

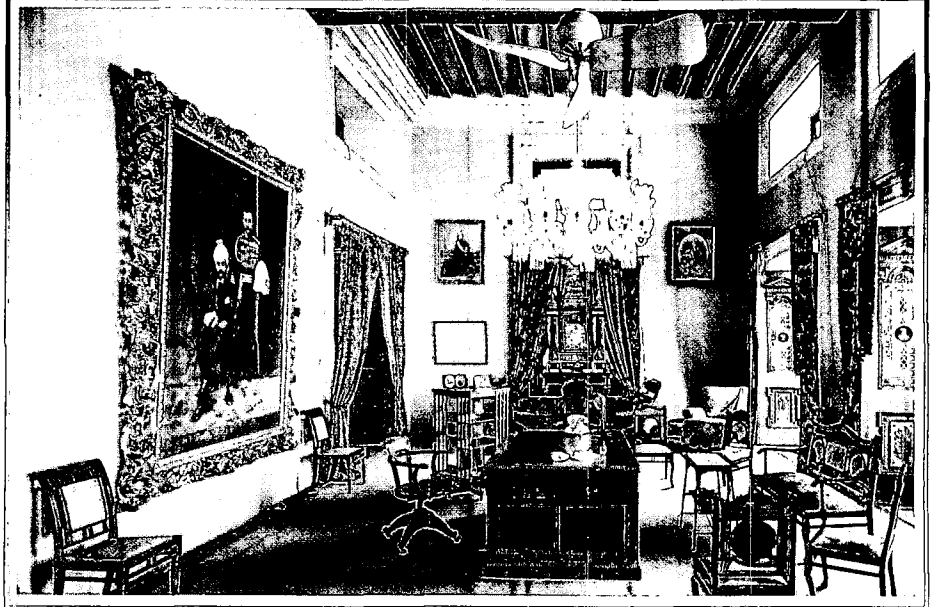
## FALAKNUMA PALACE, HYDERABAD

*A legend comes back to life*

Falaknuma Palace "The Palace in the skies". Built in the palladian style at the turn-of-the-century by Sir Vicar ul Umra, Amir e Paigah and Prime Minister of Hyderabad and later offered as 'Nazar' to his sovereign, the VIth Nizam, the Falaknuma Palace, is a magnificent example of the Western influences that then prevailed in Hyderabad.

Set high on a hill overlooking the city, the marble palace occupies approximately a hundred thousand sq. ft. of built-up area. Appointed with richly brocaded Empire furniture, marble statuary, Dresden porcelain, Ming China and Venetian chandeliers, Falaknuma Palace, over the years, played host to a dazzling array of European royalty and the Viceroys of India.

A living testimony of the builder's skill, the epitome of gracious elegance and the very essence of an exuberant lifestyle, the Falaknuma Palace will soon be transformed into a Taj Palace Hotel.



MD	✓		BKC	✓
CS	✓		DPY	✓
RØ	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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Annual General Meeting  
at Birla Matushri Sabhagar  
on Friday, 10th October, 1997  
at 3.45 p.m.





## BOARD of DIRECTORS

### Board of Directors

**R.N. Tata**

*Chairman*

*(Appointed 2nd Sept. '97)*

**A.B. Kerkar**

*(Ceased to be a Director 1st Sept. '97)*

**J.J. Bhabha**

**S.K. Kandhari**

**N.A. Soonawala**

**S.R. Vakil**

**N.A. Palkhivala**

**A. Ghosh**

*Nominee of TFCI*

**R. K. Krishna Kumar**

*Managing Director*

*(Appointed 3rd Sept. '97)*

**S. Ramakrishnan**

*Deputy Managing Director*

*(Appointed 3rd Sept. '97)*

**N.B. Daruwala**

**Ms. C. Panjabi**

**L.A. Menezes**

*Whole-time Directors*

**V.R. Agnihotri**

*Company Secretary*

*Registered Office*

**Mandlik House, Mandlik Road,  
Mumbai - 400 001.**

*Share Department*

**Mandlik House, Mandlik Road,  
Mumbai - 400 001.**

*Legal Adviser*

**S.R. Vakil**

*Auditors*

**Messrs Damania, Panday & Bajan**

**Messrs S.B. Billimoria & Company**

*Branch Auditors*

**Messrs Ratan S. Mama & Company**

### Management

**R.K. Krishna Kumar**

**S. Ramakrishnan**

**N.B. Daruwala**

**Ms. C. Panjabi**

**L.A. Menezes**

**Mrs. E. Kerkar**

**H. Lamba**

**J.M. Verma**

**D.S. Chavda**

**S. Menon**

**P. Sengupta**

**V.R. Agnihotri**

**M.F. Pancha**

**L.R. Shah**

**P.M. Baliga**

**S. Bhowmick**

**M.K. Singh**

**L. D'Costa**

**R. Gujral**

## FINANCIAL HIGHLIGHTS

	1996-97	1995-96
HIGHLIGHTS	Rupees Crores	Rupees Crores
Gross revenue	613.33	547.36
Profit before tax	180.48	179.57
Profit after tax	146.88	140.57
Dividend	38.35	33.47
Retained earnings	131.88	127.47
Funds employed	936.73	812.36
Net worth	716.98	612.28
Borrowings	219.75	200.08
Debt : Equity ratio	0.31 : 1	0.33 : 1
Net worth per Ordinary Share	Rs.158.90	Rs.135.70
Earnings per Ordinary Share	Rs.32.55	Rs.31.15
Dividend per Ordinary Share	Rs.8.50 (85%)	Rs.7.50 (75%)

## BALANCE SHEET

### Simplified Balance Sheet as at 31st March, 1997

#### WHAT THE COMPANY OWNED :

##### 1. FIXED ASSETS

(a) Gross Block (At Cost) .....	500.10	384.01
(b) Less : Depreciation .....	136.02	110.80
(c) Total .....	364.08	273.21

##### 2. INVESTMENTS

In Shares and Securities .....	214.80	142.09
--------------------------------	--------	--------

##### 3. NET CURRENT ASSETS

Excess of stock and stores, customers' dues, advances and cash and bank balances, over current liabilities for supplies, services, interest, taxes etc. ....	357.85	397.06
--	--------	--------

#### 4. TOTAL ASSETS (NET)

936.73

812.36

#### WHAT THE COMPANY OWED :

##### 1. BORROWINGS AND DEPOSITS

From Banks and Others .....	219.75	200.08
-----------------------------	--------	--------

##### 2. THE COMPANY'S NET WORTH (Shareholders' Funds) .....

(i.e. the excess what the Company owned over what the Company owed) (Rupees in Crores)

716.98

612.28

As at                      As at  
31.3.1997              31.3.1996

##### Represented by :

(a) Share Capital .....	45.12	45.12
(b) Reserves and Surplus .....	671.86	567.16
	<u>716.98</u>	<u>612.28</u>

#### 3. TOTAL ASSETS (NET)

936.73

812.36

Debt/Equity Ratio

0.31:1

0.33:1





## PROFIT *and* LOSS ACCOUNT

Simplified Profit and Loss Account for the year ended 31st March, 1997

	Rupees (In Crores)	Previous Year Rupees (In Crores)
<b>1. INCOME</b>		
(a) Rooms, Restaurants, Banquets and Other Services etc .....	576.82	524.30
(b) Other Income .....	36.51	23.06
(c) Total .....	<u>613.33</u>	<u>547.36</u>
<b>2. EXPENDITURE</b>		
(a) Operating and General Expenses .....	363.40	309.57
(b) Depreciation .....	27.18	20.37
(c) Interest .....	45.55	41.20
(d) Sub-total .....	436.13	371.14
(e) Less : Unallocated Expenditure during construction transferred to Fixed Assets .....	3.28	3.35
(f) Total .....	<u>432.85</u>	<u>367.79</u>
<b>3. PROFIT BEFORE TAX .....</b>	<b>180.48</b>	<b>179.57</b>
<b>4. Less : PROVISION FOR TAX .....</b>	<b>33.60</b>	<b>39.00</b>
<b>5. PROFIT AFTER TAX .....</b>	<b>146.88</b>	<b>140.57</b>
<b>6. Less : FOREIGN EXCHANGE EARNINGS RESERVE .....</b>	<b>38.00</b>	<b>40.00</b>
	<u>108.88</u>	<u>100.57</u>
<b>7. Add : AMOUNT BROUGHT FORWARD FROM PREVIOUS YEAR .....</b>	<b>11.90</b>	<b>9.80</b>
<b>8. PROFIT AVAILABLE FOR APPROPRIATIONS</b>	<u><u>120.78</u></u>	<u><u>110.37</u></u>
<b>9. APPROPRIATIONS</b>		
(a) Proposed Dividend .....	38.35	33.47
(b) Tax on Dividend .....	3.83	—
(c) Investment Reserve .....	5.00	—
(d) General Reserve .....	60.00	65.00
(e) Balance Carried Forward .....	13.60	11.90
<b>10. TOTAL ASSETS (NET)</b>	<u><u>120.78</u></u>	<u><u>110.37</u></u>



## NOTICE

NOTICE is hereby given that the **NINETY-SIXTH ANNUAL GENERAL MEETING of THE INDIAN HOTELS COMPANY LIMITED** will be held at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Friday, 10th October, 1997 at 3.45 p.m. to transact the following business :-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in the place of Mr. R.N. Tata who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. S.K. Kandhari who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. N.B. Daruwala who retires by rotation and is eligible for re-appointment.
6. **Notice received from a Shareholder for appointment as a Director.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyam Sundar Gupta be and is hereby appointed a Director of the Company."

7. **Appointment of Mr. R.K. Krishna Kumar as a Director**

To appoint a Director in the place of Mr. R.K. Krishna Kumar who was appointed an Additional Director of the Company by the Board of Directors with effect from 29th August, 1997, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

8. **Appointment of Mr. S. Ramakrishnan as a Director**

To appoint a Director in the place of Mr. S. Ramakrishnan who was appointed an Additional Director of the Company by the Board of Directors with effect from 29th August, 1997, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

9. **Appointment of Mr. R.K. Krishna Kumar as Managing Director**

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

**"RESOLVED THAT** pursuant to Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. R.K. Krishna Kumar as Managing Director of the Company for a period of five years with effect from 3rd September, 1997, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. R.K. Krishna Kumar."

10. **Appointment of Mr. S. Ramakrishnan as Deputy Managing Director**

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

**"RESOLVED THAT** pursuant to Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. S. Ramakrishnan as Deputy Managing Director of the Company for a period of five years with effect from 3rd September, 1997, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. S. Ramakrishnan."

11. To appoint Auditors and fix their remuneration.
12. **Appointment of Branch Auditors**

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

**"RESOLVED THAT** M/s. Ratan S. Mama & Company, Chartered Accountants, be and are hereby re-appointed as the Branch Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting of the Company to audit the books of account of the Company relating to the Connemara Hotel at Chennai, the Taj West End at Bangalore, the Savoy Hotel at Udagamandalam (Ooty) and the hotels under construction at Jaisalmer and Jodhpur for the financial year 1997-98 on a remuneration of Rs.1,75,000/- (Rupees one lakh seventy five thousand only) plus reimbursement of out-of-pocket and travelling expenses."

13. **Increase in Directors' Borrowing Powers**

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

**"RESOLVED THAT** in supersession of Resolution No. 15 passed at the Annual General Meeting of the Company held on 2nd





August, 1994, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, and all other enabling provisions, if any, to the Board of Directors of the Company borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be 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 specific purpose, provided that the total amount so borrowed by the Board and outstanding shall not at any time exceed the limit of Rs. 750 crores (Rupees seven hundred and fifty crores only)."

#### 14. Creation of Charges

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

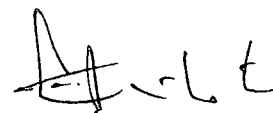
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct together with power to take over the management/undertaking of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions/banks/any other investing agencies or any other person(s)/bodies corporate by private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 700 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

#### NOTES :

- (a) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 10 and 12 to 14 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and the Share Transfer Books of the Company were closed from 29th July, 1997, to 5th August, 1997, both days inclusive. The dividend on Ordinary Shares as recommended by the Directors for the year ended 31st March, 1997, if approved at the Meeting, will be made payable on and after 24th October, 1997, to those Members whose names appeared on the Register of Members of the Company as on Tuesday, 29th July, 1997.
- (d) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1993, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.
- (e) Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- (f) Shareholders 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.
- (g) Shareholders are requested to kindly bring their copies of the Annual Report to the Meeting.

By Order of the Board of Directors



V.R. AGNIHOTRI  
Vice-President & Company Secretary

Mumbai, 11th September, 1997.  
Registered Office :  
Mandlik House,  
Mandlik Road,  
Mumbai 400 001.

## EXPLANATORY STATEMENT

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

1. The following Explanatory Statement sets out all the material facts relating to the business under Item Nos. 6 to 10 and 12 to 14 mentioned in the accompanying Notice dated 11th September, 1997.

Item No. 6

2. The resolution for the appointment of Mr. Shyam Sunder Gupta as Director of the Company is being placed before the members as required by law. It is not intention of the Management to support this Resolution.

Item Nos. 7-10

3. By a Circular Resolution dated 29th August, 1997, the Directors appointed Mr. R.K. Krishna Kumar and Mr. S. Ramakrishnan as Additional Directors of the Company with immediate effect. Pursuant to Article 131 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, Mr. R.K. Krishna Kumar and Mr. S. Ramakrishnan hold office as Directors upto the date of this Annual General Meeting. Being eligible for re-appointment, the Company has received notice pursuant to Section 257 of the Act, from members proposing their candidature for their appointment as Directors at the forthcoming Annual General Meeting. The Board commends to the Shareholders their appointment as Directors of the Company.
4. Mr. Krishna Kumar has had a first class academic career and joined the Tata Administrative Service in 1963 when he was posted in Tata Industries Ltd. He has since then served in several other Tata Companies. He joined Tata Finlay Ltd., in 1965, which subsequently became Tata Tea Ltd., and held various senior positions such as Vice-President (South India) and became the Joint Managing Director in 1988. He was appointed Managing Director of Tata Tea Ltd., in 1991. He is also a Director of several other Tata companies.
5. Mr. S. Ramakrishnan is a graduate from Indian Institute of Technology, Chennai, and Indian Institute of Management, Ahmedabad. He joined the Tata Administrative Service in 1972 and was posted in The Indian Hotels Company Ltd., where he worked from 1973 to 1992 having been a Wholetime Director since 1982. He has handled several major projects of the Taj Group of companies, such as setting up of the Company's hotels at Goa, Delhi, Benares, Colombo, Calcutta and other places. From 1993 to date, he has been Vice-President (Projects) of Tata Industries Ltd., with special charge of new projects being promoted by Tata Industries Ltd. Mr. Ramakrishnan is also a director of other Tata companies.
6. The Board is of the opinion that it is in the interest of the Company that Mr. R.K. Krishna Kumar and Mr. S. Ramakrishnan, persons of wide knowledge and experience, be appointed Managing Director and Deputy Managing Director respectively of the Company.
7. The draft Agreements between the Company and Mr. R.K. Krishna Kumar and Mr. S. Ramakrishnan (the Appointees) contain the following principal terms and conditions :
  1. Period of Agreement : 5 years with effect from 3rd September, 1997.
  2. Remuneration :
    - a. Salary : Mr. R.K. Krishna Kumar - Rs. 55,000 per month in the scale of Rs. 50,000 - Rs. 75,000  
Mr. S. Ramakrishnan - Rs. 50,000 per month in the scale of Rs. 50,000 - Rs. 75,000  
The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance.
    - b. Perquisites & Allowances :
      - (i) In addition to the salary and commission payable, the Appointees shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for themselves and their families; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Appointees; such perquisites and allowances will be subject to a maximum of 125% of their annual salary.
      - (ii) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites shall be evaluated at actual cost.  
Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
      - (iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
    - c. Commission :  
Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amount payable to the Appointees not exceeding four times their annual salaries, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the shareholders.
    - d. Minimum Remuneration :  
Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointees, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.
    - e. The terms and conditions of the said appointments and/or Agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to managing and whole-time directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.