

THE INDIAN HOTELS COMPANY LIMITED

A **TATA** Enterprise



The
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behind
the smile

100th Annual Report
2000-01

The Indian Hotels Company Limited
Centenary Annual Report 2000-2001



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**Annual General Meeting
at Birla Matushri Sabhagar
on Friday, 31st August, 2001
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****N.A. Palkhivala****R.K. Krishna Kumar***Managing Director***N.B. Daruwala***Ceased to be a Director w.e.f. 12th February, 2001***Ms. C. Panjabi****Z. Dubash**

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*Whole-time Directors***K. B. Dadiseth****Deepak Parekh****B.D. Nariman***Company Secretary***Management****R.K. Krishna Kumar****Ms. C. Panjabi****Z. Dubash****S. Bhowmick****S. P. Warty****R. Gujral****M. S. Kapadia****Jamshed Daboo****B. Martyris****P. Shukla****Sampath Kumar****Ravi Dubey****H. N. Srinivas****A. Misra****B. D. Nariman****L. Krishna Kumar***Registered Office***Mandlik House, Mandlik Road,
Mumbai - 400 001.***Share Department***Mandlik House, Mandlik Road,
Mumbai - 400 001.***Solicitors***Mulla & Mulla & Craigie Blunt & Caroe
Udwadia, Udeshi & Berjis***Auditors***Messrs S.B. Billimoria & Company
Messrs N.M. Raiji & Company***Bankers***Hongkong and Shanghai Banking Corporation**Report  junction.com

Financial Highlights	2000-01 Rupees Crores	1999-00 Rupees Crores
Gross revenue	716.34	618.42
Profit before amortisation and tax	137.29	130.73
Profit after amortisation and tax	116.79	113.23
Dividend	45.12	38.35
Retained earnings	112.23	108.35
Funds employed	1,580.53	1391.40
Net Worth	961.26	957.60
Borrowings	555.31	432.32
Debt Equity ratio	0.54:1	0.45:1
Net worth per Ordinary Share	213.05	212.26
Earnings per Ordinary Share	25.88	25.10
Dividend per Ordinary Share	Rs. 10 (100%)	Rs. 8.50 (85%)

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NOTICE

NOTICE is hereby given that the HUNDREDTH 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, 31st August, 2001, 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, 2001, 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 Dr. J. J. Bhabha who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. N. A. Palkhivala who retires by rotation but does not offer himself for re-appointment.
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. N. A. Palkhivala, a Director liable to retire by rotation, does not seek re-election, is therefore not re-appointed a Director of the Company,

RESOLVED FURTHER THAT the vacancy on the Board of Directors of the Company so created be not filled."

5. To appoint a Director in the place of Mr. Zubin Dubash who retires by rotation and is eligible for re-appointment.
6. **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 Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.B. Billimoria & Co., Chartered Accountants, Mumbai and M/s. N.M. Raiji & Company, 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 2001 - 2002 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, out-of-pocket and travelling expenses actually incurred by them in connection with the audit."

7. **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.13 passed at the Annual General Meeting of the Company held on 10th October, 1997, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable 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 monies 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 Rs.1,500 crores(Rupees One Thousand Five Hundred Crores Only)."

8. **Sale of an Undertaking**

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 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to other permissions and approvals as may be required, consent be and is hereby accorded to the Board of Directors of the Company to transfer, sell and /or dispose of the undertaking of the Company, comprising the business carried on by its Air Catering Division which includes air

catering, institutional catering, airport restaurants and airport lounges, being carried on through the following units, forming part of the Division:

- (i) The Air Catering Unit at Mumbai
- (ii) The Air Catering Unit at Kolkata
- (iii) The Air Catering Unit at Delhi; and
- (iv) The Airport Restaurant business at Delhi

(collectively referred to as the "Undertaking"), as a going concern or otherwise, to a joint venture to be entered into by the Company with Singapore Airport Terminal Services Limited (SATS) and also transfer the shares (amounting to 25%) held by the Company in Taj Madras Flight Kitchen Limited (which carries on air catering business at Chennai) to the joint venture. The price for the transfer of the Undertaking and the shares shall not be less than USD 35 million and the said transfer of the Undertaking shall be as a going concern and on a slump sale basis or otherwise. The purchase price due to the Company from the joint venture would be partly adjusted by way of issue of majority of shares in the joint venture and the balance paid in cash, by the joint venture to the Company through the funds raised from SATS and on such terms and conditions as may be decided by the Board of Directors or a Committee of Directors appointed for the purpose, with power to the Board of Directors or to the Committee of Directors to finalise and execute necessary documents including business transfer agreements, deeds of assignment / conveyance and other documents and to do all such acts, deeds, matters and things including giving customary representations and warranties together with such indemnities as may be deemed necessary and expedient in their discretion, for completion of transfer/ sale of the said Undertaking."

9. Increase in Authorised Share Capital

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 94 and other applicable provisions, if any, of the Companies Act, 1956, read with Article 7 of the Articles of Association of the Company, the present Authorised Share Capital of the Company of Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 5,00,00,000 Ordinary Shares of Rs. 10/- each be and is hereby increased to Rs. 200,00,00,000 (Rupees Two Hundred Crores Only), which increase in capital shall be in the form of unclassified shares and the Board of Directors or a Committee of Directors appointed for the purpose, shall, by way of a resolution in that behalf, have the power to classify the shares as preference shares or equity shares, with voting rights or differential rights as to dividend, voting or otherwise in accordance with such rules and such conditions as may be prescribed under Section 86 of the Companies Act, 1956 and that Clause V of the Memorandum of Association of the Company be altered accordingly."

10. Amendment to the Articles of Association

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 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 4 of the Articles of Association of the Company be substituted by the following Article:

"The Authorised Share Capital of the Company is Rs. 200,00,00,000 (Rupees Two Hundred Crores Only) divided into 5,00,00,000 Ordinary Shares of Rs. 10/- each and the balance Rs. 150,00,00,000 (Rupees One Hundred Fifty Crores Only) in the form of unclassified shares and the Board of Directors or a Committee of Directors appointed for the purpose, shall, by way of a resolution in that behalf, have the power to classify the shares as preference shares or equity shares, with voting rights or differential rights as to dividend, voting or otherwise in accordance with such rules and such conditions as may be prescribed under Section 86 of the Companies Act, 1956."

11. Issue of Capital

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

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the

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Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised, on behalf of the Company, to create, offer, issue and allot, in the course of one or more public offerings in domestic or one or more international markets, equity shares and/or equity shares through depository receipts and/or convertible bonds and/or securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant-holder to subscribe for the equity shares and/or warrants with an option exercisable by the warrant-holder to subscribe for equity shares, and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (all of which are hereinafter collectively referred to as "securities") to investors (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or Trustees or otherwise, and whether or not such investors are members of the Company), through prospectus and/or offer letter or circular basis, for an amount not exceeding USD 75 million (approximately Rs. 356.25 crores) or an equivalent amount in Indian Rupees, in the case of a domestic issue, inclusive of premium, at the relevant time(s) of issue of securities,

RESOLVED FURTHER THAT such offer, issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, at a discount or premium to market price or prices, in such manner and, where necessary, in consultation with Lead Managers and/or Underwriters and/or other Advisors or otherwise on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue,

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or combination of terms in accordance with prevalent market practice including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any securities, including terms for issue of additional equity shares or variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities,

RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Board may issue depository receipts representing the underlying equity shares in the capital of the Company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradeability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchanges) in or outside India,

RESOLVED FURTHER THAT the Board be and is hereby authorised to offer, issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter se with the then existing equity shares of the Company in all respects, excepting the right to dividend which may be provided under the terms of the issue and in the offer document(s),

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised to decide on the size, structure and timing of the offer, issue and allotment, on behalf of the Company and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar,

paying and conversion agent, trustee and to issue any offer documents and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s), issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

NOTES :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 and 6 to 11 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 14th August, 2001, to 31st August, 2001, both days inclusive.
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
5. The dividend on ordinary shares, as recommended by the Directors, if declared at the Annual General Meeting, will be paid on and after 1st September, 2001, to the Members whose names appear on the Company's Register of Members on 31st August, 2001. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of shares, whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Services (India) Limited and the Central Depository Services (India) Limited as at the end of business hours on 13th August, 2001.
6. It may be noted that all dividends unclaimed for a period of seven years are to be transferred by the Company to the Investor Education and Protection Fund (the Fund) to be established by the Central Government, as provided for under Section 205C of the Companies Act, 1956. Accordingly, all unclaimed dividends from and including the financial year ended 31st March, 1995, will be transferred by the Company to the Fund in the manner prescribed in the said Section 205C of the Act.
7. 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.
8. 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.
9. 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, 18th July, 2001

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 the material facts relating to the business under Item Nos. 4 and 6 to 11 mentioned in the accompanying Notice dated 18th July, 2001.

Item No. 4

2. In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. N. A. Palkhivala retires by rotation and has not sought re-election on health grounds. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company be not filled.
3. Mr. N. A. Palkhivala has been a Director of the Company since 24th July, 1989. The Board has placed on record its appreciation of the contribution made by him to the Company.

Item No. 6

4. Section 224A of the Companies Act, 1956, provides that in the case of a company, in which not less than 25% of the subscribed Share Capital of the company, is held, whether singly or in any combination by Financial Institutions, Nationalised Banks, Insurance Companies and other Bodies specified in that Section, the appointment of Auditors is to be made by a Special Resolution. The shareholdings of the aforesaid financial institutions, banks, etc. as on the date of the accompanying notice is close to 25% of the subscribed share capital of the Company and it may, by the date of the Annual General Meeting, exceed 25% of the subscribed share capital. Hence, the resolution for re-appointment of the Auditors M/s. S.B. Billimoria & Co. and M/s N. M. Raiji & Company is being moved as a Special Resolution. As required under Section 224 of the Act, certificates have been received from them to the effect that their appointment if made, will be in accordance with the limits specified under Section 224(1B) of the Act. The Members' approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.
5. The Board commends the Resolution for acceptance by the Members.

Item No. 7

6. Under Section 293(1)(d) of the Companies Act, 1956 and Article 75 of the Articles of Association of the Company, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say reserves not set apart for any specific purpose.
7. At the Annual General Meeting of the Company held on 10th October, 1997, the members had authorised the Board of Directors to borrow monies for the purposes of the Company, not exceeding Rs. 750 crores in the aggregate. In order to enable the Board of Directors, as and when required, to meet the requirement of funds for modernisation and upgradation of the existing hotels, for construction of new hotels, for working capital requirements, acquisitions and for meeting other financial requirements of the Company, it is proposed to increase the borrowing powers of the Board of Directors to Rs. 1,500 crores (excluding temporary loans) as mentioned in Item No.7 of the accompanying Notice.
8. The Board commends the Resolution for acceptance by the Members.

Item No. 8

9. The Air Catering Division of the Company carries on the business of air catering, institutional catering, airport restaurants and airport lounges, through the following units:
 - (i) The Air Catering Unit at Mumbai
 - (ii) The Air Catering Unit at Kolkata
 - (iii) The Air Catering Unit at Delhi; and
 - (iv) The Airport Restaurant business at Delhi

(hereinafter referred to as the “Undertaking”). It is proposed to transfer the Undertaking as a going concern through a slump sale basis or otherwise, to a joint venture to be entered into by the Company with Singapore Airport Terminal Services Limited (SATS), an international major in the Airline Catering Business and also transfer the shares (amounting to 25%) held by the company in Taj Madras Flight Kitchen Limited (which carries on air catering business in Chennai) to the said joint venture.

10. It is also proposed that certain associate and affiliate companies of the Company shall be transferring their business of air catering, institutional catering airport restaurants and airport lounges to the joint venture company and the joint venture company would pay consideration in cash to the said associate and affiliate companies for the transfer of the business which would be on a going concern basis through a slump sale or otherwise.
11. The Company has been carrying on the activities of the Undertaking from various locations. For some time, the Company has felt the necessity to further develop and achieve international standards in the business being carried on through the Undertaking, which would require infusion of fresh capital, inputs in the field of technology and management, consistent with the best practices internationally in air catering. Therefore, the Company proposes to invite SATS to take up to 49% of the shares of the joint venture, which would be incorporated to carry on the business of the Undertaking and achieve the other objects. Negotiations with SATS for the same are at an advanced stage.
12. The Undertaking and the above mentioned shares of the Company in Taj Madras Flight Kitchen Limited would be transferred to the joint venture at a price, which will not be less than USD 35 million. Such consideration would be paid to the Company by way of issue of the majority of shares in the joint venture company and the balance in cash, through the funding of the joint venture company by SATS. The details of the terms and conditions for the transfer are expected to be finalised shortly.
13. Section 293 (1)(a) of the Companies Act, 1956 (“the Act”) provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting sell, lease or otherwise dispose of the whole, or substantially the whole of the Undertaking of the company or where the company owns more than one Undertaking, of the whole or substantially the whole, of any such Undertaking.
14. Since the sale of the Company’s Air Catering Division may be deemed to be an Undertaking within the provisions of Section 293 (1)(a) of the Act, it is necessary for the members to pass a resolution under this Section concerning the sale of the Undertaking.
15. The subject matter of this resolution has been included in the list specified under the Rules pursuant to Section 192A of the Companies Act, 1956, as those which may be passed by way of a postal ballot. In the absence of clarity on whether the said items are mandatorily required to be passed by way of a postal ballot, this resolution is being included in the resolutions to be passed at the Annual General Meeting and in the event that the Government clarifies that these are required to be passed only by way of a postal ballot, the Company shall arrange for the resolution to be put to the vote of the members separately by way of a postal ballot.
16. The Resolution set out at Item No. 8 of the accompanying Notice has to be considered accordingly and the Board commends the Resolution for acceptance by the Members.

Item Nos. 9 & 10

17. The Authorised Share Capital of the Company is presently Rs. 50,00,00,000 (Rupees Fifty Crores Only) divided into 5,00,00,000 Ordinary Shares of Rs. 10/- each. It is proposed to increase the Authorised Share Capital of the Company up to Rs. 200,00,00,000 (Rupees Two Hundred Crores) divided into 5,00,00,000 Ordinary Shares of Rs. 10/- each and the balance Rs. 150 crores as Unclassified Shares. The resolution at Item No. 9 of the accompanying Notice further seeks to authorise the Board of Directors of the Company or a Committee of the Board appointed for the purpose, to classify the shares as preference shares or equity shares, with voting rights or differential rights as to dividend, voting or otherwise in accordance with such rules and such conditions as may be prescribed under Section 86 of the Companies Act, 1956, in one or more tranches, in the near future.