properties Pvt Ltd.		
Interest paid/provided	0.76	-
Loans taken outstanding	7.31	-
Kerala Tourism Infrastructure Ltd.		
Purchase of Goods & Services	0.23	-
Footnote: Transaction with related party excludes, recovery of spends on their behalf.		

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 41. Segment Information:

The Group regards the business segment as primary segments. The business segments have been classified as follows:

- Hoteliering.
- Others – comprising of Air Catering and Investing activities.

The disclosures in respect of the above business segments are as under:

Business

	Hoteliering		Others		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Segment Revenue	3,498.17	3,162.02	245.19	281.50	3,743.36	3,443.52
Unallocated Income					60.16	71.38
Total Revenue					3,803.52	3,514.90
Segment Results	264.23	273.59	(15.01)	16.59	249.22	290.18
Add: Unallocated Income (Other than Interest)					41.12	51.64
Interest Income					19.04	19.74
Finance cost					170.74	212.47
Profit before Tax					138.64	149.09
Add : Exceptional Income					(430.43)	(1.52)
Profit / (Loss) before tax					(291.79)	147.57
Less : Provision for tax					98.96	121.75
Profit / (Loss) after Tax					(390.75)	25.82
Loss attributable to Minority Interest					(40.86)	(38.40)
Share of Profit of Associates					1.37	15.64
Profit / (Loss) After Tax					(430.24)	3.06
Segment Assets	6,295.50	5,954.32	379.63	420.19	6,675.13	6,374.51
Unallocated Assets					2,621.43	2,857.63
Total Assets					9,296.56	9,232.14
Segment Liabilities	781.12	767.68	71.08	91.33	852.20	859.01
Unallocated Liabilities					4,757.36	4,632.53
Total Liabilities					5,609.56	5,491.54
Depreciation	272.21	239.07	16.21	16.00	288.42	255.07
Significant Non Cash Expenditure other than Depreciation	8.44	8.95	8.04	1.29	16.48	10.24
Capital Expenditure	428.87	300.49	6.20	6.58	435.07	307.07

Notes to Consolidated Financial Statements for the year ended March 31, 2013

The disclosures in respect of the above geographic segment are as under:

Geographic segments

	Domestic		International		Total	
	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores	March 31, 2013 ₹ crores	March 31, 2012 ₹ crores
Segment Revenue	2,685.45	2,520.59	1,057.91	922.93	3,743.36	3,443.52
Segment Assets	3,730.09	3,546.13	2,945.04	2,828.38	6,675.13	6,374.51
Capital Expenditure	280.60	87.98	154.47	219.09	435.07	307.07

Footnotes :

- (i) Unallocated assets include Goodwill on consolidation, Non - Current Investments, Current and Non-current Borrowings, Interest accrued but not due, Interest accrued and due, Cash and Bank Balance, Deferred Tax Assets, Advance Tax and other current assets which are not directly attributable to segments.
- (ii) Unallocated Liabilities includes Long-term Borrowings, Deferred Tax Liabilities, Provision for tax, Short-term Borrowings, Premium on Redemption of Debenture and other Current Liabilities which are not directly attributable to segments.
- (iii) Figures pertaining to subsidiaries and jointly controlled entities have been reclassified wherever necessary in order to confirm to the presentation in the consolidated financial statements.

Note 42. Earnings Per Share (EPS) :

Earnings Per Share is calculated in accordance with Accounting Standard 20 – 'Earnings Per Share' - (AS-20), notified by the Company's (Accounting Standards) Rules, 2006 (as amended).

	March 31, 2013	March 31, 2012
Profit / (Loss) after tax - (₹ crores)	(430.24)	3.06
Number of Ordinary Shares	80,74,72,787	75,94,72,787
Less : Reduction due to Ordinary Shares owned by Subsidiaries	-	33,95,670
Net Number of Ordinary Shares	80,74,72,787	75,60,77,117
Weighted Average Number of Ordinary Shares	79,66,89,225	75,60,77,117
Face Value per Ordinary Share (₹)	1	1
Earnings Per Share - (₹) Basic and Diluted	(5.40)	0.04*

Foot note:

- * Since the exercise price of the Warrants issued by the Company was more than the fair value of the Ordinary Shares, and thereby being anti-dilutive in nature, these Warrants were not considered for the calculation of Diluted Earnings Per Share.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2013

Note 43. Information of Subsidiaries in terms of section 212(8) of the Companies Act, 1956 :

The Company has given these particulars pursuant to letter No. - 51/12/2007-CL-III dated February 8, 2011 issued by the Department of Company Affairs.

Domestic Companies :

	Capital	Reserves	Total	Total	Invest-	Total	Profit	Provision	Profit	Proposed
			Liabilities	Assets	ments	Income	Before	for	After	/ Interim
							Taxation	Taxation	Taxation	Dividend
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
TIFCO Holdings Ltd.	81.50	134.04	0.21	215.75	140.73	12.04	11.41	0.80	10.61	-
Residency Foods & Beverages Ltd.	19.00	(16.90)	0.34	2.44	-	0.19	0.15	-	0.15	-
KTC Hotels Ltd.	0.60	0.43	4.29	5.33	-	0.43	0.36	0.11	0.25	2.42
United Hotels Ltd.	8.40	17.17	9.63	35.21	6.25	34.35	7.62	2.48	5.15	4.20
Taj Sats Air Catering Ltd.	17.40	200.11	58.17	275.68	0.01	228.88	(4.02)	(3.27)	(0.75)	-
Roots Corporation Ltd.	85.97	207.12	82.98	376.07	-	96.87	(1.38)	-	(1.38)	-
Taj Enterprises Ltd.	0.50	1.70	0.01	2.21	-	0.93	0.88	0.04	0.84	-
Taj Trade & Transport Co. Ltd.	3.47	12.22	15.18	30.87	1.73	27.99	3.56	0.41	3.15	1.04
Inditravel Ltd.	0.72	34.25	9.60	44.57	6.68	57.89	12.46	3.54	8.91	3.60
Ideal Ice & Cold Storage Co. Ltd.	0.45	(1.73)	1.33	0.05	-	-	-	-	-	-
Benares Hotels Ltd.	1.30	35.87	12.39	49.56	-	39.85	12.54	3.96	8.58	2.60
Piem Hotels Ltd.	3.81	454.77	85.27	543.85	34.85	308.35	72.39	20.15	52.23	17.15
Taj Rhein Shoes Co. Ltd.	3.00	(22.47)	19.54	0.07	-	-	(0.01)	-	(0.01)	-
Northern India Hotels Ltd.	0.44	15.37	0.15	15.95	0.01	2.79	3.23	0.83	2.40	-
TIFCO Security Services Ltd.	0.05	(0.01)	-	0.04	0.04	-	(0.01)	-	(0.01)	-

Notes to Consolidated Financial Statements for the year ended March 31, 2013

International Companies :

	Capital	Reserves	Total	Total	Invest-	Total	Profit	Provision	Profit	Proposed
			Liabilities	Assets	ments	Income	Before	for	After /	Interim
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	Taxation	Taxation	Taxation	Dividend
Samsara Properties Ltd.	108.62	(384.76)	1,879.91	1,603.76	1,421.89	-	(0.06)	-	(0.06)	-
Apex Hotel Management Services (Pte) Ltd	-	-	0.13	0.13	-	-	-	-	-	-
Chieftain Corporation NV	0.08	95.51	5.48	101.80	-	-	(0.11)	-	(0.11)	-
IHOCO BV	12.95	91.62	2.51	107.08	-	0.03	(0.07)	0.02	(0.10)	-
St. James Court Hotel Ltd.	466.40	(31.47)	413.43	848.37	-	263.00	8.78	-	8.78	-
Taj International Hotels Ltd.	-	16.47	14.51	30.99	-	66.77	2.44	0.62	1.82	-
IHMS (Australia) Pty. Ltd.	28.27	(97.06)	157.62	88.83	-	55.79	(2.17)	-	(2.17)	-
International Hotel Management Services Inc.	2,253.66	(1,189.83)	645.70	1,709.53	-	588.97	(182.44)	1.34	(183.79)	-
Taj International Hotels (H.K.) Ltd.	1,249.02	(394.32)	1,284.89	2,139.59	95.84	19.29	(425.32)	-	(425.32)	-
Piem International (H.K.) Ltd.	43.44	151.01	0.04	194.49	2.94	4.16	6.57	-	6.57	-
BAHC 5 Pte Ltd.	-	(132.40)	423.38	290.99	-	-	(20.09)	-	(20.09)	-
Premium Aircraft Leasing Co. Ltd.	-	(0.10)	0.10	-	-	-	(0.03)	-	(0.03)	-

Note 44.

The Company has regrouped / reclassified the previous year figures to conform to the current year's presentation.

For and on behalf of the Board

Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director - Finance
Abhijit Mukerji	Executive Director - Hotel Operations
Beejal Desai	Vice President - Legal & Company Secretary

Mumbai, May 30, 2013

Consolidated Financial Statistics

Year	Capital Accounts					Revenue Accounts									
	Share Capital	Reserves and Surplus	Borrowings	Gross Block	Net Block	Investments	Gross Revenue	Expenditure (including Interest)	Depreciation	Profit before Tax	Tax Expenses	Profit/(Loss) after Tax @	Net Transfer to General Reserves	Earning Per Share (Basic) * (In ₹)	Earning Per Share (Diluted)* (In ₹)
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	In ₹	In ₹
2001-02	45.12	981.09	1436.65	1934.43	1538.47	404.47	826.97	825.41	78.85	30.99	17.67	21.80	10.60	4.83	4.83
2002-03	45.12	1023.08	1374.91	2002.40	1569.72	390.22	894.74	887.51	75.65	26.96	18.03	28.07	5.95	6.22	6.22
2003-04	45.12	1025.40	2074.97	2158.55	1646.08	432.12	1039.76	1004.41	87.83	80.51	28.34	71.99	6.07	15.96	15.47
2004-05	₹ 50.25	1269.92	1969.33	2950.18	2263.48	457.06	1337.94	1198.53	111.73	139.67	60.23	128.50	11.00	25.55	22.47
2005-06	₹ 58.41	1873.73	1500.95	3160.73	2334.34	581.93	1874.73	1570.19	127.35	314.07	90.35	248.74	20.00	42.58	42.41
2006-07	€ 60.29	2036.33	2055.14	4416.09	3382.08	514.27	2601.13	2076.87	160.67	532.55	196.52	370.31	35.00	6.14	6.14
2007-08	60.29	2188.83	3466.83	4646.45	3514.37	1541.94	3012.62	2416.84	167.62	560.52	246.98	354.98	38.00	5.43	5.43
2008-09	₹ 72.34	3105.55	4646.88	5376.11	4072.03	2407.68	2756.63	2615.91	188.53	158.51	155.77	12.46	35.09	0.15	0.15
2009-10	# 72.35	2352.80	4460.69	5814.15	4373.49	1905.42	2562.53	2659.71	218.54	(33.69)	84.71	(136.88)	18.94	(1.99)	(1.99)
2010-11	& 75.95	2570.13	4243.01	6120.25	4529.51	2505.81	2932.20	2920.9	227.89	23.23	92.10	(87.26)	16.67	(1.19)	(1.19)
2011-12	¥ 75.61	2893.72	3803.28	7276.94	5216.09	1903.90	3514.90	3365.81	255.07	147.57	121.75	3.06	26.75	0.04	0.04
2012-13	\$ 80.75	2898.53	3817.64	7736.01	5382.94	1563.30	3803.52	3664.88	288.42	(291.79)	98.96	(430.24)	5.28	(5.40)	(5.40)

¶ Conversion of foreign currency bonds into share capital.

€ Split of Shares of face value ₹ 10/- each to share of Face value ₹ 1/- each

Ω After Right issue of Shares in the Ratio of 5:1

Issue of Ordinary Shares, being warrants exercised pursuant to Rights Issue of Ordinary shares

& Allotment of Shares on Preferential basis to Promoters

¥ Reduction due to Ordinary Shares owned by entities prior to their becoming subsidiaries

\$ Conversion of Warrants into Ordinary Shares

@ Profit after Tax is after Eliminating Minority's Share of Profit/Loss and after Considering Share of Profit/ Loss in Associates

* Earning Per Share is after extraordinary item

Conde Nast Traveller India - Readers' Choice Awards, 2012
Best Loyalty Programme - Taj Inner Circle

Conde Nast Traveller India - Readers' Choice Awards, 2012
Award for Brand Excellence - For taking 'Brand India' global

Travel+Leisure - Global Vision Awards, 2012

Corporate Social Responsibility - Taj Hotels Resorts and Palaces recognised for its efforts towards preserving the world's natural and man-made treasures

Freddie Awards, 2012

Best Hotel Programme of the Year, Best Redemption Ability & Best Customer Service - Taj Inner Circle, for Middle East, Asia and Oceania regions

Gallup Global Great Workplace Award, 2013

Indian Hotels Company Limited - Winner of the prestigious Great Workplace Award, for the fourth year in succession

Conde Nast Traveller UK - Readers' Travel Awards, 2012

Best Overseas Leisure Hotels in Asia and the Indian Subcontinent - Taj Falaknuma Palace, Hyderabad ranked no. 1 on the list | Best Overseas Business Hotels - Taj Mahal Palace, Mumbai ranked no. 3 on the list

Conde Nast Traveller, UK - Hot List 2012

Vivanta by Taj - Bekal, Kerala

Harpers' Bazaar (India) - Luxury Awards, 2012

Best Hotel in India - Taj Falaknuma Palace, Hyderabad

AWARDS – TAJ HOTELS RESORTS AND PALACES 2012-13



Taj Lake Palace, Udaipur



Taj Falaknuma Palace, Hyderabad



The Taj Mahal Palace, Mumbai



The Pierre, New York

Travel+Leisure - World's Best Awards, 2012

Umaid Bhawan Palace, Jodhpur - Featured on the list of 'Top 100 Hotels in the World' and 'Top Resorts in Asia'

Wallpaper Magazine - List of Best Business Hotels in the World, 2012

Vivanta by Taj - Yeshwantpur, Bangalore

San Pellegrino's - 50 Best Restaurants in Asia, 2013

The Taj Mahal Palace, Mumbai - Legendary restaurant 'Wasabi' by Morimoto voted 20th on the list | The Taj Mahal Hotel, Delhi - Iconic restaurant 'Varq' voted 30th on the list | The Gateway Hotel Residency Road Bangalore - 'Karavalli', renowned for its authentic coastal cuisine, voted 44th on the list

Conde Nast Traveler USA - Hot List, 2013

Best New Hotels of 2013 - Taj Palace, Marrakech & Vivanta by Taj - Madikeri, Coorg

Conde Nast Traveller UK - Hot List, 2013

Best New Hotels of 2013 - Vivanta by Taj - Madikeri, Coorg

Travel+Leisure USA - 'IT' List, 2013

Best New Hotels of 2013 - Taj Palace, Marrakech | Vivanta by Taj - Madikeri, Coorg

Conde Nast Traveler USA - Readers' Choice Awards, 2012

Top 25 Hotels in New York City - The Pierre, A Taj Hotel, New York ranked no. 12

Conde Nast Traveler USA - Gold List, 2013

Taj Exotica Resort & Spa Maldives | Best New Spas of 2013 - The Jiva Grande Spa at Vivanta By Taj - Bekal, Kerala

THE INDIAN HOTELS COMPANY LIMITED

Mandlik House, Mandlik Road, Mumbai - 400 001

A **TATA** Enterprise

www.tajhotels.com





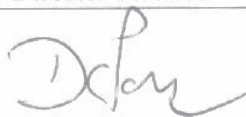


FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

[Clause 31 (a) of the Listing Agreement]

1	Name of the Company	The Indian Hotels Company Limited
2	Annual financial statement for the year ended	31 st March, 2013
3	Type of Audit observation	<p>Emphasis of Matter</p> <p>We draw attention to footnote (iii) to Note 15 to the financial statements which describes the uncertainty related to the carrying value of investments in Orient Express Hotels Limited. Our opinion is not qualified in respect of this matter.</p> <p>Footnote (iii) to Note 15:</p> <p>The Company has made long term strategic investments, either directly or through its overseas subsidiaries, which are being carried at "cost" in its financial statements. Selectively, some of these investments have witnessed a decline in their fair values and consequent erosion in net worth on account of the global recessionary conditions that have continued unabated in recent years. Thus, the Company has felt it prudent to recognise a diminution, other than temporary, of ₹ 305 crores, in the value of its investment in Taj International Hotels (HK) Ltd ("TIHK"), a wholly owned subsidiary, which in turn holds investments in the Company's various international entities, including Orient-Express Hotels Ltd. The charge to the Statement of Profit and Loss has been classified as an "Exceptional Item" for the current year. The performance of its investments would be monitored on a periodic basis by the Company and adjustments made to their carrying values thereof, if necessary.</p> <p>Through a subsidiary of TIHK, the Company holds Class A shares costing ₹ 1,078 crores (\$ 262 million) in Orient-Express Hotels Ltd. ("Orient-Express"), which are carried at cost by that subsidiary. The market value of these shares has declined significantly and as at the Balance Sheet date it corresponds to a value of ₹ 382 crores, approximately. In pursuit of its long term strategic growth plans, in October, 2012, the Company communicated its desire to acquire all of the outstanding Class A shares of Orient-Express to the Board of Directors of that company. The Company's bid was valued at approximately \$ 1.86 billion (including Orient-Express' existing outstanding debt). The Board of Directors of Orient-Express responded by stating that in their view it was a "highly disadvantageous time to sell" Orient-Express. The Company is reviewing its options in this regard.</p>

h

4	Frequency of observation	This matter was included in the auditors' report in the previous 2 years as an emphasis of matter paragraph since the year ended 31 st March, 2011.
5	To be signed by- <ul style="list-style-type: none"> • CEO & Managing Director 	 Mr. Raymond N. Bickson Managing Director and CEO
	<ul style="list-style-type: none"> • CFO 	 Mr. Anil P. Goel Executive Director Finance
	<ul style="list-style-type: none"> • Audit Committee Chairman 	 Mr. Deepak Parekh Audit Committee Chairman – for the Meeting
	<ul style="list-style-type: none"> • Auditor of the Company 	Refer our Audit Report dated 30 th May, 2013 on the standalone financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No. 117366W)  Sanjiv V. Pilgaonkar Partner (Membership No. 39826) Date: For PKF SRIDHAR & SANTHANAM Chartered Accountants (Registration No. 003990S)  S. Ramakrishnan Partner (Membership No. 18967) Date:





Date: 30th May 2013

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

[Clause 31 (a) of the Listing Agreement]

1	<i>Name of the Company</i>	The Indian Hotels Company Limited
2	<i>Annual Consolidated financial statement for the year ended</i>	31 st March, 2013
3	<i>Type of Audit observation</i>	<p>Emphasis of Matter</p> <p>We draw attention to footnote (ii) to Note. 15 to the consolidated financial statements which describe the uncertainty related to the carrying value of investments in Orient Express Hotels Limited. Our opinion is not qualified in respect of this matter.</p> <p>Footnote (ii) to Note 15:</p> <p>The Group has made investments in various international hotel assets. In view of the global recessionary trends, the fair values of certain assets have declined. Thus, the Group has felt it prudent to recognise other than temporary diminution in value thereof by ₹ 373 crores. The charge to the Statement of Profit and Loss has been classified as an Exceptional Item of the current year. The performance of these investments would be monitored on a periodic basis by the Company and adjustments made to the carrying value thereof, if necessary.</p> <p>The Group, holds Class A shares in Orient-Express Hotels Ltd. ("Orient-Express"). In pursuit of its long term strategic growth plans, in October, 2012, the Group communicated its desire to acquire all of the outstanding Class A shares of Orient-Express to the Board of Directors of that company. The Groups's bid was valued at approximately \$ 1.86 billion (including Orient-Express' existing outstanding debt). The Board of Directors of Orient-Express responded by stating that in their view it was a "highly disadvantageous time to sell" Orient-Express. The Group is reviewing its options in this regard.</p>

4	<i>Frequency of observation</i>	This matter was included in the auditors' report in the previous 2 years as an emphasis of matter paragraph since the year ended 31 st March, 2011.
5	<i>To be signed by-</i> <ul style="list-style-type: none"> • <i>CEO & Managing Director</i> 	 Mr. Raymond N. Bickson Managing Director and CEO
	<ul style="list-style-type: none"> • <i>CFO</i> 	 Mr. Anil P. Goel Executive Director Finance
	<ul style="list-style-type: none"> • <i>Audit Committee Chairman</i> 	 Mr. Deepak Parekh Audit Committee Chairman – for the Meeting
	<ul style="list-style-type: none"> • <i>Auditor of the Company</i> 	Refer our Audit Report dated 30 th May, 2013 on the consolidated financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No. 117366W)  Sanjiv V. Pilgaonkar Partner (Membership No. 39826) Date:

Date: 30th May 2013