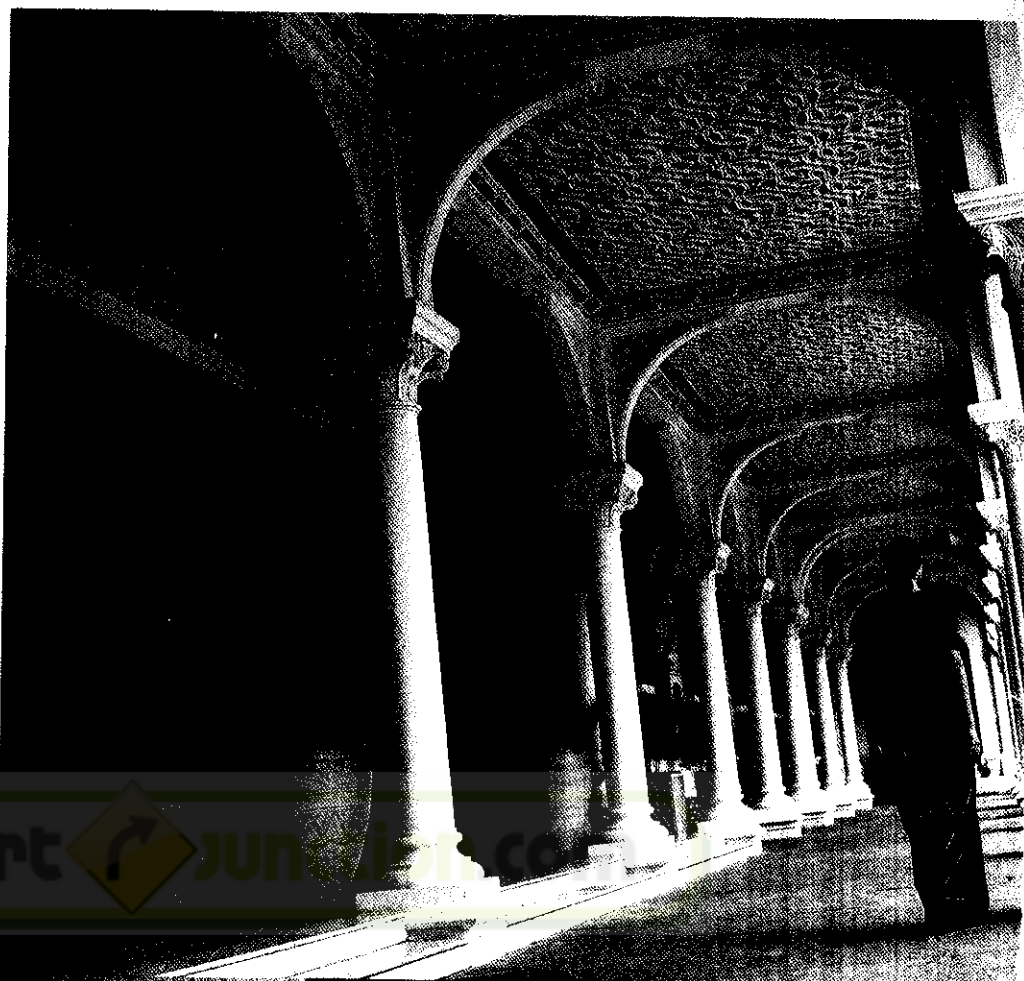




THE INDIAN
HOTELS
COMPANY
LIMITED



Report

JUN

CO



The Taj Residency, Lucknow



The Taj West End, Bangalore



The Indian Hotels Company Limited
Ninety-Eighth Annual Report 1998-99



Contents

Highlights	3
Shareholder Information	4
Notice	6
Directors' Report	11
Balance Sheet	18
Profit and Loss Account	19
Schedules to Accounts	20
Notes on Balance Sheet and Profit and Loss Account	33
Cash Flow	37
Balance Sheet Abstract and Company's General Profile	38
Financial Statistics	39
Statement Pursuant to Section 212	40
Taj Investment and Finance Company Limited	42-51
KTC Hotels Limited	52-62
Asia Pacific Hotels Limited	63-74
Taj International Hotels (H.K.) Limited and its Subsidiaries	75-176

Annual General Meeting
at Birla Matushri Sabhagar
on Friday, 20th August, 1999
at 3.45 p.m.

The Indian Hotels Company Limited

Board of Directors

R.N. Tata

Chairman

J.J. Bhabha

S.K. Kandhari

N.A. Soonawala

S.R. Vakil

N.A. Palkhivala

A. Ghosh

(Ceased to be a Director 2nd November, 1998)

Nominee of TFCI

R.K. Krishna Kumar

Managing Director

S. Ramakrishnan

Deputy Managing Director

N.B. Daruwala

Ms. C. Panjabi

Z. Dubash

(Appointed 25th May, 1999)

Whole-time

Directors

B.D. Nariman

Company Secretary

Management

R.K. Krishna Kumar

S. Ramakrishnan

N.B. Daruwala

Ms. C. Panjabi

Z. Dubash

J.M. Verma

D.S. Chavda

S. Bhowmick

R. Gujral

B. Martyris

P.M. Baliga

S.P. Warty

B.D. Nariman

Registered Office

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

Share Department

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

Legal Adviser

S.R. Vakil

Solicitors

**Mulla & Mulla & Craigie Blunt & Caroe
Udwadia, Udeshi & Berjis**

Auditors

**Messrs Damania, Panday & Bajan
Messrs S.B. Billimoria & Company**

Branch Auditors

Messrs R S M & Company

Financial Highlights	1998-99 Rupees Crores	1997-98 Rupees Crores
Gross revenue	623.34	623.91
Profit before tax	154.14	163.96
Profit after tax	119.14	137.96
Dividend	38.35	38.35
Retained earnings	110.41	128.20
Funds employed	1067.89	1010.11
Net Worth	889.47	812.80
Borrowings	178.42	197.31
Debt : Equity ratio	0.20:1	0.24 : 1
Net worth per Ordinary Share	Rs. 197.16	Rs. 180.16
Earnings per Ordinary Share	Rs. 26.41	Rs. 30.58
Dividend per Ordinary Share	Rs. 8.50 (85 %)	Rs. 8.50 (85 %)

The Indian Hotels Company Limited

Shareholder Information

Annual General Meeting

- Date and Time 20th August, 1999 at 3.45 p.m.
- Venue Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020.

Book Closure Date

23rd July to 20th August, 1999.
(both days inclusive)

Dividend Payment

on or after 21st August, 1999.

Registered Office

Mandlik House
Mandlik Road
Mumbai 400 001

Telephone No.

(022) 202 6260

Facsimile No.

(022) 202 7442

Website

www.tajhotels.com

E-mail

share.dept@tajhotels.com

Listing

- Ordinary Equity Shares The Stock Exchange, Mumbai
National Stock Exchange
Delhi Stock Exchange
Madras Stock Exchange
Bangalore Stock Exchange
London Stock Exchange
- Global Depository Shares

ISIN No.

INE053A01011

Share Transfer agent

In-House

SEBI Registration No.

Category II - INR000003746

Financial Calendar

Financial reporting for

- Quarter ending 30th September, 1999 October 1999
- Quarter ending 31st December, 1999 January 2000
- Quarter ending 31st March, 2000 May 2000

Share Transfer System

- All shares have been transferred and returned within 21 days from the date of lodgement, provided the necessary documents were in order.
- The Share Transfer Committee meets once in 10 days.
- The total number of equity shares transferred during 1998-99 were 29,46,020 as compared to 34,35,699 equity shares in 1997-98.
- The total number of equity shares dematerialised during 1998-99 were 37,15,518 as compared to 24,97,926 equity shares in 1997-98.

Dematerialisation of Shares

As of the end of June, 1999, shares comprising approximately 40% of the Company's Equity Share Capital have been dematerialised.

Trading in the Company's shares in a dematerialised form has been made compulsory with effect from 5th April, 1999.

Investor Correspondence

In case of any queries, investors are requested to get in touch with the Company's Share Department at Mandlik House, Mandlik Road, Mumbai 400 001.

Electronic Clearing Service

The Company is availing of the ECS facility to distribute dividend. The Company will pay dividend for the financial year 1998-99 to Members opting for payment through the ECS facility in 8 cities namely, Mumbai, Delhi, Chennai, Calcutta, Bangalore, Ahmedabad, Pune & Hyderabad.

The Indian Hotels Company Limited

Notice

NOTICE is hereby given that the NINETY-EIGHTH 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, 20th August, 1999, 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, 1999, and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Equity Shares.
3. To appoint a Director in the place of Mr. N.A. Palkhivala who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. N.B. Daruwala who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Ms. C. Panjabi who retires by rotation and is eligible for re-appointment.
6. **Appointment of Mr. Zubin Dubash as a Director of the Company.**

To appoint a Director in the place of Mr. Zubin Dubash who was appointed an Additional Director of the Company by the Board of Directors with effect from 25th May, 1999, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with 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 Member of the Company proposing the candidature of Mr. Zubin Dubash, for the office of Director of the Company.

7. **Appointment of Mr. Zubin Dubash as a Whole-time Director of the Company.**

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

"RESOLVED that pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and the terms of remuneration of Mr. Zubin Dubash as Whole-time Director of the Company for a period of five years with effect from 25th May, 1999, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for the purposes of identification initialled by a Director thereof, which Agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such a manner as may be agreed to between the Board of Directors and Mr. Zubin Dubash."

8. **To appoint Auditors and fix their remuneration.**

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

"RESOLVED that pursuant to the provisions of Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Damania, Panday & Bajan, Chartered Accountants, Mumbai and M/s. S.B. Billimoria & Co., Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company to audit the Books of Account of the Company for the financial year 1999-2000 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax and out-of-pocket expenses and travelling expenses actually incurred by them in connection with the audit."

9. **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. R S M & Company, Chartered Accountants, Mumbai be and are hereby re-appointed as the Branch Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company to audit the Books of Account of the Company relating to the Taj Residency-Connemara Hotel at Chennai, The Taj West End Hotel at Bangalore, the Savoy Hotel at Udagamandalam (Ooty) and the hotels under construction at Jaisalmer and Jodhpur for the financial year 1999- 2000 on such remuneration as may be mutually agreed upon between the Board of Directors and the Branch Auditors, plus reimbursement of service tax and out-of-pocket and travelling expenses incurred by them in connection with the audit."

10. Commission to Directors other than the Managing and Whole-time Directors 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 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director, Deputy Managing Director and the Whole-time Directors) in such amounts or proportions and in such a manner as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2000."

NOTES :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 10 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23rd July, 1999, to Friday, 20th August, 1999, both days inclusive. The dividend on Ordinary Equity Shares as recommended by the Board of Directors for the year ended 31st March, 1999, if approved at the Meeting, will be paid on or after 21st August, 1999, to those Members whose names appear on the Register of Members of the Company as on 20th August, 1999. The dividend in respect of shares held in the electronic mode will be paid to the beneficial owner(s) of the shares as on 20th August, 1999, as per the details furnished by the Depositories for this purpose.
4. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in for attending the Meeting.
5. Members are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communications to their correct addresses.
6. 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.
7. As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to Members, Debenture holders and Fixed Deposit holders in respect of the shares, debentures and deposits respectively held by them. Nomination forms can be obtained from the Registered Office of the Company.
8. Members are requested to kindly bring their copies of the Annual Report to the Meeting.

By Order of the Board of Directors


B.D. NARIMAN

Vice President Legal & Company Secretary

Mumbai, 25th May, 1999

Registered Office :

Mandlik House,
 Mandlik Road,
 Mumbai 400 001.

The Indian Hotels Company Limited

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 mentioned in the accompanying Notice dated 25th May, 1999.

Item Nos. 6 & 7

2. The Board of Directors at their meeting held on 25th May, 1999, has appointed Mr. Zubin Dubash an Additional Director of the Company with effect from 25th May, 1999. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Mr. Zubin Dubash holds office as a Director of the Company upto the date of this Annual General Meeting. Being eligible for re-appointment, the Company has received a Notice pursuant to Section 257 of the Act, from a Member proposing Mr. Zubin Dubash's candidature for the office of Director of the Company at the forthcoming Annual General Meeting of the Company. The Board commends to the Members his re-appointment as a Director of the Company.
3. Mr. Zubin Dubash is a qualified Chartered Accountant from the Institute of Chartered Accountants at London, U.K. and is an M.B.A. from the University of Pennsylvania, U.S.A. Before joining the Company as Sr. Vice President Finance and Strategic Planning earlier this year, Mr. Dubash, since 1993, was a Director of Tata Financial Services (a Division of Tata Sons Ltd.).
4. The Board is of the opinion that it is in the interests of the Company that Mr. Zubin Dubash be appointed a Whole-time Director of the Company.
5. The draft Agreement between the Company and Mr. Zubin Dubash (the Appointee) contains the following principal terms and conditions :
 1. Period of Appointment : 5 years with effect from 25th May, 1999.
 2. Remuneration :
 - a. Salary
In the scale of Rs. 25,000 — Rs. 1,00,000 per month with authority to the Board of Directors to determine his salary within the scale from time to time. The annual increments will be merit-based and shall take into account the Company's performance.
 - b. Perquisites & Allowances
 - (i) In addition to the salary and commission payable, the Appointee 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 himself and his family; 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 Appointee; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
 - (ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
 - (iii) 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.
 - (iv) 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