

THE INDIAN HOTELS COMPANY LIMITED

A **TATA** Enterprise

113TH ANNUAL REPORT 2013 - 2014



Taj is a proud custodian of Indian traditions. In Varanasi, Taj supports the unique skills of the hand loom weavers through a revival of indigenous arts and providing a platform for showcasing and retailing their craft.



Taj Hotels Resorts and Palaces promises timeless luxury, discreet and attentive service and a meticulous attention to detail.

Our new global advertising campaign has been conceived to articulate these qualities in a manner that's both arresting and attractive.

The campaign theme of *Performance.Art* affirms our luxury brand's positioning as a proud purveyor of traditional Indian hospitality reinterpreted for tomorrow. It also underlines our ceaseless quest for perfection.

Two insights provided inspiration for this idea.

First, that the effortless *performance* of superlative hospitality is actually the product of painstaking *practice*. Second, when perfected, any form of human endeavour – whether it be academic, sporting or artistic – is elevated to an *art* form.

Like theatre, music or dance, hotel keeping, too, can be viewed as an art form; one that relies equally on precise choreography and passionate performers.

When perfected, hospitality itself is truly a *Performance.Art*.

To know more visit Tajhotels.com/performanceart

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The Indian Hotels Company Limited

COMPANY INFORMATION

Board of Directors

Cyrus P. Mistry Chairman

R. K. Krishna Kumar
(retired w.e.f. July 18, 2013)

K. B. Dadiseth

Deepak Parekh

Jagdish Capoor

Shapoor Mistry

Nadir Godrej

Guy Lindsay Macintyre Crawford

Ireena Vittal
(appointed w.e.f. August 7, 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

Management

Raymond N. Bickson

Anil P. Goel

Abhijit Mukerji

Mehernosh S. Kapadia

Deepa Misra Harris

Dr. P. V. Ramana Murthy

Jyoti Narang

Veer Vijay Singh

Prabhat Verma

Suma Venkatesh

Beejal Desai

Managing Director

Executive Director – Finance

Executive Director – Hotel Operations

Executive Director – Corporate Affairs

Sr. Vice President – Sales & Marketing

Sr. Vice President – Human Resources

Chief Operating Officer – Luxury Hotels (India)

Chief Operating Officer – Vivanta Hotels

Chief Operating Officer – Gateway Hotels

Vice President – Business Development

Vice President – Legal & Company Secretary

Committees of the Board

Audit Committee

K. B. Dadiseth Chairman

Deepak Parekh

Jagdish Capoor

Nomination and Remuneration Committee

K. B. Dadiseth Chairman

Cyrus P. Mistry

Jagdish Capoor

Nadir Godrej

Stakeholders' Relationship Committee

Jagdish Capoor Chairman

Raymond N. Bickson

Abhijit Mukerji

Solicitors

Mulla & Mulla & Craigie Blunt & Caroe

Auditors

Deloitte Haskins & Sells LLP

PKF Sridhar & Santhanam

Registered Office & Share Department

Mandlik House, Mandlik Road, Mumbai 400 001

Tel: 6639 5515 Fax: 2202 7442

CIN: L74999MH1902PLC000183

Email: investorrelations@tajhotels.com

Website: www.tajhotels.com

Bankers

The Hongkong & Shanghai Banking Corporation Ltd.

Standard Chartered Bank

Citibank N.A

HDFC Bank Ltd.

ICICI Bank Ltd.

FINANCIAL HIGHLIGHTS

	2013-14 ₹ crores	2012-13 ₹ crores
Gross Revenue	1,977.33	1,924.79
Profit Before Tax and Exceptional Items	216.20	223.12
Loss Before Tax	(520.90)	(209.79)
Loss After Tax	(590.49)	(276.61)
Dividend	-	@ 69.40
Retained Earnings	* 218.77	* 152.01
Total Assets	6,766.37	7,225.39
Net Worth	2,693.84	3,307.65
Borrowings	2,690.60	2,522.27
Debt : Equity Ratio	1:1	0.76:1
Net Worth Per Ordinary Share of ₹ 1/- each - In ₹	33.36	40.96
Earnings Per Ordinary Share (Basic & Diluted) - In ₹	(7.31)	(3.47)
Dividend Per Ordinary Share - In ₹	-	0.80
Dividend %	-	80%

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

* Excludes ₹ 687 crores (previous year ₹ 373 crores) being provision for diminution in value of long term investments.

The Indian Hotels Company Limited

NOTICE

NOTICE is hereby given that the HUNDRED AND THIRTEENTH (113th) 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 Wednesday, August 27, 2014, 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, 2014, and the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mehernosh S. Kapadia (DIN: 00050530), who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366W/W-100018) and PKF Sridhar and Santhanam, Chartered Accountants (Firm Registration No. 0039905) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the HUNDRED AND SIXTEENTH (116th) AGM of the Company (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

4. **Appointment of Ms. Ireena Vittal as a Director of the Company.**

To appoint a Director in place of Ms. Ireena Vittal (DIN: 05195656), who was appointed as an Additional Director of the Company with effect from August 7, 2013, by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 along with the prescribed deposit from a Member proposing her candidature, for the office of Director of the Company.

5. **Appointment of Ms. Ireena Vittal as an Independent Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") as amended from time to time and Clause 49 of the Listing Agreement, Ms. Ireena Vittal (DIN: 05195656), a non-executive director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from August 27, 2014 up to August 26, 2019"

6. **Appointment of Mr. Deepak Parekh as an Independent Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") as amended from time to time and Clause 49 of the Listing Agreement, Mr. Deepak Parekh (DIN: 00009078), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from August 27, 2014 up to August 26, 2019."

7. **Appointment of Mr. K. B. Dadiseth as an Independent Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") as amended from time to time and Clause 49 of the Listing Agreement, Mr. K. B. Dadiseth (DIN: 00052165), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from August 27, 2014 up to August 26, 2019."

8. Appointment of Mr. Nadir B. Godrej as an Independent Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") as amended from time to time and Clause 49 of the Listing Agreement, Mr. Nadir B. Godrej (DIN: 00066195), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from August 27, 2014 up to August 26, 2019."

9. Authority to borrow in excess of the paid-up capital and free reserves.

To consider and, if thought fit, to pass with or without modification(s), as a Special Resolution:

"RESOLVED THAT in supersession of the earlier resolution passed by the Members of the Company by postal ballot on November 23, 2007 the Board of Directors of the Company be and is hereby authorised in accordance with the provisions of Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013, to borrow periodically from, including without limitation, any Banks and/or public financial institutions as defined under Section 2(72) of the Companies Act, 2013 and/or any foreign financial institution(s) and/or any entity/entities or authority/authorities and/or through suppliers credit securities instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures (both convertible and non-convertible), commercial papers, short term loans, working capital loans, or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings including external commercial borrowings from the private sector window of multilateral financial institutions, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹ 5,000 Crores (Rupees Five Thousand Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose."

10. Commission to Directors other than the Managing and Whole-time Director(s) 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 Section 197, 198 and any other applicable provisions of the Companies Act, 2013, ("Act") as amended from time to time, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed to the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year for a period of five years, commencing April 1, 2014."

NOTES:

1. The relative Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013, ("the Act") in respect of the special business under Item Nos. 4 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.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies must be supported by appropriate resolution/authority, as applicable.
3. The Register of Members and the Share Transfer Books will remain closed from Monday, August 25, 2014 to Wednesday, August 27, 2014, both days inclusive.
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.

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5. Pursuant to Sections 205A and 205C of the Companies Act, 1956, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits as applicable, remaining unclaimed for seven years from the date they first became due for payment are required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government. No claim shall lie against IEPF or the company for the amounts so transferred prior to March 31, 2014 nor shall any payment be made in respect of such claim. It may be noted that unpaid dividend for the financial year ended March 31, 2007 is due for transfer to the IEPF in October 2014. Members who have not encashed their dividend warrants are advised to write to the Company immediately claiming dividends declared by the Company.
6. The Ministry of Corporate Affairs (MCA) on March 27, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules) and notified Amendment Rules, 2014, (IEPF Rules) which are applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on the date of the 112th Annual General Meeting (AGM) held on August 2, 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.tajhotels.com.
7. The Securities and Exchange Board of India (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) in case 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. 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 a 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(s) of any change in their addresses.
11. To support the 'Green Initiative', the Members who have not registered their email addresses are requested to register the same with the Company in case of shares held in physical form or with the Depositories in case of shares held in dematerialised form.
12. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting are annexed to the Notice.
13. 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.
14. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
15. In terms of Section 101 of the Companies Act, 2013 and Rule 18(2) and 18(3) of the Companies (Management and Administration) Rules, 2014 a notice is being sent through electronic mode, to such Members entitled to receive such email as per the records of the Company or as provided by the Depository.
16. In terms of Section 134 of the Companies Act, 2013 and Rule 11(a) of the Companies (Accounts) Rules, 2014, financial statements are being sent through electronic mode to such Members whose shareholding is in dematerialised format and whose email Addresses are registered with Depository and / or the Company. For Members who have not registered their email addresses, physical copies of the Annual Reports are being sent by the permitted mode.
17. Electronic copy of the Notice of the 113th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email Addresses are registered with the Company and / or Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 113th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
18. Members may also note that the Notice of the 113th Annual General Meeting and the Annual Report for 2013-14 is also available on the Company's website www.tajhotels.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even

after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email Address: investorrelations@tajhotels.com

19. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to cast their vote electronically, through e-voting services provided by Central Depository Services Limited (CDSL), on all resolutions set forth in this Notice.

The instructions for members for voting electronically are as under:-

(A) In case of Members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "The Indian Hotels Company Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for The Indian Hotels Company Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

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(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the physical copy:

- Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - The voting period begins on August 21, 2014 (9.00 a.m. IST) and ends on August 23, 2014 (6.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 11, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under 'Help' section or write an email to helpdesk.evoting@cdslindia.com.
 - The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on July 11, 2014.
 - Mr. Shreepad Korde, Practicing Company Secretary (C.P.No.1079) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - Members who do not have access to e-voting facility may send duly completed Ballot Form in the enclosed self-addressed postage prepaid envelope (enclosed with the Annual Report) directly to the Scrutinizer so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Shreepad Korde, Practicing Company Secretary, (C.P.No.1079), at the Registered Office of the Company not later than Saturday, August 23, 2014 (6.00 p.m. IST).
 - Members have the option to request for physical copy of the Ballot Form by sending an e-mail to investorrelations@tajhotels.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Saturday, August 23, 2014 (6.00 p.m. IST).
 - Ballot Form received after August 23, 2014 will be treated as invalid.
 - A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
 - The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tajhotels.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.
20. All documents referred to in the accompanying Notice and the Explanatory Statement, if any, shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, except Saturdays, Sundays and Public Holidays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors

Mumbai, May 30, 2014

Registered Office:

Mandlik House,
Mandlik Road,
Mumbai 400 001.

BEEJAL DESAI
Vice President – Legal and Company Secretary

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act)

1. The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 4 to 10 of the accompanying Notice dated May 30, 2014.

Item Nos. 4 & 5

2. The Board of Directors appointed Ms. Ireena Vittal as a Director of the Company with effect from August 7, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company. In terms of Section 161 of the Act, Ms. Vittal holds office as 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 160 of the Act, from a Member proposing her candidature for the office of Director of the Company at the forthcoming Annual General Meeting of the Company. The Board commends to the Members her appointment as Director of the Company.
3. Ms. Vittal holds a graduate degree in Electronics and has completed her Masters in Business Administration from the Indian Institute of Management, Calcutta. She was a former partner with McKinsey & Co, and brings with her over two decades of experience as a recognized thought leader to consumer facing companies looking to build large scale, profitable businesses in emerging markets. She is presently a Board member of several companies including Axis Bank Limited, Glaxosmithkline Consumer Healthcare Limited, Godrej Consumer Products Limited and Titan Company Limited.
4. Ms. Ireena Vittal is a Non-Executive director and considered as Independent under Clause 49 of the Listing Agreement.
5. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Ms. Ireena Vittal has given a declaration to the Board that she meets the criteria of independence as provided under Section 149 (6) of the Act.
6. The matter regarding appointment of Ms. Ireena Vittal as Independent Director was placed before the Nomination and Remuneration Committee, which commends her appointment as an Independent Director up to August 26, 2019.
7. In the opinion of the Board, she fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
8. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Ms. Ireena Vittal is now being placed before the Members in general meeting for their approval.
9. The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
10. Ms. Ireena Vittal may be deemed to be concerned and interested in Item Nos. 4 & 5 as it relates to her appointment as Director and Independent Director, respectively of the Company. Other than Ms. Vittal, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item Nos. 4 & 5 of the Notice.

Item No. 6

11. Mr. Deepak Parekh was appointed as a Director of the Company on May 9, 2000. He holds a Bachelors degree in Commerce from the Bombay University and is an Associate of the Institute of Chartered Accountants, England and Wales. He has over 44 years of experience in banking and finance industry. He is presently the non-executive chairman with Housing Development and Finance Corporation Limited ("HDFC"). He has previously worked with HDFC as its Chairman.
12. Mr. Deepak Parekh is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
13. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Deepak Parekh has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.
14. The matter regarding appointment of Mr. Deepak Parekh as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to August 26, 2019.
15. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
16. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Deepak Parekh as Independent Director is now being placed before the Members in general meeting for their approval.

The Indian Hotels Company Limited

17. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
18. Mr. Deepak Parekh may be deemed to be concerned and interested in Item No. 6 as it relates to his appointment as Independent Director of the Company. Other than Mr. Parekh, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 6 of the Notice.

Item No. 7

19. Mr. K.B. Dadiseth was appointed as a Director of the Company on May 9, 2000. He holds a Bachelor's degree in Commerce from Sydenham College, Mumbai and is an Associate and a Fellow of the Member of the Institute of Chartered Accountants, England and Wales. He has over 40 years of experience in general management and finance. After retiring as a whole-time director from Unilever Plc and Unilever NV in UK and Holland respectively, he currently holds directorship of several public limited companies and is on several advisory boards. He is the convening Chairman of Marsh & McLennan companies in India and a Non-Executive Chairman of Omnicom.
20. Mr. K.B. Dadiseth is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
21. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. K.B. Dadiseth has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.
22. The matter regarding appointment of Mr. K.B. Dadiseth as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to August 26, 2019.
23. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
24. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. K.B. Dadiseth as Independent Director is now being placed before the Members in general meeting for their approval.
25. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
26. Mr. K.B. Dadiseth may be deemed to be concerned and interested in Item No. 7 as it relates to his appointment as Independent Director of the Company. Other than Mr. Dadiseth, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 7 of the Notice.

Item No. 8

27. Mr. Nadir Godrej was appointed as a Director of the Company on November 7, 2008. He holds a Bachelors degree of Science (Chemical Engineering) from Massachusetts Institute of Technology, a Masters degree in Chemical Engineering from Stanford University and a Masters degree in Business Administration from Harvard Business School. He has over 38 years of experience in the chemicals and agribusiness industry. He is presently the managing director of Godrej Industries Limited and chairman of Godrej Agrovet Limited. Further, he is a member of various committees of the Confederation of Indian Industries, a member of the board of trustees and various committees at the Foundation for Medical Research. Currently, he is also the Chairman of the CII National Committee on Chemicals and the President of Alliance Francaise De Bombay. He has previously worked with Godrej Soaps Limited and Gujarat-Godrej Innovative Chemicals Limited as Director and Managing Director, respectively.
28. Mr. Nadir Godrej is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
29. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Nadir Godrej has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.
30. The matter regarding appointment of Mr. Nadir Godrej as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to August 26, 2019.
31. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
32. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Nadir Godrej as Independent Director is now being placed before the Members in general meeting for their approval.

33. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
34. Mr. Nadir Godrej may be deemed to be concerned and interested in Item No. 8 as it relates to his appointment as Independent Director of the Company. Other than Mr. Godrej, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 8 of the Notice.

Item No. 9

35. The Members of the Company had vide a resolution passed by postal ballot held on November 23, 2007 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of the paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 4,000 Crores (Rupees Four Thousand Crores).

In order to enable the Board, to meet the funding requirements of the Company for renovation and upgradation of the existing hotels, for construction of new hotels, for working capital requirements, acquisitions, reconstruction or any re-arrangement or any other re-organisation and for meeting other financial requirements of the Company, it is proposed to increase the borrowing limits previously sanctioned by the Members to ₹ 5,000 crores (excluding temporary loans) as mentioned in the resolution.

36. Pursuant to the provisions of Section 180(1)(c) of the Act, the above power can be exercised by the Board only with the consent of the Members obtained by Special Resolution. As per the General Circular No. 4/2014 of March 25, 2014, all previous resolutions passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to limits prescribed) are valid under the provision of Section 180 of the Act for the period of one year from the date of notification of Section 180 of the Act, i.e. upto September 11, 2014.
37. Accordingly, it is necessary to obtain a fresh approval of the Members by means of a Special Resolution under Section 180(1)(c) of the Act to borrow in excess of the paid up capital and free reserves upto ₹ 5,000 crores (Rupees Five Thousand Crores).
38. None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, of the Notice, in the resolutions set out at Item No. 9.

Item No. 10

39. The Members of the Company at the Annual General Meeting held on August 3, 2009 had approved by way of a Special Resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act 1956, for a period of five years commencing April 1, 2009.
40. In view of the valuable services being rendered by the said Directors to the Company, it is proposed to continue to pay a commission not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act to the Non-Whole-time Directors of the Company for a period of five years commencing from April 1, 2014. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and shall be in addition to the fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever, as may be decided by the Board and reimbursement of expenses for participation in the Board and other meetings.
41. Accordingly, a fresh approval of the Members is sought by way of a Special Resolution for payment of commission to the Non-Whole-time Directors of the Company as set out in the Resolution at Item No. 10 of the Notice.
42. The Non-Executive Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of the remuneration that may be received by them. The Managing Director, Whole-time Directors and key managerial personnel of the Company and their relatives are not concerned or interested in the said resolution.

By Order of the Board of Directors

Mumbai, May 30, 2014

Registered Office:
Mandlik House,
Mandlik Road,
Mumbai 400 001.

BEEJAL DESAI
Vice President – Legal and Company Secretary

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	Ireena Vittal	Deepak Parekh	K. B. Dadiseth	Nadir B. Godrej	Mehernosh S. Kapadia
Date of Birth	October 2, 1968	October 18, 1945	December 20, 1945	August 26, 1951	May 22, 1953
Date of Appointment	August 7, 2013	May 9, 2000	May 9, 2000	November 7, 2008	August 10, 2011
Expertise in specific functional areas	Management & Strategic Advisor	Banking & Finance	Finance & Management	Industrialist with rich business experience	Corporate Affairs
Qualifications	Master of Business Administration; Bachelor in Electronics	B.Com., FCA (England & Wales)	B.Com, Member, Institute of Chartered Accountants England & Wales	M.Sc., MBA	Diploma in Travel Management
Details of shares held in the Company	Nil	1,845	Nil	Nil	50,380
List of Companies in which outside Directorships held as on 31.03.2014 (excluding private & foreign companies)	<ul style="list-style-type: none"> • Axis Bank Ltd. • Titan Company Ltd. • Godrej Consumer Products Ltd. • Glaxosmithkline Consumer Healthcare Ltd. • Wipro Ltd. • Tata Global Beverages Ltd. 	<ul style="list-style-type: none"> • Housing Development Finance Corporation Ltd. • Mahindra and Mahindra Ltd. • Glaxosmithkline Pharmaceuticals 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"> • Piramal Enterprises Ltd. • Siemens Ltd. • ICICI Prudential Life Insurance Company Ltd. • Britannia Industries Ltd. • ICICI Prudential Trust Ltd. • Godrej Properties Ltd. • JM Financial Ltd. • JM Financial Services Ltd. 	<ul style="list-style-type: none"> • Godrej Industries Ltd. • Godrej Properties Ltd. • Godrej Consumer Products Ltd. • Godrej and Boyce Manufacturing Company Ltd. • Godrej Agrovet Ltd. • Mahindra and Mahindra Ltd. • Isprava Technologies Ltd. • Tata Teleservices (Maharashtra) Ltd. • Godrej Tyson Foods Ltd. 	<ul style="list-style-type: none"> • Taj Sats Air Catering Ltd. • Taj Air Ltd. • Ewart Investments Ltd. • Tata Realty and Infrastructure Ltd. • Taj Air Metrojet Aviation Ltd. • The Associated Building Company Ltd.
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2014	Audit Committee <ul style="list-style-type: none"> • Wipro Ltd. • Titan Company Ltd. • Tata Global Beverages Ltd. • Godrej Consumer Products Ltd. • Glaxosmithkline Consumer Healthcare Ltd. 	Audit Committee <ul style="list-style-type: none"> • Siemens Ltd. • Glaxosmithkline Pharmaceuticals Ltd. • Mahindra & Mahindra Ltd. 	Audit Committee <ul style="list-style-type: none"> • Britannia Industries Ltd. • Piramal Enterprise Ltd. • Siemens Ltd. • ICICI Prudential Life Insurance Co. Ltd. • Godrej Properties Ltd. 	Audit Committee <ul style="list-style-type: none"> • Mahindra & Mahindra Ltd. 	Audit Committee <ul style="list-style-type: none"> • Taj Air Ltd. • Ewart Investments Ltd.
		Investors' Grievance Committee <ul style="list-style-type: none"> • Glaxosmithkline Pharmaceuticals Ltd. 	Share Transfer Committee <ul style="list-style-type: none"> • ICICI Prudential Life Insurance Co. Ltd. 	Stakeholders' Committee <ul style="list-style-type: none"> • Godrej Consumer Products Ltd. 	

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

By Order of the Board of Directors

BEEJAL DESAI
Vice President – Legal and Company Secretary

Mumbai, May 30, 2014

Registered Office:
Mandlik House,
Mandlik Road,
Mumbai 400 001.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 113th Annual Report of the Company together with its Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as on that date:

FINANCIAL RESULTS

Particulars	2013-14 ₹ / Crores	2012-13 ₹ / Crores
Total Income	1977.33	1924.79
Profit before Depreciation, Finance Costs and Tax	437.28	453.34
Less: Depreciation	122.26	125.02
Less: Finance Costs	98.82	105.20
Profit before Tax & Exceptional Item	216.20	223.12
Less: Exceptional Items	737.10	432.91
Loss before Tax	(520.90)	(209.79)
Less: Provision for Tax	74.43	78.04
Add: Excess Provision of Tax of earlier years (Net)	4.84	11.22
Loss after Tax	(590.49)	(276.61)
Add: Balance brought forward from the previous year	65.29	422.67
Add: Transfer from Debenture Redemption Reserve	135.00	-
Add: Tax credit for Dividend Distribution Tax	0.72	-
Amount available for Appropriation	(389.48)	146.06
APPROPRIATIONS		
Proposed Dividend:	-	64.60
Tax on Dividend	-	10.59
Dividend paid for previous year	-	4.80
Tax on Dividend	-	0.78
Balance carried to Balance Sheet	(389.48)	65.29
	(389.48)	146.06

INCOME

The Total Income for the year ended March 31, 2014 at ₹ 1,977.33 crores was higher than that of the previous year by 3%. While Room Income was marginally lower (1%) than the previous year, Food & Beverage income increased by 6% over the previous year, aided by growth in restaurant sales and banqueting income.

DEPRECIATION AND FINANCE COSTS

Depreciation for the year was lower at ₹ 122.26 crores as compared to ₹ 125.02 crores for the previous year.

Finance costs for the year ended March 31, 2014, net of currency swap gains, at ₹ 98.82 crores were lower than the finance costs of the preceding year by ₹ 6.38 crores due to retirement of debt during the year.

PROFIT BEFORE TAX & EXCEPTIONAL ITEM

Profit before Tax & Exceptional Item at ₹ 216.20 crores was lower than previous year by 3%, in what has been a very challenging time for the hospitality sector.

The Indian Hotels Company Limited

EXCEPTIONAL ITEMS

Exceptional Items includes foreign exchange loss of ₹ 22.16 crores pertaining to amortization of the exchange loss on the year end revaluation of the USD \$ 95 million External Commercial Borrowing (ECB) that is due to be retired commencing January, 2016.

The Board of Directors at its meeting held on November 8, 2013, decided not to pursue the offer made for acquisition of Orient-Express Hotels Limited and in view of the above, the Company reviewed its carrying value of long term investments and considered it prudent to recognise a further diminution, other than temporary, during the quarter ended September 30, 2013, of ₹ 287 crores in its investment in Taj International Hotels (H.K.) Ltd. a Wholly Owned Subsidiary (WOS), which in turn holds investments in the Company's various international entities, one of which holds its investment in Orient-Express Hotels Limited.

The performance of the long term investments of the Company was being monitored by the Company on a continuous basis and further, at a meeting of the Board of Directors held on March 11, 2014, a review was undertaken of adjustments necessary to the carrying values of these investments and based on conclusions reached, the Company has recognized a further diminution, other than temporary, during the quarter ended March 31, 2014, of ₹ 400 crores which includes diminution in its investment in International Hotel Management Services Inc (a WOS that holds the Company's assets in the USA) as also a diminution in its investment in Taj International Hotels (H.K.) Ltd. (a WOS) on account of the latter's financial exposures.

The Company has also created a provision for contingency towards property tax, of ₹ 19.04 crores relating to one of its hotels. Separately, an amount of ₹ 8.90 crores has been written off, being expenses incurred on a greenfield hotel project that is no longer being pursued for commercial reasons.

PROFIT/ (LOSS)

Due to the various Exceptional items as explained above, Loss before Tax for the year was at ₹ (520.90) crores, as compared to the previous year's figure of ₹ (209.79) crores. Similarly, Loss after Tax for the year was at ₹ (590.49) crores, as compared to the previous year's figure of ₹ (276.61) crores.

CONSOLIDATED FINANCIAL RESULTS

The consolidated turnover of the Company for the year ended March 31, 2014 aggregated ₹ 4,125.94 crores as against ₹ 3,803.52 crores for the previous year. The consolidated turnover increased by 9% due to improved turnover of the parent Company and benefit of conversion of the revenues of overseas subsidiaries at a rupee rates higher than those prevalent for the preceding year for the relevant currencies.

The Profit before Tax and Exceptional Items of ₹ 142.68 crores improved over the corresponding profit for the preceding year by 3%. However, the Loss after Tax aggregated to ₹ (553.85) crores for the year as against the Loss after Tax of ₹ (430.24) crores for the previous year.

The consolidated financial results were impacted due to Exceptional Items recognised aggregating to ₹ 554.84 crores, which includes the impact of a provision for contingency arising out of a financial exposure of Taj International Hotels (H.K.) Limited (a WOS), of ₹ 100.47 crores, diminution in value of long term investments held by Samsara Properties Limited (a WOS) of ₹ 351.71 crores, a provision for contingency towards property tax of ₹ 19.04 crores relating to a hotel, ₹ 12.10 crores towards capital work in progress in a greenfield hotel charged off, ₹ 29.15 crores towards exchange loss on long term borrowings / assets and a balance of ₹ 42.37 crores towards a write down of the value of an overseas immovable property, etc.

During the year, the Company continued to face a challenging environment not just in the domestic market, but also across the key international markets wherein the Company owns / operates hotels and / or markets that are a source of business for us.

The Company's hotels in the US have shown an improvement in their turnover and margins despite 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 and selectively has invested money to renovate and upgrade its hotels in Sri Lanka and Maldives in recent years.

DIVIDEND

On account of the Loss After Tax reported by the Company during the current year, resultant of the recognition of the other than temporary, diminution in the value of some of the investments, the Board of Directors do not recommend a dividend for the year 2013/14 (previous year ₹ 0.80 per share).

EQUITY SHARE CAPITAL

In accordance with the requirements of the Equity Listing Agreement entered into by the Company with the BSE Limited and the National Stock Exchange of India Limited, the Board of Directors of the Company at its meeting held on March 27, 2014 had, inter alia, considered and approved, subject to receipt of relevant approvals from regulatory authorities, as may be required, issue of Compulsorily Convertible Debentures (CCD's) by way of a Rights Issue to the existing shareholders of the Company, on a record date for an amount not exceeding ₹ 1000 crores in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations, 2009, as amended. The terms and conditions of the Rights Issue, including the rights entitlement ratio, the issue price, record date, timing of the Rights Issue and other related matters would be decided subsequently by a duly constituted committee of the Board, pursuant to receipt of the required regulatory approvals for the Issue.

The Members have approved vide Postal Ballot dated May 23, 2014, the re-classification of the authorized share capital of the Company which now comprises ₹ 200 crores equity shares of ₹ 1 each aggregating ₹ 200 crores.

BORROWINGS

The total borrowings stood at ₹ 2,690.60 crores as at March 31, 2014 as against ₹ 2,522.27 crores as on March 31, 2013 for the standalone entity, an increase of ₹ 168.33 crores.

CAPITAL EXPENDITURE

During the year under review, the Company incurred ₹ 145.36 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 new IT initiatives and ongoing renovations at certain hotels of the Company.

BUSINESS OVERVIEW

The GDP growth in India during the year is estimated to have been around 4.7%. Inflation was at very high levels during the first half of the year, but has gradually come down to 6% by the end of the year. The Indian Rupee's recent depreciation against the US\$ has not been helpful in so far as it unexpectedly enhanced the effective cost of borrowings in \$ for Indian corporates. In the Indian market, the impact of the economic slowdown, coupled with the very substantial increase in new hotel capacity across all the key markets, combined to put unprecedented pressure on revenue per available room for the sector. However, the new supply is an investment for the future and a facilitator for the much needed improvement in tourism-related infrastructure across the country. Thus, with the anticipated improvement in the domestic economic environment, the fortunes of the hospitality sector are expected to now improve.

The International tourists arrival, worldwide, have grown to 1.1 billion in 2013, 5% above 2012 and are forecast to grow at 4% to 4.5% in 2014.

The Foreign Tourist Arrival, in India, during 2013 was 6.85 million, which translates to a 4.1% growth over the previous year. Foreign Exchange Earnings from tourism grew to ₹ 105,836 crores during 2013 from ₹ 94,487 crores in 2012, registering a growth of 12%.

The Taj Group launched one new Vivanta by Taj hotel during the year at Surajkund, New Delhi and three new Gateway Hotels during the year, at Hubli, Chennai and Kolkata, respectively. The Group currently has a portfolio of 30 Ginger hotels with a room inventory of 2,843 rooms (including 3 hotels under management contract). Projects for 15 new Ginger hotels are at various stages of construction and expected to be operational in the next 18 to 36 months. The inventory of the Taj Group of Hotels now stands at 125 hotels with 15,503 rooms, cutting across all our 4 brands.

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.

The Indian Hotels Company Limited

LISTING

The Equity 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 redeemed the following Debentures:

Out of the 3000 -11.80% Secured Non-Convertible Debentures of the face value of ₹ 10,00,000 (Rupees Ten lakhs only) issued on a 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), 30% of the face value was redeemed on December 18, 2012 for an aggregate value of ₹ 90 crores (Rupees Ninety crores) and 20% of the face value was redeemed on December 18, 2013 for an aggregate value of ₹ 60 crores (Rupees Sixty crores).

FIXED DEPOSITS

The outstanding amount of Fixed Deposits with your Company was Nil (Previous year ₹ 0.60 crores) excluding ₹ 1.75 crores (Previous year ₹ 2.31 crores), which remained unclaimed by depositors as on March 31, 2014. Your Company has stopped accepting and / or renewing Fixed Deposits from the general public and shareholders.

DIRECTORS

Mr. R. K. Krishna Kumar retired as Director and Vice Chairman of the Company, effective July 18, 2013, in accordance with the Tata Group guidelines on retirement. During his tenure, Mr. Krishna Kumar, a visionary and an outstanding leader steered the Company with great distinction and provided guidance and direction to the Company, in its quest to become a leading iconic hospitality company in India as also overseas. The Board places on record its appreciation of the services rendered and enormous contribution made by Mr. Krishna Kumar to the Company during his tenure as Vice Chairman.

Mr. Jagdish Capoor will retire as a Director on July 1, 2014 in accordance with the Tata Group guidelines on retirement. The Board places on record its appreciation for the contribution made by Mr. Capoor during his tenure as Director.

In accordance with the Companies Act, 2013, and the Articles of Association of the Company, one of your Director, viz., Mr. Mehernosh S. Kapadia retires by rotation, and is eligible for re-appointment.

Ms. Ireena Vittal was appointed as an Additional Independent Director of the Company effective August 7, 2013 and holds office upto the date of the forthcoming Annual General Meeting.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Ms. Ireena Vittal, Mr. Deepak Parekh, Mr. K. B. Dadiseth and Mr. Nadir Godrej are proposed to be appointed as Independent Directors of the Company for a period of five years commencing from August 27, 2014.

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

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, 2014 and of the loss 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.

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 Deloitte Haskins & Sells LLP (DHS LLP), Chartered Accountants (Firm No. 117366W/W-100018), and PKF Sridhar & Santhanam, Chartered Accountants (Firm No. 0039905) as the Joint Auditors for a period of three years commencing from the conclusion of this Annual General Meeting upto the conclusion of the 116th Annual General Meeting, subject to ratification of the Members at every meeting and authorise the Board of Directors to fix their remuneration.

During the year, the Company had received intimation from DHS LLP stating that Deloitte Haskins & Sells had been converted into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 with effect from November 20, 2013. In terms of the Ministry of Corporate Affairs, General Circular No. 9/2013 dated April 30, 2013, if a firm of Chartered Accountants, being an auditor in a Company under the Companies Act, 1956, is converted into an LLP, then such an LLP would be deemed to be the auditor of the said Company. The Board of Directors of the Company has taken due note of this change. Accordingly, the audit of the Company for the financial year 2013-14 was conducted by DHS LLP.

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 38 and 39 of the Notes to the Accounts.

PARTICULARS OF EMPLOYEES

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 Members of the Company excluding the statement of particulars of employees. Any Member interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

The Directors express their deep sense of appreciation for the contribution made by the employees to the significant improvement in the operations of the Company.

The Directors also thank all their stakeholders including Members, customers, lenders, vendors, business partners, the Government of India and overseas for their continued co-operation and support.

On behalf of the Board of Directors

Cyrus P. Mistry
Chairman

Mumbai, May 30, 2014

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, 2013 to March, 2014, in respect of the Taj 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 past year was a difficult year for the industry and for your Company. While there was some improvement in the US and UK where your Company has a presence, the Indian market was adversely impacted by the large additions to inventory, the bulk of which were planned upto 2008, when the performance of the industry peaked.

The demand picked up, albeit gradually, with Foreign Tourist Arrivals (FTAs) growing by 4.1% to 6.8 million tourists in 2013 and Foreign Exchange Earnings (FEEs) growing by 2.2% to US\$ 18.13 billion. The domestic economy stagnated with businesses waiting for the outcome of the General Elections that were held in May and June 2014, prior to taking any significant investment decisions. The GDP growth in India, during 2013-14, remained at a subdued level of around 4.7%.

For the financial year, India witnessed growth in Occupancy by 1.0% to 57%, while ADR decreased by 3.4% to INR 5,648 owing to supply pressures and market conditions resulting in RevPAR decreasing by 2.5% to INR 3,216 across all market classes.

The factors that resulted in the poor performance are expected to persist in the first half of the new financial year. The Company is hopeful that with a stable government at the centre, there will be an improvement in the situation in the economy with measures being taken to encourage both domestic foreign investment as well as investments being directed towards infrastructure development.

The long term outlook for the Indian hospitality business continues to be positive, both for the business and leisure segments with the potential for economic growth, increases in disposable incomes and the burgeoning middle class.

In the meanwhile, the Company is looking at various revenue enhancement and cost containment measures to tide over the tough times so that it can take advantage of the upswing in business as the economy recovers and the demand supply imbalance gets corrected.

FUTURE PROSPECTS

Travel & Tourism's contribution to the world economy has grown for the fourth consecutive year and is expected to show even stronger growth in 2014.

As per Cushman & Wakefield (C&W) reports, hospitality sector of India is expecting to witness better infrastructure growth. Approximately 4,304 new hotel rooms are expected to open in 2014, of which 36% for Mid-scale, 13% in the upscale segment, 17% is expected for Budget segment, 13% in Upper Upscale, and 20% in the Luxury segment.

The Taj Group has over 2,000 rooms in development in pipeline over 2014-15 with its distinct brands, of which 404 rooms for Ginger Hotels in Budget segment, 624 rooms for Gateway Hotels in Upscale segment, 400 rooms for Vivanta Hotels in Upper Upscale and 588 rooms for Taj Luxury segment.

The Taj Group is well poised to capture the growing demand from Domestic markets with the largest presence in India with over 100 hotels in key corporate and leisure destinations across brands suiting the requirements of such travellers. Your Company's brands – Taj, Vivanta and Gateway - continue to command a premium in the marketplace.

NEW HOTELS OPENED DURING 2013-14

The Taj Group continued its focus on consolidating past commitments in terms of project completion, opening of new properties and growth through management contracts in the Domestic and International markets. The past year witnessed opening of four new Gateway Hotels at Hubli, Chennai, Kolkata and Raipur. The Taj Group also opened the Vivanta by Taj, Surajkund, NCR last year and also expanded Ginger's footprint by opening three properties in Noida, Jaipur and Chandigarh, respectively. These new openings have added a total inventory of over 1100 rooms to the Taj Group's portfolio.

EXPANSION IN DOMESTIC AND INTERNATIONAL MARKETS

Given the large number of new hotels opened in the recent past and the increase in supply in the market your Company is now looking at consolidation and selective growth.

Your Company has signed two management contracts this year, for a Luxury Hotel in Downtown Dubai and the other for a Gateway Resort at Corbett.

On the domestic front the proposed launches this year are Gateway Hotels in Gondia and Hinjewadi, respectively. The first Gateway Resort at Sohna, NCR is also slated to open this year. Within the Vivanta by Taj portfolio, the hotel in Dwarka (NCR) will open shortly. In the Luxury portfolio the hotel at the Mumbai Domestic Airport owned by Taj GVK Limited, a Joint Venture company, as well as The Imperial Club by Taj, a management contract, are expected to open their doors to guests later this year.

Among the key projects under design / execution in India, Vivanta by Taj, Guwahati is progressing well; the shell and core works have been completed and architectural works are in progress. Substructure works have been completed and work on the super-structure is in progress at the Vivanta by Taj, Amritsar owned by Piem Hotels Limited, a subsidiary of your Company.

Other management contract opportunities that have been signed earlier are under different stages of execution.

PRODUCT UPGRADATION / RENOVATION

Your Company undertook renovation projects for certain key properties as per the ongoing product upgradation initiatives. As part of this renovation, works at Taj Exotica Goa have commenced.

Some of the key hotels within the Taj Group also underwent renovation programs during the last year. The renovated Konkan Cafe, a South Mumbai favourite re-opened with a much appreciated design last year. Currently the renovation work for a spa at Taj Coromandel Chennai is in progress. At The Gateway Hotel at Nashik works are underway to create an additional room block as well as a new banquet block.

Your Company, through one of its associate companies, has completed renovation work at Vivanta by Taj, Bentota Sri Lanka.

Key areas such as Lobby, Tea Lounge, Bar, three guest floors of Taj Samudra Hotel, Colombo, Sri Lanka, the flagship property of one of the associate companies, were successfully renovated in time for CHOGM. Other areas in the overall master plan will be taken up for renovation during the current financial year.

GINGER HOTELS

Your Company's subsidiary, Roots Corporation Limited, which operates hotels under the "Ginger" brand, has 30 operational hotels. Three properties have been added in Noida, Jaipur and Chandigarh. Further projects are at various stages of execution in Gurgaon, Katra, Vapi and Madgaon. Ginger Hotels had a year-end inventory of 27 owned / leased hotels in addition to 3 hotels under management contracts.

In 2013-14, the Company had strategized and implemented a result-oriented road map for customer satisfaction, property upkeep, security and safety.

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 continue to delight the guests through distinctive experiences in natural surroundings of National Parks and tiger habitat.

JIVA SPA

The philosophy of Jiva Spas is rooted inherently in India's ancient approach to wellness. As on March 31, 2014, there are 32 Jiva Spas operational within the Group.

In the year 2013 – 14, the Company launched three new Jiva Spas, at Vivanta by Taj – Surajkund, NCR, Taj West End, Bangalore and Taj Lands End, Mumbai.

Jiva Spa also runs non-branded spas under the brand "The Spa" and is operating 13 of those in various Taj Group properties. A new brand endorsed by Jiva at Gateway Hotels & Resorts is being introduced.

GUEST EXPERIENCE

Taj Luxury Hotels, India

Your Company has always prided itself in being able to consistently delight its guests. This year, ongoing efforts to understand customer needs, tailor improvements in service design and delivery and phased product upgrades have enabled your Company to achieve all-time-high levels of satisfaction on the "Big Three" customer satisfaction indices while maintaining other key metrics including Cleanliness and Appearance index, Courtesy index, Efficiency index, Facility index, Food index and Value for money.

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Richey International, a company that specializes in mystery audits and benchmarking of products and services, endorsed the guest views by scoring some of the Taj Group hotels above the global benchmark for super luxury hotels.

Additionally, the Taj Brand was ranked as the number one breakaway brand in India across all categories and brands in the Brand Asset Valuator Study 2013.

These results were made possible largely because of the "Push for the Finest" program which has been running for 5 years. This comprehensive intervention across hotels touches all guest-contact associates with the objective of revitalizing and re-connecting with the Taj legacy of passionate and sensitive service tempered with a sense of giving and providing a deeper understanding of guest expectations and appropriate responses.

As part of the planned product upgrade of your properties, the flagship hotel The Taj Mahal Palace, Mumbai has refurbished two floors in the Tower wing and one floor at The Taj Mahal Hotel, New Delhi. Maritime by San Lorenzo, the newly opened Italian speciality restaurant at Taj Lands End has received good reviews and Rambagh Palace has renovated four Royal suites and the outdoor pool.

With environment consciousness on the rise amongst discerning guests, your Company's hotels have demonstrated their commitment to the environment by being certified by EarthCheck. All your hotels are EarthCheck 'Silver' certified with Taj Lands End, Rambagh Palace and The Taj West End having the distinction of being hotels to be 'Gold' certified.

The safety and wellbeing of guests and associates has always been of foremost importance to your Company. Your hotels have improved their safety performance as evident by audits conducted by Bureau Veritas, a company with global expertise in the field.

The Taj Group hotels have always kept ahead of statutory requirements on food hygiene and safety and are compliant with the FSSA requirements. To ensure objectivity, biannual hygiene audits are conducted by Diversey, a reputed international agency in the field. All hotels performed well in the surprise audits and the aggregate score has improved over the previous year.

The outcome of all these activities and the continuous drive for quality has led to several of the hotels being recognized by prestigious global institutions.

Taj Luxury Hotels, International

Quest for excellence continues at all hotels by enhancing the Guest Experience through improved service levels and product upgrades. Refurbishment of rooms at St. James Court and suites at Taj 51 Buckingham Gate Suites and Residences continued in a phased manner. Refurbishment of 17 suites in the Falconers Townhouse was completed with the last set of suites back in inventory in April 2013.

On January 2014, your Company introduced the two newly rebranded London hotels - St. James Court, A Taj Hotel and Taj 51 Buckingham Suites and Residences. Rich in history and heritage, the hotels have introduced the quintessential Taj service through new offerings, amenities and service enhancements, combined with the famed Taj hospitality.

Taj Cape Town has now enhanced its banqueting services by entering into an arrangement with The ABC Building. The building houses banquet halls and 2 bars and is now managed by Taj Cape Town, rebranded as 'The Reserve'.

Guest experience was enhanced under the pillar of Timeless Traditions by creating Refreshed Renewal of vows, including the first underwater renewal of vows ceremony at Taj Exotica Resort & Spa, Maldives. The resort also introduced a host of innovative dining experiences including Tree top dining, Beach dug out dining and a refreshed menu at the Deep End.

The Taj Luxury hotels delight the guests by consistently meeting the bespoke Taj Luxury Experience standards. During the year your Company has worked on further refining the standards. Workshops with this objective were conducted by Leading Quality Assurance. The enhanced service levels across hotels are achieved through focussed training programmes based on guest feedback and audits (external & internal) conducted to check the performance against the standards.

Special training conducted at The Pierre resulted in the hotel receiving the long awaited and much coveted Forbes 5 Star rating (formerly Mobil) for 2014 and with this the hotel now features both the AAA 5 Diamond and the Forbes 5 Star Awards.

Vivanta By Taj – Hotels & Resorts

Your Company's Vivanta by Taj brand experience is designed around the cosmopolitan, work-hard-play-hard traveller seeking a vivacious, reinvigorating hotel experience. Vivanta by Taj promises a sensorial journey for the urban sophisticate having its own play on elements of touch, smell, visual idioms, tonality and taste.

Vivanta's high differentiation scores in a competitive space has been endorsed heartily both in terms of commissioned and independent brand research studies (Brand Asset Valuator and Brand Equity Track) as also being recognised by Conde Nast Traveller US as the third best global hotel brand in 2014 with the second highest score on the service parameter.

As per the Brand Equity Track (Gallup) 2013-2014, your Company's Vivanta by Taj brand leads the Upper Upscale category in differentiation scores in its competitive set. This metric is critical for defining a sense of being and for attracting new users.

As per the Brand Asset Valuator study by Rediffusion 2013-2014, Vivanta by Taj has been found to be extremely well differentiated ("extraordinarily successful for a new brand") given the sheer density of well positioned competition and given the time of three years in which it has been done. The brand's image attributes found amongst audiences are "distinctive, visionary, sensuous, carefree and a leader brand gaining popularity".

The Top of mind brand recall scores, Vivanta by Taj is ranked third next to the Taj and Oberoi and ranked second next to Taj in communication awareness scores (Brand Equity track 2013).

Focus on enhancing guest engagement has helped improve top box score (excellent and very good scores) for overall satisfaction index to move to 91% in financial year 2013-14.

A strong emphasis on achieving brand standard efficiency has been clearly indicated by the increase in the Mystery Audit Scores from 87% (2012-13) to 91% (2013-14).

On social media as per Baker's Analytics Vivanta by Taj stands 6th amongst brands in India (page score and engagement), with a 45% year on year growth in number of fans.

New Hotels and Resorts

Vivanta by Taj – Surajkund, NCR

Your Company took over the management of The Claridges, Surajkund and relaunched it as Vivanta by Taj - Surajkund in the NCR. In line with its re-positioned stance of being a city resort and an alternative entry into the Golden Triangle, key brand experiences were worked upon and motifs curated around.

Launches and Relaunches

Your Company's brand initiated certain critical renovations/new introductions within existing / new properties so as to enhance guest experiences in line with the brand promise.

Hotels and Resorts

1. The Taj Samudra, Colombo re-opened its doors after the Phase 1 renovation in November, 2014. The interior designs for renovation was done by David Edwards and the areas that are renovated in Phase 1 are – 86 rooms, lobby, lounge, restobar, porch and arrival area. The newly introduced Tata Suite, is the largest Presidential Suite in the city, equipped with modern in room technology, the Tata Suite offers a unique blend of great aesthetics. As part of its transformation to a Luxury hotel, new Taj Club rooms, Grand Luxury suites and butler service has been introduced at Taj Samudra.
2. Vivanta by Taj - Bentota, Sri Lanka, exclusive beach and spa resort on the southern coast of Sri Lanka reopened its doors to guests in 2013 after completion of its extensive renovation. Located on the Island's South West coast, the resort's new design is a perfect blend of contemporary style with colonial charm exquisitely designed by Nic Proud the interior designer.

Food and Beverage

1. The iconic Konkani Café restaurant in Mumbai was personally spearheaded by Corporate Chef Ananda Solomon. The restaurant which is known for its authentic cuisine from coastal areas of Mumbai to Kasaragod in North Kerala has been relaunched as a three meal speciality restaurant.

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2. Your Company's iconic restaurant in Chennai; The Raintree known for Chettinad cuisine over the past 25 years in Chennai has been renovated. In a newer and more contemporary avatar, the refreshed interiors include wall murals and dining nooks for private celebrations under the open shade of raintrees surrounded by flowing aqua bodies.
3. Vivanta by Taj launched its third Thai Pavilion restaurant at Vivanta by Taj – Gurgaon, NCR.
4. After its positive response in the city of Bengaluru Vivanta by Taj introduced its signature Indian restaurant Paranda at Vivanta by Taj – Surajkund, NCR. Paranda is known for its unique cuisine from the five rivers region of Punjab.

The Gateway Hotels & Resorts

The Gateway Hotels & Resorts is the full service upscale hospitality brand in the South Asia region. Your Company's 'Gateway' brand is designed for the modern nomad, providing consistent, courteous and crisp service for business and leisure travelers seeking contemporary and refreshing experiences. Your Company's brand 'Gateway' has grown by carving its own niche, recognizing the new-age requirement of a 'Millennial' population.

New Hotel Launches and Expansions

Your Company launched three new Gateway hotels in the year 2013-14 and expanded its inventory in one hotel.

The Gateway Hotel Lakeside, Hubli

Your Company launched its fourth Gateway branded hotel in Karnataka, in addition to the existing hotels at Bangalore, Mangalore and Chikmagalur. The hotel is located on the arterial road connecting Hubli to Dharwad and is close to the city centre. Spread over 9 acres of pristine lush greenery, the hotel sits pretty on the banks of the picturesque Lake Unkal. The hotel has 92 spacious rooms including 4 suites, each room offering serene views of Lake Unkal.

The Gateway Hotel IT Expressway, Chennai

Your Company marked the debut of the Gateway Brand in Chennai located near Sholinganallur junction on Old Mahabalipuram Road. The Gateway Hotel IT Expressway Chennai offers guests the dual advantage of being right where the IT action is, as well as being within easy reach of the temple town of Mahabalipuram and the French influenced Union Territory of Puducherry. Each of the 200 spacious rooms have an uninterrupted view of the city's skyline.

The Gateway Hotel EM Bypass, Kolkata

Your Company launched the first Gateway branded hotel in Kolkata and the second Taj property after 24 years post the launch of Taj Bengal in 1989. Built on 1.9 acres of prime real estate, the property is optimally located at the junction of the Rashbehari Connector and within touching distance of the city's IT hub and principal business districts. With 197 elegantly designed rooms and suites, a grand ballroom spread across 6,400 sq ft, 24 hour business center and meeting rooms, high speed wi-fi connectivity throughout the hotel, coupled with fitness center and swimming pool, the hotel will redefine the city's hospitality backdrop, blending in the most of sophistication, with traditional heritage and modern efficiency.

The Gateway Hotel Airport Garden, Colombo

The Gateway Hotel Airport Garden Colombo opened a new block consisting of 98 Executive Rooms, 2 Gateway Suites and a new lobby. The hotel is nestled in midst of a 38-acre coconut plantation bordering the Negombo Lagoon and the Colombo-Katunayake Expressway. Designed by Singapore-based architects Warner Wong, the new wing of the hotel has a contemporary look and feel which embraces the modern Sri Lanka.

Food and Beverage

Home Food by Home Makers @ Gateway Hotels - This initiative resulted in better guest experiences and an increase in the food scores. The Top 2 Boxes (Excellent and Very Good) Scores of GSTS for food is 84 % against the score of 82 % in the corresponding period previous year. New additions of home style food "Bayulusime" at Hubli, "Thanjavur Virundhu" at Chennai and "Purbo banglar khabar" at Kolkata Gateway hotel have been very well received.

Chef's Hat @ Gateway - Based on the concept of "Co-creating with the guest" a special trolley designed exclusively for Interactive Cooking and positioned in the All Day Dining, allowing resident guests to indulge in inventing a new dish of their choice.

Active Food - Introduced whole grains and refined starch free products for breakfast as a part of the ACTIVE FOOD program, 'Grain of the day' introduced focusing on high fibre products with Ragi, Bajra, Jovar, Quinoa, Amaranth, broken wheat etc.

Your Company continued building the strong F&B proposition of the brand with Launch of Skydeck at The Gateway Hotel Agra and launch of Quick Fills, an express meal available 24/7 with a service guarantee of 15 minutes which was introduced across 12 city hotels with Gateway Kolkata being the launch hotel.

Guest Satisfaction

Your Company's sharp focus on stronger Guest Engagement at all hotels resulted in an improvement on the Overall Satisfaction Scores. The Top 2 Boxes (Excellent and Very Good) Scores of GSTS is at 90 % this year, against 88 % for the same period last year.

Your Company's brand building efforts were reflected in **The Gallup Brand Equity Survey 2013** where the annual results showed a significant increase in Customer Engagement mean scores from 4.15 in 2012 to 4.31 in 2013.

Refurbishment and Renovation Update

Your Company's following hotels were renovated during 2013-14:

- The Gateway Hotel, Varanasi - Refurbishment of 52 guest rooms completed in August 2013.
- The Gateway Hotel, Varkala - Renovation of 6 guest rooms completed in November 2013.
- The Gateway Hotel, Surat - Refurbishment of 38 guest rooms completed in December 2013.
- The Gateway Hotel, Vadodara - Renovation of the Banquet Hall completed in November 2013.
- The Gateway Hotel, Ahmedabad - Renovation of the Banquet Hall completed in October 2013.

SALES & MARKETING INITIATIVES

Preferred destination of Heads of states :

Taj has had a legacy of welcoming guests from around the world for 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 our hotels played host to in 2013-14 are:

- His Imperial Majesty Emperor Akihito, Emperor of Japan, Taj Palace, New Delhi
- Prince Charles & Camilla, HRH The Prince of Wales & The Duchess of Cornwall, The Taj Mahal Palace, Mumbai
- His Excellency Rajkeswur Purryag, President of Mauritius, Taj Palace, New Delhi
- Princess Astrid, Princess of Belgium, The Taj Mahal Palace, Mumbai
- H.E. Li Keqiang, Premier of the Peoples Republic of China, The Taj Mahal Palace, Mumbai
- H.E. Li Keqiang, Premier of the Peoples Republic of China, Taj Palace, New Delhi
- H.E. Joachim Gauck, President of Germany, Taj Mahal Hotel, New Delhi
- H.E. Shinzo Abe, Prime Minister of Japan, Taj Palace, New Delhi

Brand Asset Valuator 2013

Taj is ranked No 1 in the Top Breakaway Brands in the 2013 Brand Asset Valuator study. Breakaway brands are Brands that are able to rise, define and dominate their category and have defined consumer perceptions almost single-handedly. The survey is done by an independent agency across 16 cities in India across 10,000 respondents and 1,400 brands of more than 100 categories. It not only captures brand performance across 70 metrics but gives strong inputs on brand positioning.

- Brands were compared on the basis of their brand asset score vs. the score of the category
- The top-10 breakaway brands were identified and included in the list, including two Tata brands – Taj and Titan
- Taj tops the list, because it beats the hospitality category by the highest margin

Demand Drivers

- **Room For More Campaign** - Based on the successes and learnings from the Surprises campaign over the last 4 years, your Company reinvented the same under a new brand "Room For More" this summer which was launched in April 2013 providing compelling value proposition to the consumers across all the hotels worldwide for the period April 2013 – September 2013 with an objective to drive SpendPAR during the low demand period and reward loyalty.
- **Taj Holidays** - Your Company continued to drive focus for the resort destinations for domestic travelers through the Taj Holidays platform in line with strategy to drive domestic dominance. Summer, Monsoon and Winter campaigns were launched to target the domestic leisure segments which has been growing consistently since last year.

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Taj InnerCircle continued to grow as the most preferred hotel loyalty program in the region. Taj InnerCircle is also highly awarded and has been voted Hotel Loyalty Program of the Year in Asia for last 3 years including Favourite Hotel Loyalty Programme at the Conde Nast Traveller India Readers' Travel Awards 2013 as well as the Flyertalk Awards 2014 for Best Rewards Program and Outstanding Benefit as your Company continues to cement new Partnerships and Alliances to enhance the member benefits and the value proposition for our most valued guests.

New Hotel Launches

The Taj Group continued on its expansion path in India as well as in International markets in 2013. Your Company ended the year with the portfolio worldwide spanning 27 hotels in the Taj brand, 39 Vivanta by Taj Hotels & Resorts and 29 Gateway Hotels & Resorts. All new hotel launches and relaunches for renovated properties is supported through a high-visibility marketing and PR campaign and a formal launch event. A 360 degree stakeholder outreach is implemented to support the launch of the hotel including print, digital and social campaigns targeting all relevant customer segments as required.

Taj Hotels Resorts and Palaces (Luxury Hotels)

- **St. James Court, A Taj Hotel, London** - In an endeavour to consolidate the brand in one of the key source markets, Taj took a decision to rebrand the London hotel as St. James Court, A Taj Hotel and 51 Buckingham Gate, Suites and Residences to Taj 51 Buckingham Gate, Suites and Residences.
- **Taj Samudra** – The hotel reopened in November 2013, post a renovation and rebranding exercise which has completely repositioned the hotel as one of the best luxury hotel in Colombo.

Vivanta by Taj Hotels & Resorts (Upper Upscale Hotels)

- **Vivanta by Taj Surajkund, NCR** - The brand launched the reflagged Claridges as Vivanta Surajkund in NCR as a city resort and an alternative entry into the Golden Triangle.
- **Vivanta by Taj Bentota, Sri Lanka** – The resort was relaunched after an extensive renovation and the relaunch focused on key source markets driving leisure businesses to the hotel and to position the hotel as the best beach option in Sri Lanka.

The Gateway Hotels & Resorts (Upscale Hotels)

- **The Gateway Hotel Lakeside, Hubli** – The hotel was launched in May 2013, supported by a formal launch event to key influencers and media in Hubli.
- **The Gateway Hotel IT Expressway, Chennai** – Launched in August 2013, your Company debuted the Gateway brand in a key metro with an Experiential Media launch and Press event to position the hotel as best in category in a growing corporate CBD location.
- **The Gateway Hotel EM Bypass, Kolkata** - was launched in December 2013. This is the first Gateway branded hotel in Kolkata and located within touching distance of the city's IT hub and principal business districts.
- **The Gateway Hotel Airport Garden, Colombo** – March 2013, saw us launch the New Wing at this property consisting of 100 additional keys which was supported via a highly attended social and press event.

Unique Brand Experiences, Events and Communication

Advertising and Promotions: Your Company continued High visibility media campaigns in India as well as International markets for all brands in 2013 – 14. The communication for each brand was suited towards the targeted segment, e.g. High end travellers through a Taj Club campaign for the Luxury Taj hotels, Vivanta brand campaigns targeting the urban nomad through extensive Weekend Stays and F&B related campaign and The Gateway campaign for holiday packages to drive business to key leisure destinations in India.

Taj Hotels Resorts and Palaces (Luxury hotels)

110 years of The Taj Mahal Palace – Your Company celebrated the 110 years of The Taj Mahal Palace through an interesting and engaging campaign with our guests. A special logo commemorating this milestone was rolled out and incorporated into guest facing communication of the hotel along with several initiatives and events to celebrate this milestone.

Performance Art - Your Company's new global advertising campaign has now been launched. The new campaign unveils the theme of Performance Art, which reaffirms the luxury brand's positioning and key differentiation from competition, i.e. service. A microsite (www.tajhotels.com/PerformanceArt) has been developed for customers to experience the various facets of the campaign.

Launch of the India Guest program - HOME FROM HOME : This program aims at addressing the specialised needs of the Indian customers at the Luxury International hotels. It provides key benefits like Indian breakfast, Indian menu, In room dining, Indian entertainment and business channels, staff at front desk for specialised handling of market specific guests and concierge geared to handle specialised needs of the family while on leisure.

Vivanta by Taj Hotels & Resorts

The Vivanta by Taj brand continued its promise to create new experiences for its guests and 2013 saw the launch of several such innovations which include:

- **“Urban Tease”** powered by Blue Frog and the Comedy Store which brings the notion of a “post work” downtime social vibe and live acts to the Tease bars and will be taken across cities in the coming year.
- **Supersonic 2013** for destination Goa, a partnership with Viacom, which provides the hotel with a long term platform to build experiences and maintain and grow the engagement with your Company’s guests.
- Launch of the **Never Ending I dos** (renewal of vows) product / experience across 8 resorts in Bekal, Coorg, Goa, Chennai, Surajkund and Bentota.
- **Art of Food Campaign:** The Vivanta art of food campaign that presents the brand’s distinct take on provincial cuisine, dining surprises and the art of presenting their craft.

The Gateway Hotels & Resorts

- **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 continued through 2013-14.
- **IPL Promotions:** In order to derive maximum visibility for the brand and promote higher usage of F&B activities in the hotels, a promotion and activation campaign was launched during IPL 2013. A 50 days long promotion plan was launched for the Gateway brand on all mobile and digital platforms of ESPN Cricinfo.

ENVIRONMENTAL INITIATIVES

Based on international guidelines propounded by Global Reporting Initiative (GRI) and United Nations Global Compact (UNGC), your Company will be duly submitting its 11th Corporate Sustainability Report to UNGC as per the reporting cycle on September 2, 2014. Your Company continues to voluntarily participate in the globally recognized Carbon Disclosure Project in line with your Company’s commitment to Climate Change Principles. Your Company has been recognized in the Carbon Disclosure Project Leadership index 2013-14.

Your Company measures and records its direct and indirect emissions of Green House Gases, its water consumption, reuse and recycling impact as well as waste generation and disposal.

Energy Management

Your Company is conscious of the environmental impact across operations and strives to reduce consumptions and impact on an ongoing basis. Your Company’s hotels have adopted environmental and safety management systems and most of them are ISO 14001 certified – which also included food hygiene and safety.

While your Company has been participating in globally recognised EarthCheck benchmarking and certifications for Tourism & Hospitality industry over last 5 years, 9 of the hotels have this year won Gold certification while all other hotels in the Group are now Silver certified. This journey with EarthCheck furthers the ongoing commitment to the Environmental Awareness and Renewal at Taj Hotels (EARTH) program & represents Taj Group’s long standing leadership in hospitality industry in the area of environmental and community stewardship. EarthCheck, managed and owned by EC3 Global in Australia, is world’s leading environmental benchmarking and certification program designed specifically for the travel and tourism industry.

While on one hand as your Company tries to bring about energy efficiency and optimize consumption of water in its operations, on the other hand your Company is also focused on increasing renewable energy consumption year on year through conscious efforts to encourage generation/sourcing of solar and wind-based energy.

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Water Management

Your Company works on effective water management through ground water recharging, rain water harvesting, water reuse and recycling. Many of your Company's hotels this year have attained the status of zero water discharge into municipal sewers – which means reusing all the water procured.

Waste Management

While your Company continues to set higher milestones in this journey of environmental excellence in terms of reducing impact of your Company's operations on natural resources, it is also committing itself to spread environmental awareness in neighbourhoods around your Company's hotels in ecologically sensitive locations by investing in increased use of renewable energy sources, water harvesting and composting of farm and horticulture waste.

Safety

To ensure that Safety remains a prime focus at the work place, Benchmarking site visits were arranged for Senior Leaders as well as General Managers to other Tata Companies to facilitate sharing and learning. Your Company has also intensified its Safety audit systems at the hotels by engaging Bureau Veritas (India) Ltd to conduct a detailed 2-3 day audit at each of your Company's hotels.

The Safety audit process now includes Ginger hotels as well as International hotels in Sri Lanka, Bhutan as well as Maldives. This year audits have been completed for 73 hotels.

BUSINESS EXCELLENCE

Your Company has diligently pursued business excellence by adopting the Tata Business Excellence Model (TBEM) both in letter and spirit. The TBEM process is very useful in driving enterprise wide improvement and establishing synergies across hotels.

- **Organization Culture:** IHCL has a highly engaged and loyal workforce, which is responsive to guest needs and requirements. Benchmark levels of employee engagement have translated to a 'guest first' culture at touch points within the hotel, where employees consistently strive to meet and exceed guest expectations. This is a hallmark of the Taj brand, and helps the organization stand out amongst its competitors.
- **Brand Architecture:** The organization has conceptualized a four tier brand architecture, which has helped expand the customer base. IHCL has also created unique brand standards for each of its brands to deliver the brand spirit.
- **Corporate Sustainability –** IHCL's approach to Corporate Sustainability is linked to its business requirements. The organization's community and affirmative action initiatives help skill individuals in different hotel industry trades, and this approach also helps address the workforce capacity needs for the organization's growth aspirations. The organization also encourages and provides business to local artists / artisans, encourages entrepreneurship, and has a strong learning and development approach which helps transform the lives of the underprivileged by making them employable in the hospitality industry.

Internal TBEM Blitzes are conducted at hotels, to assess process readiness and drive improvements, establishing synergies across hotels and regions and training associates on quality improvement methodologies and problem solving tools, equipping them with the skills required to improve processes that they work with.

Annual Regional Workshops for General Managers of hotels ensures continued focus on improvement areas and actions taken to achieve higher levels of excellence.

Ensuring Guest Delight by using Guest Feedback

Your Company's focus on ensuring guest delight involves a strong focus on gathering feedback from guests, data mining and identification of improvement opportunities to positively impact a guest's experience. Hotels closely monitor improvement projects based on guest feedback and work towards eliminating defects and re-work.

Mystery Shopper audits are conducted for all hotels and provide information that is used in conjunction with guest feedback to improve processes, and deliver product and services to meet guest expectations and build guest delight.

Fact based decision making

With the automated Balanced Scorecard system, managers across levels access data and information relevant to their roles and responsibilities and use key metrics to make decisions. Automatic updating of the data and regular reviews allow the managers to have a 'finger on the pulse' of the daily operations.

The automated BSC enables managers to focus on several initiatives including guest delight, employee engagement, operational excellence, employee development, and CSR initiatives amongst others. Your Company's strategic plans are thus deployed and reviewed with mid-course corrections being made as required, enabling your Company to meet changing business needs.

Hygiene Management Systems

Your Company has taken the lead in a focused approach to ensuring focus on hygiene, beginning with ISO 22000 / FSSAI certification. Biennial surprise hygiene audits are conducted by a globally accredited organization in keeping with global norms. The audit parameters are revised regularly to keep the audits current, with the qualifying level being raised upwards so as to continuously improve hygiene standards.

HUMAN RESOURCE (HR) INITIATIVES

Recognition of People Practices:

Gallup Great Workplace Award

Your Company was awarded the Gallup Great Workplace Award for the fifth consecutive year in 2013-14. The Taj has been listed alongside 35 other companies from across the world. It is the only organization from India, the only Tata Company and the only hotel chain in the world to have won the award for five consecutive years.

India's Best Companies to Work For 2013- The Great Place to Work award

Your Company was also awarded "India's Best Companies to Work" by the Great Place to Work Institute for the third time. This study conducted by the Great Place to Work Institute is the largest study in the country on workplace culture, with participation from more than around 550 organizations spanning across 22 industries. Great Place to Work Institute also conducts similar studies across the world including Fortune Best Places to work study in the US.

The Randstad Award for Best Employer Brand in Hospitality Industry

In the current year, Taj has been recognised for the second time by Randstad as the "Most Preferred Employer Brand" in the hospitality industry in India. The Randstad Award is presented each year to the most attractive employer in various countries throughout the globe. It is one of the most prestigious awards in Employer Branding conducted across 4900 organisations in 23 countries.

CII National HR Excellence Award

Taj Hotels, Resorts and Palaces was awarded the CII National HR Excellence Award 2013 for 'Significant Achievement in HR Excellence' which is the highest level of achievement conferred on any organization in this year's assessment.

The CII Human Resource Excellence awards were established to promote the awareness of HR excellence as an increasingly important element of organizational performance management. The assessment covers parameters of leadership, human resources strategy, people knowledge and competencies, people well-being and engagement, HRM processes / management and results.

BML Munjal Award for Business Excellence Through Learning & Development

The BML Munjal awards, is one of India's most coveted awards in the area of Learning & Development. Your Company was recognized as the best Service Organization in India for Learning & Development processes and culture for the year 2013-14. This was in recognition of the benchmark learning & development practices followed by the organization.

Refining and Implementing Hotel Brand Standards

Brand standards are the touch points that influence guest perceptions when they stay at your Company's hotels. During the year, a relook and fine tuning of these brands standards was undertaken for all brands. Standards were re-defined and associates are in the process of being trained across the organization. This initiative will give your Company the ability to maintain its reputation for outstanding service and guest experience.

Leadership Development

During the year over 90 senior managers were taken through a very structured and intensive leadership development program to prepare them for larger roles as the organization grows. This initiative has had a significant developmental impact on the managers and will provide the organization with the required leadership bandwidth for future growth.

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Initiatives for Efficient Workforce Cost Management

1. **Minimal addition to Workforce:** The drive to improve the manning standard across the organization by scrutiny of vacant positions and selectively closing critical positions at all levels was continued this year. As in the previous few years, new hiring's have been kept at a minimum and most new positions have been filled with internal redeployment.
2. **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. Staffs have been redeployed into all the new hotels.
3. **Leadership Development:** The Taj Leadership Program is focused to develop leadership capability in middle managers who have the potential to become future leaders - Functional heads or Hotel General Managers. Each batch has to go through a 6 day phase of the workshop, interspersed with 3-4 weeks of work, such that the participant can practice his / her learning in daily work routine. This year your Company has successfully completed the program for the third batch of 31 participants.
4. **Smart layering the organization:** The organization had initiated an effort to drive efficiency by achieving a healthier manager to staff ratio in the previous year. The effort has been continued in the current year and the overall number of managers in the Company has reduced despite the addition of new hotels in the Taj fold.

Women Empowerment and Anti Sexual Harassment Initiative

To empower women and protect women against sexual harassment, a policy for prevention of sexual harassment was rolled out and an Internal Complaints Committee as per legal guidelines was set up at all major locations.

The Anti-Sexual Harassment Initiative allows employees to report sexual harassment at the workplace. The Internal Committee looks into all complaints of sexual harassment and facilitates free and fair enquiry process with clear timelines.

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:

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 long term 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.

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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's leadership – under the aegis of Mr. Ratan Tata, as a gesture of care & empathy with the common men affected by Mumbai terror attack in 2008 (those outside of Taj workforce), established the Taj Public Service Welfare Trust, immediately post the 26/11 terror attack. The Trust has been receiving support from well wishers in India and abroad year on year, to enable it extend support to those affected.

The Trust continues implementing various relief and rehabilitation measures for 'identified' disasters and calamities, under its mandate for supporting survivors of disaster situations and ensuring health, education and employability/employment support, as per the families' requirements; with an objective of encouraging these disaster affected families to evolve to be self-sustained over a period of time.

Shared below is a summary of the ongoing initiatives / expenditure during 2013-14:

26/11 Rehabilitation Programme	Amount (₹)
Monthly Sustenance for victim & families	102000
Family Pension	648000
Medical Assistance	1107095
Education Assistance	2118743
Pursuance of Professional Courses	18050
Total	3993888
Total Beneficiaries Supported: 77 families	

13/07 Rehabilitation Programme	Amount (₹)
Monthly Sustenance	493000
Family Pension	72000
Medical Assistance	184796
Micro enterprise support	105242
Pursuance of Professional Courses	86440
Education Assistance	709299
Total	1650777
Total Beneficiaries Supported: 53 families	

Your Company also joined forces with the Tata Relief Committee's programmes to reach out to families affected by cloud burst and its aftermath in Uttarakhand state in July 2013.

Your Company launched a drive to include its guests and employees to provide relief to the people affected by the floods in Uttarakhand. The Taj Welfare Trust matched every rupee contributed by Taj executives and partners, the Taj Public Service Welfare Trust and raised a total of over ₹ 1.3 crores as total Taj contribution towards this disaster relief and rehabilitation endeavour. Over and above this monetary support; your Company contributed to relief efforts by donating blankets, sweaters, solar lamps and canned food – which were distributed through the Tata NGO partners in Uttarakhand.

UTTARAKHAND RELIEF		
Particulars	Units	Amount (₹)
Monetary support	-	13,14,677
Blankets	808	-
Sweaters	71	-
Solar lamps	88	-
Canned food	3,335	-

Management Discussion and Analysis of Operating Results and Financial Positions

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

Results of Operations for the year ended March 31, 2014

Standalone Financial Results

The following table sets forth financial information for the Company for the year ended March 31, 2014

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Income		
Sales & Other Operating Income	1,929.51	1,875.86
Other Income	47.82	48.93
Total Income	1,977.33	1,924.79
Expenditure		
Consumption of Raw Materials	176.83	164.08
Employee Benefits Expense	472.53	476.73
License Fees	125.74	127.69
Fuel, Power and Light	165.70	157.25
Depreciation/Amortisation	122.26	125.02
Other Expenditure	599.25	545.70
Total Expenditure	1,662.31	1,596.47
Profit before Finance Cost and Tax	315.02	328.32
Finance Costs	98.82	105.20
Profit before Tax and Exceptional Items	216.20	223.12
Exceptional Items	(737.10)	(432.91)
Loss before Tax	(520.90)	(209.79)
Provision for Tax (Including for earlier years)	69.59	66.82
Loss after Tax	(590.49)	(276.61)

₹/Crores

The Indian Hotels Company Limited

Revenues

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

Particulars	Year Ended		% Change
	March 31, 2014	March 31, 2013	
Room Income	884.26	889.25	(1)
Food, Beverage & Banqueting Income	774.16	732.37	6
Other Operating Income	271.09	254.24	7
Non-Operating Income	47.82	48.93	(1)
Total Income	1,977.33	1,924.79	3
Statistical Information			
Average Room Rate (₹)	9,360	9,504	(2)
Occupancy (%)	64	63	1

- Room sales decreased by 1% compared to the previous year due to lower ARR's in the current year.
- Food & Beverages income grew by 6% over previous year, mainly due to increase in restaurant sales of ₹ 24.2 crores and banqueting business of ₹ 15.8 crores.
- 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 7%. The increase was driven by an increase in shop rentals (₹ 2.6 crores), Spa and Health Club income (₹ 1.2 crores), incremental travel desk license fee (₹ 2.2 crores) and management & operating fee (₹ 9.4 crores).
- Non-Operating Income marginally decreased over the previous year.

Operating Expenses

The operating expenses increased by 4% from ₹ 1596.47 crores to ₹ 1662.31 crores. While the increase in variable operating costs was due to increase in volume, Power and Light expenses were higher than the previous year due to increase in tariffs. Additionally, Repairs and Maintenance expenses were higher due to refurbishments done in select hotels, Rates and Taxes were higher due to incremental property taxes, Security charges were higher due to revision in minimum wages and also there has been an increase in costs of outsourced support services.

Depreciation for the year was lower at ₹ 122.26 crores compared to ₹ 125.02 crores in the previous year.

Finance Costs

Finance costs for the year ended March 31, 2014, at ₹ 98.82 crores, net of currency swap gain, was lower than the preceding year by ₹ 6.38 crores due to retirement of debt during the current year.

Profit Before Tax & Exceptional Item

Profit before Tax & Exceptional Item at ₹ 216.20 crores was 3% lower than the previous year primarily on account of higher spends on Power & Fuel and Rates & Taxes.

Exceptional Items

Exceptional Items includes items as under:

Particulars	Year Ended	
	Mar 31, 2014	Mar 31, 2013
Exchange Loss on long-term borrowings/assets	(22.16)	(9.25)
Provision for Diminution in value of long-term investments	(687.00)	(373.00)
Provision for Contingency for Property tax	(19.04)	-
Expenditure on a discontinued project charged off for commercial reasons	(8.90)	-
Provision for Obligation of an Associate	-	(27.55)
Settlement of Arbitration Claim	-	(23.11)
Total	(737.10)	(432.91)

Loss before Tax

Due to the various Exceptional items as explained above, the Loss before Tax for the year was at ₹ (520.90) crores, as compared to the previous year's figure of ₹ (209.79) crores.

Loss after Tax

The Loss after Tax for the year was at ₹ (590.49) crores, as compared to the previous year's figure of ₹ (276.61) crores.

Cash Flow Data

₹/Crores

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Net Cash from operating activities	367.86	332.02
Net Cash used for investing activities	(180.62)	(233.81)
Net Cash used for financing activities	(183.79)	(86.27)
Net Increase in cash and cash equivalents	3.45	11.94

Operating Activities

Net cash from operating activities was higher at ₹ 367.86 crores vis-à-vis ₹ 332.02 crores in the previous year due to lower outflow of tax during the current year and effective working capital management.

Investing Activities

During the year under review, the Company incurred ₹ 145.36 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 new IT initiatives and ongoing renovations at certain hotels of the Company.

Financing Activities

Net cash raised during the year was used for repayment of long term and short term borrowings. In the previous year, the net cash outflow on account of financing activities was lower as the Company had received balance amount of ₹ 373.10 crores, as the option to convert the Warrants were exercised by Tata Sons Limited.

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.50	0.43
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Reserves)	0.98	0.75

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 Indian Hotels Company Limited

The following table sets forth the Consolidated Financial results for the year ended March 31, 2014.

₹/Crores

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Income		
Sales & Other operating income	4,066.19	3,743.36
Other Income	59.75	60.16
Total Income	4,125.94	3,803.52
Expenditure		
Consumption of Raw Materials	427.07	381.55
Employee Benefits Expense	1,372.19	1,271.75
License Fees	208.15	197.11
Fuel, Power & Light	311.15	288.80
Depreciation	308.13	288.42
Other Expenditure	1,188.06	1,066.51
Total Expenditure	3,814.75	3,494.14
Profit Before Finance Cost and Tax	311.19	309.38
Finance Costs	168.51	170.74
Profit before Tax and Exceptional Items	142.68	138.64
Exceptional Items	(554.84)	(430.43)
Loss before Tax	(412.16)	(291.79)
Provision for Tax (incl. for earlier years)	110.95	98.96
Loss after Tax before Minority Interest and Share of Associates	(523.11)	(390.75)
Profit attributable to Minority Interest	(17.49)	(40.86)
Share of Profit/(Loss) of Associates	(13.25)	1.37
Loss after Tax, Minority Interest and Share of Associates	(553.85)	(430.24)

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, 2014	March 31, 2013
Hoteliering	3,798.23	3,498.17
Others	267.96	245.19
Unallocable Income	59.75	60.16
Total Revenue	4,125.94	3,803.52

Hotel revenue increased during the year due to improvement in business in both domestic as well as international portfolio. Revenue from international properties has further increased in INR terms due to significant depreciation of rupee vis-à-vis dollar/ pound.

Unallocable Income represents dividend income, interest income, profit of sale of investments and exchange gain.

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.

Consolidated Profits Before Finance Cost and Tax:

Profit before Finance Costs and Tax at ₹ 311.19 crores was marginally higher over the preceding year.

Finance Costs:

The consolidated Finance cost, net of currency swap gains, at ₹ 168.51 crores was lower than the Finance cost of the preceding year by ₹ 2.23 crores.

Exceptional Items:

Exceptional Items includes the following:

₹ / Crores

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Exchange Loss on long term borrowings/assets	(29.15)	(20.72)
Provision for diminution in value of long term investments	(351.71)	(373.00)
Provision for contingency arising out of financial exposure in an associate	(100.47)	(27.55)
Provision for contingency for property tax	(19.04)	-
Project written off for commercial reason	(29.78)	-
Provision for diminution in long term advances by a jointly controlled entity	(21.42)	-
Voluntary Retirement Scheme expenses of a subsidiary	(3.27)	-
Profit on sale of investment by subsidiaries of holding company shares	-	13.95
Settlement of arbitration claim	-	(23.11)
Total	(554.84)	(430.43)

Loss after Tax, Minority Interest and Share of Associates:

Loss after tax, Minority Interest and Share of Associates for the year was lower at ₹ (553.85) crores as compared to ₹ (430.24) 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, 2014	March 31, 2013
Net Cash from operating activities	538.92	501.77
Net Cash used for investing activities	(301.04)	(347.25)
Net Cash used for financing activities	(211.86)	(117.32)
Net Increase in cash and cash equivalents	26.02	37.20

Operating Activities:

Net Cash from operating activities was higher at ₹ 538.92 crores as compared to ₹ 501.77 crores in the previous year, due to lower outflow of tax during the current year and effective working capital management.

Investing Activities:

During the year under review, the Company incurred ₹ 342.17 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 new IT initiatives, ongoing renovations at certain hotels of the Company and expansion of hotels under Ginger brand.

Financing Activities:

Net cash raised during the year was used for repayment of long term and short term borrowings. In the previous year, the net cash outflow on account of financing activities was lower as the Company had received balance amount of ₹ 373.10 crores, as the option to convert the Warrants were exercised by Tata Sons Limited.

Certain Financial Ratios for Consolidated Financials:

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.61	0.55
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Reserves)	1.55	1.24

The Indian Hotels Company Limited

AWARDS AND ACCOLADES

Taj Hotels Resorts & Palaces

- Ranked No. 1 in India in the Top Breakaway Brands as per Young & Rubicam's annual brand study – Brand Asset Valuator (BAV). Breakaway Brands define and dominate their category codes.
- Awarded the Best Hotel Chain in India at the UK Business Traveller Awards 2013.
- Conferred the Conde Nast Traveler USA World Savers Award 2013 for Poverty Relief. The award recognises travel companies exhibiting excellence in social and environmental responsibility.
- Crowned as the Best Hotel Group in India at the T+L India's Best Awards 2013.

Taj Falaknuma Palace, Hyderabad

- The Nizam Suite made it to the list of T+L India's Top 25 Presidential Suites 2013 and the hotel was named the Best Heritage Hotel in India.
- Ranked 2nd in the 'Best Overseas Holiday Hotels in Asia and India' category at the Conde Nast Traveller UK Readers' Travel Awards 2013. It also ranked 37th on the list of the 'World's Top 100 Hotels'.
- Jiva Spa has been awarded the Best Spa Interiors award (Hotel & Resort at the Geospa Asia Spa India Awards).

The Taj Mahal Palace, Mumbai

- The legendary Wasabi by Morimoto has been voted 32nd on the San Pellegrino's list of 50 Best Restaurants in Asia and named the Best Hotel Restaurant at the T+L India's Best Awards 2013
- Featured on the T+L Top 500 World's Best Awards survey with a score of 93.02.
- Featured in the Conde Nast Traveler USA Gold List 2014 - a list of the best ranked properties in the world - with a score of 95.4.
- Ranked as the First Runner-Up award for Favourite Hotel Visited on Business - India at the Conde Nast Traveller India Readers' Travel Awards 2013.
- The Rajput Suite made it to the list of T+L India's Top 25 Presidential Suites 2013.
- Ranked 3rd in the 'Best Overseas Business Hotels' category at the Conde Nast Traveller UK Readers' Travel Awards 2013. It also ranked 32nd on the list of the 'World's Top 100 Hotels'.
- Ranked no. 8 on the list of "Top City Hotels in Asia" in the Travel + Leisure World's Best Awards 2013 with a score of 93.02. It also featured on the list of "Top 100 Hotels in the World".

Taj Lake Palace, Udaipur

- Conferred the prestigious National Tourism Award in the Five Star Deluxe category by the Ministry of Tourism, in recognition of its commitment to excellence and contribution to tourism in the country.
- Featured on the T+L Top 500 World's Best Awards survey with a score of 94.50 and was also ranked 29th on the list of 50 Best Hotels in the World.
- Featured in the Conde Nast Traveler USA Gold List 2014 - a list of the best ranked properties in the world - with a score of 92.4. It also featured in the Platinum Circle 2014 - a list of hotels that have made it to the Gold List for 5 consecutive years.
- Ranked no. 6 on the list of "Top Resorts in Asia" and no. 29 on the list of "Top 50 Hotels in the World" in the Travel + Leisure World's Best Awards 2013. It received a score of 94.50.
- The Grand Presidential Suite has been named one of the "Best on the Planet" in Elite Traveler's Top 101 Suites of the World 2013.

Umaid Bhawan Palace, Jodhpur

- Featured on the T+L Top 500 World's Best Awards survey with a score of 95.33.
- Ranked no. 3 on the list of "Top Resorts in Asia" and no. 14 on the list of "Top 50 Hotels in the World" in the Travel + Leisure World's Best Awards 2013. It received a score of 95.33.

Rambagh Palace, Jaipur

- Featured on the T+L Top 500 World's Best Awards survey with a score of 91.76.
- Featured in the Conde Nast Traveler USA Gold List 2014 - a list of the best ranked properties in the world - with a score of 96.0.
- Awarded for Favourite Leisure Hotel in India at the Conde Nast Traveller India Readers' Travel Awards 2013.
- Ranked 9th in the 'Best Overseas Holiday Hotels in Asia and India' category at the Conde Nast Traveller UK Readers' Travel Awards 2013.
- Ranked no. 11 on the list of "Top Resorts in Asia" in the Travel + Leisure World's Best Awards 2013. It received a score of 91.76.
- Ranked as the first runner up in the second edition of the T+L India's Best Awards 2013 in the category of Best Heritage Hotel, India.

Taj Palace Hotel, New Delhi

- Featured among the "World's Best Business Hotels" by Travel + Leisure USA readers in the most recent World's Best Awards survey 2013.
- The Tata Suite made it to the list of T+L India's Top 25 Presidential Suites 2013.

Taj Mahal Hotel, New Delhi

- The iconic restaurant Varq has been voted 36th on the San Pellegrino's list of 50 Best Restaurants in Asia.
- Featured on the T+L Top 500 World's Best Awards survey with a score of 89.78.

Taj Safari Lodges

- Banjaar Tola, lodge in Kanha National Park was conferred the award Excellence in the category of Most Innovative Guest Experience at the Virtuoso Best of Best Hotels Awards 2013.

Taj Palace, Marrakech

- Royal Suite was recently named one of the "Top 101 Suites of the World" 2013 by Elite Traveler.
- Featured in CNT USA Hot List 2013 and T+L USA IT List 2013 - a list of the Best New Hotels of 2013.

The Pierre, A Taj Hotel, New York

- Featured on the T+L Top 500 World's Best Awards survey with a score of 88.35.

Taj Boston

- Featured on the T+L Top 500 World's Best Awards survey with a score of 88.47 and named "World's Best Business Hotels".
- Featured on the list of "Top Large City Hotels in Continental US" in the Travel + Leisure World's Best Awards 2013. It received a score of 88.47.

51 Buckingham Gate, London

- Awarded for Favourite Hotel Visited on Business Overseas at the Conde Nast Traveller India Readers' Travel Awards 2013.
- The Cinema Suite has been named one of the "Best on the Planet" in Elite Traveler's Top 101 Suites of the World 2013.

Taj Exotica Resort & Spa, Maldives

- The Jiva Grande Spa won the award for Favourite Hotel Spa - Overseas at the Conde Nast Traveller India Readers' Travel Awards 2013.
- Conde Nast Traveler USA declared Vivanta by Taj as the 3rd best hotel brand in the world in its 16th Annual Business Travel Awards 2013.

The Indian Hotels Company Limited

Taj Exotica, Goa

- The Jiva Spa was named the Best Destination Spa in India at the T+L India's Best Awards 2013.

Vivanta by Taj - Gurgaon, NCR

- Featured on the Travel + Leisure USA 2014 "IT" List among "The Coolest New Hotels Of The Year".

Vivanta by Taj - Bekal

- The Jiva Grande Spa made it to the CNT USA Hot Spas List 2013 - a list of Best New Spas of 2013.

Vivanta by Taj - Madikeri, Coorg

- Ranked as the First Runner-Up award for Favourite New Leisure Hotel - India at the Conde Nast Traveller India Readers' Travel Awards 2013.
- Featured in CNT USA Hot List 2013 - a list of the Best New Hotels of 2013. It has also made it to the list of Best New Hotels under 300 USD.
- Featured in CNT UK Hot List 2013 - a list of the Best New Hotels of the World, 2013.
- Awarded the Trip Advisor Traveler's Choice Award 2013 - it was among the top 1% of hotels that earned the award.
- Featured in T+L USA "IT" List 2013 - a list of the Best New Hotels of 2013.

Vivanta By Taj - Whitefield, Bangalore

- Featured as the Best Business Hotel in India at the T+L India's Best Awards 2013.

The Gateway Hotel Residency Road Bangalore

- Karavalli, renowned for its authentic coastal cuisine, has been voted 49th on the S. Pellegrino's list of 50 Best Restaurants in Asia.
- Ginger Hotels been voted as Best Value Hotel (Indian) for 2013 by the readers of Lonely Planet Magazine India, in the magazine and through an online poll.

REPORT ON CORPORATE GOVERNANCE

Philosophy on Corporate Governance

Your Company is proud to belong to a Group whose visionary founders paved the way for path breaking governance over a century ago and made it an integral element of the business. Corporate governance in the Company is a value-based framework to manage the Company affairs in a fair and transparent manner, which has assisted in evolving guidelines and best practices over the years to ensure timely and accurate disclosure of information.

The Company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of Corporate Governance requirements as detailed below for the year ending March 31, 2014:

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 comprised Non Executive Directors, with the Chairman being a Non-Executive Director, with half of the Board comprising Independent Directors. 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. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting.
2. "Independent Directors" are 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 30, 2013	April to June
2	August 12, 2013	July to September
3	November 8, 2013	October to December
4	February 11, 2014	} January to March
5	March 11, 2014	
6	March 27, 2014	

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. Tele-conferencing facilities are also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings.
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 Stakeholders Relationship Committee meetings are ₹ 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. 44 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, 2014. All Senior Management of the Company have affirmed compliance with the Tata Code of Conduct. The said 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 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.

The Indian Hotels Company Limited

Committees of the Board

The Committees constituted by the Board of Directors of the Company inter alia include the following:

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.
- 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.

- xiii. review and monitor the auditor's independence and performance, and effectiveness of audit process.
- xiv. approval or any subsequent modification of transactions of the company with related parties.
- xv. scrutiny of inter-corporate loans and investments.
- xvi. valuation of undertakings or assets of the company, wherever it is necessary.
- xvii. evaluation of internal financial controls and risk management systems.

The Committee met four times during the period under review, the details of attendance whereat are on page 44.

Audit Committee meetings are attended by invitation by the Managing Director, the 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. Stakeholders' Relationship Committee :

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has renamed the existing "Share Transfer & Shareholders' / Investor Grievance Committee" as the "Stakeholders Relationship Committee". The scope of the Stakeholders' Relationship Committee has been expanded to report the status of members, debenture-holders, deposit-holders and any other security holders in addition to equity shareholders. The brief terms of reference of the Committee include resolving grievances of all the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. Mr. Jagdish Capoor, Non-Executive Independent Director, is the Chairman of the Committee.

The Committee met twice 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, 2014, have been processed by the Committee. The status of the complaints received (inclusive of SCORES) from members from 01.04.2013 to 31.03.2014 is as under:

Complaints received

7

Pending as on March 31, 2014

Nil

Amounts Transferred to IEPF

As per the provisions of Section 124 read with Section 125 of the Companies Act, 2013, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Given below are 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*
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
2012-13	August 2, 2013	October 5, 2020

* Indicative dates, actual dates may vary

It may be noted that no claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2014 nor shall any payment be made in respect of such claim.

The Indian Hotels Company Limited

During the year, the Company made renewed attempts to establish contact with those members who had not claimed dividend(s). Special mailer was sent to the Members having unclaimed dividends pertaining for the financial year 2005-06 declared on August 4, 2006. As a result, the Company did achieve limited success and was able to arrange payment of a sum of ₹ 5,98,233/-. The Company transferred the following amounts to the IEPF of the Central Government during the financial year 2013-14.

Particulars	₹
Amounts transferred upto March 31, 2013 (a)	3,31,94,246.67
Amounts transferred during financial year 2013-14:	
- Unpaid / unclaimed dividend with the Company	27,09,324.00
- Unpaid / unclaimed matured deposits with the Company	1,45,000.00
- Unpaid matured debentures with the Company	-
- Interest accrued on the unpaid matured deposits	50,746.00
- Interest accrued on the unpaid matured debentures	-
Total (b)	29,05,070.00
Amount transferred upto March 31, 2014 (a+b)	3,60,99,316.67

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. Nomination and Remuneration Committee:

The Company has a Nomination and Remuneration Committee which is now a mandatory requirement as per the revised Listing Agreement as also the new Companies Act, 2013. The Committee consists of 4 Non Executive Directors. In addition to the Chairman, Mr. K. B. Dadiseth, who is an Independent Director, the Committee comprises Mr. Cyrus P. Mistry, Mr. Jagdish Capoor and Mr. Nadir Godrej. The terms of reference of the Committee include inter alia the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

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 the Companies Act.

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 the provisions of the Companies Act and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat, etc.

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 Executive 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 Executive 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 Executive 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 equity shares of the Company held by the Non-Executive Directors as on March 31, 2014, are as under:

Mr. Deepak Parekh	1,845
Mr. Jagdish Capoor	5,000
Mr. Cyrus P. Mistry	1,05,000

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 2, 2013 August 3, 2012 August 5, 2011	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 receives, 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, 2014.

Subsidiary Companies

The Company has two material unlisted subsidiaries, viz. Piem Hotels Limited and Roots Corporation Limited and is in the process of appointing Independent Directors of the Company on the Board of the said subsidiaries as per the requirement of Clause 49 of the Listing Agreement. The Audit Committee reviews the financial statements of the Company's unlisted subsidiary companies. The Minutes of the subsidiary companies along with a report on significant developments 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.

Information as on March 31, 2014

Names	Category	Remuneration paid			No. of outside Directorships as at March 31, 2014		No. of outside Committee Positions Held		No. of Board Meetings attended	No. of Audit Committee Meetings attended	Attendance at the last AGM
		Salary & Perks 2013-2014	Sitting Fees 2013-2014	Commission 2012-2013	Indian	Foreign	as Member	as Chairman			
Mr. Ratan N. Tata * (Ex-Chairman)	Promoter Non-Executive	-	-	42,00,000	NA	NA	NA	NA	NA	NA	NA
Mr. Cyrus P. Mistry (Chairman)	Promoter Non-Executive	-	1,40,000	-	9	6	-	1	6	NA	Y
Mr. R. K. Krishna Kumar @ (Vice Chairman)	Promoter Non-Executive	-	50,000	40,00,000	NA	NA	NA	NA	1	NA	NA
Mr. K. B. Dadiseth	Non-Executive Independent	-	1,40,000	40,20,000	8	3	4	2	4	3	Y
Mr. Deepak Parekh	Non-Executive Independent	-	1,20,000	10,40,000	7	2	2	2	3	3	Y
Mr. Jagdish Capoor	Non-Executive Independent	-	2,10,000	21,70,000	8	1	2	2	5	4	Y
Mr. Shapoor Mistry	Non-Executive	-	60,000	3,50,000	10	-	-	-	3	NA	N
Mr. Nadir Godrej	Non-Executive Independent	-	1,00,000	18,00,000	9	6	1	1	5	NA	Y
Mrs. Ireena Vittal #	Non-Executive Independent	-	40,000	-	6	-	5	-	2	NA	NA
Mr. Guy Lindsay Macintyre Crawford	Non-Executive Independent	-	1,00,000	-	-	-	-	-	5	NA	Y
Mr. Raymond N. Bickson	Executive	8,38,66,908	-	2,01,00,000	9	8	4	2	6	NA	Y
Mr. Anil P. Goel	Executive	1,36,67,927	-	1,00,00,000	8	11	5	-	6	NA	Y
Mr. Abhijit Mukerji	Executive	1,08,08,423	-	1,00,00,000	5	-	2	-	6	NA	Y
Mr. Mehernosh S. Kapadia	Executive	90,37,132	-	75,00,000	6	2	2	-	6	NA	Y

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

@ Retired as Director & Vice-Chairman effective July 18, 2013.

Appointed as Director on August 7, 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.

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 are 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.

BSE Listing Centre

BSE Limited has launched an Online Portal - BSE Corporate Compliance & Listing Centre (the "Listing Centre") for submission of various filings by listed companies. All disclosures and periodic filings submitted to the BSE are also upload on the Listing Centre.

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, the 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 Accounts 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 before they are transferred to IEPF.

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.

The Indian Hotels Company Limited

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. Shareholders Rights : In addition to publishing its quarterly results in leading English and a 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.
3. Audit qualifications: For the financial year 2013-14, there are no audit qualifications to the Company's financial statements.
4. 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.

5. 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 27, 2014 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, 2014
- Quarter ending September 30, 2014
- Quarter ending December 31, 2014
- Quarter ending March 31, 2015

August 2014

November 2014

February 2015

May 2015

Date of Book Closure

August 25, 2014 to August 27, 2014 (Both days inclusive)

Listing

Ordinary Shares

BSE Limited

National Stock Exchange of India Limited

Global Depository Shares

London Stock Exchange Plc.

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

The Company has paid annual listing fees to the Stock Exchanges in respect of the financial year 2014-2015.

Stock Codes

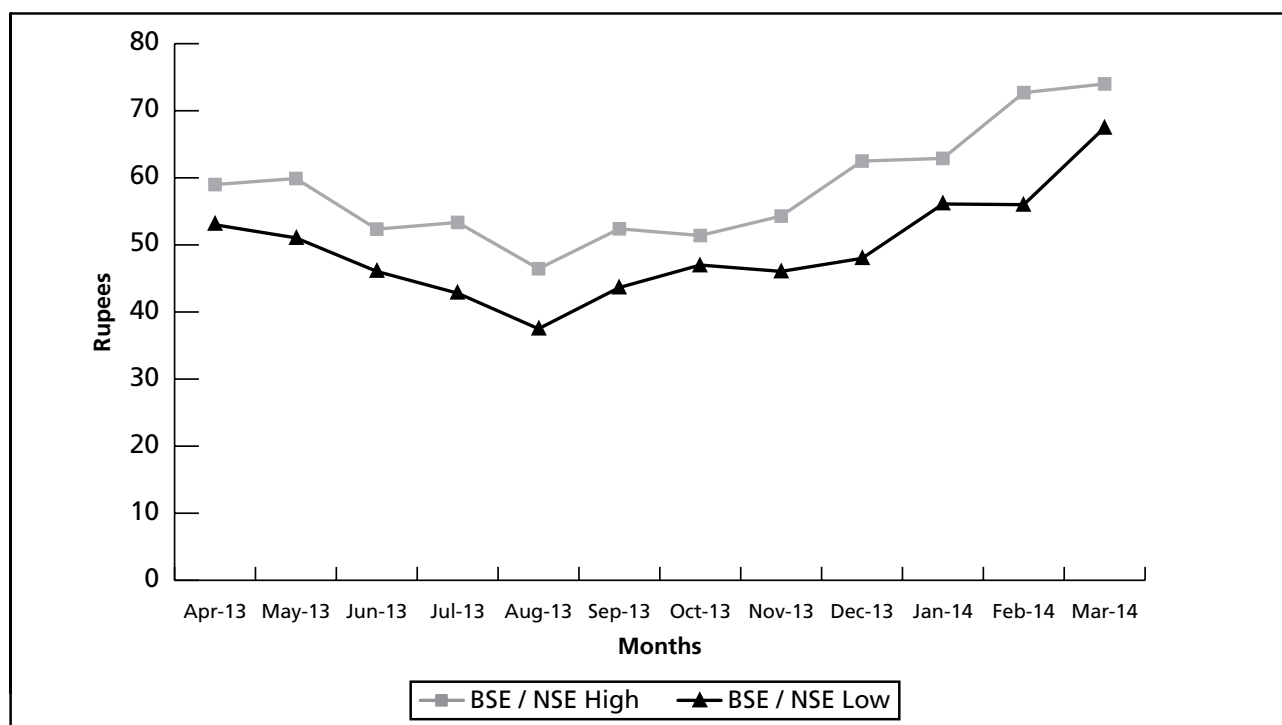
STOCK EXCHANGE	STOCK CODE
BSE Limited	500850
National Stock Exchange of India Limited	INDHOTEL EQ
London Stock Exchange Plc.	IHTD

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

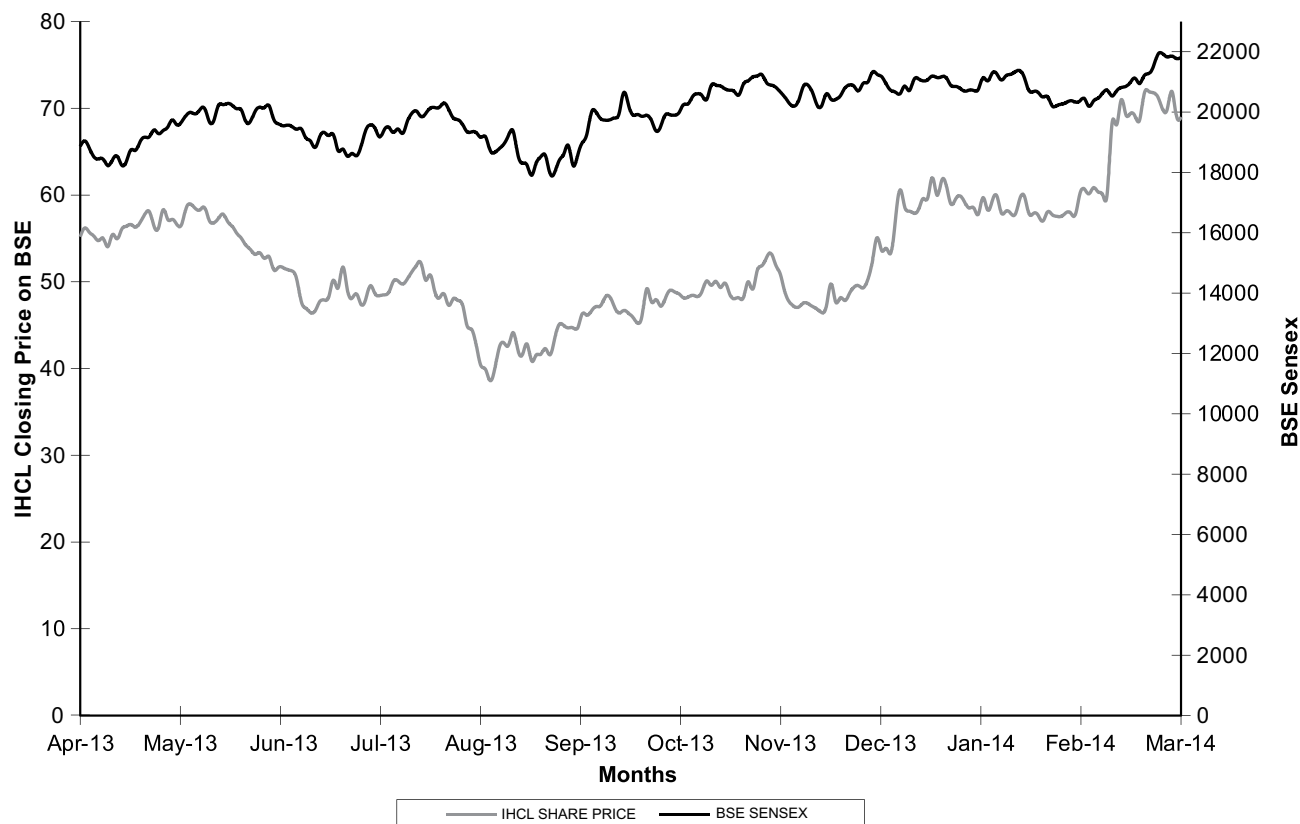
Months	BSE High	BSE Low	No. of Shares traded	NSE High	NSE Low	No. of Shares traded
Apr-13	59.00	53.40	11,63,505	59.00	53.00	78,49,368
May-13	60.00	51.20	12,39,690	59.90	51.05	80,90,563
Jun-13	52.45	46.05	30,67,004	52.35	46.05	1,05,52,621
Jul-13	53.25	43.00	17,12,541	53.35	42.80	1,10,09,192
Aug-13	46.35	37.55	23,95,647	46.45	37.50	1,39,67,214
Sep-13	52.25	43.50	15,14,088	52.40	43.65	1,28,38,641
Oct-13	51.35	47.05	14,81,714	51.40	47.00	51,67,960
Nov-13	54.25	46.00	17,27,957	54.30	46.05	59,19,725
Dec-13	62.40	48.00	40,55,490	62.50	48.00	1,48,86,277
Jan-14	62.95	56.00	14,40,750	62.90	56.10	64,92,966
Feb-14	72.75	56.00	35,22,174	72.70	56.00	1,78,01,587
Mar-14	74.00	67.95	21,60,237	74.00	67.50	1,01,20,302

Source : www.bseindia.com and www.nseindia.com

Comparative High – Low Price on BSE and NSE



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

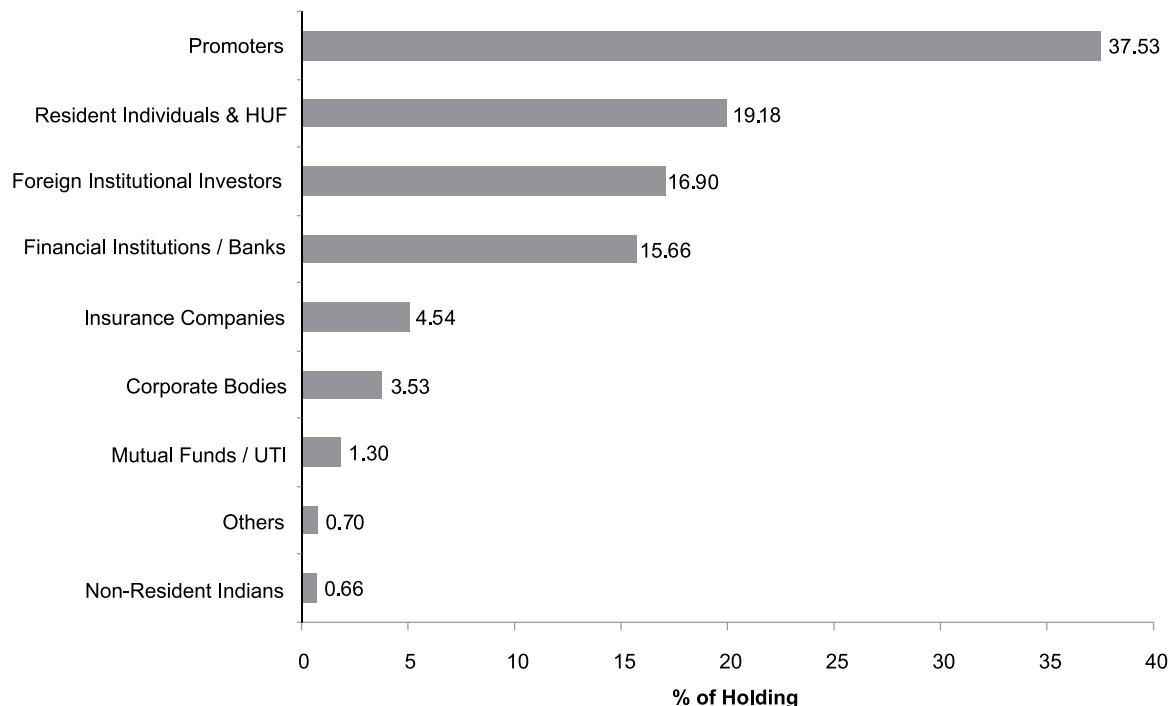


The Indian Hotels Company Limited - Distribution of Shareholding as on March 31, 2014

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	30,30,66,224	37.53
Resident Individuals & HUF	15,48,50,538	19.18
Foreign Institutional Investors	13,64,15,321	16.90
Financial Institutions / Banks	12,64,68,253	15.66
Insurance Companies	3,66,43,707	4.54
Corporate Bodies	2,85,34,675	3.53
Mutual Funds / UTI	1,05,12,747	1.30
Others	56,44,585	0.70
Non-Resident Indians	53,36,737	0.66
Total	80,74,72,787	100.00

The Indian Hotels Company Limited

Shareholding pattern of the Company as on March 31, 2014



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, 2014			
No. of Shares held	Total Members	Total Shares	Total % to Paid up Capital
Upto 100	69,338	34,62,571	0.43
101 to 1000	66,887	2,65,93,898	3.29
1001 to 2500	14,803	2,42,24,571	3.00
2501 to 5000	6,177	2,25,65,146	2.79
5001 to 10000	3,753	2,68,51,088	3.33
10001 to 20000	1,657	2,28,94,556	2.84
20001 to 30000	423	1,02,76,698	1.27
30001 to 40000	175	61,56,006	0.76
40001 to 50000	103	46,63,128	0.58
50001 to 100000	201	1,38,77,918	1.72
100001 & above	212	64,59,07,207	79.99
Total	1,63,729	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 a '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, and 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, 2014 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, BSE Listing Centre. 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, 2014, shares comprising approximately 97.84% 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	94.72
CDSL	3.12
Physical	2.16
Total	100.00

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

2,46,380 GDRs are outstanding as on March 31, 2014, 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.

Investor Correspondence

For any queries, investors are requested to get in touch with the Company's share department at Mandlik House, Mandlik Road, Mumbai 400 001. A dedicated e-mail address investorrelations@tajhotels.com is available for investor complaints.

The Indian Hotels Company Limited

Usage of electronic payment modes for making cash payments to the investors

SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 has instructed all Companies for making cash payments to the investors, companies whose securities are listed on Stock Exchanges shall use, either directly or through their RTI & STA, any RBI (Reserve Bank of India) approved electronic mode of payment such as ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS), NEFT etc.

Investors are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s) in case shares are held in physical form.

In case shares are held in dematerialised form, investors 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.

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, 2014.

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, 2014, as stipulated in clause 49 of the Listing Agreement 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 in all respects.

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, 2014

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	Vivanta by Taj - Begumpet, Hyderabad	181
Taj Mahal Hotel, New Delhi	294	Ginger - Bangalore, Whitefield	99	Taj Banjara - Hyderabad	122
Taj Palace Hotel, New Delhi	403	Ginger - Bangalore, Inner Ring Road	67	Taj Deccan, Hyderabad	151
Taj Bengal, Kolkata	229	Ginger - Bhubaneshwar	101	Taj Club House, Chennai	220
Taj West End, Bangalore	117	Ginger - Chennai, IIT	85	Taj Chandigarh, Chandigarh	149
Taj Lake Palace Hotel, Udaipur	83	Ginger - Chennai, Vadapalanai	79		
Taj Falaknuma Palace, Hyderabad	60	Ginger - Faridabad	91		
Taj Exotica, Goa	140	Ginger - Goa	137		
		Ginger - Guwahati	70	Taj Kerala Hotels & Resorts Limited	
		Ginger - Indore	95	Vivanta by Taj - Kumarakom, Kerala	28
Vivanta by Taj - Aurangabad, Maharashtra	63	Ginger - Jamshedpur	94		
Vivanta by Taj - Connemara, Chennai	150	Ginger - Jaipur	103		
Vivanta by Taj - Fort Aguada, Goa	145	Ginger - Mangalore	79	Gateway - Ernakulam	108
Vivanta by Taj - Holiday Village, Goa	142	Ginger - Mysore	98	Gateway - Varkala	30
Vivanta by Taj - Hari Mahal, Jodhpur	93	Ginger - Mumbai, Andheri East	116		
Vivanta by Taj - Whitefield, Bangalore	199	Ginger - Nashik	95	Kaveri Retreats and Resorts Limited	
Vivanta by Taj - Yeshwantpur, Bangalore	327	Ginger - Noida	83	Vivanta by Taj - Madikeri, Coorg	63
Jai Mahal Palace, Jaipur	100	Ginger - New Delhi	108		
Usha Kiran Palace, Gwalior	40	Ginger - Pantnagar	98		
		Ginger - Puducherry	97	Taj Karnataka Hotels & Resorts	
		Ginger - Pune	100	Gateway - Chikmagalur	29
		Ginger - Pune Wakad	128		
		Ginger - Surat	100	Taj Madras Flight Kitchen Private Limited	
Gateway - Bangalore	98	Ginger - Trivandrum	101	Chennai	-
Gateway - Jaisalmer	32	Ginger - Vadodara	99		
Gateway - Calicut	74	Ginger - Vivek Vihar, New Delhi	85	Taj Safaris Limited	
Hotel Chandela, Khajuraho	90			Mahua Kothi - Bandhavgarh	12
Hotel Savoy, Ooty	40	Managed Properties - Ginger		Banjaar Tola - Kanha	18
Kuteeram, Bangalore	9	Ginger - Manesar	100	Pashan Garh - Panna	12
		Ginger - Tirupur	98	Baghvan - Pench	12
		Ginger - Chandigarh	102		
Managed Properties		Piem Hotels Limited		IHMS (SA) Pty Limited	
Ummaid Bhawan Palace, Jodhpur	64	Vivanta by Taj - President, Mumbai	292	Taj Cape Town, South Africa	166
Rambagh Palace, Jaipur	79	Vivanta by Taj - Blue Diamond, Pune	110		
		Vivanta by Taj - Gomti Nagar, Lucknow	110	TAL Maldives Resorts Private Limited	
		Vivanta by Taj - M G Road, Bangalore	167	Taj Exotica, Maldives	64
Vivanta by Taj - Kovalam, Kerala	59				
Vivanta by Taj - Panaji, Goa	170	Gateway - Nashik	70	Vivanta by Taj - Coral Reef, Maldives	62
Vivanta by Taj - Dal View, Srinagar	84	Gateway - Agra	100		
Vivanta by Taj - Bekal, Kerala	66			Associate Companies	
Vivanta by Taj - Sawai Madhopur	36			Oriental Hotels Limited	
Vivanta by Taj - Gurgaon, NCR	208	United Hotels Limited		Taj Coromandel, Chennai	213
Vivanta by Taj - Surajkund	287	Vivanta by Taj - Ambassador, New Delhi	88		
		Beneras Hotels Limited		Vivanta by Taj - Fisherman's Cove, Chennai	152
Gateway - Surat	204	Nadesar Palace - Varanasi	10	Vivanta by Taj - Malabar, Cochin	95
Gateway - Vijaywada	108	Gateway - Ganges, Varanasi	130	Vivanta by Taj - Trivandrum, Kerala	127
Gateway - Jodhpur	92			Vivanta by Taj - Surya, Coimbatore	180
Gateway - Vadodara	86	Taj SATS Air Catering Limited			
Gateway - Ahmedabad	91	Amritsar	-	Gateway - Mangalore	96
Gateway - Gir Forest	28	Bangalore	-	Gateway - Coonoor	32
SMS Hotel, Jaipur	27	Delhi	-	Gateway - Madurai	63
Gateway - Ramgarh Lodge, Jaipur	14	Goa	-	Gateway - Visakhapatnam	95
Gateway - Hubli	92	Kolkata	-		
Gateway - Chennai	200	Mumbai	-	TAL Lanka Hotels PLC	
Gateway - Kolkata	197			Taj Samudra, Colombo	300
		IHMS Australia Pty Ltd (IHMSA)			
Taj Palace, Marrakech, Morocco	161	Blue, Sydney	100	Lanka Island Resorts Limited	
Taj Palace Hotel, Dubai	249			Vivanta by Taj - Bentota, Sri Lanka	160
Taj Tashi, Thimpu, Bhutan	66	International Hotel Management Services Inc			
Taj Pamodzi - Zambia	193	The Pierre, New York	189		
Rebak Island Resort, Langkawi, Malaysia	94	Taj Boston, Boston	273		
Gateway - Colombo	208	Taj Campton Place, San Francisco	110		
		St James Court Hotels Limited			
		Taj 51 Buckingham Suites and Residences	86		
		St James Court, A Taj Hotel - London	342		
		Taj International Hotels Limited			
		Bombay Brasserie Restaurants	-		
		Quilon Restaurants	-		

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES - 2013-14

Your Company's Board has constituted a 'Corporate Social Responsibility Committee' pursuant to the provisions of the Companies Act. The Committee is primarily responsible for formulating and monitoring the implementation of the framework of corporate social responsibility policy and to look into sustainability matters and matters related to overall governance.

Your Company believes that the benefits derived by operating hotels in various locations – especially in remote and culturally rich destinations – must also better the lives of communities – not just in our neighborhoods, but also in key marginalized areas which deserve support and access to opportunities for economic betterment. Since its inception The Taj Group passionately carries forward the tradition of 'Giving Back to communities' as laid down by our founder Mr. Jamsetji Tata.

We proactively reach out to our target communities under our **CSR theme of 'Building Sustainable Livelihoods'** through a strategic and focused approach. Our key CSR programmes focus on the following areas:

1. Facilitate skill development for less-privileged youth:
 - Partner Government ITIs, reputed Voluntary Organizations and other like-minded organizations to bridge the gap between organized job market and rural/less-educated/less-exposed youth seeking long-term livelihood
 - Enable candidates from marginalized sections like differently-abled, under privilege gain access to training and employment in hospitality industry
2. Promote indigenous arts, crafts, culture and social enterprise:
 - Facilitate awareness, visibility and venue for exhibition and sale of artefacts, performances of local artisans/craftsmen and culture troupes with an aim of reviving traditional arts
 - Encourage purchases of artefacts, gift-items, other products for business-use from indigenous artisans and craftsmen
 - Support income generation projects run by small scale entrepreneurs, Self Help Groups, NGOs, social enterprises

Based on business core-competencies, Taj partners with like-minded Governmental and Non-Governmental Organizations in 'identified locations' to train and certify youth from less-privileged, school dropout backgrounds and from remote/marginalized areas. Trades ranging from cookery, bakery, house-keeping to food & beverage services and allied soft skills like spoken english, personality development, grooming and on-the-job exposure are offered as a part of these 3-6 months courses aimed at immediately employability.

As per the Tata commitment to Affirmative Action, Taj consciously chooses to reach out to locations with high density of under privileged population.

Taj hotels 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 our New Delhi Hotels. All our hotels, where the scheme is relevant, duly complete stipulated training for the less privileged candidates through our own voluntary sector partnerships.

The Tata values and wisdom in giving back to the society have long since shaped Taj ethos of employee volunteering and involvement in community service. This year your company recorded 7,153 active volunteers, who have spent 1,49,308 hours of their time volunteering towards the causes we support.

We believe the human touch that evolves in the person, transcends across the organization, making Taj an organization with a culture of warmth and personal touch. The employee benefits from a range of volunteering activities from personal development to leadership skills to ability to influence and motivate others towards a common goal. We have renewed our commitment to promoting the 'spirit of volunteering' through our campaign for 'Give Back' and are keen to open up opportunities for volunteering to our guests as well in years to come.

Impact of our 'Key' Programmes in 2013-14:

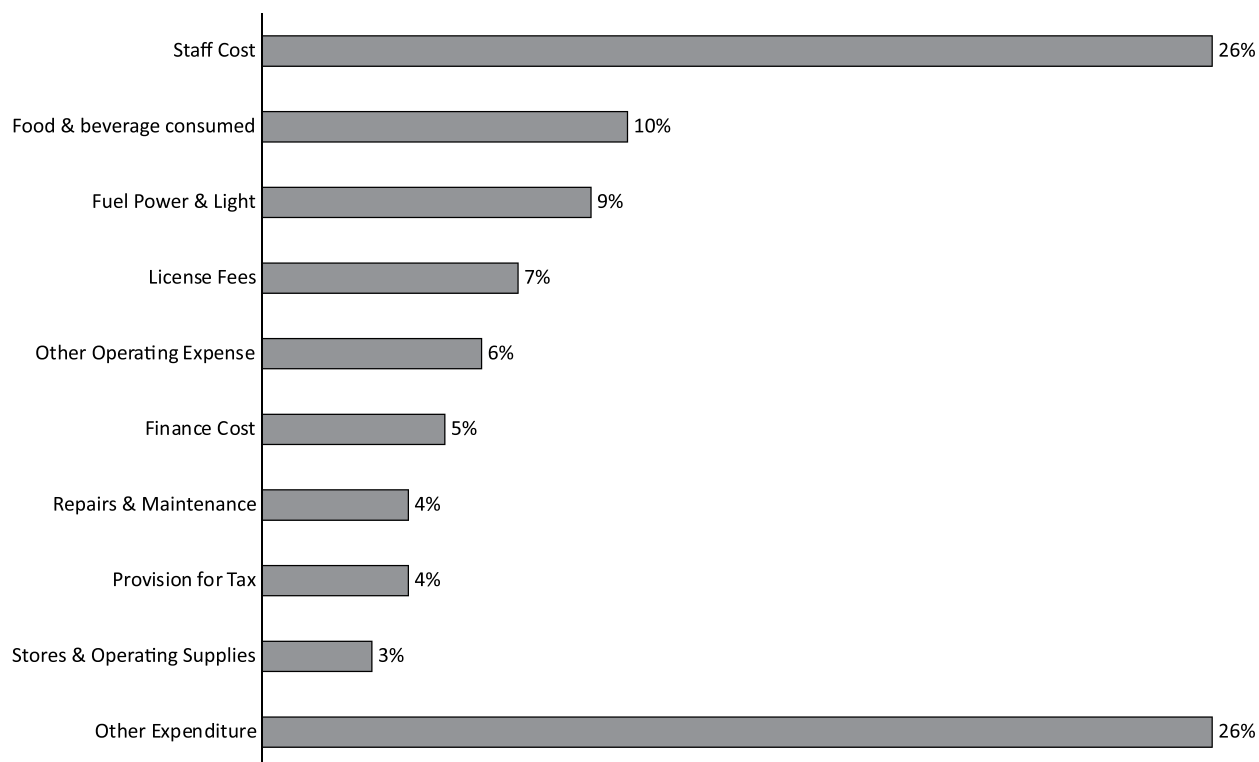
Since the commencement of our Hospitality Skill Training program in 2009, 97% of over 10,000 less-privileged candidates trained across our 36 skill training centers in partnership with NGOs and ITIs have secured productive jobs across different hotels and restaurant groups within the country. Our CSR projects have helped not only us, but also the larger hospitality industry employ sincere, hard working, talented and skilled candidates, who are trained through Taj supported skill training centers. This year, in particular, we trained and certified 5,101 youth, with over 97% placement records across project locations.

Based on the theme of focusing on economic development for marginalized communities around our properties and building their livelihoods; our hotels partner with small scale entrepreneurs, women's Self Help Groups and NGO's 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). Responsible purchases of this nature worth over ₹ 2.15 crore are undertaken year on year from such alternative vendors and Self Help Groups.

The Taj group has always considered itself a custodian of Indian tradition and has strived to provide sustainable livelihood opportunities for artisans and weavers to promote this quintessential heritage and craftsmanship. We provide platform to showcase indigenous art, crafts and culture to the world, while encouraging the artisans who keep these traditions alive. Under the "Building Sustainable Livelihoods", initiative we work towards facilitating awareness and revival of indigenous arts, enhance visibility amongst discerning markets and buyers by providing a platform for exhibition and sale of artifacts as well as performances by local artisans/craftsmen and culture troupes. Some of the arts and cultures we support are stone carving, bidri work, lacquered wood toy making, bagru printing, wood carving, chikan work, pottery, filigree, sandalwood carving, ikkat, brocade and jade saree weaving, glass blowing, kathputli shows, Rajasthani cultural performances, Baiga and Gond tribal dances, other region-specific cultural shows and so on. We encourage purchase of 'quality' gift- items, products for business-use from artisans, small-scale entrepreneurs and NGOs. Over 1,370 artisans and culture troupe members are supported through initiatives across the group.

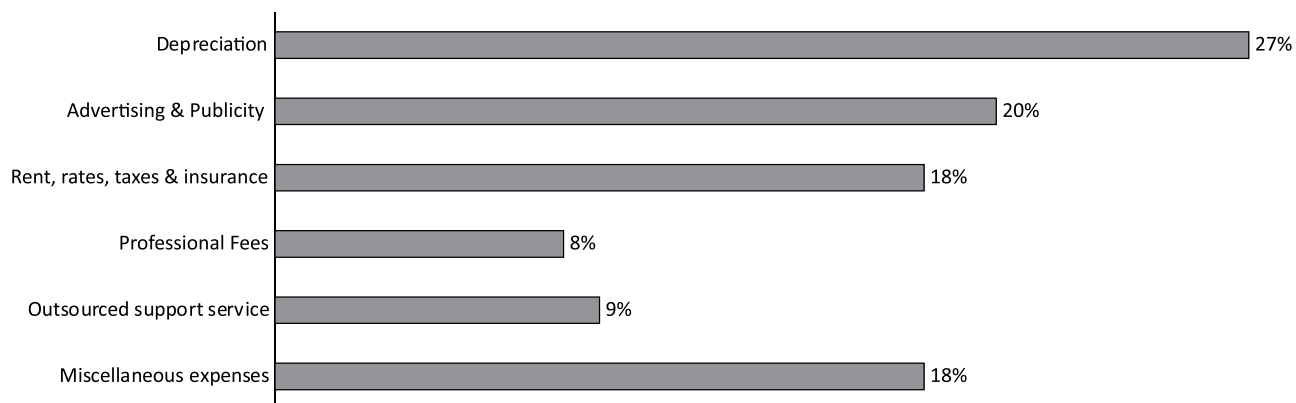
The Indian Hotels Company Limited

BREAK UP OF TOTAL EXPENSES



Footnote : Excludes Exceptional Items of ₹ 737.10 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, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year 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 notified under the Companies Act, 1956 (the "Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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, 2014;
- (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.

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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (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, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

S. Ramakrishnan
Partner
(Membership No. 18967)

MUMBAI, 30th May, 2014

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) and (xiv), 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 in this regard in respect of the Company.
- (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, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable except for Service Tax dues of ₹ 0.82 crore which has been paid subsequently.
- (c) Details of dues of Income Tax, Sales Tax, Excise duty and Service Tax which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	₹ Crore	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Central Excise Tax	0.08	Financial Year 2011-12	The District Excise Officer, Jodhpur
Central Sales Tax Act, 1956 and Sales Tax/Value Added Tax Act of various states	VAT and Sales Tax	0.10	Financial Year 1992-94 and 2005-06	Tribunal
		4.52	Financial Year 1999-2005	Joint Commissioner of Sales Tax (Appeal)
		0.08	Financial Year 2003-05	Joint Commissioner of Sales Tax
		1.60	Financial Year 2010-2011 & 2011-2012	Special commissioner VAT authority
		1.73	Financial Year 1997-98, 2003-04, 2007-09 and 2013-14	High Court
		0.07	Financial Year 2000-2001 and 2002-2003	Assessing Officer, Sales Tax
		0.00 *	Financial Year 2003-04	Ward-Sales Tax Department
		0.61	Financial Year 2004-05, 2006-09 and 2010-11 to 2012-13	Commissioner - Commercial Taxes (Assistant / Deputy)
		0.66	Financial Year 1994-1998, 2005-2006 and 2009-2010	Appellate / Revision Board
Finance Act , 1994 and Service Tax Laws	Service Tax	7.09	Financial Year 2002-03 to 2010-11	CESTAT
		1.23	Financial Year 2006-07 to 2009-10 and 2011-12	Commissioner Appeals
		0.77	Financial Year 2002-2006, 2010-11 and 2011-12	Commissioner of Service Tax (Additional / Assistant / Joint)
Income Tax Act, 1961	Income Tax	0.30	Financial Year 2005-08	Commissioner of Income Tax (Appeals), Panaji, Goa

* less than ₹ 1 lac

- (x) The Company has accumulated loss as at the end of the financial year which is less than fifty per cent of its net worth. 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 usage of short-term funds for long-term investment to the extent of ₹ 369.23 crores.
- (xvi) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of paragraph 4(xviii) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of paragraph 4(xix) of the Order are not applicable to the Company.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year. Accordingly, the provisions of paragraph 4(xx) of the Order are not applicable to the Company.
- (xix) 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 LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

For PKF SRIDHAR & SANTHANAM

Chartered Accountants

(Firm's Registration No. 0039905)

Sanjiv V. Pilgaonkar

Partner

(Membership No. 39826)

S. Ramakrishnan

Partner

(Membership No. 18967)

MUMBAI, 30th May, 2014

The Indian Hotels Company Limited

Balance Sheet as at March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	80.75	80.75
Reserves and Surplus	4	2,613.09	3,226.90
		<u>2,693.84</u>	<u>3,307.65</u>
Non-current Liabilities			
Long-term Borrowings	5	2,153.51	2,268.13
Deferred Tax Liabilities (net)	6	107.16	95.50
Other Long-term Liabilities	7	77.35	74.75
Long-term Provisions	8	581.08	674.42
		<u>2,919.10</u>	<u>3,112.80</u>
Current Liabilities			
Short-term Borrowings	9	161.59	193.54
Trade Payables	10	173.48	151.64
Other Current Liabilities	11	633.10	315.46
Short-term Provisions	12	185.26	144.30
		<u>1,153.43</u>	<u>804.94</u>
Total		<u>6,766.37</u>	<u>7,225.39</u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	1,677.65	1,745.30
Intangible Assets	14	19.76	11.16
Capital Work-in-Progress		430.46	307.50
Intangible Assets Under Development		1.42	1.73
		<u>2,129.29</u>	<u>2,065.69</u>
Non-current Investments	15	2,761.64	3,369.14
Long-term Loans and Advances	16	1,554.72	1,441.02
Other Non-current Assets	17	4.70	12.36
		<u>6,450.35</u>	<u>6,888.21</u>
Current Assets			
Inventories	18	40.18	38.37
Trade Receivables	19	124.41	125.22
Cash and Bank Balances	20	43.17	48.96
Short-term Loans and Advances	21	67.67	82.10
Other Current Assets	22	40.59	42.53
		<u>316.02</u>	<u>337.18</u>
Total		<u>6,766.37</u>	<u>7,225.39</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 LLP
Chartered Accountants

For PKF Sridhar & Santhanam
Chartered Accountants

For and on behalf of the Board

Cyrus P. Mistry
Raymond N. Bickson
Anil P. Goel
Abhijit Mukerji
Mehernosh S. Kapadia

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
Ireena Vittal
Guy Lindsay Macintyre Crawford

}

Directors

Mumbai, May 30, 2014

Beejal Desai

Vice President - Legal & Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Revenue			
Rooms, Restaurants, Banquets and Other Operating Income	23	1,929.51	1,875.86
Other Income	24	47.82	48.93
Total		1,977.33	1,924.79
Expenses			
Food and Beverages Consumed	25	176.83	164.08
Employee Benefit Expense and Payment to Contractors	26	472.53	476.73
Finance Costs	27	98.82	105.20
Depreciation and Amortisation		122.26	125.02
Other Operating and General Expenses	28	890.69	830.64
Total		1,761.13	1,701.67
Profit Before Tax and Exceptional Items		216.20	223.12
Exceptional Items	29	(737.10)	(432.91)
Loss Before Tax		(520.90)	(209.79)
Tax Expenses			
Current Tax		58.06	52.61
Deferred Tax		16.37	25.43
Short/ (Excess) Provision of Tax/ Deferred Tax of Earlier Years (net)		(4.84)	(11.22)
Total		69.59	66.82
Loss After Tax		(590.49)	(276.61)
Earnings Per Share -	46		
Basic and Diluted - (₹)		(7.31)	(3.47)
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		

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Directors

Mumbai, May 30, 2014

Beejal Desai

Vice President - Legal & Company Secretary

The Indian Hotels Company Limited

Cash Flow Statement for the year ended March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash Flow From Operating Activities			
Loss Before Tax		(520.90)	(209.79)
Adjustments For :			
Depreciation and Amortisation		122.26	125.02
Amortisation of borrowing costs		1.35	1.48
Provision for Doubtful Debts and Advances		1.49	(2.47)
(Profit)/Loss on sale of investments		-	(0.49)
Loss on sale of assets		1.26	0.40
Dividend Income		(22.55)	(23.38)
Interest Income		(7.61)	(5.79)
Interest Expense		97.47	103.72
Unrealised Exchange Loss		21.94	5.07
Provision for Contingent Claims		20.81	(10.26)
Provision for Diminution in value of long term Investments		687.00	373.00
Provision for Obligation of an Associate		1.72	27.55
Provision for Loyalty Programmes (net of Redemptions)		3.02	(0.25)
Provision for Employee Benefits		(2.74)	4.67
		<u>925.42</u>	<u>598.27</u>
Cash Operating Profit before working capital changes		404.52	388.48
Adjustments for (increase)/ decrease in operating assets:			
Inventories		(1.81)	1.42
Trade Receivables		(0.27)	(1.09)
Short-term loans and advances		6.50	(9.61)
Long-term loans and advances		(18.91)	(1.91)
Other Current Assets		(0.02)	9.51
		<u>(14.51)</u>	<u>(1.68)</u>
Adjustments for (increase)/ decrease in operating liabilities:			
Trade Payables		21.84	2.78
Other Current Liabilities		(6.20)	(11.28)
Other Long Term Liabilities		1.96	(0.19)
		<u>17.60</u>	<u>(8.69)</u>
Cash Generated from Operating Activities		407.61	378.11
Direct Taxes Paid		(39.75)	(46.09)
Net Cash From Operating Activities (A)		<u><u>367.86</u></u>	<u><u>332.02</u></u>
Cash Flow From Investing Activities			
Purchase of Fixed Assets		(145.36)	(142.30)
Sale of Fixed Assets		0.45	1.40
Purchase of long-term Investments		(82.02)	(121.37)
Sale of current Investments		-	0.49
Interest Received		15.18	4.19
Dividend Received		22.55	23.38
Bank Balances not considered as Cash and Cash Equivalents		9.97	(0.58)
Long-term Deposits (placed)/ refunded by other companies		(1.39)	0.98
Net Cash Used In Investing Activities (B)		<u><u>(180.62)</u></u>	<u><u>(233.81)</u></u>

Cash Flow Statement for the year ended March 31, 2014 (Contd)

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash Flow From Financing Activities			
Proceeds from Issue of Ordinary Shares		-	373.10
Debenture Issue Costs		(0.24)	(1.42)
Interest Paid		(115.88)	(118.87)
Repayment of Long-term borrowings		(61.17)	(516.31)
Proceeds from Long-term borrowings		100.00	200.00
Short-term Loans raised/ (repaid)		(31.95)	70.97
Dividend Paid (Including tax on dividend)		(74.55)	(93.74)
Net Cash Used In Financing Activities (C)		(183.79)	(86.27)
Net Increase In Cash and Cash Equivalents (A + B + C)		3.45	11.94
Cash and Cash Equivalents - Opening - 1st April		34.82	22.88
Cash and Cash Equivalents - Closing - 31st March		38.27	34.82
Footnote :			
Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances as per the Balance Sheet			
Cash and Cash Equivalents as above		38.27	34.82
Add : Other Cash and Bank Balances			
Call and Short-term Deposits		0.34	9.96
Deposits pledged with others		0.61	1.08
Margin Money Deposits		0.94	0.65
Earmarked balances		4.25	4.42
Cash and Bank Balances as per the Balance Sheet		44.41	50.93
Less : Classified as Non-Current (Refer Note 17, page 84)		1.24	1.97
Cash and Bank Balances classified as Current (Refer Note 20, page 85)		43.17	48.96
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 LLP
 Chartered Accountants

For PKF Sridhar & Santhanam
 Chartered Accountants

For and on behalf of the Board

Cyrus P. Mistry
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Directors

Mumbai, May 30, 2014

Beejal Desai

Vice President - Legal & Company Secretary

Notes to Financial Statements for the year ended March 31, 2014

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

These financial statements have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP") under the historical cost convention on an accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards (AS) notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, (as amended)] (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956. Current assets do not include elements which are not expected to be realised within 1 year and current liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date. The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous years.

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 is recognised upon rendering of the service, provided pervasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations, including management and operating fees. Rebates and discounts granted to customers are reduced from revenue.

Interest

Interest income is accrued on a time proportion basis having regard to the amount outstanding and the rate applicable.

Dividend

Dividend income is recognised when the Company's right to receive the payment is established.

(b) 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 in which the corresponding services are rendered by the Company.

ii. Gratuity Fund

The Company makes annual contributions to Gratuity fund administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. 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.

Notes to Financial Statements for the year ended March 31, 2014

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 eligible employee's annual basic salary to a fund administered by the trustees. The Company recognises such contributions as an expense in the year in which the corresponding services are received from the employee.

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 actuarial valuation, carried out as at the Balance Sheet date, 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 independent 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.

(c) Fixed Assets:

i. Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(l) page 70). Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.

ii. Intangible Fixed Assets

Intangible fixed assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

- the technical feasibility and Company's intention and ability of completing the project;
- the probability that the project will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the project; and
- the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

(d) Depreciation/Amortisation:

Depreciation on assets is provided at Straight Line Method (SLM) 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

Notes to Financial Statements for the year ended March 31, 2014

experience for the purpose of depreciation of building on leased property. In respect of improvements to buildings, depreciation is provided based on its estimated useful life.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The rates currently used for amortising intangible assets are as under:

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

(e) 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 of 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.

(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 amortized 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 designated the foreign currency component 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 29th December, 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 73) 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.

Notes to Financial Statements for the year ended March 31, 2014

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) 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.

(h) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase.

(i) 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 an individual basis.

(j) 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 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.

Notes to Financial Statements for the year ended March 31, 2014

(k) 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.

(l) 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 are charged to Statement of Profit and Loss over the tenure of the borrowing.

Interest Rate Swap Contracts entered into, to manage interest risks on borrowings, is accounted in the period in which it accrues as these contracts are intended to be held till the maturity of the underlying borrowings.

(m) Cash and Cash Equivalent (for the purpose of cash flow statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(n) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(o) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(p) Liability for redeemable points earned by guests under the loyalty programme of the Company is accrued as an expenditure and is estimated on the redemption trends and the expected cost to be incurred in respect of the redeemable points.

Notes to Financial Statements for the year ended March 31, 2014

Note 3 : Share Capital

	March 31, 2014 ₹ crores	March 31, 2013 ₹ 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 [Refer footnote (ii)]	100.00	100.00
	200.00	200.00
Issued Share Capital		
80,74,89,291 (Previous year - 80,74,89,291) Ordinary Shares of ₹ 1 /- each	80.75	80.75
	80.75	80.75
Subscribed and Paid Up		
80,74,72,787 (Previous year - 80,74,72,787) Ordinary Shares of ₹ 1 /- each, Fully Paid (Refer Footnote (v))	80.75	80.75
	80.75	80.75

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, 2014, no dividend is proposed as distribution to equity shareholders (Previous year ₹ 0.80 per share).

- (ii) The Board of Directors at its meeting held on March 27, 2014 has approved, subject to the approval of the shareholders of the Company, the re-classification of the Authorised Share Capital of the Company comprising ₹ 200 crores divided into 100,00,00,000 equity shares of ₹ 1 each and 1,00,00,000 cumulative redeemable preference shares of ₹ 100 each into 200,00,00,000 equity shares of ₹ 1 each aggregating to ₹ 200 crores.

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

	March 31, 2014		March 31, 2013	
	No. of shares	₹ crores	No. of shares	₹ crores
As at the beginning of the year	80,74,72,787	80.75	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	80,74,72,787	80.75

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

	March 31, 2014		March 31, 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of ₹ 1/- each fully paid				
Tata Sons Limited	20,20,52,004	25.02	20,20,52,004	25.02
Life Insurance Corporation of India	6,77,97,250	8.40	7,68,79,324	9.52
Sir Dorabji Tata Trust	5,02,21,040	6.22	5,02,21,040	6.22
Government Pension Fund Global	4,04,54,747	5.01		

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

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

Note 4 : Reserves and Surplus

	March 31, 2014 ₹ crores	March 31, 2013 ₹ 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	2,095.14	1,667.09
Add : On allotment of shares on Warrant	-	492.67
Less: Provision for Premium payable on redemption of Debentures (net of tax)	-	63.66
Less : Issue expenses written off (net of tax)	0.14	0.96
Closing Balance	2,095.00	2,095.14
Debenture Redemption Reserve		
Opening Balance	440.97	440.97
Less : Transfer to Statement of Profit and Loss	(135.00)	-
Closing Balance	305.97	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	(176.90)	(118.22)
Add : Exchange translation difference for the year	(106.33)	(58.68)
Closing Balance	(283.23)	(176.90)
Foreign Currency Translation Reserve		
Opening Balance	278.57	215.90
Add : Exchange translation difference on net investment in non-integral foreign operations	113.62	62.67
Closing Balance	392.19	278.57
Foreign Currency Monetary Item Translation Difference Account (Refer note 35, page 93)		
Opening Balance	(15.25)	9.21
Add : Exchange translation difference for the year	(53.35)	(33.71)
Less : Transferred to Statement of Profit and Loss on amortisation	22.16	9.25
Closing Balance	(46.44)	(15.25)
General Reserve		
Opening and Closing Balance	484.61	484.61
Carried over	3002.57	3161.61

Notes to Financial Statements for the year ended March 31, 2014

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Brought over	3002.57	3161.61
Surplus in Statement of Profit and Loss		
Opening Balance	65.29	422.67
Add : Transfer from Debenture Redemption Reserve	135.00	-
Less : Loss for the current year	(590.49)	(276.61)
Less : Dividend paid for previous year	-	(4.80)
Less : Tax on Dividend	-	(0.78)
Less : Proposed Dividend	-	(64.60)
Less : Tax on Dividend	-	(10.59)
Add : Tax credit for Dividend Distribution Tax	0.72	-
Closing Balance	(389.48)	65.29
	2,613.09	3,226.90

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 ₹ 106.33 crores (Previous Year ₹ 58.68 crores) for year ended March 31, 2014 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 ₹ 113.62 crores (Previous Year ₹ 62.67 crores) for the year ended March 31, 2014 has been recognised under "Foreign Currency Translation Reserve Account" in the Balance Sheet.

Note 5 : Long-term Borrowings

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Debentures		
Secured	790.00	850.00
Unsecured	586.00	736.00
	1,376.00	1,586.00
Term Loans from Banks		
Unsecured	570.10	515.90
	570.10	515.90
Loans and advances (Unsecured)		
From Related Party	3.72	3.37
Liability on currency swap contracts	203.69	162.86
	207.41	166.23
	2,153.51	2,268.13

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

Footnotes :

(i) Current and Non-Current components of Long-term Borrowings as at:

	March 31, 2014 ₹ crores		March 31, 2013 ₹ 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	-
c) 2% Non-Convertible Debentures	240.00	60.00	300.00	-
d) 11.80% Non-Convertible Debentures	-	-	-	60.00
	790.00	60.00	850.00	60.00
Unsecured (Refer Footnote (iii))				
a) 2% Non-Convertible Debentures	250.00	-	250.00	-
b) 9.90% Non-Convertible Debentures	136.00	-	136.00	-
c) 2% Non-Convertible Debentures	-	150.00	150.00	-
d) 2% Non-Convertible Debentures	200.00	-	200.00	-
	586.00	150.00	736.00	-
Term Loan from Banks (Unsecured) (Refer Footnote (iv))				
Foreign Currency Term Loan From Banks	570.10	-	515.90	-
Term Loan From Bank	-	100.00	-	-
	570.10	100.00	515.90	-
Fixed Deposits (Unsecured)				
From Shareholders	-	-	-	0.60
	-	-	-	0.60
Loans and Advances (Unsecured)				
From Related Party	3.72	-	3.37	-
Liability on currency swap contracts (Refer Footnote (v))	203.69	65.50	162.86	-
	207.41	65.50	166.23	-
	2,153.51	375.50	2,268.13	60.60

(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.
- 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 9.50%.
- 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 third instalment which was due on December 18, 2013 of ₹ 60 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.

Notes to Financial Statements for the year ended March 31, 2014

(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.
- 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.
- 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) Term Loan from Banks (Unsecured) include:

- a) External commercial borrowing of US \$ 95 million taken 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.
 - b) Unsecured term loan from a bank of ₹ 100 crores taken on August 26, 2013 for 3 years carrying interest rate of 11.50% p.a. The loan has a put and call option at the end of 18 months. In view of put option available with the bank, which can be exercised by the bank at the end of 18 months, i.e., on February 26, 2015, the loan has been classified under current maturities of long-term borrowings.
- (v) The Company enters into cross currency swap contracts as a part of its risk management strategy. At the reporting date, the notional amounts are restated at the closing exchange rates. As at March 31, 2014, the difference aggregating ₹ 269.19 crores (Previous Year ₹ 162.86 crores) on restatement represents a liability which is classified as "unsecured loans and advances".

(vi) Maturity Profile of Debentures :

₹ crores				
a) Non-Current				
Non-Convertible Debentures (NCDs)				
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 (3 rd instalment)	March 22, 2017	150.00	105.25	255.25
2% Non-Convertible Debentures (2 nd instalment)	March 22, 2016	90.00	51.50	141.50
		790.00	156.75	946.75
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
		586.00	405.07	991.07
		1376.00	561.82	1937.82
b) Current				
Non-Convertible Debentures (NCDs)				
Secured				
a) 2% Non-Convertible Debentures (1 st instalment)	March 22, 2015	60.00	27.22	87.22
		60.00	27.22	87.22
Unsecured				
a) 2% Non-Convertible Debentures	December 9, 2014	150.00	65.46	215.46
		150.00	65.46	215.46
		210.00	92.68	302.68

Notes to Financial Statements for the year ended March 31, 2014

Note 6 : Deferred Tax Liabilities (net)

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Deferred tax liabilities:		
Depreciation on fixed assets	268.44	273.42
Unamortised borrowing costs	1.62	2.07
Total (A)	270.06	275.49
Deferred tax assets:		
Provision for doubtful debts	2.71	2.93
Premium on redemption of Debentures	123.75	148.93
Provision for Employee Benefits	13.01	13.81
Others	23.43	14.32
Total (B)	162.90	179.99
Net Deferred tax liabilities (A-B)	107.16	95.50

Footnote:

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

Note 7 : Other Long-term Liabilities

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Creditors for capital goods and services	3.77	3.13
Deposits from others		
Secured (Refer Note 15 Footnote (iv), page 83)	71.10	71.10
Unsecured	2.48	0.52
	73.58	71.62
	77.35	74.75

Note 8 : Long-term Provisions

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Provision For Employee Benefits (Refer Note 36, page 93 to 97)		
Compensated absences	10.26	11.72
Post-employment medical benefits	2.50	2.63
Post-retirement pension	6.50	5.57
	19.26	19.92
Provision - Others		
Premium on Redemption of Debentures (Refer Note 5 Footnote (vi)(a), page 75)	561.82	654.50
	581.08	674.42

Notes to Financial Statements for the year ended March 31, 2014

Note 9 : Short-term Borrowings

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Loans repayable on demand		
From Bank		
Secured (Refer Footnote (i))	9.34	-
Unsecured	2.25	-
	<u>11.59</u>	<u>-</u>
Other Short-term Loans		
From Related Parties		
Unsecured (Refer Footnote (ii))	-	45.00
From Bank		
Unsecured (Refer Footnote (iii))	150.00	-
From Others		
Unsecured (Refer Footnote (iv))	-	148.54
	<u>150.00</u>	<u>193.54</u>
	<u>161.59</u>	<u>193.54</u>

Footnotes :

- (i) Secured loan from Bank consists of overdraft facilities. These are secured by hypothecation of operating supplies, stores, food and beverages and receivables.
- (ii) Short-term loans from related parties for the previous year consisted of inter-corporate deposits for a period of 90 days with an option of pre-payment , which have been repaid during the year.
- (iii) The Company had taken an unsecured short term loan from a bank of ₹ 200 crores carrying interest rate of 10.35% p.a. during the year. The loan was drawn down in tranches of ₹ 100 crores each on July 25, 2013 and July 30, 2013 with a put / call option at the end of six months from the draw down date. The Company has repaid ₹ 50 crores on March 27, 2014. The outstanding as on March 31, 2014 is ₹ 150 crores.
- (iv) Short-terms loans from others for the previous year consisted of commercial paper issued, which has been repaid during the year.

Note 10 : Trade Payables

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Trade Payables		
Micro and Small Enterprises (Refer Footnote (i) and (ii))	1.23	1.71
Vendor Payables	90.97	83.17
Accrued expenses and others	81.28	66.76
	<u>173.48</u>	<u>151.64</u>

Footnotes :

- (i) 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.

Notes to Financial Statements for the year ended March 31, 2014

(ii) The disclosures relating to Micro and Small Enterprises are as under:

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	1.20	1.71
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	0.03	-
(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	0.03	-
(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	-	-

Note 11 : Other Current Liabilities

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Current maturities of long-term borrowings (Refer Note 5 Footnote (i), page 74)		
Debentures	210.00	60.00
Term Loans	100.00	-
Liability on currency swap contracts	65.50	-
Fixed Deposits	-	0.60
	375.50	60.60
Payables on Current Account dues :		
Related Parties	10.27	19.14
Others	14.61	11.08
	24.88	30.22
Deposits (Unsecured)	22.96	19.66
Interest accrued but not due on borrowings	40.40	40.01
Income received in advance	12.40	15.29
Advances collected from customers	34.09	36.93
Creditors for capital expenditure	19.46	10.22
Unclaimed dividend (Refer Footnote (i))	3.07	3.15
Unclaimed Share Application Money (Refer Footnote (i))	0.06	0.13
Unclaimed Matured Deposits and interest accrued thereon (Refer Footnote (i))	2.07	2.68
Unclaimed Matured Debentures and interest accrued thereon ₹ 25,127 (Previous Year - ₹ 25,127) (Refer Footnote (i))	-	-
Other Liabilities (Refer Footnote (ii))	98.21	96.57
	633.10	315.46

Footnotes :

- (i) A sum of ₹ 0.29 crore (Previous year ₹ 0.24 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.
- (ii) Other liabilities include accruals related to employee benefits ₹ 66.18 crores (Previous Year ₹ 66.15 crores).

Notes to Financial Statements for the year ended March 31, 2014

Note 12 : Short-term Provisions

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Provision for Employees Benefits (Refer Note 36, page 93 to 97)		
Compensated absences	17.54	17.44
Post-employment medical benefits	0.24	0.23
Post-retirement pension	3.97	6.16
	<u>21.75</u>	<u>23.83</u>
Provision - Others		
Provision for Contingencies (Refer Footnote (i))	52.65	30.12
Proposed Dividend	-	64.60
Tax on Dividend	-	10.59
Loyalty Programmes (Refer Footnote (ii))	18.18	15.16
Provision for Premium on redemption of Debentures (Refer Note 5 Footnote (vi)(b), page 75)	92.68	-
	<u>163.51</u>	<u>120.47</u>
	<u>185.26</u>	<u>144.30</u>

Footnotes :

(i) Provision for Contingencies include :

	Opening Balance ₹ crores	Addition / (Deletion) ₹ crores	Closing Balance ₹ crores
Legal and Statutory matters	1.18	19.47	20.65
	<i>1.44</i>	<i>(0.26)</i>	<i>1.18</i>
Contractual matters in the course of business	27.71	3.06	30.77
	<i>10.16</i>	<i>17.55</i>	<i>27.71</i>
Employee related matters	1.23	-	1.23
	<i>1.23</i>	<i>-</i>	<i>1.23</i>
Total	<u>30.12</u>	<u>22.53</u>	<u>52.65</u>
	<u>12.83</u>	<u>17.29</u>	<u>30.12</u>

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, 2014 ₹ crores	March 31, 2013 ₹ crores
Opening Balance	15.16	15.41
Less : Redeemed during the year	11.45	11.21
	<u>3.71</u>	<u>4.20</u>
Add : Provision during the year	14.47	10.96
Closing Balance	<u>18.18</u>	<u>15.16</u>

Notes to Financial Statements for the year ended March 31, 2014

Note 13 : Tangible Assets (Owned)

	Freehold Land	Leasehold Land	Buildings (Refer Footnote (i) & (ii))	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Gross Block at Cost								
At April 1, 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
Additions	1.26	-	14.49	21.81	5.33	7.60	0.41	50.90
Adjustments	-	-	0.16	(0.17)	-	0.01	-	-
Disposals	-	-	0.12	7.69	3.01	2.36	1.40	14.58
At March 31, 2014	137.21	11.83	1,181.99	1,000.07	431.22	85.47	14.49	2,862.28
Depreciation (Refer Footnote (ii))								
At April 1, 2012	3.88	1.03	195.07	456.65	252.34	55.46	7.13	971.56
Charge for the year	-	0.16	29.12	54.44	27.98	7.54	1.43	120.67
	-	-	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
Charge for the year	-	0.07	30.18	53.63	24.75	7.28	0.93	116.84
(Refer Footnote (iii))								
Adjustments	-	-	-	-	0.01	(0.01)	-	-
Disposals	-	-	0.03	6.65	2.95	2.13	1.11	12.87
At March 31, 2014	3.88	1.26	254.21	552.27	298.69	66.22	8.10	1,184.63
Net Block								
At March 31, 2013	132.07	10.64	943.40	480.83	152.02	19.14	7.20	1,745.30
At March 31, 2014	133.33	10.57	927.78	447.80	132.53	19.25	6.39	1,677.65

Footnotes :

- Gross Block includes buildings constructed on leasehold land and improvements thereto - ₹ 611.95 crores (Previous year - ₹ 599.92 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.
- Depreciation charge for the year includes ₹ 0.04 crore (Previous year ₹ 0.04 crore) which is capitalised during the year.

Notes to Financial Statements for the year ended March 31, 2014

Note 14 : Intangible Assets (Acquired)

	Website Development Cost ₹ crores	Software (Refer Footnote) ₹ crores	Service & Operating Rights ₹ crores	Total ₹ crores
Gross Block at Cost				
At April 1, 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
Additions	0.74	13.10	0.22	14.06
Disposals	-	0.76	1.00	1.76
At March 31, 2014	4.81	31.91	11.27	47.99
Amortisation				
At April 1, 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
Charge for the year	0.84	3.75	0.87	5.46
Disposals	-	0.76	1.00	1.76
At March 31, 2014	2.99	17.04	8.20	28.23
Net Block				
At March 31, 2013	1.92	5.52	3.72	11.16
At March 31, 2014	1.82	14.87	3.07	19.76

Footnote :

Software includes Customer Reservation System and other Licensed software.

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

Note 15 : Non-current Investments (at cost)

		March 31, 2014		March 31, 2013	
	Face Value	Holdings As at	₹ crores	Holdings As at	₹ crores
Trade Investments :					
Fully Paid Unquoted Equity Instruments					
Investments in Subsidiary Companies					
International Hotel Management Services Inc. (includes ₹ 1,990.70 crores (Previous year ₹ 1,925.81 crores) by way of additional paid-in capital)					
US \$	1	100	2,002.03	100	1,937.14
₹	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
Roots Corporation Ltd.	₹	10	5,10,00,000	51.00	5,10,00,000
Taj International Hotels (H.K.) Ltd.	US \$	1	23,00,00,000	1,111.05	23,00,00,000
Taj SATS Air Catering Ltd.	₹	10	88,74,000	61.82	88,74,000
TIFCO Holdings Ltd.	₹	10	8,15,00,000	81.50	8,15,00,000
United Hotels Ltd.	₹	10	25,18,320	1.11	25,18,320
Piem Hotels Ltd.	₹	10	9,86,760	61.12	9,86,760
Ideal Ice & Cold Storage Co. Ltd.	₹	10	1,07,224	0.06	1,07,224
Inditravel Ltd.	₹	10	2,40,004	0.24	2,40,004
Taj Enterprises Ltd.	₹	100	7,000	0.07	7,000
Taj Rhein Shoes Co. Ltd.	₹	100	45,000	0.45	45,000
Taj Trade & Transport Co. Ltd.	₹	10	12,54,000	2.67	12,54,000
			<u>3,392.07</u>		<u>3,327.18</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 ₹ 14.61 crores during the year)					
₹	10	5,00,000	0.50	5,00,000	0.50
Taj Karnataka Hotels & Resorts Ltd.	₹	10	1,41,51,663	15.67	1,41,51,663
Taj Madras Flight Kitchen Pvt. Ltd.	₹	10	79,44,112	8.56	79,44,112
Taj Safaris Ltd.	₹	10	59,16,667	7.92	59,16,667
TAL Hotels & Resorts Ltd.	US\$	1	13,29,778	13.63	13,29,778
Kaveri Retreats and Resorts Ltd.	₹	10	20,00,000	6.80	20,00,000
			<u>110.17</u>		<u>95.56</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
Taj Madurai Ltd.	₹	10	9,12,000	0.95	9,12,000
			<u>103.81</u>		<u>103.81</u>
Investments in Other Companies					
Hotels and Restaurant Co-op. Service Society Ltd. (₹ 1,000/-)					
₹	50	20	-	20	-
Kumarakruppa Frontier Hotels Private Limited	₹	10	96,432	0.94	96,432
Lands End Properties Pvt. Ltd.	₹	10	19,90,000	1.99	19,90,000
Taj Air Ltd.	₹	10	1,47,060	0.15	1,47,060
Tata Projects Ltd.	₹	100	90,000	0.17	90,000
Tata Services Ltd.	₹	1,000	421	0.03	421
Tata Sons Ltd.	₹	1,000	4,500	25.00	4,500
TRIL Infopark Ltd. (Refer Footnote (iv))	₹	10	7,11,00,000	71.10	7,11,00,000
			<u>99.38</u>		<u>99.38</u>
Carried over			3,705.43	3,625.93	

Notes to Financial Statements for the year ended March 31, 2014

	Face Value	March 31, 2014		March 31, 2013	
		Holdings As at	₹ crores	Holdings As at	₹ crores
Brought over			3,705.43		3,625.93
Fully Paid Quoted Equity Investments :					
Investments in Subsidiary Companies					
Benares Hotels Ltd.	₹ 10	2,93,000	0.69	2,93,000	0.69
			<u>0.69</u>		<u>0.69</u>
Investments in Jointly Controlled Entities					
Taj GVK Hotels & Resorts Ltd.	₹ 2	1,60,00,000	40.34	1,60,00,000	40.34
			<u>40.34</u>		<u>40.34</u>
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
			<u>47.45</u>		<u>47.45</u>
Investment in Other Companies					
Tourism Finance Corporation of India Ltd.	₹ 10	50,000	0.10	50,000	0.10
India Tourism Development Corporation Ltd.	₹ 10	67,50,275	44.58	67,50,275	44.58
			<u>44.68</u>		<u>44.68</u>
Total Trade Investment			<u>3,838.59</u>		<u>3,759.09</u>
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)			-		-
			<u>-</u>		<u>-</u>
Total Long-Term Investments - Gross			<u>3,838.59</u>		<u>3,759.09</u>
Less : Provision for Diminution in value of Investments (Refer Footnote (iii))			1,076.95		389.95
Total Long-Term Investments - Net			<u>2,761.64</u>		<u>3,369.14</u>
Footnotes :					
(i) Aggregate of Quoted Investments - Gross	: Cost		133.16		133.16
	: Market Value		292.22		220.35
(ii) Aggregate of Unquoted Investments - Gross	: Cost		3,705.43		3,625.93

- (iii) The Board of Directors at its meeting held on November 8, 2013 decided not to pursue the offer made for acquisition of Orient-Express Hotels Limited and in view of the above, the Company reviewed its carrying value of long term investments and considered it prudent to recognise a further diminution, other than temporary, during the quarter ended September 30, 2013, of ₹ 287 crores in its investment in Taj International Hotels (H.K.) Ltd (a wholly owned subsidiary), which in turn holds investments in the Company's various international entities, one of which holds its investment in Orient-Express Hotels Limited.

The performance of the long-term investments of the Company were being monitored by the Company on a continuous basis and further, at a meeting of the Board of Directors held on March 11, 2014, a review was undertaken of adjustments necessary to the carrying values of these investments and based on conclusions reached, the Company has recognised a further diminution, other than temporary, during the quarter ended March 31, 2014, of ₹ 400 crores, which primarily comprises of diminution in its investment in International Hotel Management Services Inc (a wholly owned subsidiary that holds the Company's assets in the United State of America) as also a diminution in its investment in Taj International Hotels (H.K.) Ltd (a wholly owned subsidiary) on account of the latter's financial exposures.

The above charges to the Statement of Profit & Loss have been classified as an "Exceptional item" for the current year.

- (iv) Transfer of shares is 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.

Notes to Financial Statements for the year ended March 31, 2014

Note 16 : Long-term Loans and Advances

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Capital advances	22.80	36.35
Long-term security deposits placed for Hotel Properties		
External parties	118.44	117.05
Related parties	3.50	3.50
	121.94	120.55
Deposits with Public Bodies and Others	47.17	29.73
Loans and advances to related parties (Refer Footnote)		
Subsidiary Companies (net)	1,221.71	1,105.56
Jointly Controlled Entities	14.35	13.50
Associates	8.04	-
	1,244.10	1,119.06
Other loans and advances		
Advance Income Tax paid (net)	76.09	78.82
MAT credit entitlement	33.31	48.67
Others	9.31	7.84
	118.71	135.33
	1,554.72	1,441.02

Footnote :

Loans and advances to related parties include long-term shareholders' deposits placed by the Company with its overseas subsidiaries and jointly controlled entities.

Note 17 : Other Non-Current Assets

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Deposits with Banks (Refer Note 20, page 85)	1.24	1.97
Unamortised borrowing costs (Refer Note 22, page 86)	3.46	4.77
Interest receivable from Related parties	-	5.62
	4.70	12.36

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

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Food and Beverages	19.06	17.52
Stores and Operating Supplies	21.12	20.85
	40.18	38.37

Notes to Financial Statements for the year ended March 31, 2014

Note 19 : Trade Receivables

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(Unsecured) (Refer Footnote)		
Outstanding over six months from the date they were due for payment:		
Considered good	12.61	10.25
Considered doubtful	7.98	8.61
	20.59	18.86
Others :		
Considered good	111.80	114.97
Considered doubtful	-	0.01
	111.80	114.98
	132.39	133.84
Less : Provision for Doubtful Debts	7.98	8.62
	124.41	125.22

Footnote :

Trade Receivables include debts due from Directors - ₹ 1,82,699 (Previous year - ₹ 12,151) in the ordinary course of business.

Note 20 : Cash and Bank Balances

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash and Cash Equivalents		
Cash on hand	2.21	2.07
Cheques, Drafts on hand	19.44	3.79
Balances with bank in current account	7.10	28.38
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months)	9.52	0.58
	38.27	34.82
Other Balances with banks		
Call and Short-term deposit	0.34	9.96
Deposits pledged with others	0.61	1.08
Margin money deposits	0.94	0.65
Earmarked balances	4.25	4.42
	6.14	16.11
Total Cash and Bank Balances	44.41	50.93
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 84)	1.24	1.97
	43.17	48.96

Notes to Financial Statements for the year ended March 31, 2014

Note 21 : Short-term Loans and Advances

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Short-term Loans and Advances		
Related Parties		
Jointly Controlled Entities	-	9.90
Associates	-	8.04
	-	17.94
Others	0.33	0.94
	0.33	18.88
Deposit with Public Bodies and Others	8.45	5.36
Other Advances		
Considered good	58.89	57.86
Considered doubtful	2.56	2.15
	61.45	60.01
Less : Provision for doubtful Advances	2.56	2.15
	58.89	57.86
	67.67	82.10

Note 22 : Other Current Assets

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Interest Receivable		
Related Parties	2.05	2.56
Others	13.23	14.67
	15.28	17.23
On Current Account dues		
Related Parties	16.66	15.23
Others	7.34	8.75
	24.00	23.98
Unamortised Borrowing Costs		
Opening Balance	6.09	7.45
Add : Additions during the year	0.03	0.12
Less : Amortised during the year (Refer Footnote)	1.35	1.48
Closing Balance	4.77	6.09
Less : Unamortised borrowing costs - Non-Current (Refer Note 17, page 84)	3.46	4.77
	1.31	1.32
	40.59	42.53

Footnote :

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

Notes to Financial Statements for the year ended March 31, 2014

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

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Room Income	884.26	889.25
Food, Restaurants and Banquet Income	774.16	732.37
Shop rentals	28.94	26.21
Membership fees	53.93	52.57
Management and operating fees	125.93	116.52
Others	62.29	58.94
	1,929.51	1,875.86

Note 24 : Other Income

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Interest Income		
Inter-corporate deposits	-	0.15
Deposits with banks	1.41	2.06
Deposits with related parties	2.17	1.95
Interest on Income Tax Refunds	3.02	0.06
Others	1.01	1.57
	7.61	5.79
Dividend Income from Long - term Investments		
From related parties	21.07	17.30
(including Dividend from Subsidiaries		
₹ 14.40 crores (Previous year ₹ 9.18 crores))		
From others	0.84	1.63
Dividend Income from other Current Investments		
From others	0.64	4.45
Profit on sale of Investments (Net)		
From current investment	-	0.49
Others	17.66	19.27
	47.82	48.93

Note 25 : Food and Beverages Consumed

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Opening Stock	17.52	20.15
Add : Purchases	178.37	161.45
	195.89	181.60
Less : Closing Stock	19.06	17.52
Food and Beverages Consumed	176.83	164.08

	March 31, 2014		March 31, 2013	
	₹ crores	%	₹ crores	%
Imported	11.02	6.23	14.68	8.95
Indigenous	165.81	93.77	149.40	91.05
	176.83	100.00	164.08	100.00

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

Note 26 : Employee Benefit Expense and Payment to Contractors

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Salaries, Wages, Bonus etc.	348.65	341.07
Company's Contribution to Provident and Other Funds (Refer Note 36, page 93 to 97)	19.91	28.21
Reimbursement of Expenses of Personnel Deputed to the Company	10.55	14.77
Payment to Contractors	32.24	29.51
Staff Welfare Expenses	61.18	63.17
Total	472.53	476.73

Note 27 : Finance Costs

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Interest Expense on borrowings	143.69	146.53
On Tax Demands	2.84	6.57
	146.53	153.10
Other borrowing costs	1.35	1.48
Less : Interest recovered on related currency swaps	30.30	34.13
Less : Interest capitalised (Refer Footnote)	18.76	15.25
	98.82	105.20

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, 2014 ₹ crores	March 31, 2013 ₹ crores
(i) Operating Expenses consist of the following :		
Linen and Room Supplies	29.72	28.62
Catering Supplies	17.13	16.68
Other Supplies	3.66	3.67
Fuel, Power and Light	165.70	157.25
Repairs to Buildings	31.92	25.86
Repairs to Machinery	38.14	28.50
Repairs to Others	11.45	19.26
Linen and Uniform Washing and Laundry Expenses	10.45	10.12
Payment to Orchestra Staff, Artistes and Others	23.70	21.00
Guest Transportation	17.54	15.28
Travel Agents' Commission	25.18	20.90
Discount to Collecting Agents	16.75	17.94
Other Operating Expenses	35.62	33.35
	426.96	398.43

Linen, Room, Catering and Other Supplies Consumed

	March 31, 2014		March 31, 2013	
	₹ crores	%	₹ crores	%
Imported	4.69	9.29	4.46	9.11
Indigenous	45.82	90.71	44.51	90.89
	50.51	100.00	48.97	100.00
Spare Parts Consumed				
Imported	1.23	8.41	1.52	10.92
Indigenous	13.40	91.59	12.40	89.08
	14.63	100.00	13.92	100.00

Notes to Financial Statements for the year ended March 31, 2014

(ii) General Expenses consist of the following:

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Rent	40.10	39.86
Licence Fees	125.74	127.69
Rates and Taxes	36.76	29.04
Insurance	6.04	7.18
Advertising and Publicity	92.29	84.40
Printing and Stationery	7.28	7.05
Passage and Travelling	10.31	10.52
Provision for Doubtful Debts (Refer Footnote (v))	1.08	0.70
Professional Fees	38.82	36.23
Outsourced Support Services	39.52	31.02
Exchange Loss (Net)	1.50	0.51
Loss on Sale of Fixed Assets (Net)	1.26	0.40
Payment made to Statutory Auditors (Refer Footnote (iv))	3.08	2.67
Directors' Fees and Commission	2.04	1.86
Other Expenses (Refer Footnote (iii))	57.91	53.08
	463.73	432.21
	890.69	830.64

Footnotes :

(i) Expenditure recovered from other parties :

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Fuel, Power and Light	4.59	3.54
Repairs to Buildings	0.07	0.22
Repairs to Machinery	-	0.01
Linen and Uniform Washing	1.39	1.27
Rent	0.28	0.52
Other Expenses	2.01	1.30
	8.34	6.86

(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, 2014	March 31, 2013
	₹ crores	₹ crores
Employee benefits expense	1.26	0.96
Rent, Rates and Taxes	2.49	1.11
Fuel, power and light	0.90	0.28
Depreciation	0.04	0.04
Other expenses (Net)	4.20	3.14
	8.89	5.53

(iii) Other expenses include Advances written off – ₹ 1.03 crores (Previous year - ₹ 1.57 crores)

Notes to Financial Statements for the year ended March 31, 2014

(iv) Payment made to Statutory Auditors :

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
As auditors	2.08	1.80
As tax auditors	0.25	0.20
For Company Law matters - ₹ NIL (Previous year - ₹ 75,000)	-	0.01
For other services	0.74	0.53
For out-of pocket expenses	0.01	0.13
Service tax on above [Net of credit availed - ₹ 0.38 crore (Previous year - ₹ 0.33 crore)]	-	-
	3.08	2.67

Footnote:

Excludes ₹ 0.14 crore adjusted against Securities Premium Account

(v) Provision for Doubtful Debts :

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Opening Balance	8.62	9.22
Add : Provision during the year	1.27	1.35
	9.89	10.57
Less : Bad debts written off against past provisions	1.72	1.30
Less : Provision no longer required, written back	0.19	0.65
Closing Balance	7.98	8.62

Note 29 : Exceptional Items

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Exceptional Items comprises of the following :		
Exchange Loss on long-term borrowings/assets (Refer Footnote)	(22.16)	(9.25)
Provision for Diminution in value of long-term investments (Refer Note no 15(iii) page 83)	(687.00)	(373.00)
Provision for Contingency for Property tax	(19.04)	-
Expenditure on a discontinued project charged off for commercial reasons	(8.90)	-
Provision for Obligation of an Associate	-	(27.55)
Settlement of Arbitration Claim (including interest ₹ 17.91 crores)	-	(23.11)
Total	(737.10)	(432.91)

Footnote :

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

Notes to Financial Statements for the year ended March 31, 2014

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 - ₹ 48.52 crores (Previous year - ₹ 60.12 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, 2014 ₹ crores	March 31, 2013 ₹ crores
Entertainment Tax	2.01	0.03
Sales Tax / VAT	10.85	7.70
Property Tax	22.71	10.98
Stamp Duty	-	0.60
Service Tax	8.61	7.35
Others	7.43	1.96

The Company is a defendant in various legal actions and a party to claims as above, plus interest thereon, 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. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

(c) In respect of a plot of land provided to the Company under a license agreement, on which the Company has constructed a hotel, the licensor has made a claim of ₹ 229.70 crores to date, (13 times the existing annual rental) for increase in the rentals with effect from 2006-07. The Company believes these claims to be untenable. The Company has contested the claim, based upon legal advice, by filing a suit in the Honourable Bombay High Court on grounds of licensor's inconsistent stand on automatic renewal of lease, levy of lease rentals and method of computing such lease rent, based on the existing license agreement as also a Supreme Court judgment on related matters. Even taking recent enactments into consideration, in the opinion of the Company, the computation cannot, under any stretch, be more than ₹ 48.56 crores (excluding interest / penalty), and this too is being contested by the Company on merit.

Further, a "Notice of Motion" has been issued by the Honourable Bombay High Court, inter alia, for a stay against any further proceedings by the licensor, pending a resolution of this dispute by the Honourable Bombay High Court. In view of this, and based on legal advice, the Company regards the likelihood of sustainability of the lessor's claim to be remote and the amount of any potential liability, if at all, is indeterminate.

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, 2014 - ₹ 972.00 crores (Previous year - ₹ 868.68 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 ₹ 125.92 crores (Previous year - ₹ 173.75 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 erstwhile Sea Rock hotel property through its wholly-owned subsidiary, Sky Deck Properties & Developers Private Limited (SDPDPL). LEPPL has issued Zero coupon Non-Convertible Debentures aggregating to ₹ 521 crores, redeemable at a premium, having a yield to maturity of 10% per annum. LEPPL has a call option on this borrowing, and thus the right to early redemption of such Debentures on February 13, 2015 with an additional redemption premium of 0.15% of nominal value (principal value). In the event, this option of early redemption is not exercised by LEPPL, the obligation of LEPPL on such Debentures, on its maturity, would aggregate to ₹ 693.45 crores. 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

Notes to Financial Statements for the year ended March 31, 2014

- ii. the obligation to make good the value of the shortfall, if any, if lenders of LEPL divest 100% of SDPDPL shares and realise an amount lower than the redemption amount, in case the right referred in (i) above is not exercised.

In addition, SDPDPL has availed of a secured zero coupon term loan of ₹ 508 crores from a financial institution for which the total repayment obligation on the maturity date (being January 28, 2016) would be ₹ 708.93 crores. This term loan has been secured by way of a pledge on all direct and indirect shareholding of EEL.

In effect, the total future repayment obligation for LEPL, on a consolidated basis, aggregates to ₹ 1402.38 crores covering the current outstanding debt obligations of LEPL and SDPDPL, its underlying subsidiary.

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

Shareholders holding 5,26,854 shares in EEL 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 January 1, 2014 (not exercised) or July 1, 2014. In parallel, the Company also has an option to purchase these shares at the same price on April 1, 2014 (not exercised) 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) 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 no 28 (ii), page 89). 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, 2014	March 31, 2013
	₹ crores	₹ crores
Not later than one year	15.97	16.14
Later than one year but not later than five years	50.98	54.13
Later than five years	308.84	314.59

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, 2014		March 31, 2013	
	US \$ million	₹ crores	US \$ million	₹ crores
Interest Rate Swaps	63.34	-	63.34	-

The above excludes cross currency interest rate swaps referred to in footnote to Note 4, page 73.

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

Currency	March 31, 2014	March 31, 2013
United States Dollar (Million)*	(76.92)	(76.92)

* 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 No. 4, page 73.

Notes to Financial Statements for the year ended March 31, 2014

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, 2014 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, 2014 are accounted as per Company's Policy on Transactions in Foreign Exchange (Refer Note 2(f), page 68).

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, 2014	March 31, 2013
	₹ crores	₹ crores
Provident Fund	16.27	16.08
Superannuation Fund	4.00	4.44
Total	20.27	20.52

- (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.

Notes to Financial Statements for the year ended March 31, 2014

(d) Defined Benefit Plans – As per Actuarial Valuation on March 31, 2014 :-

i. Amount to be recognised in Balance Sheet and movement in net liability

	Gratuity Funded	Post Employment Benefits (Compensated Absence)	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>
Present Value of Funded Obligations	136.59	-	-	-	-	4.93
	140.65	-	-	-	-	5.12
Present Value of Unfunded Obligations	-	10.26	2.74	4.65	2.61	-
	-	11.72	2.86	5.13	1.85	-
Fair Value of Plan Assets	(140.56)	-	-	-	-	(7.20)
	(143.08)	-	-	-	-	(6.59)
Unrecognised Past Service Cost	-	-	-	-	-	(1.14)
	-	-	-	-	-	(1.52)
Adjustment to Plan Asset	-	-	-	-	-	0.77
	-	-	-	-	-	0.50
Net (Asset) / Liability	(3.97)	10.26	2.74	4.65	2.61	(2.64)
	(2.44)	11.72	2.86	5.13	1.85	(2.49)

ii. Expenses recognised in the Statement of Profit & Loss

	Gratuity Funded	Post Employment Benefits (Compensated Absence)	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>
Current Service Cost	7.61	15.28	0.04	0.30	-	0.12
	7.50	14.42	0.03	0.43	-	0.11
Interest Cost	10.98	0.87	0.23	0.31	0.13	0.35
	11.13	0.88	0.22	0.49	0.13	0.32
Expected return on Plan Assets	(9.97)	-	-	-	-	(0.42)
	(8.99)	-	-	-	-	(0.42)
Actuarial Losses / (Gain) recognised in the year	(7.44)	(2.71)	(0.12)	(1.08)	1.41	(0.82)
	(1.20)	(0.87)	0.12	(1.48)	0.42	0.70
Past service Cost	-	-	-	-	-	0.38
	-	-	-	-	-	0.38
Effect of the limit on Plan Asset	-	-	-	-	-	0.27
	-	-	-	-	-	(0.20)
Expense	1.18	13.44	0.15	(0.47)	1.54	(0.12)
	8.43	14.43	0.37	(0.57)	0.55	0.89

Footnote : Amount taken to Statement of Profit and Loss in respect of gratuity is net of recovery ₹ 1.62 crores (Previous year ₹ 1.65 crores)

Notes to Financial Statements for the year ended March 31, 2014

iii. Reconciliation of Defined Benefit Obligation

	Gratuity Funded	Post Employment Benefits (Compensated Absence)	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>
Opening Defined Benefit Obligation	140.65	11.72	2.86	5.13	1.85	5.12
	133.73	11.06	2.62	5.69	1.71	4.08
Current Service Cost	7.61	15.28	0.04	0.30	-	0.12
	7.50	14.42	0.03	0.43	-	0.11
Interest Cost	10.98	0.87	0.23	0.31	0.13	0.35
	11.13	0.88	0.22	0.49	0.13	0.32
Actuarial Losses / (Gain)	(7.40)	(2.71)	(0.12)	(1.08)	1.41	(0.53)
	5.66	(0.87)	0.12	(1.48)	0.42	0.63
Liabilities Assumed on Acquisition	0.89	-	-	-	-	-
	-	-	-	-	-	-
Benefits Paid	(16.14)	(14.89)	(0.27)	-	(0.78)	(0.13)
	(17.36)	(13.77)	(0.13)	-	(0.41)	(0.02)
Closing Defined Benefit Obligation	136.59	10.26	2.74	4.65	2.61	4.93
	140.65	11.72	2.86	5.13	1.85	5.12

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
	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>
Opening Fair Value of Plan Assets	143.08	-	-	-	-	6.59
	128.90	-	-	-	-	6.14
Expected return on Plan Assets	9.97	-	-	-	-	0.42
	8.99	-	-	-	-	0.42
Actuarial (Gain) / Losses	0.04	-	-	-	-	0.29
	6.05	-	-	-	-	(0.07)
Contribution by Employer	2.50	14.89	0.27	-	0.78	0.03
	16.50	13.77	0.13	-	0.41	0.12
Assets acquired on Acquisition	1.10	-	-	-	-	-
	-	-	-	-	-	-
Benefits Paid	(16.14)	(14.89)	(0.27)	-	(0.78)	(0.13)
	(17.36)	(13.77)	(0.13)	-	(0.41)	(0.02)
Closing Fair Value of Plan Assets	140.55	-	-	-	-	7.20
	143.08	-	-	-	-	6.59
Expected Employer's Contribution next year	9.00	1.48	0.24	0.57	0.78	-
	5.00	2.02	0.23	0.93	0.47	-

Notes to Financial Statements for the year ended March 31, 2014

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	38%	-	-	-	-	38%
	32%	-	-	-	-	35%
Corporate Bonds	41%	-	-	-	-	56%
	51%	-	-	-	-	57%
Equity	20%	-	-	-	-	-
	16%	-	-	-	-	-
Others	1%	-	-	-	-	6%
	1%	-	-	-	-	8%
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.)	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
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%	-
	5.00%	5.00%	-	5.00%	4.00%	-
Mortality Table *						
Mortality in service	Table 1	Table 1	Table 1	NA	NA	NA
	Table 1	Table 1	Table 1	Table 1	NA	NA
Mortality in retirement	NA	NA	Table 2	NA	Table 2	Table 2
	NA	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 - ₹40,774 (Previous year - ₹ 48,651))	-	-
(1% Decrease - ₹ (45,556) (Previous year - ₹42,691))	-	-
Effect of defined benefit obligation	0.05	(0.05)
	0.06	(0.05)

Notes to Financial Statements for the year ended March 31, 2014

viii. Experience Adjustments

	2013-14	2012-13	2011-12	2010-11	2009-10
	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>	<u>₹ crores</u>
Defined Benefit Obligation	161.78	172.08	158.89	124.50	106.89
Plan Assets	147.76	149.68	135.04	117.63	98.94
Deficit	(14.02)	(22.38)	(23.85)	(6.87)	(7.95)
Experience Adjustment on Plan Liabilities	0.28	14.96	20.08	3.88	1.97
Experience Adjustment on Plan Assets	0.33	6.24	(0.25)	(0.19)	7.61

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 37 : CIF Value of imports

Particulars	March 31, 2014	March 31, 2013
	<u>₹ crores</u>	<u>₹ crores</u>
Raw Materials (Food and Beverages)	10.24	8.84
Stores, Supplies and Spare Parts for Machinery	6.59	5.32
Capital Goods	28.59	18.02

Note 38 : Earnings in Foreign Exchange

Particulars	March 31, 2014	March 31, 2013
	<u>₹ crores</u>	<u>₹ crores</u>
Rooms, Restaurants, Banquets and Other Services	719.76	727.20
Interest received	0.81	0.73

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, 2014	March 31, 2013
	<u>₹ crores</u>	<u>₹ crores</u>
Membership Fees	2.37	7.33
Advertising	55.99	43.08
Professional and Consultancy Fees	10.70	9.68
Interest	26.53	25.41
Others	27.27	32.98

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Notes to Financial Statements for the year ended March 31, 2014

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, 2014	March 31, 2013
Year to which dividend relates	2012-13	2011-12
Numbers of non-resident shareholders	2,842	2,984
Number of Ordinary Shares held by non-resident shareholders	5,951,840	5,787,643
Gross amount of dividend (₹ crores)	0.47	0.57
Net amount of dividend (₹ crores)	0.47	0.57

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, 2014 ₹ crores	Maximum amount outstanding during the previous year ₹ crores	Balance Outstanding as on March 31, 2013 ₹ crores
Subsidiaries				
International Hotel Management Services Inc.	69.00	-	119.86	-
Taj International Hotels (HK) Ltd.*	1,337.75	1,221.71	1,148.67	1,105.56
Jointly Controlled Entities				
Taj Karnataka Hotels & Resorts Ltd.	5.35	5.35	5.35	5.35
TAL Hotels & Resorts Ltd. (repayment beyond 7 years)	9.86	9.00	8.46	8.15
Taj GVK Hotels & Resorts Ltd.	5.00	-	5.00	5.00
Kaveri Retreat & Resorts Limited.	4.90	-	4.90	4.90
Associates				
Taida Trading and Industries Ltd.	8.04	8.04	8.04	8.04

* There is no repayment schedule and no interest is payable

Notes to Financial Statements for the year ended March 31, 2014

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
TIFCO Security Services 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

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

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

Particulars	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

Notes to Financial Statements for the year ended March 31, 2014

(b) Details of related party transactions during the year ended March 31, 2014 and outstanding balances as at March 31, 2014 :

Particulars	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Subsidiaries ₹ crores	Associates ₹ crores	Jointly Controlled Entities ₹ crores
Interest Paid/Provided	-	-	3.11	-	-
	-	-	2.79	-	-
Interest received/accrued	-	-	-	0.79	1.38
	-	-	0.01	0.72	1.22
Dividend received	3.60	-	14.38	2.00	1.08
	3.60	-	9.18	1.66	2.86
Dividend paid	16.16	-	-	0.11	-
	19.67	0.01	0.34	0.15	-
Operating / Licence fees paid	-	-	0.26	-	-
	-	-	0.45	-	-
Operating fees received/accrued	-	-	40.26	23.69	22.46
	-	-	39.37	23.43	22.73
Purchase of goods and services	0.42	-	24.29	-	0.01
	-	-	21.21	0.14	0.04
Sale of goods and services	0.73	-	8.90	-	-
	3.13	0.02	6.04	0.02	0.03
Allotment of Shares	-	-	-	-	-
	497.47	-	-	-	-
ICD Raised	-	-	96.75	-	-
	-	-	305.75	-	-
ICD Repaid	-	-	141.75	-	-
	-	-	285.75	-	-
ICD Placed	-	-	-	-	-
	-	-	2.50	-	4.90
ICD Encashed	-	-	-	-	9.90
	-	-	2.50	-	-
Purchase of Shares	-	-	64.89	-	-
	-	-	784.51	-	-
Shareholders' Deposit placed	-	-	67.41	-	-
	-	-	120.91	-	-
Share Application money paid	-	-	-	-	14.61
	-	-	-	-	0.47
Share Holders' Deposits converted into Equity / Share Application Money (Refer Footnote (ii))	-	-	64.89	-	-
	-	-	119.47	-	-
Remuneration Paid / Payable (Refer Footnote (iii))	-	16.50	-	-	-
	-	15.64	-	-	-
Transfer of Project	-	-	(8.90)	-	-
	-	-	-	-	-
Guarantees/Letter of Comfort given on behalf(net) (Refer Note 30 (d), page 91)	-	-	90.52	-	-
	-	-	43.44	-	115.40

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Notes to Financial Statements for the year ended March 31, 2014

Particulars	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Subsidiaries ₹ crores	Associates ₹ crores	Jointly Controlled Entities ₹ crores
<u>Balances outstanding at the end of the year</u>					
Trade Receivables	0.05	-	1.76	8.66	15.62
	0.96	-	11.25	11.47	12.86
Trade Payables	0.03	-	5.31	0.21	0.07
	2.85	-	1.15	0.07	0.03
Due from/(to) on Current A/c	-	-	1.40	(1.00)	(2.88)
	-	-	(6.53)	(0.80)	(2.25)
Interest Receivable	-	-	-	0.61	1.43
	-	-	4.10	1.21	2.88
Other Recoverable	0.30	-	1.84	1.78	4.43
	-	-	1.45	1.74	2.06
Interest accrued but not due	-	-	-	-	-
	-	-	0.31	-	-
ICD Payable	-	-	-	-	-
	-	-	45.00	-	-
ICD Receivable	-	-	-	-	-
	-	-	-	-	4.90
Deposits Receivable	-	-	1225.68	8.04	14.35
	-	-	1109.54	8.04	23.40
Deposits Payable	-	-	3.97	-	-
	-	-	3.37	-	-
Guarantees / Letter of Comfort given on behalf (Refer Note 30(d), page 91)	-	-	836.48	-	115.52
	-	-	733.08	-	115.40

Footnotes :

- (i) Figures in italics are of the previous year.
- (ii) Represent investing activities which have 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.

Notes to Financial Statements for the year ended March 31, 2014

(c) Statement of Material Transactions

Name of the Company	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Company having substantial interest		
Tata Sons Ltd.		
Allotment of Shares	-	497.47
Dividend Received	3.60	3.60
Dividend Paid	16.16	19.67
Sale of goods and services	-	3.13
Trade Payables	-	2.85
Remuneration to Key Management Personnel		
Raymond N. Bickson	10.40	10.33
Anil P. Goel	2.37	2.17
Abhijit Mukerji	2.08	1.99
Mehernosh S. Kapadia	1.65	1.15
Subsidiaries		
TIFCO Holdings Ltd.		
Interest Paid/ Provided	0.33	0.76
Purchase of goods and services	-	0.40
Dividend Received	6.52	-
ICD raised during the year	32.75	68.25
ICD repaid during the year	32.75	88.25
KTC Hotels Ltd.		
Operating / Licence Fees Paid	0.26	0.45
Dividend Received	-	2.42
Due on current account (Net) - Receivable / (Payable)	(1.84)	(1.65)
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
Other Recoverable	-	0.49
Taj Trade & Transport Co. Ltd.		
Dividend paid	-	0.09
Sale of goods and services	3.02	2.54

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

Name of the Company	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Piem Hotels Ltd.		
Interest Paid/ Provided	2.14	1.79
Dividend Received	4.44	4.44
Operating/Licence Fees Received	27.14	26.96
Sale of goods and services	1.39	1.27
Due on current account (Net) - Receivable /(Payable)	(1.15)	(10.45)
Other Recoverable	1.16	0.79
Trade Receivables	-	6.47
ICD raised during the year	30.00	204.00
ICD repaid during the year	75.00	159.00
ICD closing position – Payable	-	45.00
Interest accrued but not due	-	0.31
Deposit given outstanding	-	0.48
Transfer of Project	(8.90)	-
Inditravel Ltd.		
Dividend paid	-	0.03
Purchase of goods and services	10.48	8.79
Sale of goods and services	3.88	1.70
Trade Payables	2.30	0.85
ICD raised during the year	19.00	29.50
ICD repaid during the year	19.00	34.50
International Hotel Management Services Inc.		
Due on current account (Net) – Receivable/(Payable)	5.93	5.74
Purchase of shares	64.89	119.47
Shareholder's deposit placed	67.41	120.89
Deposit Encashed	64.89	119.47
Trade Payable	0.77	-
Interest Receivable	-	4.10
Purchase of goods and services	9.85	8.25
St. James Court Hotel Ltd.		
Due on current account (Net) – Receivable/(Payable)	2.81	-
Taj International Hotels (H.K.) Ltd.		
Purchase of shares	-	665.03
Deposit Closing Position – Receivable	1221.71	1105.56
Deposit Payable	3.72	3.37
Jointly Controlled Entities		
Taj GVK Hotels & Resorts Ltd.		
Interest received/ accrued	-	0.35
Dividend Received	-	2.40
Due on current account (Net) – Receivable/(Payable)	-	(1.98)
Other Recoverable	1.92	0.56
Operating/Licence Fees Received	14.19	15.26
Trade Receivables	7.41	5.95
ICD Encashed	5.00	-
Deposit given outstanding	-	5.00

Notes to Financial Statements for the year ended March 31, 2014

Name of the Company	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Taj Safaris Ltd.		
Other Recoverable	2.23	-
Taj Karnataka Hotels & Resorts Ltd.		
Due on current account (Net) – Receivable	-	1.44
Deposit given outstanding	5.35	5.35
Interest Receivable	0.62	1.52
TAL Hotels & Resorts Ltd.		
Interest received / accrued	0.81	0.73
Deposit Closing Position – Receivable	9.00	8.15
Interest Receivable	0.81	-
IHMS Hotels (SA) (Proprietary) Ltd.		
Share application Money Paid to	14.61	0.47
Trade Receivable	3.34	-
Due on current account (Net) – Receivable	0.89	0.96
Kaveri Retreat & Resorts Ltd.		
Interest received / accrued	0.43	-
Due on current account (Net) – Payable	1.32	-
ICD Encashed	4.90	-
ICD Placed during the year	-	4.90
ICD Closing position – Receivable	-	4.90
Associates		
Taida Trading & Industries Ltd.		
Interest received/ accrued	0.79	0.72
Interest Receivable	0.61	1.21
Dividend paid	-	0.02
Due on current account (Net) – Receivable	-	1.03
ICD Closing Position - Receivable	8.04	8.04
Oriental Hotels Ltd.		
Dividend Received	-	1.52
Operating/Licence Fees Received	23.69	23.43
Other Recoverable	1.78	-
Trade Receivables	7.79	9.07
Due on current account (Net) – Payable	1.42	2.20

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

The Indian Hotels Company Limited

Notes to Financial Statements for the year ended March 31, 2014

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.

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, 2014						
		Holding	Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitment
		(%)	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Taj Safaris Ltd.	India	35.10	8.73	8.42	6.51	7.32	0.41	0.01
		35.10	9.20	8.08	6.15	7.52	0.28	0.01
Taj GVK Hotels and Resorts Ltd.	India	25.52	170.18	81.25	62.56	63.38	11.12	0.38
		25.52	171.44	83.40	64.88	62.64	2.87	0.15
Taj Karnataka Hotels and Resorts Ltd.	India	44.27	3.89	6.80	2.88	2.75	-	-
		44.27	4.07	7.11	2.43	2.52	-	0.02
Taj Kerala Hotels Ltd.	India	28.30	18.75	4.07	12.15	12.12	1.27	0.24
		28.30	19.18	4.19	11.17	10.99	0.86	0.16
Kaveri Retreat & Resorts Limited	India	50.00	49.91	34.10	12.48	15.86	-	-
		50.00	48.96	29.77	3.72	9.83	1.04	0.32
Taj Madras Flight Kitchen Pvt. Ltd.	India	50.00	22.86	2.16	15.24	14.45	12.71	0.36
		50.00	22.12	2.22	13.21	12.11	11.86	0.30
TAL Hotels & Resorts Ltd.	Hong Kong	27.49	160.16	66.02	73.01	93.60	0.13	0.01
		27.49	161.17	51.10	68.89	58.09	0.02	0.86
IHMS Hotels (SA) (Proprietary) Ltd.	South Africa	50.00	132.93	148.49	34.82	60.10	-	-
		50.00	144.24	139.94	4.43	31.35	-	-

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

Notes to Financial Statements for the year ended March 31, 2014

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, 2014	March 31, 2013
Loss after tax – (₹ crores)	(590.49)	(276.61)
Number of Ordinary Shares	80,74,72,787	80,74,72,787
Weighted Average Number of Ordinary Shares	80,74,72,787	79,66,89,225
Face Value per Ordinary Share (₹)	1	1
Earnings Per Share – (₹) Basic and Diluted	(7.31)	(3.47)

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
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
Ireena Vittal	Director
Beejal Desai	Vice President - Legal & Company Secretary

Mumbai, May 30, 2014

Notes to Financial Statements for the year ended March 31, 2014

Financial Statistics

Year	Capital Accounts					
	Share Capital	Reserves and Surplus	Borrowings	Gross Block	Net Block	Investments
	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores
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	** 6.90	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
2013-14	80.75	2613.09	2690.60	2910.27	1697.41	2761.64

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 ₹ 10/- each to share of Face value ₹ 1/- each

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

& Allotment of Shares on preferential basis to promoters

§ Conversion of Warrants into Equity on exercise of warrants

Notes to Financial Statements for the year ended March 31, 2014

Financial Statistics

Year	Revenue accounts								Rate of Dividend on Ordinary Shares
	Gross Revenue	Expenditure (including Interest)	Depreciation	Profit before Taxes	Tax Expenses	Profit after Tax	Net Transfer to General Reserves	Dividend	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	%
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)	-	* 69.40	80.00
2013-14	1977.33	1761.13	122.26	(520.90)	69.59	(590.49)	-	-	-

â Preference and Ordinary Dividend

++ After deducting ₹ 0.84 crores towards excess provision of depreciation for previous year

@ Ordinary / Interim dividend for the year

* Includes ₹ 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, 2014, 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 5 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, 2014;
 - (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.

Other Matter

5. 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 ₹ 5,275.90 crores as at 31st March, 2014, total revenues of ₹ 1,827.09 crores and net cash inflows amounting to ₹ 23.64 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group share of net loss of ₹ 13.25 crores for the year ended 31st March, 2014, 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.

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.39826)

MUMBAI, 30th May, 2014

The Indian Hotels Company Limited

Consolidated Balance Sheet as at March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Equity and liabilities			
Shareholders' Funds:			
Share capital	3	80.75	80.75
Reserves and surplus	4	<u>2,555.71</u>	<u>2,898.53</u>
		2,636.46	2,979.28
Minority Interest		735.86	707.72
Non-current liabilities			
Long-term borrowings	5	3,023.88	3,431.18
Deferred tax liabilities (net)	6	165.58	128.79
Other Long-term liabilities	8	77.94	76.22
Long-term provisions	9	<u>604.25</u>	<u>695.98</u>
		3,871.65	4,332.17
Current liabilities			
Short-term borrowings	10	221.25	247.67
Trade payables		341.33	319.13
Other current liabilities	11	1,442.28	574.08
Short-term provisions	12	<u>269.74</u>	<u>162.68</u>
		2,274.60	1,276.56
Total		<u><u>9,518.57</u></u>	<u><u>9,295.73</u></u>
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	13	5,585.83	5,342.48
Intangible assets	14	48.87	40.46
Capital work-in-progress		548.96	400.57
Intangible assets under development		<u>5.23</u>	<u>20.93</u>
		6,188.89	5,804.44
Goodwill on consolidation (net)		580.09	512.83
Non-current investments	15	1,319.28	1,522.61
Deferred tax assets (net)	7	4.09	4.45
Long-term loans and advances	16	459.89	476.42
Other non-current assets	17	<u>28.95</u>	<u>26.49</u>
		8,581.19	8,347.24
Current assets			
Current investments	18	107.93	40.69
Inventories	19	102.07	96.74
Trade receivables	20	280.49	273.98
Cash and bank balances	21	183.55	210.06
Short-term loans and advances	22	190.42	245.45
Other current assets	23	<u>72.92</u>	<u>81.57</u>
		937.38	948.49
Total		<u><u>9,518.57</u></u>	<u><u>9,295.73</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 LLP

Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, May 30, 2014

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

President - Legal & Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Income			
Rooms, Restaurants, Banquets and Other Operating Income	24	4,066.19	3,743.36
Other Income	25	59.75	60.16
Total Income		4,125.94	3,803.52
Expenditure			
Food and beverages consumed		427.07	381.55
Employee benefit expenses and Payment to Contractors	26	1,372.19	1,271.75
Finance costs	27	168.51	170.74
Depreciation and amortisation expenses	13	308.13	288.42
Other operating and general expenses	28	1,707.36	1,552.42
Total Expenses		3,983.26	3,664.88
Profit Before Tax and Exceptional Items		142.68	138.64
Exceptional Items Gain / (Loss)	29	(554.84)	(430.43)
Loss Before Tax		(412.16)	(291.79)
Tax Expense			
Current Tax		94.35	91.47
Deferred Tax		42.03	22.55
Minimum Alternate Tax Credit		(0.59)	(1.37)
Short / (Excess) Provision of Tax / Deferred Tax of earlier years (Net)		(24.84)	(13.69)
Total Tax Expenses		110.95	98.96
Loss After Tax before Minority Interest & Share of Associates		(523.11)	(390.75)
Profit attributable to Minority Interest		(17.49)	(40.86)
Share of Profit / (Loss) of Associates		(13.25)	1.37
Loss After Tax, Minority Interest & Share of Associates		(553.85)	(430.24)
Earnings Per Share -	42		
Basic and Diluted - (₹)		(6.86)	(5.40)
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 LLP
 Chartered Accountants

Sanjiv V. Pilgaonkar
 Partner

Mumbai, May 30, 2014

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

President - Legal & Company Secretary

The Indian Hotels Company Limited

Consolidated Cash Flow Statement for the year ended March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash Flow From Operating Activities			
Loss Before Tax		(412.16)	(291.79)
Adjustments For :			
Depreciation and Amortisation		308.13	288.42
(Profit) / Loss on sale of investments		(0.04)	(14.70)
(Profit) / Loss on sale of assets		2.37	4.22
Expenditure on discontinued project written off		29.78	-
Provision for Doubtful Debts and advances		64.94	7.80
Dividend Income		(13.01)	(14.60)
Interest Income		(23.26)	(19.04)
Finance Cost		168.51	170.74
Unrealised Exchange Loss / (Gain)		39.04	8.95
Miscellaneous Expenditure written off		0.07	2.39
Reversal of Liabilities		0.52	(8.55)
Provision for Loyalty Programmes (net of Redemptions)		1.25	(0.36)
Provision for Stock		0.18	0.13
Provision for Diminution in value of investment		304.61	373.50
Provision for obligation of an Associate		-	27.55
Provision for contingencies		81.98	(0.26)
Provision for Employee Benefits		(2.60)	8.91
		<u>962.47</u>	<u>835.10</u>
Cash Operating Profit before working capital changes		550.31	543.31
Adjustments For :			
Trade and Other Receivables		49.51	(9.18)
Inventories		(3.97)	(9.79)
Trade and Other Payables		21.28	69.73
		<u>66.82</u>	<u>50.76</u>
Cash Generated from Operating Activities		617.13	594.07
Direct Taxes Paid		(78.21)	(92.30)
Net Cash From Operating Activities (A)		<u>538.92</u>	<u>501.77</u>
Cash Flow From Investing Activities			
Purchase of Fixed Assets (including CWIP)		(342.17)	(425.09)
Sale of Fixed Assets		2.21	2.35
Purchase of Investments (including advance paid)		(1.54)	(5.98)
Purchase of current investments		(84.11)	-
Sale of Investment		-	21.14
Proceeds from sale / redemption of current investments		19.14	22.06
Interest Received		30.31	21.20
Dividend Received		13.01	17.71
Bank Balances not considered as Cash & Cash Equivalents		54.22	14.31
Long Term Deposits refunded by Other Companies		(1.29)	0.81
Short term Loans repaid by other company		0.83	-
Deposits Refunded by / (Placed with) Other Companies		8.35	(15.76)
Net Cash Used In Investing Activities (B)		<u>(301.04)</u>	<u>(347.25)</u>

Consolidated Cash Flow Statement for the year ended March 31, 2014

	Note	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash Flow From Financing Activities			
Debenture issue / Loan arrangement costs		(0.71)	(1.94)
Proceeds from issue of ordinary Shares		-	373.10
Interest Paid		(185.72)	(188.25)
Repayment of long term Loans and Debentures		(146.12)	(624.27)
Proceeds from long term Loans and Debentures		292.00	366.87
Short Term Loans Raised / (Repaid) (Net)		(78.88)	16.98
Long Term Trade Deposits Raised / (Repaid)		0.48	(0.25)
Proceeds from issue of Equity shares to minority interest by a subsidiary		-	50.00
Dividend Paid (Including tax on dividend)		(92.91)	(109.56)
Net Cash Used In Financing Activities (C)		(211.86)	(117.32)
Net Increase / (Decrease) In Cash and Cash Equivalents (A + B + C)		26.02	37.20
Cash and Cash Equivalents - Opening - 1st April		123.60	84.57
Impact of Change in Stake in JV		-	0.44
Adjustment for translation of foreign currency balances		3.62	1.39
Cash and Cash Equivalents - Closing - 31st March		153.24	123.60

Footnotes :

1. Reconciliation of Cash and cash equivalents with Cash and bank balances as per the Balance Sheet

Cash and cash equivalents as above	153.24	123.60
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Add : Other Cash and Bank Balances

Call and Short-term Deposits	33.79	88.75
Deposits pledged with others	0.80	1.34
Margin money deposits	8.51	5.48
Earmarked balances	12.24	11.79

Cash and bank balances as per the Balance Sheet

Less : Classified as Non-Current (Refer Note 17, page 137)	25.03	20.90
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Cash and bank balances in Note 21, page 138

	183.55	210.06
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2. The Group through its Jointly Controlled Entity have acquired "Good Hope Palace Hotels (Pty) Ltd." for which no cash flow were involved in previous year.

Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements

1 - 44

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, May 30, 2014

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

President - Legal & Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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). The share of profits/loss of each of the associate companies (the loss being restricted to the cost of investment) has been added/deducted from the cost of investments.
 - (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). Share of profit / loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.
 - (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, 2013.
 - (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 its 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 :
 - a. The amount of equity attributable to the minorities at the date on which investment in a subsidiary is made; and
 - b. The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- Minority interests' share of net profit/loss for the year of consolidated subsidiaries is identified and adjusted against the profit/loss after tax of the Group. The losses attributable to the minority are restricted to the extent of Minority's equity.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(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, 2014		As at March 31, 2013	
	Country of Incorporation	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
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	66.93	63.25
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 Limited	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 (HK) 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 (HK) 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.
- BAHC 5 Pte Ltd.
 - Premium Aircraft Leasing Corporation Ltd.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(ii) Jointly Controlled Entities

		As at March 31, 2014		As at March 31, 2013	
	Country of Incorporation	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
Domestic					
Taj Madras Flight Kitchen Pvt. Ltd.	India	50.00	50.00	50.00	50.00
Taj Karnataka Hotels & Resorts Ltd.	India	49.40	44.27	49.40	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	35.07	39.89	35.07
Kaveri Retreat & Resorts Ltd.	India	50.00	50.00	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
International					
BJets Pte Ltd. (Refer Footnote ii & iii)	Singapore	45.69	45.69	45.69	45.69
Lanka Island Resorts Limited	Sri Lanka	24.66	24.66	24.66	24.66
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 as Nil, as the Group's share of losses exceeds the cost/carrying value.
- (iii) Audited financial statement as at December 31, 2013 have been used in the preparation of the consolidated financial statement of the Group.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

- (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, 2014 ₹ cores	March 31, 2013 ₹ cores
Assets		
Fixed Assets (including CWIP)	397.94	391.75
Non-current investments	13.19	14.14
Deferred Tax Assets (Net)	1.80	2.49
Other non-current assets	50.30	69.14
Current assets	72.54	68.96
Liabilities		
Non-current liabilities	215.19	186.63
Deferred Tax Liability (Net)	13.92	12.44
Current liabilities	72.64	77.76
Contingent Liabilities	24.86	13.70
Capital Commitments	0.99	1.82
Income		
Income from operations	217.31	188.34
Other income	3.32	2.21
Expenses		
Food & Beverages consumed	24.60	20.85
Employee benefit expenses	56.18	47.04
Depreciation	26.43	21.42
Finance Cost	18.46	15.41
Other operating & general expense	101.45	84.11
Tax Expenses		
Tax expenses	3.45	1.09

Note 2. Significant Accounting Policies

These financial statements have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP") under the historical cost convention on an accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956. Current assets do not include elements which are not expected to be realised within 1 year and current liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date. The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous years.

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:-

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(a) Revenue recognition :

Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations, including management and operating fees. Revenue is recognised upon rendering of the service, provided pervasive evidence of an arrangement exist, tariff / rates is fixed or are determinable and collectability is reasonably certain. Rebates and discounts granted to customers are reduced from revenue.

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.

Revenue from sales of goods is net of sales tax, returns and trade discounts. Service income is net of service tax.

Interest

Interest income is accrued on a time proportion basis having regard to the amount outstanding and the rate applicable.

Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

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

(i) Defined Contribution Schemes

i. Provident Fund

The eligible employees of domestic components of the Group 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 Group. The Group 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 in which the corresponding services are rendered by the employee.

Eligible employees of some of the overseas components of the Group are members of defined contribution plans. These plans require the Group to make contributions equivalent to a pre-defined proportion percentage of each eligible participant's plan compensation for each year. The Group may also make a profit sharing contribution to uniform percentage of eligible participant's plan compensation based on profit as defined. The Group recognised such contribution as an expense in the year in which the employee renders service.

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 Group makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds in respect of employee of domestic components. The Group 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(iii) Post-Retirement Benefits

The net present value of the Group'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. The Group also participates in an industry-wide defined benefit plan which provides pension linked to final salaries in respect of employees of certain overseas hotel properties. The plan is funded in a manner such that contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period. It is not practicable to determine the present values of the Group's obligations as the covered hotel properties have not received information from the plan's administrator. In the absence of sufficient information the plan has been accounted as if it was a defined contribution plan.

(iv) Superannuation

The Group has a defined contribution plan for employees of its domestic components, wherein it annually contributes a sum equivalent to the eligible employee's annual basic salary to a fund administered by the trustees. The Group recognises such contributions as an expense in the year in which the corresponding services are received from the employees.

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 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 Group 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.

(c) Fixed Assets:

Tangible Fixed Assets:

Tangible fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(l), page 125). Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work in progress at cost determined as aforesaid.

Intangible Fixed Assets:

Intangible fixed assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

- the technical feasibility and Company's intention and ability of completing the project;
- the probability that the project will generate future economic benefits;
- the availability of adequate technical financial and other resources to complete the project; and
- the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(d) Depreciation / Amortisation:

i. Depreciation:

Indian Entities

Depreciation on assets is provided at Straight Line Method (SLM) 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 reasonably 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 based on its estimated 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

Depreciation on assets is provided at Straight Line Method (SLM) based on the estimated useful life determined by the Management of the respective Subsidiaries. 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.

ii. Amortisation:

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The rates currently used for amortising intangible assets are as under:

Asset Classification	Rate
Leasehold Property Rights (Including lease acquisition cost)	Over the term of the lease
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	10.00%
Non-Compete Fees	14.29%
Brand	10.00%

* Based on the terms of the Contract.

(e) 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 reversal of impairment loss is recognised.

(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, 2014

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 the 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:

- i. 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;
- ii. 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 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 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 29th December, 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, page 127) 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 operations are translated using the principles and procedures as if the transactions of the foreign operations are those of the Company itself.

Exchange differences arising on repayment/revaluation of currency swap 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.

(g) 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

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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.

(h) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts, rebates and benefits arising from utilisation of duty free scrip's are deducted in determining the cost of purchase. In respect of three subsidiaries and two jointly controlled entities, stock of food & beverages and stores and operating supplies the cost is determined on a First in First out (FIFO) basis, amounts in respect of which are not material.

(i) 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 an individual basis.

(j) 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 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.

(k) 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(l) 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 are charged to Statement of Profit and Loss over the tenure of the borrowing.

Interest Rate Swap Contracts entered into to manage interest risks on borrowings, is accounted in the period in which it accrues as these contracts are intended to be held till the maturity of the underlying borrowing.

m) Cash and cash equivalents (for the purpose of cash flow statements):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

n) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

o) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

p) Liability for redeemable points earned by guests under the loyalty programme of the Company is accrued as expenditure and is estimated on the redemption trends and the expected cost to be incurred in respect of the redeemable points.

q) Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Indian Hotels Company Limited

Note 3 : Share capital

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Authorised Share Capital		
Ordinary Shares		
100,00,00,000 (Previous year - 100,00,00,000) Ordinary Shares of ₹ 1/- each	100.00	100.00
Preference Shares		
1,00,00,000 (Previous year - 1,00,00,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	100.00	100.00
	<u>200.00</u>	<u>200.00</u>
Issued Share Capital		
80,74,89,291 (Previous year - 80,74,89,291) Ordinary Shares of ₹ 1 /- each	80.75	80.75
	<u>80.75</u>	<u>80.75</u>
Subscribed and Paid Up		
Ordinary Shares		
80,74,72,787 (Previous year - 80,74,72,787) Ordinary Shares of ₹ 1 /- each, Fully Paid (Refer Footnotes iii, v and vi)	80.75	80.75
	<u>80.75</u>	<u>80.75</u>

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 the case of an 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, 2014, no dividend is proposed as distribution to equity shareholders (Previous year ₹ 0.80 per share)
- (ii) The Board of Directors at its meeting held on March 27, 2014 has approved, subject to the approval of the shareholders of the Company, the re-classification of the authorised Share Capital of the Company comprising ₹ 200 crores divided into 100,00,00,000 equity shares of ₹ 1 each and 1,00,00,000 cumulative redeemable preference shares of ₹ 100 each into 200,00,00,000 equity shares of ₹ 1 each aggregating to ₹ 200 crores.
- (iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2014		March 31, 2013	
	No. of shares	₹ crores	No. of shares	₹ crores
As at the beginning of the year	807,472,787	80.75	756,077,117	75.61
Add : Issued during the year	-	-	48,000,000	4.80
Add : Sale of Shares owned by Subsidiaries (Refer Footnote vi)	-	-	3,395,670	0.34
As at the end of the year	<u>807,472,787</u>	<u>80.75</u>	<u>807,472,787</u>	<u>80.75</u>

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

	March 31, 2014		March 31, 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity share of ₹ 1 each fully paid				
Tata Sons Limited	202,052,004	25.02	202,052,004	25.02
Life Insurance Corporation of India	67,797,250	8.40	76,879,324	9.52
Sir Dorabji Tata Trust	50,221,040	6.22	50,221,040	6.22
Government Pension Fund Global	40,454,747	5.01		

- (v) 16,504 (Previous year - 16,504) Ordinary Shares were issued but not subscribed to as at the end of the respective years and have been kept in abeyance pending resolution of legal dispute.
- (vi) The shares sold by subsidiary companies in the previous year, were acquired by them prior to their becoming subsidiaries.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 4 : Reserves and surplus

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Capital Reserve		
Opening and Closing Balance	43.97	43.97
Capital Reserve on Consolidation		
Opening Balance	112.64	95.77
Add : Due to dilution of stake in a subsidiary	-	16.87
Closing Balance	112.64	112.64
Capital Redemption Reserve		
Opening and Closing Balance	10.59	10.59
Securities Premium Reserve		
Opening Balance	2,095.14	1,667.09
Add : On allotment of shares on Warrant	-	492.67
Less: Provision for Premium payable on redemption of Debentures (net of tax)	-	(63.66)
Less : Issue expenses written off (net of tax)	(0.14)	(0.96)
Closing Balance	2,095.00	2,095.14
Revaluation Reserve		
Opening Balance	46.75	47.29
Add : Share in Revaluation Reserves of an associate company	0.18	(0.94)
Less : Depreciation (net of deferred tax) transferred during the year	(0.68)	(0.64)
Add : Foreign Exchange fluctuation for the year (net)	9.90	1.04
Closing Balance	56.15	46.75
Reserve Fund (In terms of Section 45-IC of the Reserve Bank of India Act,1934)		
Opening Balance	33.60	31.35
Add : Transferred from Surplus in Statement of Profit and Loss	2.50	2.25
Closing Balance	36.10	33.60
Debenture Redemption Reserve		
Opening Balance	440.97	440.97
Add : Transferred from Surplus in Statement of Profit and Loss	(135.00)	-
Closing Balance	305.97	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		
Opening Balance	(176.90)	(118.22)
Add / (Less) : Exchange translation for the year	(106.34)	(58.68)
Closing Balance	(283.24)	(176.90)
carried over	2,386.62	2,616.20

Notes to Consolidated Financial Statements for the year ended March 31, 2014

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Brought over	2,386.62	2,616.20
Foreign Currency Translation Reserve		
Opening Balance	607.79	439.62
Add / (Less): Foreign Exchange fluctuation for the year (net)	355.88	168.17
Closing Balance	963.67	607.79
Foreign Currency Monetary Item Translation Difference (Refer Note 37, page 146)		
Opening Balance	(25.56)	9.21
Add / (Less) : Exchange translation difference for the year	(69.73)	(44.02)
Add / (Less) : Transferred to Statement of Profit and Loss on amortisation	29.10	9.25
Add : Share in Reserves of an associate company	0.10	-
Closing Balance	(66.09)	(25.56)
General Reserve		
Opening Balance	562.60	557.59
Add : Transferred from Surplus in Statement of Profit and Loss	3.45	5.28
Less: Due to change in Associate reserves	-	(0.27)
Closing Balance	566.05	562.60
Surplus in Statement of Profit and Loss		
Opening Balance	(862.50)	(340.95)
Add : Net Loss for the current year	(553.85)	(430.24)
Add /(Less) : Adjustment on account of change in stake of Jointly Controlled Entities / Subsidiary	-	(2.63)
Less : Transfer to Debenture Redemption Reserves	135.00	-
Less : Transfer to General Reserve	(3.45)	(5.28)
Less : Transfer to Reserve Fund	(2.50)	(2.25)
Less : Dividend paid for previous year	-	(4.80)
Less : Proposed Dividend	-	(64.60)
Less : Tax on Dividend	(7.24)	(11.75)
Closing Balance	(1,294.54)	(862.50)
	2,555.71	2,898.53

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 ₹ 106.34 crores (Previous year ₹ 58.68 crores) for year ended March 31, 2014 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 ₹ 113.62 crores (Previous year ₹ 62.67 crores) for the year ended March 31, 2014 has been recognised under "Foreign Currency Translation Reserve Account" in the Balance Sheet.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 5 : Long-term borrowings

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Debentures		
Secured (Refer Footnote ii)	790.00	850.00
Unsecured	586.00	736.00
	<u>1,376.00</u>	<u>1,586.00</u>
Term Loans		
From Banks		
Secured (Refer Footnote ii)	871.13	1,161.82
Unsecured	570.10	515.90
	<u>1,441.23</u>	<u>1,677.72</u>
From Others		
Unsecured	-	0.86
	<u>-</u>	<u>0.86</u>
	<u>1,441.23</u>	<u>1,678.58</u>
Other loans and advances		
Unsecured		
Other loans and advances	2.60	2.98
Liability on currency swap contracts	203.69	162.86
	<u>206.29</u>	<u>165.84</u>
Long term maturities of finance lease obligations		
Long term maturities of finance lease obligations	0.36	0.76
	<u>0.36</u>	<u>0.76</u>
	<u>3,023.88</u>	<u>3,431.18</u>

Footnote :

(i) Details of Borrowings as at:

	March 31, 2014 ₹ crores		March 31, 2013 ₹ crores	
	Non-Current	Current	Non-Current	Current
Debentures	1,376.00	210.00	1,586.00	60.00
Term Loans from Banks	1,441.23	730.77	1,677.72	77.71
Term Loans from Others	-	-	0.86	-
Fixed Deposits	-	-	-	0.60
Others	2.96	0.61	3.74	0.48
Liability on currency swap contracts	203.69	65.50	162.86	-
	<u>3,023.88</u>	<u>1,006.88</u>	<u>3,431.18</u>	<u>138.79</u>
Short Term Borrowings (Refer Note 10, page 131)	-	221.25	-	247.67
Total Borrowing	<u>3,023.88</u>	<u>1,228.13</u>	<u>3,431.18</u>	<u>386.46</u>

(ii) Secured debentures and term loans are secured by a *pari passu* first charge created on the fixed assets of respective components of the group.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 6 : Deferred tax liabilities (net)

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Deferred tax liabilities:		
Depreciation on fixed assets	328.55	336.62
Unamortised borrowing cost	1.62	2.07
Others	5.01	8.41
Total (A)	335.18	347.10
Deferred tax assets:		
Provision for doubtful debts	3.38	6.19
Premium on Redemption of Debentures	123.75	148.93
Provision for Employee Benefits	17.82	18.35
Depreciation on fixed assets (Refer Footnote i)	0.36	16.54
Others	24.29	28.30
Total (B)	169.60	218.31
Net Deferred tax liabilities (A-B) (Refer Footnote ii)	165.58	128.79

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) Deferred Tax Assets of Nil (Previous year - ₹ 25.89 crores) has been adjusted against Securities Premium Reserve.

Note 7 : Deferred tax assets (net)

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Deferred tax assets:		
Provision for doubtful debts	1.04	1.10
Provision for Employee Benefits	0.50	0.46
Depreciation on fixed assets (Refer Footnote i)	3.18	3.68
Others	0.31	0.26
Total (A)	5.03	5.50
Deferred tax liabilities:		
Depreciation on fixed assets	0.94	1.05
Total (B)	0.94	1.05
Net Deferred tax assets (A-B)	4.09	4.45

Footnotes :

- (i) 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, 2014

Note 8 : Other Long-term liabilities

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Creditors for capital expenditure	4.06	4.02
Deposits from others		
Secured (Refer Note 15 Footnote iii, page 136)	71.10	71.10
Unsecured	2.51	0.85
	73.61	71.95
Long-term Liabilities Others	0.27	0.25
	77.94	76.22

Note 9 : Long-term provisions

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Provision For Employee Benefits (Refer Note 39, page 146 to 152)	42.28	41.36
Provision - Others		
Premium on Redemption of Debentures	561.82	654.50
Provision for Contingencies (Refer Footnote)	0.15	0.12
	561.97	654.62
	604.25	695.98

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, 2014 ₹ crores	March 31, 2013 ₹ crores
Loans repayable on demand		
From Bank		
Secured (Refer Footnote i)	45.17	51.75
Unsecured	12.68	4.71
	57.85	56.46
Other short-term loans and advances		
From Bank		
Unsecured (Refer Footnote ii)	150.00	-
	150.00	-
From Others		
Unsecured (Refer Footnote iii)	13.40	191.21
	13.40	191.21
	163.40	191.21
	221.25	247.67

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) The Company had taken an unsecured short term loan from a bank of ₹ 200 crores carrying interest rate of 10.35% p.a. during the year. The Loan was drawn down in tranches of ₹ 100 crores each on July 25, 2013 and July 30, 2013 with a put / call option at the end of six months from the draw down date. The Company has repaid ₹ 50 crores on March 27, 2014. The outstanding as on March 31, 2014 is ₹ 150 crores.
- (iii) 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, 2014

Note 11 : Other current liabilities

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Current maturities of long-term borrowings (Refer Note 5 (i), page 129)		
Debentures	210.00	60.00
Term Loans	730.77	77.71
Fixed Deposits	-	0.60
Liability on currency swap contracts	65.50	-
Finance Lease Obligations	0.61	0.48
	1,006.88	138.79
Payables on Current Account dues	21.95	18.24
Deposits	25.37	22.77
Interest accrued but not due on borrowings	43.30	44.38
Interest accrued and due on borrowings	1.38	1.21
Income received in advance	16.03	18.60
Advances collected from customers	101.21	96.44
Creditors for capital expenditure	25.43	19.41
Unclaimed dividends	3.80	3.87
Unclaimed Share Application Money	0.13	0.17
Unclaimed Matured Deposits and interest accrued thereon	2.07	2.68
Unclaimed matured debentures and interest accrued thereon ₹ 25,127 (Previous Year - ₹ 25,127)	-	-
Other Liabilities	194.73	180.52
	1,442.28	547.08

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 12 : Short-term provisions

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Provision for Employees Benefits (Refer Note 39, page 146 to 152)	37.25	38.05
Provision - Others		
Provision for Contingent Claims (Refer Footnote i)	114.38	30.85
Proposed Dividend	-	64.60
Tax on Dividend	5.92	10.59
Loyalty Programmes (Refer Footnote ii)	18.43	17.18
Premium on Redemption of Debentures	92.69	-
Provision for Tax (net of advances)	1.07	1.41
	232.49	124.63
	269.74	162.68

Footnotes :

(i) Provision for Contingencies include :

₹ crores

	Opening Balance	Addition / (Deduction)	Closing Balance
Legal and Statutory matters	1.43	19.52	20.95
	1.64	(0.21)	1.43
Contractual matters in the course of business	28.19	63.45	91.64
	10.64	17.55	28.19
Employee related matters	1.23	0.56	1.79
	1.23	-	1.23
Total	30.85	83.53	114.38
	13.51	17.34	30.85

- 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, 2014	March 31, 2013
	₹ crores	₹ crores
Opening Balance	17.18	17.54
Less : Redeemed during the year	13.21	11.33
	3.97	6.21
Add : Provision for the year	14.46	10.97
Closing Balance	18.43	17.18

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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	Total
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Gross Block at Cost								
At April 1, 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 vii)	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
Translation Adjustment (Refer Footnote iii)	30.72	45.12	309.20	10.93	38.44	2.36	0.30	437.07
Additions	1.26	-	89.70	59.71	34.41	11.36	2.30	198.74
Disposals	0.02	-	1.81	16.70	12.99	4.79	2.57	38.88
At March 31, 2014	519.48	311.25	4,631.03	1,607.27	941.54	136.84	54.78	8,202.19
Depreciation (Refer Footnote vi)								
At April 1, 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 vii)	-	-	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
Translation Adjustment (Refer Footnote iii)	-	5.82	53.09	6.75	22.96	1.39	0.24	90.25
Charge for the year (Refer Footnote iv and v)	-	3.01	119.59	91.57	66.22	12.50	4.08	296.97
Disposals	-	-	0.35	14.51	12.43	4.22	2.13	33.64
At March 31, 2014	3.88	46.40	944.97	859.66	623.38	102.81	35.26	2,616.36
Net Block								
At March 31, 2013	483.64	228.56	3,461.30	777.48	335.05	34.77	21.68	5,342.48
At March 31, 2014	515.60	264.85	3,686.06	747.61	318.16	34.03	19.52	5,585.83

Footnotes :

- Gross Block includes buildings constructed on leasehold land and improvements thereto - ₹ 2,447.23 crores; (Previous year - ₹ 2,141.61 crores).
- Furniture, Fixtures and Office Equipments as at the year end include assets on finance lease: Gross Block - ₹ 1.59 crores; (Previous year - ₹ 3.92 crores), Accumulated Depreciation - ₹ 0.09 crore. (Previous year ₹ 2.64 crores), Depreciation for the year - ₹ 0.04 crore (Previous year - ₹ 0.04 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 ₹ 0.05 crore (Previous year ₹ 0.04 crore) which is capitalised during the year.
- Depreciation / Amortisation for the year includes ₹ 1.32 crores (Previous year ₹ 1.20 crores) recouped from Revaluation Reserve.
- Accumulated Depreciation includes adjustment for impairment of ₹ 6.79 crores (Previous year ₹ 6.61 crores) including ₹ 3.88 crores (Previous year ₹ 3.88 crores) on Freehold Land, made in earlier years.
- Represent the impact of increase / decrease in share of the Group in certain jointly controlled entities for previous year.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 14 : Intangible Assets

	Goodwill	Leasehold Property Rights	Website Development Cost	Software (Refer Footnote i)	Management Contracts	Total
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Gross Block at Cost						
At April 1, 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
Translation Adjustment (Refer Footnote ii)	-	2.06	-	-	6.12	8.18
Additions	-	0.37	0.76	17.06	0.41	18.60
Disposals	-	1.00	-	0.82	-	1.82
At March 31, 2014	4.76	33.60	4.91	47.35	65.09	155.71
Amortisation						
At April 1, 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
Translation Adjustment (Refer Footnote ii)	-	0.68	-	-	5.19	5.87
Charge for the year	-	2.97	0.88	5.37	3.31	12.53
Disposals	-	1.00	-	0.85	-	1.85
At March 31, 2014	4.76	18.43	3.07	22.52	58.06	106.84
Net Block						
At March 31, 2013	-	16.39	1.96	13.11	9.00	40.46
At March 31, 2014	-	15.17	1.84	24.83	7.03	48.87

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 the impact of increase / decrease in share of the Group in certain jointly controlled entities for previous year.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 15 : Non-current Investments (at cost)

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Trade Investments :		
Equity Investments in Associate Companies (Refer Note 1(b) (iii), page 118)		
[Includes Goodwill of ₹ 70.80 crores (Previous year - ₹ 70.80 crores) and is net of capital reserve of ₹ 0.68 crore (Previous year - ₹ 0.68 crore) arising on the acquisition of associates]	242.28	251.59
Investments in Shares		
Quoted (Refer Footnote i and ii)	1,617.46	1,468.08
Unquoted (Refer Footnote iii)	175.98	176.51
	1,793.44	1,644.59
Investment in Government Security	0.02	0.02
Total Long Term Investments - Gross	2,035.74	1,896.20
Less : Provision for Diminution in value of Investments	716.46	373.59
Total Long Term Investments - Net	1,319.28	1,522.61

Footnotes :

- (i) Aggregate of Quoted Investments - Gross : Cost **1,617.46** 1,468.08
: Market Value **774.42** 428.86
- (ii) The Board of Directors at its meeting held on November 8, 2013 decided not to pursue the offer made for acquisition of Orient-Express Hotels Limited and in view of the above, the Group reviewed its carrying value of investment in Orient-Express Hotels Limited and considered it prudent to recognise a further diminution, other than temporary, of ₹ 304.61 crores and related bid costs incurred thus for amounting to ₹ 47.10 crores.
The above charges to the Statement of Profit & Loss have been classified as an "Exceptional item" for the current year.
- (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 (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, 2014 ₹ crores	March 31, 2013 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Capital advances	44.48	62.02
Long-term security deposits placed for Hotel Properties	139.95	136.96
Deposits with Public Bodies and Others	63.13	43.92
Loans and advances		
Considered good	41.70	69.35
Considered doubtful	58.31	-
	100.01	69.35
Less : Provision for long-term doubtful advances	58.31	-
	41.70	69.35
Other loans and advances		
Advance Income Tax paid (net)	123.71	101.88
MAT credit entitlement	37.47	52.85
Others loans and advance	9.45	9.44
	170.63	164.17
	459.89	476.42

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 17 : Other Non-Current Assets

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Deposits with Banks (Refer Note 21, page 138)	25.03	20.90
Unamortised borrowing costs (Refer Note 23, page 138)	3.77	5.10
Interest receivable	0.15	0.49
	<u>28.95</u>	<u>26.49</u>

Note 18 : Current Investments

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Investments in Mutual Fund Units (Unquoted)	107.93	40.69
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>107.93</u>	<u>40.69</u>

Footnote :

These shares are held for disposal.

Note 19 : Inventories (At lower of cost and net realisable value)

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Food and Beverages	38.78	33.37
Stores and Operating Supplies	50.08	49.68
Apartment held for sale	13.21	13.69
	<u>102.07</u>	<u>96.74</u>

Note 20 : Trade Receivables

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
(Unsecured)		
Outstanding over six months :		
Considered good	22.41	25.61
Considered doubtful	14.97	22.77
	<u>37.38</u>	<u>48.38</u>
Others :		
Considered good	258.08	248.37
Considered doubtful	0.35	-
	<u>258.43</u>	<u>248.37</u>
	<u>295.81</u>	<u>296.75</u>
Less : Provision for Doubtful Trade Receivables	15.32	22.77
	<u>280.49</u>	<u>273.98</u>

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 21 : Cash and bank balances.

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Cash and cash equivalents		
Cash on hand	5.30	4.79
Cheques, Drafts on hands	34.49	12.65
Balances with banks in current account	94.07	78.18
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months)	19.38	27.98
	<u>153.24</u>	<u>123.60</u>
Other Balances with banks :		
Call and Short-term deposit accounts	33.79	88.75
Deposits pledged with others	0.80	1.34
Margin money deposits	8.51	5.48
Earmarked balances	12.24	11.79
	<u>55.34</u>	<u>107.36</u>
	<u>208.58</u>	<u>230.96</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 137)	25.03	20.90
	<u>183.55</u>	<u>210.06</u>

Note 22 : Short-term loans and advances

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(Unsecured, considered good unless stated otherwise)		
Short-term loans and advances	76.63	96.44
Deposit with public bodies and others	10.94	45.45
Other advances :		
Considered good	102.85	103.56
Considered doubtful	10.38	8.96
	<u>113.23</u>	<u>112.52</u>
Less : Provision for doubtful advances	10.38	8.96
	<u>102.85</u>	<u>103.56</u>
	<u>190.42</u>	<u>245.45</u>

Note 23 : Other Current Assets

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Interest receivable	16.69	21.31
On Current Account dues	49.49	52.88
Unamortised Borrowing Costs		
Opening Balance	12.48	15.33
Add : Additions during the year	1.51	1.33
Add : Translation adjustment	0.92	0.27
Less : Amortised during the year (Refer Footnote)	(4.40)	(4.45)
Closing Balance	10.51	12.48
Less : Unamortised borrowing costs - Non Current (Refer Note 17, page 137)	3.77	5.10
	<u>6.74</u>	<u>7.38</u>
	<u>72.92</u>	<u>81.57</u>

Footnote :

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

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 24 : Rooms, Restaurants, Banquets and Other Operating Income

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Income from Operations	4,066.19	3,743.36
Other Operating Income	-	-
Total	4,066.19	3,743.36

Income from Operations is derived from the following :

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Room Income	1,937.98	1,810.85
Food, Restaurants and Banquet Income	1,660.10	1,498.70
Shop rentals	37.28	34.38
Membership fees	55.24	51.03
Management and operating fees	122.70	106.50
Others	252.89	241.90
Total	4,066.19	3,743.36

Note 25 : Other Income

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Interest Income		
Inter-corporate deposits	10.70	12.26
Deposits with banks	3.10	0.01
Interest on Income Tax Refunds	5.02	0.48
Others	6.20	6.29
Total	25.02	19.04
Dividend Income from long term Investments	9.51	5.57
Dividend Income from Current Investments	3.50	9.03
Profit on sale of current investments (Net)	0.04	0.75
Exchange Gain (Net)	0.52	-
Others	21.16	25.77
Total	59.75	60.16

Note 26 : Employee benefit expenses and Payment to Contractors

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Salaries, Wages, Bonus etc.	1,086.12	981.19
Company's Contribution to Provident & Other Funds (Refer Note 39, page 146 to 152 and Footnote below)	40.93	48.62
Reimbursement of Expenses on Personnel Deputed to the Company	32.41	37.50
Payment to Contractors	94.42	86.72
Staff Welfare Expenses	118.31	117.72
Total	1,372.19	1,271.75

Footnote :

Includes ₹ 0.53 crore (Previous year ₹ 0.40 crore) in relation to unfunded gratuity.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 27 : Finance costs

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Interest Expense		
Interest Expenses on borrowings	223.18	218.78
On Income Tax Demand	0.02	6.58
	<u>223.20</u>	<u>225.36</u>
Less : Interest recovered on Currency swaps relating to above	30.30	34.13
Less : Interest Capitalised (Refer Footnote)	24.39	20.49
Total	<u>168.51</u>	<u>170.74</u>

Footnote :

The Group has capitalised the interest cost on borrowings utilised for projects under construction, relating to assets in capital work in progress

Note 28 : Operating and general expenses

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
(i) Operating expenses consist of the following :		
Linen and Room Supplies	70.89	63.43
Catering Supplies	36.23	35.04
Other Supplies	8.69	7.99
Fuel, Power and Light	311.15	288.80
Repairs to Buildings	52.03	43.88
Repairs to Machinery	69.25	52.46
Repairs to Others	32.36	40.11
Linen and Uniform Washing and Laundry Expenses	48.48	43.77
Payment to Orchestra Staff, Artistes and Others	32.09	28.30
Guest Transportation	9.91	9.30
Travel Agents' Commission	67.83	55.70
Discount to Collecting Agents	47.36	44.51
Other Operating Expenses	136.40	119.94
Total	<u>922.67</u>	<u>833.23</u>
(ii) General expense consist of the following :		
Rent	60.07	61.01
Licence Fees	208.15	197.11
Rates and Taxes	93.58	78.75
Insurance	19.12	20.00
Advertising and Publicity	130.26	126.00
Printing and Stationery	15.68	15.04
Passage and Travelling	21.14	20.23
Provision for Doubtful Debts and advances	4.28	7.80
Professional Fees	55.49	52.69
Support services	40.93	31.02
Exchange Loss (Net)	-	0.95
Loss on Sale of Fixed Assets (Net)	2.37	4.22
Provision Diminution in Value of Investment	0.30	0.50
Payment made to Statutory Auditors (Refer Footnote)	9.11	7.75
Directors' Fees and Commission	3.08	2.88
Other Expenses	121.13	93.24
Total	<u>784.69</u>	<u>719.19</u>
	<u>1,707.36</u>	<u>1,552.42</u>

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Footnotes :

Payment made to Statutory Auditors:

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
As auditors *	6.49	5.52
For other services (including tax audit and company law matters)	2.53	2.16
Expenses and incidentals	0.09	0.07
	<u>9.11</u>	<u>7.75</u>

* Excludes ₹ 0.14 crore adjusted against Securities Premium Account

Note 29 : Exceptional Items

	March 31, 2014	March 31, 2013
	₹ crores	₹ crores
Exceptional Items comprises of the following :		
Exchange Loss on long term borrowings/assets (Refer Footnote)	(29.15)	(20.72)
Provision for diminution in value of long term investments (Including bid cost incurred so far) (Refer Note 15 (ii), page 136)	(351.71)	(373.00)
Provision for contingency arising out of financial exposure in an associate	(100.47)	(27.55)
Provision for contingency for property tax	(19.04)	-
Project written off for commercial reason	(29.78)	-
Provision for diminution in long term advances by a jointly controlled entity	(21.42)	-
Voluntary Retirement Scheme expenses of a subsidiary	(3.27)	-
Profit on sale of investment by subsidiaries of holding company shares	-	13.95
Settlement of arbitration claim (including interest ₹ 17.97 crores)	-	(23.11)
Total	<u>(554.84)</u>	<u>(430.43)</u>

Footnote :

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

Note 30 : Shareholder's Agreement of a subsidiary:

As per the Share Subscription Agreement and Shareholders' Agreement dated March 16, 2011 entered into with Omega TC holding Pte Limited ("Investor") by a subsidiary company, read with addendum to Subscription Agreement dated March 25, 2014 and subject to the terms and conditions stated therein, 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 December 31, 2015, provided that the subsidiary 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 ₹ 57.70 crores (Previous year ₹ 68.92 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 ₹ 0.08 crore (Previous year ₹ 0.05 crore)

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Luxury tax	3.82	3.60
Entertainment tax	2.40	0.03
Sales tax / VAT	27.88	21.61
Property and Water tax	30.00	13.45
Stamp Duty	-	0.60
Service tax	42.57	33.27
Excise	20.64	21.14
Others	10.31	5.39

The Group is a defendant in various legal actions and a party to claims as above, plus interest thereon, which arose during the ordinary course of business. The Group'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. It is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above.

(c) Other claims against the Group not acknowledged as debt :

Legal and statutory matters ₹ 0.37 crores (Previous year ₹ 2.69 crores)

- (d)** In respect of a plot of land provided to the Company under a license agreement, on which the Company has constructed a hotel, the licensor has made a claim of ₹ 229.70 crores to date, (13 times the existing annual rental) for increase in the rentals with effect from 2006/07. The Company believes these claims to be untenable. The Company has contested the claim, based upon legal advice, by filing a suit in the Honourable Bombay High Court on grounds of licensor's inconsistent stand on automatic renewal of lease, levy of lease rentals and method of computing such lease rent, based on the existing license agreement as also a Supreme Court judgment on related matters. Even taking recent enactments into consideration, in the opinion of the Company, the computation cannot, under any stretch, be more than ₹ 48.56 crores (excluding interest / penalty), and this too is being contested by the Company on merit.

Further, a "Notice of Motion" has been issued by the Honourable Bombay High Court, inter alia, for a stay against any further proceedings by the licensor, pending a resolution of this dispute by the Honourable Bombay High Court. In view of this, and based on legal advice, the Company regards the likelihood of sustainability of the lessor's claim to be remote and the amount of any potential liability, if at all, is indeterminate.

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 ₹ 5.52 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, Common Asset Management charges and rental for period between August, 2012 till October, 2038.

Further, the landlord has also sought for appointment of an arbitrator before the High Court of Delhi as per the arbitration clause in the Agreement to Lease which the group is disputing and have challenged the applicability of arbitration clause as the Agreement to Lease was not registered in accordance with the relevant authority. The counter affidavit and rejoinder thereto have also been filed in the Hon'ble Court by the Group and the Petitioner respectively and the Arbitration Petition is pending arguments. 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 and 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 and 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Note 32 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 244.84 crores (Previous year – ₹ 240.94 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 erstwhile Sea Rock hotel property through its wholly-owned subsidiary, Sky Deck Properties & Developers Private Limited ("SDPDPL"). LEPPL has issued zero coupon Non-Convertible Debentures aggregating to ₹ 521 crores, redeemable at a premium, having a yield to maturity of 10% per annum. LEPPL has a call option on this borrowing, and thus the right to early redemption of such Debentures on February 13, 2015, with an additional redemption premium of 0.15% of nominal value (principal value). In the event, this option of early redemption is not exercised by LEPPL, the obligation of LEPPL on such Debentures, on its maturity, would aggregate to ₹ 693.45 crores. 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 any, if lenders of LEPPL divest 100% of SDPDPL shares and realise an amount lower than the redemption amount, in case the right referred in (i) above is not exercised.

In addition, SDPDPL has availed of a secured zero coupon term loan of ₹ 508 crores from a financial institution for which the total repayment obligation on the maturity date (being January 28, 2016) would be ₹ 708.93 crores. This term loan has been secured by way of a pledge on all direct and indirect shareholding of ELEL.

In effect, the total future repayment obligation for LEPPL, on a consolidated basis, aggregates to ₹ 1402.38 crores covering the current outstanding debt obligations of LEPPL and SDPDPL, its underlying subsidiary.

- (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 January 1, 2014 (not exercised) or July 1, 2014. In parallel, the Company also has an option to purchase these shares at the same price on April 1, 2014 (not exercised) 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 ₹ 15.51 crores (previous year: ₹ 13.67 crores) towards the acquisition of 2,21,62,500 shares (previous year: 1,95,37,500 shares) of Greenwoods Palaces & Resorts Pvt. Ltd.
- (d) The Company has given letters of support in case of select associate and Jointly controlled 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) The 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 it might incur as a result of granting the

Notes to Consolidated Financial Statements for the year ended March 31, 2014

loan to BAHC 5 to the extent of approximately ₹ 420.07 crores (US\$70 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 ₹ 420.07 crores (US\$70 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 ₹ 256.78 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 ₹ 142.82 crores (US \$ 23.8 million). In the opinion of management, since Bjets owns several aircrafts having an estimated market value of ₹ 82.21 crores (US\$ 13.7 million) which could be used to settle bank loan, the management made the provision for its obligation towards the financial guarantee for the remaining balance of ₹ 60.00 crores (US\$ 10.01 million) accordingly which is disclosed under Note 12, page 133 in "Provision for contingencies"
- (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 monies 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, 2014 - ₹ 89.08 crores (Previous year - ₹ 24.05 crores).

Note 35 : Operating and Finance Leases

- (a) IHMS Inc. a wholly owned subsidiary of the company, 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 ₹ 30.00 crores (US \$ 5 million), as to be renewed annually until expiration of the lease.
- (ii) Spend not less than ₹ 210.03 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 ₹ 480.08 crores (US \$80 million). The New York LLC spent approximately ₹ 627.94 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, 2014 ₹ crores	March 31, 2013 ₹ crores
Not later than one year	11.82	10.69
Later than one year but not later than five years	47.26	42.77
Later than five years	73.85	77.52

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(iv) Lease on cooperative apartments and ballroom

The New York LLC assumed a lease agreement with Barney's New York, which was originally 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 intangible as lease acquisition rights and will be expensed over the term of the Amended Lease Agreement. Accumulated amortisation of the Rent Adjustment amounted to ₹ 1.88 crores (US \$313,251) and ₹ 0.92 crores (US\$ 1,68,672) at March 31, 2014 and March 31, 2013 respectively. Future fixed minimum rentals, exclusive of formula or percentage rentals for the years ending March 31 are approximately as follows:

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Not later than one year	10.99	9.94
Later than one year but not later than five years	39.83	39.06

(v) 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	0.42	2.61	1.99	5.03
	0.35	2.36	1.88	4.59
Later than one year but not later than five years	0.26	13.41	8.38	22.05
Later than five years	0.50	7.48	7.52	15.50
Later than five years	-	22.55	3.64	26.19
	-	-	5.17	5.17

Figures in italics are in respect of previous year

(b) 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, 2014 ₹ crores	March 31, 2013 ₹ crores
Not later than one year	46.79	41.92
Later than one year but not later than five years	177.72	160.83
Later than five years	1260.26	1,165.20

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 ₹ 0.55 crore (previous year ₹ 0.32 crore)

(c) The Group has taken assets on finance lease, certain assets, the minimum future lease rentals on which are as follows:

	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Not later than one year	0.58	0.45
Later than one year but not later than five years	0.21	0.60
Later than five years	-	-
Total	0.79	1.05

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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, 2014		March 31, 2013	
		Currency million	₹ crores	Currency million	₹ crores
Libor Cap	US\$	40.00	-	40.00	-
	GB£	20.00	-	20.00	-
Interest Rate Swap	US\$	75.84	-	63.34	-
	GB£	30.00	-	30.00	-

The above excludes cross currency interest rate swap referred to in footnote to Note 4, page 128.

(b) Un-Hedged Foreign currency exposure receivable/(payable) :

Currency	March 31, 2014	March 31, 2013
United States Dollar (Million)*	(104.92)	(99.38)
South African Rand (Million)	-	62.23
Thai Baht (Million)	238.93	237.42

* 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 128.

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, 2014 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, 2014 are accounted as per Company's Policy on Transactions in Foreign Exchange (Refer Note 2(f), page 122).

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, 2014 ₹ crores	March 31, 2013 ₹ crores
Provident Fund (includes Pension cost)	31.24	29.26
Superannuation Fund	6.19	6.80
Total	37.43	36.06

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Multi-Employer Benefit Plans

One of the international subsidiaries, IHMS Inc. along with its two LLP's namely "the New York LLC" and "the Boston LLC" participates in the multi-employer plans with the Industry Wide Plan ("IWP"). The New York LLC is a party to the Industrywide Collective Bargaining Agreement between the New York Hotel Trades Council ("NYC Union") and the Hotel Association of New York City, Inc. The Boston LLC, along with certain other hotel operators and owners in Boston, Massachusetts, is a party to the Collective Bargaining Agreement with UNITE HERE Local 26 ("Boston Union"). The respective collective bargaining agreements provide for Union sponsored multi-employer defined benefit plans (the "Plans") to which the New York LLC and the Boston LLC make contributions for the benefit of their employees covered by the collective bargaining agreements. The New York LLC and the Boston LLC have not received information from the Plans' administrators to determine their share of unfunded benefit obligations, if any. The New York LLC and the Boston LLC have not undertaken to terminate, withdraw or partially withdraw from the Plans. The risks of participating in the multi-employer plan are different from a single-employer plan in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The New York LLC's and the Boston LLC's participation in the Plans for the years ended March 31, 2014 and 2013 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN). The most recent Pension Protection Act (PPA) zone status available in 2013 is for the Plans' year-end at December 31, 2013. The zone status is based on information that the New York LLC and the Boston LLC received from the Plans and is certified by the actuaries of the Plans. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded.

The "FIP/RP Status Pending/Implemented" column indicates pension plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is pending or has been implemented. The New York LLC's and the Boston LLC's contributions to its respective Plans did not exceed more than 5% of the total contributions to the Plans by all participating Employers

The following is a summary of the Plans to which the New York LLC and the Boston LLC make contributions for the benefit of their employees covered by the collective bargaining agreements.

Plans	EIN Number	Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contribution by the Company	
			2013	2012		2013 US \$	2012 US \$
New York LLC							
Pension Fund (1)	13-1764242	001	Yellow	Yellow	Yes	2,962,984	2,205,338
Health Benefits Fund (2)	13-6126923	501	NA	NA	Yes	6,143,209	5,436,184
Prepaid Legal Services Fund (3)	13-3418414	508	NA	NA	Yes	117,194	20,921
Total - New York LLC						9,223,387	7,662,443
Boston LLC							
Pension Fund (4)	45-4227067	001	Yellow	Yellow	Yes	303,375	292,872
Health Benefits Fund (5)	04-6048964	501	NA	NA	Yes	2,925,334	2,781,701
Other Fund						131,409	120,343
Total - Boston LLC						3,360,118	3,194,916
						12,583,505	10,857,359

Notes to Consolidated Financial Statements for the year ended March 31, 2014

1. New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund
2. New York Hotel Trades Council and Hotel Association of New York City, Inc. Health Benefits Fund
3. New York Hotel Trades Council and Hotel Association of New York City, Inc. Prepaid Legal Services Fund
4. Unite Here Local 26 Workers & Hospitality Employers VDB Pension Trust
5. Greater Boston Hotel Employees Local 26 Health and Welfare Plan

Defined Contribution 401(k) Plans

IHMS Inc and its LLC (Subsidiaries) have defined contribution plans for the benefit of their eligible employees pursuant to Section 401(k) of the Internal Revenue Code. In addition to employee 401(k) contributions, the plans require employer contributions of 3% of each eligible participant's plan compensation for each year. The employer may also make a profit sharing contribution of a uniform percentage of eligible participants' plan compensation based on profits as defined. The employer contributions charged to the Company's and the Subsidiaries' operations for the years ended March 31, 2014 and 2013 are as follows:

	March 31, 2014 US \$	March 31, 2013 US \$
San Francisco LLC	113,738	97,719
Boston	220,253	213,584
New York LLC	176,729	152,802
Company	48,794	47,980
Total Employer Contributions	559,514	512,085

(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 :

- Post Retirement Gratuity.
- 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(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	Gratuity unfunded	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	₹ crores
Present Value of Funded Obligations	179.50	-	-	-	-	-	4.93
	183.44	-	-	-	-	-	5.12
Present Value of Unfunded Obligations	-	2.15	10.27	2.74	5.27	2.61	-
	-	1.88	11.72	2.86	5.83	1.85	-
Fair Value of Plan Assets	(180.40)	-	-	-	-	-	(7.20)
	(182.86)	-	-	-	-	-	(6.59)
Unrecognised Past Service Cost	-	-	-	-	-	-	(1.14)
	-	-	-	-	-	-	(1.52)
Adjustment to Plan Asset	-	-	-	-	-	-	0.77
	-	-	-	-	-	-	0.50
Net (asset) / Liability	(0.90)	2.15	10.27	2.74	5.27	2.61	(2.64)
	0.58	1.88	11.72	2.86	5.83	1.85	(2.49)

(ii) Expenses recognised in the Statement of Profit and Loss

	Gratuity Funded	Gratuity unfunded	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	₹ crores
Current Service Cost	9.97	0.24	15.28	0.04	0.33	-	0.12
	9.59	0.24	14.42	0.03	0.46	-	0.11
Interest Cost	14.36	0.19	0.87	0.23	0.35	0.13	0.35
	14.29	0.17	0.88	0.22	0.55	0.13	0.32
Expected return on Plan Assets	(12.89)	-	-	-	-	-	(0.42)
	(11.56)	-	-	-	-	-	(0.42)
Actuarial Losses / (Gain) recognised in the year	(6.95)	0.10	(2.71)	(0.12)	(1.24)	1.41	(0.82)
	0.33	(0.01)	(0.87)	0.12	(1.51)	0.42	0.70
Past service Cost	-	-	-	-	-	-	-
	-	-	-	-	-	-	0.38
Curtailment / Settlement	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Effect of the limit on Plan Asset	-	-	-	-	-	-	0.27
	-	-	-	-	-	-	(0.20)
Expense	4.49	0.53	13.44	0.15	(0.56)	1.54	(0.50)
	12.65	0.40	14.43	0.37	4.25	0.55	0.89

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(iii) Reconciliation of Defined Benefit Obligation

	Gratuity Funded	Gratuity unfunded	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	₹ crores
Opening Defined Benefit Obligation	183.44	1.88	11.72	2.86	5.83	1.85	5.12
	170.51	1.79	11.06	2.62	6.33	1.71	4.08
Additions Due to Acquisitions	0.89	-	-	-	-	-	-
	-	(0.09)	-	-	-	-	-
Current Service Cost	9.97	0.24	15.28	0.04	0.33	-	0.12
	9.59	0.24	14.42	0.03	0.46	-	0.11
Interest Cost	14.36	0.19	0.87	0.23	0.35	0.13	0.35
	14.29	0.17	0.88	0.22	0.55	0.13	0.32
Contribution by Plan Participants	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Actuarial Losses / (Gain)	(7.92)	0.10	(2.71)	(0.12)	(1.24)	1.41	(0.53)
	8.41	(0.01)	(0.87)	0.12	(1.51)	0.42	0.63
Benefits Paid	(21.34)	(0.31)	(14.89)	(0.27)	-	(0.78)	(0.13)
	(19.36)	(0.14)	(13.77)	(0.13)	-	(0.41)	(0.02)
Past Service Cost	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Curtailment / Settlement	0.10	-	-	-	-	-	-
	-	-	-	-	-	-	-
Foreign currency translation	-	0.05	-	-	-	-	-
	-	(0.09)	-	-	-	-	-
Closing Defined Benefit Obligation	179.50	2.15	10.27	2.74	5.27	2.61	4.93
	183.44	1.88	11.72	2.86	5.83	1.85	5.12

(iv) Reconciliation of Fair Value of Plan Assets

	Gratuity Funded	Gratuity unfunded	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	₹ crores
Opening Fair Value of Plan Assets	182.86	-	-	-	-	-	6.59
	163.39	-	-	-	-	-	6.14
Additions Due to Acquisitions	1.10	-	-	-	-	-	-
	-	-	-	-	-	-	-
Expected return on Plan Assets	12.89	-	-	-	-	-	0.42
	11.56	-	-	-	-	-	0.42
Actuarial (Gain) / Losses	(0.97)	-	-	-	-	-	0.29
	7.26	-	-	-	-	-	(0.07)
Contribution by Employer	5.69	-	14.89	0.27	-	0.78	0.03
	20.01	-	13.77	0.13	-	0.41	0.12
Contribution by Plan Participants	0.08	-	-	-	-	-	-
	-	-	-	-	-	-	-
Benefits Paid	(21.34)	-	(14.89)	(0.27)	-	(0.78)	(0.13)
	(19.36)	-	(13.77)	(0.13)	-	(0.41)	(0.02)
Curtailment / Settlement	0.10	-	-	-	-	-	-
	-	-	-	-	-	-	-
Closing Fair Value of Plan Assets	180.40	-	-	-	-	-	7.20
	182.86	-	-	-	-	-	6.59
Expected Employer's contribution next year	10.11	-	1.48	0.24	0.57	0.78	-
	6.61	0.08	2.02	0.23	0.93	0.47	-

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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

	Gratuity Funded	Gratuity unfunded	Post-Employment Benefit (Compensated Absence)	Post-Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director UnFunded	Pension Staff Funded
Government of India Securities	35%	-	-	-	-	-	38%
	29%	-	-	-	-	-	35%
Corporate Bonds	36%	-	-	-	-	-	56%
	45%	-	-	-	-	-	57%
Equity	17%	-	-	-	-	-	-
	14%	-	-	-	-	-	-
Others	12%	-	-	-	-	-	6%
	12%	-	-	-	-	-	8%
Grand Total	100%	-	-	-	-	-	100%
	100%	-	-	-	-	-	100%

(vi) Actuarial Assumptions

	Gratuity Funded	Gratuity unfunded	Post-Employment Benefit (Compensated Absence)	Post-Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director UnFunded	Pension Staff Funded
Discount rate (p.a.)	8.00% - 9.36%	9.05% - 11.00%	9.00% - 9.15%	9.00%	9.00%	9.00%	9.00%
	7.80% - 8.50%	8.05%-8.50%	8.10%	8.10%	7.95% - 8.10%	8.10%	8.10%
Expected Rate of Return on Assets (p.a.)	7.50% - 8.00%	-	-	-	-	-	7.50%
	7.50% - 8.00%	-	-	-	-	-	7.50%
Salary Escalation Rate (p.a.)	3.00% - 8.00%	5.00% - 8.50%	5.00%	-	5.00%	4.00%	-
	3.00% - 7.00%	5.00%	5.00%	-	5.00%	5.00%	-
Mortality Table (LIC)	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*
	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*	2006-08*

Footnote Note :

* 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 - ₹ 40,774) (1% Decrease - ₹ 45,556)	-	-
PY (1% increase - ₹ 48,651) (1% Decrease - ₹ 42,691))	-	-
	0.05	(0.05)
Effect of defined benefit obligation	0.06	(0.05)

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(viii) Experience Adjustments

	2013/14 ₹ crores	2012/13 ₹ crores	2011/12 ₹ crores	2010/11 ₹ crores	2009/10 ₹ crores
Defined Benefit Obligation	204.34	211.80	196.05	146.92	125.93
Plan Assets	186.66	186.10	168.98	138.50	118.68
Deficit	(14.03)	(13.98)	(16.01)	(8.42)	(7.25)
Experience Adjustment on Plan Liabilities	2.25	21.86	21.12	5.26	3.08
Experience Adjustment on Plan Assets	(0.63)	7.32	(0.55)	0.26	9.54

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 Note 1 (b), page 118

iii. Co-venturer

Singapore Airport Terminal Services Ltd. (SATS)

Malaysian Airline Systems Berhad.

Kerala Tourism Infrastructure Ltd.

Zinc Holdings Inc.

And Beyond Holdings Pty. Ltd.

His Excellency Governor of Karnataka.

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, 2014

(b) Details of related party transactions during the year ended March 31, 2014 and outstanding balances as at March 31, 2014:

	Company having substantial interest ₹ crores	Key Management Personnel ₹ crores	Associates and Jointly Controlled Entities ₹ crores	Co-venturer ₹ crores
Interest Paid/Provided	-	-	0.30	1.16
	-	-	4.31	0.76
Interest received/accrued	-	-	6.06	-
	-	-	0.77	-
Dividend Paid	16.16	-	0.11	-
	19.67	0.01	0.16	0.15
Dividend Received	3.60	-	-	-
	3.60	-	-	-
Operating / License Fees Paid / Provided	-	-	2.38	-
	-	-	2.06	0.01
Operating / License Fees Received / Accrued	-	-	45.45	-
	-	-	42.97	-
Purchase of goods and services	0.42	-	0.82	0.24
	-	-	1.33	0.23
Sale of goods and services	0.73	-	3.20	1.84
	3.13	0.02	3.42	1.51
Allotment of Shares	-	-	-	-
	497.47	-	-	-
ICD Raised	-	-	-	2.15
	-	-	13.19	-
ICD Repaid	-	-	-	5.74
	-	-	23.83	-
ICD Placed	-	-	47.12	-
	-	-	29.20	-
ICD Encashed	-	-	48.84	-
	-	-	9.39	-
Share Application money paid	-	-	7.31	-
	-	-	0.24	-
Remuneration paid / payable (Refer Footnote ii)	-	16.50	-	-
	-	15.64	-	-
Balances outstanding at the end of the year				
Trade receivables	0.05	-	22.07	0.24
	0.96	-	21.45	0.19
Trade payables	0.03	-	4.67	0.32
	2.85	-	2.54	0.44
Due from/(to) on Current A/c	0.30	-	29.47	-
	-	-	15.61	(0.03)
Interest Receivable	-	-	1.71	-
	-	-	4.41	-
Interest Payable	-	-	0.30	0.11
	-	-	0.35	-
Deposits (Net)	-	-	9.58	(6.68)
	-	-	37.16	-
Loans Outstanding (Net)	-	-	91.50	0.03
	-	-	25.83	(7.31)

Footnotes :

- Figures in italics are of the previous year.
- 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.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(c) Statement of Material Transactions

Company Name	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
Company having substantial interest		
Tata Sons Limited		
Allotment of Shares	-	497.47
Dividend Received	3.60	3.60
Dividend Paid	16.16	19.67
Sale of goods and services	-	2.31
Trade Payables	-	2.85
Tata Quality Management Services		
Sale of goods and services	-	0.82
Remuneration to Key Management Personnel		
Mr. Raymond Bickson	10.40	10.33
Mr. Anil P. Goel	2.37	2.17
Mr. Abhijit Mukerji	2.08	1.99
Mr. Mehernosh S. Kapadia	1.65	1.15
Associates		
Oriental Hotels Ltd.		
Interest paid/provided	-	0.47
Interest received/accrued	1.66	0.69
Interest Payable	-	0.35
Dividend Received	3.59	1.52
Operating/Licence Fees Paid	2.38	1.00
Operating/Licence Fees Received	23.69	23.43
Purchase of goods and services	-	0.92
Sale of goods and services	3.09	3.05
Due on current account (Net) – Payable	3.61	2.20
Trade Receivables	8.31	9.07
Trade Payables	4.03	-
ICD Placed during the year	21.50	21.75
ICD Encashed during the year	36.00	7.25
ICD raised during the year	-	9.00
ICD repaid during the year	-	14.50
ICD Closing Position - Receivable	-	14.50
ICD Closing Position - Payable	-	2.48
Deposits (Net)	3.48	-
Taida Trading & Industries Ltd.		
Interest received/ accrued	0.92	0.72
Interest Receivable	0.66	1.21
Deposits(net)	1.43	-
ICD Placed during the year	1.35	-
ICD Closing Position - Receivable	8.04	8.04
Lanka Island Resorts Ltd.		
Operating/Licence Fees Received	2.37	-
Trade Receivables	2.28	-
TAL Lanka Hotels Plc		
Trade Receivables	0.87	-

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Company Name	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
BJets Pte Ltd.		
Interest received/accrued	1.39	0.77
Interest Receivable	-	1.15
Due on current account (Net) – Payable	0.86	-
ICD Placed during the year	18.95	-
Loans given outstanding	73.95	16.31
Jointly Controlled Entities (to the extent of Co-venturer share)		
Taj GVK Hotels & Resorts Ltd.		
Dividend Received	-	1.79
Operating/Licence Fees Received	10.57	11.36
Due on current account (Net) – Payable	2.05	1.48
Trade Receivables	5.61	4.43
Purchase of Goods & Services	-	0.31
ICD Encashed during the year	5.00	-
Kaveri Retreats and Resorts Ltd.		
Interest received/ accrued	1.22	0.83
Operating/Licence Fees Paid	0.62	-
Deposits (Net)	6.68	-
Due on current account (Net) – Payable	0.66	-
Trade Receivables	1.28	-
ICD Placed during the year	5.60	4.57
ICD Encashed during the year	5.25	-
ICD Closing Position - Receivable	-	9.13
TAL Hotels & Resorts Ltd.		
Operating/Licence Fees Received	5.40	2.85
Loans given outstanding	6.53	5.92
Interest Receivable	-	0.53
Taj Kerala Hotels & Resorts Ltd.		
Operating/Licence Fees Received	1.37	-
Trade Receivables	0.81	-
Sale of Goods & Services	-	0.19
Purchase of Goods & Services	-	0.03
Taj Madras Flight Kitchen Pvt. Ltd.		
Interest paid/provided	-	0.29
Sale of Goods & Services	-	0.16
ICD raised during the year	-	2.50
ICD repaid during the year	-	5.00
Taj Karnataka Hotels & Resorts Ltd.		
Interest Receivable	-	0.85
Loans & Advances receivable	-	2.98
Taj Safaris Ltd.		
Due on current account (Net) – Payable	1.46	-
ICD Placed during the year	3.00	-
Deposits (Net)	2.95	-
ICD encashed during the year	-	1.72

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2014

Company Name	March 31, 2014 ₹ crores	March 31, 2013 ₹ crores
IHMS Hotels (SA) (Proprietary) Ltd.		
Due on current account (Net) – Receivable	26.60	18.30
Subscription of Shares	14.62	0.24
Trade Receivables	1.67	-
Investing parties		
Malaysian Airlines Systems		
Sale of goods and services	1.52	1.51
Coromandel Beach Properties Pvt Ltd.		
Interest paid/provided	1.16	0.76
ICD Raised during the year	2.15	-
ICD Repaid during the year	5.74	-
Deposits (net)	6.68	7.31
Kerala Tourism Infrastructure Ltd.		
Purchase of Goods & Services	-	0.23

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

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Segment Revenue	3,798.23	3,498.17	267.96	245.19	4,066.19	3,743.36
Unallocated Income					59.75	60.16
Total Revenue					4,125.94	3,803.52
Segment Results	257.18	264.23	(5.74)	(15.01)	251.44	249.22
Add: Unallocated Income (Other than Interest)					34.73	41.12
Interest Income					25.02	19.04
Finance Cost					168.51	170.74
Profit before Tax and Exceptional item					142.68	138.64
Add / (Less) : Exceptional Income					(554.84)	(430.43)
Loss before tax					(412.16)	(291.79)
Less : Provision for tax					110.95	98.96
Loss after Tax					(523.11)	(390.75)
Profit attributable to Minority Interest					(17.49)	(40.86)
Share of Profit /(Loss) of Associates					(13.25)	1.37
Loss After Minority Interest and Share of Associate					(553.85)	(430.24)

Notes to Consolidated Financial Statements for the year ended March 31, 2014

	Hoteliering		Others		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Segment Assets	6,800.07	6,368.15	256.13	306.15	7,056.20	6,674.30
Unallocated Assets					2,462.37	2,621.43
Total Assets					9,518.57	9,295.73
Segment Liabilities	834.35	780.29	128.14	71.08	962.49	851.37
Unallocated Liabilities					5,183.76	4,757.36
Total Liabilities					6,146.25	5,608.73
Depreciation and amortisation	291.40	272.21	16.73	16.21	308.13	288.42
Significant Non Cash Expenditure other than Depreciation	55.21	35.99	119.20	8.04	174.41	44.03
Capital Expenditure	336.03	428.87	6.14	6.20	342.17	435.07

The disclosures in respect of the above geographic segment are as under:

Geographic segments

	Domestic		International		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Segment Revenue	2,795.66	2,685.45	1,270.53	1,057.91	4,066.19	3,743.36
Segment Assets	3,819.86	3,729.26	3,236.34	2,945.04	7,056.20	6,674.30
Capital Expenditure	251.54	280.60	90.63	154.47	342.17	435.07

Footnotes :

- (i) Unallocated assets include Goodwill on consolidation, Non - Current and Current Investments, Interest receivable, Cash and Bank Balance, Deferred Tax, Assets Loans and Advances, Advance Tax and other current assets which are not directly attributable to segments
- (ii) Unallocated Liabilities includes Long Term Borrowings including current maturities of long-term borrowings, deferred tax liabilities, Provision for tax, Short Term Borrowings, Premium on redemption of debenture, Interest accrued but not due, Interest accrued and due 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.

The Indian Hotels Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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, 2014	March 31, 2013
Loss after tax – (₹ crores)	(553.85)	(430.24)
Number of Ordinary Shares	80,74,72,787	80,74,72,787
Weighted Average Number of Ordinary Shares	80,74,72,787	79,66,89,225
Face Value per Ordinary Share (₹)	1	1
Earnings Per Share – (₹) Basic and Diluted	(6.86)	(5.40)

Note 43 : Information of Subsidiaries in terms of section 212(8) of the Companies Act, 1956 :

The Company has opted for exemption granted vide Circular No 2/2011 related to not attaching the Balance Sheet of its subsidiaries under Section 212(8) of the Companies Act, 1956. The relevant details of Subsidiaries as at March 31, 2014 as required vide Circular No 2/2011 are as follows:

Domestic Companies :

	Capital	Reserves	Total Liabilities	Total Assets	Investments	Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed / Interim Dividend
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
TIFCO Holdings Ltd.	81.50	138.76	0.21	220.47	180.61	13.77	13.47	1.12	12.34	6.52
Residency Foods & Beverages Ltd.	19.00	(16.77)	0.34	2.57	-	0.22	0.15	0.02	0.13	-
KTC Hotels Ltd.	0.60	0.55	4.29	5.44	-	0.26	0.18	0.06	0.12	-
United Hotels Ltd.	8.40	17.06	10.32	35.78	6.25	34.75	6.61	2.30	4.31	3.78
Taj Sats Air Catering Ltd.	17.40	189.80	82.17	289.37	0.01	245.10	(6.84)	3.47	(10.31)	-
Roots Corporation Ltd.	85.97	208.08	95.26	389.31	0.01	117.02	1.21	0.25	0.96	-
Taj Enterprises Ltd.	0.50	2.10	0.01	2.61	0.07	0.54	0.46	0.06	0.40	-
Taj Trade & Transport Ltd.	3.47	12.45	13.66	29.58	6.97	28.07	1.32	0.28	1.04	0.69
Inditravel Ltd.	0.72	35.26	12.39	48.38	16.57	66.85	9.08	3.01	6.07	4.32
Ideal Ice & Cold Storage Co. Ltd.	0.45	(1.74)	1.33	0.04	-	-	(0.01)	-	(0.01)	-
Benares Hotels Ltd.	1.30	41.81	11.90	55.01	-	44.12	13.76	4.78	8.98	2.60
Piem Hotels Ltd.	3.81	469.09	89.74	562.63	166.21	326.40	59.21	18.15	41.06	22.86
Taj Rhein Shoes Co. Ltd.	3.00	(22.47)	19.54	0.07	-	-	-	-	-	-
Northern India Hotels Ltd.	0.44	17.29	0.17	17.90	0.11	3.09	2.78	0.86	1.92	-
TIFCO Security Service Ltd.	0.05	(0.01)	-	0.04	0.04	-	-	-	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2014

International Companies :

	Capital	Reserves	Total Liabilities	Total Assets	Investments	Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed / Interim Dividend
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Samsara Properties Ltd.	120.03	(1,205.86)	2,108.45	1,022.62	875.15	0.33	(765.69)	-	(765.69)	-
Apex Hotel Management Services (Pte) Ltd	-	-	0.09	0.09	-	1.93	-	-	-	-
Chieftain Corporation NV	0.10	115.79	6.60	122.48	122.48	0.11	0.04	-	0.04	-
IHOCO BV	15.38	108.02	3.75	127.15	121.46	(0.53)	(0.69)	0.06	(0.75)	-
St. James Court Hotel Ltd.	565.22	(36.48)	518.36	1,047.10	-	289.53	1.58	-	1.58	-
Taj International Hotels Ltd.	-	26.43	16.10	42.54	-	78.07	8.19	1.99	6.20	-
IHMS (Australia) Pty. Ltd.	27.80	(98.24)	151.00	80.57	-	58.15	(2.81)	-	(2.81)	-
International Hotel Management Services Inc.	2,553.43	(1,468.81)	757.57	1,842.19	-	740.57	(153.18)	1.50	(154.68)	-
Taj International Hotels (HK) Ltd.	1,380.23	90.69	1,488.20	2,959.13	743.11	38.35	(101.88)	-	(101.88)	-
Piem International (HK) Ltd.	48.01	166.45	0.04	214.50	182.99	5.73	5.64	-	5.64	15.67
BAHC 5 Pte Ltd.	-	(180.34)	477.48	297.14	-	-	(34.19)	-	(34.19)	-
Premium Aircraft Leasing Co Ltd	-	(0.16)	0.16	-	-	(0.01)	(0.04)	-	(0.04)	-

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

Anil P. Goel

Abhijit Mukerji

Beejal Desai

Managing Director

Executive Director – Finance

Executive Director – Hotel Operations

Vice President - Legal & Company Secretary

Mumbai, May 30, 2014

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/(Loss) before Tax	Tax Expenses	Profit/(Loss) after Tax @	Net Transfer to General Reserves	Earning Per Share (Basic) *	Earning Per Share (Diluted) *			
	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores	₹ Crores
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	4.83	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	6.22	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	15.96	15.47	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	25.55	22.47	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	42.58	42.41	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	6.14	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	5.43	5.43	5.43
2008-09	Ω 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	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)	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)	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	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)	5.28	(5.40)	(5.40)
2013-14	80.75	2555.71	4252.01	8357.90	5634.7	1427.21	4125.94	3983.26	308.13	(412.16)	110.95	(553.85)	3.45	(6.86)	(6.86)	3.45	(6.86)	(6.86)

¶ 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

*We forecast that on arrival,
it's guaranteed to rain – petals.*

Performance.Art



The Practice of Perfect Hospitality

TAJ
Hotels Resorts
and Palaces

*To ignite the Bombay Blazer requires
surgical precision and a very steady hand.*

Performance.Art



The Practice of Perfect Hospitality

TAJ
Hotels Resorts
and Palaces

THE INDIAN HOTELS COMPANY LIMITED

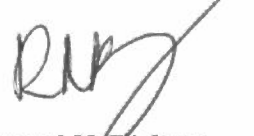
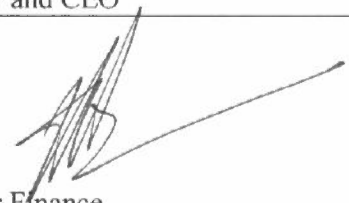


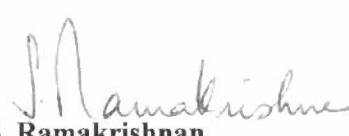
Mandlik House, Mandlik Road, Mumbai, 400 001.

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, 2014
3	Type of Audit observation	Un-qualified report.
4	Frequency of observation	Not applicable
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. K.B. Dadiseth Audit Committee Chairman
	<ul style="list-style-type: none">• Auditor of the Company	Refer our Audit Report dated 30 th May 2014 on the standalone financial statements of the Company For DELOITTE HASKINS & SELLS LLP Chartered Accountants (Registration No. 117366W/ W-100018)  Sanjiv V. Pilgaonkar Partner (Membership No. 39826) For PKF SRIDHAR & SANTHANAM Chartered Accountants (Registration No. 003990S)  S. Ramakrishnan Partner (Membership No. 18967)

Date: 30th May 2014

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 Consolidated financial statement for the year ended	31 st March, 2014
3	Type of Audit observation	Un-qualified report.
4	Frequency of observation	Not applicable
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. K. B. Dadiseth Audit Committee Chairman
	<ul style="list-style-type: none">• Auditor of the Company	Refer our Audit Report dated 30 th May 2014 on the consolidated financial statements of the Company For DELOITTE HASKINS & SELLS LLP Chartered Accountants (Registration No. 117366W/ W-100018)  Sanjiv V. Pilgaonkar Partner (Membership No. 39826)

Date: 30th May 2014