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**Annual General Meeting
at Birla Matushri Sabhagar
on Friday, 30th August, 2002
at 3.45 p.m.**

The Indian Hotels Company Limited

Board of Directors

Ratan N. Tata
J. J. Bhabha
N. A. Soonawala
S. K. Kandhari
K. B. Dadiseth
Deepak Parekh
Jagdish Capoor
R. K. Krishna Kumar
Z. Dubash

Chairman

Managing Director
Whole-time Director

B. D. Nariman *Company Secretary*

Committees of the Board

Audit Committee

S. K. Kandhari
Deepak Parekh
Jagdish Capoor

Chairman

Remuneration Committee

Jagdish Capoor
Ratan N. Tata
N. A. Soonawala

Chairman

Shareholders' / Investor Grievance Committee

N. A. Soonawala
R. K. Krishna Kumar
Z. Dubash

Chairman

Registered Office

Mandlik House, Mandlik Road,
Mumbai – 400 001.
Tel.: 2025515 Fax: 2027442

Website: www.tajhotels.com

Share Department

Mandlik House, Mandlik Road,
Mumbai – 400 001.
Tel.: 2026260 Fax: 2027442
e-mail: sharedept@tajhotels.com

Solicitors

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

Auditors

S.B. Billimoria & Company
N.M. Rajji & Company

Bankers

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Grindlays Bank Limited
Citibank NA

Management

R. K. Krishna Kumar
Z. Dubash
B. Martyris
A. Misra
P. Shukla
P. Sampath Kumar
R. Dubey
S. Bhowmick
S. P. Warty
R. Gujral
J. Daboo
B. D. Nariman
L. Krishna Kumar

Financial Highlights

HIGHLIGHTS	2001-2002 Rupees Crores	2000-2001 Rupees Crores
Gross revenue	601.88	716.34
Profit before tax	98.14	137.29
Profit after tax	80.70	116.79
Dividend	36.09*	45.12
Retained earnings	92.10	112.23
Funds employed	1,746.72	1,580.53
Net Worth	889.25	962.39
Borrowings	788.93	555.31
Debt : Equity ratio	0.89 : 1	0.58 : 1
Net worth per Ordinary Share	197.09	213.30
Earnings per Ordinary Share	17.88	25.88
Dividend per Ordinary Share	Rs. 8* (80%)	Rs.10 (100%)
* Interim Dividend		

The Indian Hotels Company Limited

Notice

NOTICE is hereby given that the HUNDRED AND FIRST 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, 30th August, 2002, 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, 2002 and the Balance Sheet as at that date.
2. To confirm the declaration and payment of an interim dividend on ordinary shares.
3. To appoint a Director in the place of Mr. N.A. Soonawala 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. **Appointment of Mr. Jagdish Capoor as a Director of the Company**

To appoint a Director in place of Mr. Jagdish Capoor who was appointed as a Director of the Company by the Board of Directors with effect from 27th July, 2001, to fill the casual vacancy resulting from the resignation of Ms. C. Panjabi and who holds office upto the date of this Annual General Meeting pursuant to Section 262 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Mr. Jagdish Capoor as a candidate for the office of Director.

6. **Re-appointment of Mr. R. K. Krishna Kumar, as the Managing Director of the Company**

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

"RESOLVED THAT in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Mr. R. K. Krishna Kumar as the Managing Director of the Company, with effect from 3rd September, 2002, upto and including 18th July, 2003, on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. R.K. Krishna Kumar, submitted to this meeting and for the purpose of identification initialed by a Director, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter, enhance, modify and vary the terms and conditions of his re-appointment and / or Agreement in such manner as may be agreed to between the Board of Directors and Mr. R. K. Krishna Kumar."

7. **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 & Company, Chartered Accountants, Mumbai and M/s. N.M. Rajji & Company, Chartered Accountants, Mumbai, be and are hereby re-appointed as Joint 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 2002-03 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."

NOTES :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 7 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 August, 2002, to Friday, 30th August, 2002, both days inclusive.
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
5. Dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said Fund or the Company thereafter.
6. 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.
7. The particulars of Directors retiring by rotation and/ or eligible for re-appointment, pursuant to Clause 49 of the Listing Agreement are annexed.
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, 3rd June, 2002
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. 5 to 7 mentioned in the accompanying Notice dated 3rd June, 2002.

Item No. 5

2. Mr. Jagdish Capoor was appointed as a Director of the Company by the Board of Directors with effect from 27th July, 2001, to fill the casual vacancy caused by the resignation of Ms. C. Panjabi. Pursuant to Section 262 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company, Mr. Jagdish Capoor holds office till the date upto which Ms. C. Panjabi would have held office namely, upto the date of this Annual General Meeting of the Company. A notice in writing, together with the requisite deposit, has been received from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Jagdish Capoor as a candidate for the office of Director.
3. Mr. Jagdish Capoor is a former Deputy Governor of the Reserve Bank of India and has extensive administrative, financial, regulatory and managerial expertise and the Company would benefit immensely from his extensive knowledge and experience. The Board considers it desirable that the Company should continue to avail of Mr. Capoor's services as a Director and accordingly commends the Resolution for acceptance by the Members.
4. Mr. Capoor may be deemed to be concerned or interested in the resolution at Item No. 5 of the accompanying Notice, as it relates to his re-appointment as a Director of the Company.

Item No. 6

5. The present tenure of Mr. R.K. Krishna Kumar, as the Managing Director of the Company, will end on 2nd September, 2002.
6. The Board of Directors is of the opinion that it is in the interests of the Company that Mr. R. K. Krishna Kumar be re-appointed as Managing Director of the Company from 3rd September, 2002, upto and including 18th July, 2003, on which date Mr. R. K. Krishna Kumar attains the age of 65 years. In accordance with the Retirement Policy adopted by the Company, the retirement age for the Whole-time Directors of the Company, including the Managing Director, is on the completion of 65 years of age.
7. The draft Agreement between the Company and Mr. R. K. Krishna Kumar contains the following principal terms and conditions :
 - i **Period of Appointment :**
From 3rd September, 2002, upto and including 18th July, 2003.
 - ii **Remuneration :**
 - a. **Salary :** In the Salary Scale of Rs. 1,25,000 to Rs. 2,00,000 per month with authority to the Board to determine his salary within the salary 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 Managing Director 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 Managing Director; 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 shall be valued as per Income-Tax Rules, wherever applicable; in the absence of any such Rules, perquisites shall be valued 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 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 Companies Act, 1956. The specific amount payable to the Managing Director 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 Members.

d. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances subject to the provisions of the Companies Act, 1956.

- iii. The terms and conditions of the said re-appointment and/ or Agreement 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 Companies Act, 1956, or any amendments thereto made hereafter in this regard.
- iv. The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
- v. If at any time the Managing Director ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be the Managing Director of the Company and such Agreement shall terminate forthwith.
- vi. If at any time the Managing Director ceases to be the Managing Director of the Company for any reason whatsoever, he shall also cease to be a Director of the Company.
- vii. The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1) (l) of the Companies Act, 1956. If at any time the Managing Director ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director of the Company.
- viii. The Managing Director shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not become interested or otherwise concerned directly or through his spouse and/ or minor children, if any, in any selling agency of the Company, without the prior approval of the Central Government.
- ix. The Managing Director shall, subject to the supervision, direction and control of the Board of Directors, be entrusted with such powers and perform such duties as may, from time to time, be delegated/entrusted to him.

The Indian Hotels Company Limited

- x. The Managing Director shall not *inter alia*, have the following powers :-
- (i) the power to make calls on shareholders in respect of monies unpaid on shares in the Company;
 - (ii) the power to issue debentures; and
 - (iii) the power to invest the funds of the Company in shares, stocks and securities.

8. In compliance with the provisions of Sections 269 and 309 of the Companies Act, 1956, the reappointment and the terms of remuneration specified above are being placed before the Members for their approval.
9. The draft Agreement between the Company and the Managing Director is available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days of the Company.
10. Mr. R.K. Krishna Kumar, Managing Director of the Company, may be deemed to be concerned or interested in the resolution at Item No. 6 of the accompanying Notice as it relates to his re-appointment as the Managing Director of the Company.
11. This may be treated as an abstract of the draft Agreement between the Company and Mr. R.K. Krishna Kumar, pursuant to Section 302 of the Companies Act, 1956.
12. The Board commends the Resolution for acceptance by the Members.

Item No. 7

13. Section 224A of the Companies Act, 1956, provides that in the case of a public 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 way of a Special Resolution.
14. 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 of the Company. Hence, the resolution for re-appointment of the Auditors M/s. S.B. Billimoria & Company and M/s N. M. Raiji & Company, is being proposed as a Special Resolution. As required under Section 224 of the Act, certificates have been received from the Auditors to the effect that their re-appointments if made, will be in accordance with the limits specified under Section 224(1B) of the Act.
15. 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. The Board commends the Resolution for acceptance by the Members.
16. None of the Directors of the Company is in any way, concerned or interested in the Resolution at Item No. 7 of the accompanying Notice.

By Order of the Board of Directors

B.D.NARIMAN
Vice President Legal & Company Secretary

Mumbai, 3rd June, 2002
Registered Office:
Mandlik House
Mandlik Road
Mumbai 400 001.

**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 Exchange)**

NAME OF DIRECTOR	Mr. N. A. Soonawala	Mr. S. K. Kandhari	Mr. R. K. Krishna Kumar
Date of Birth	27.06.1935	15.08.1934	18.07.1938
Date of Appointment	31.07.1980	31.07.1980	03.09.1997
Expertise in specific functional areas	Finance	Finance	Management
Qualifications	B.Com., A.C.A.	B.Com., A.C.A.	M.A.
List of Companies in which outside Directorship held as on 31.03.2002	<ol style="list-style-type: none"> 1. Tata Sons Ltd. 2. Tata Industries Ltd. 3. Tata Engineering & Locomotive Co . Ltd. 4. Tata Tea Ltd. 5. Tata Investment Corporation Ltd. 6. The Associated Cement Cos. Ltd. 7. Indian Resort Hotels Ltd. 8. Trent Ltd. 9. Tata Chemicals Ltd. 10. Piem Hotels Ltd. 11. Tata Finance Ltd. 		<ol style="list-style-type: none"> 1. Tata Sons Ltd. 2. Tata Industries Ltd. 3. Tata Tea Ltd. 4. Oriental Hotels Ltd. 5. Piem Hotels Ltd. 6. Taj GVK Hotels & Resorts Ltd. 7. Indian Resort Hotels Ltd. 8. Tata Coffee Ltd. 9. Taj Kerala Hotels and Resorts Ltd. 10. Barista Coffee Company Ltd. 11. Speech and Software Technologies (I) Pvt. Ltd.
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2002	<ol style="list-style-type: none"> 1. Tata Sons Ltd. – Remuneration Committee 2. Tata Investment Corporation Ltd. – Remuneration Committee 3. Tata Investment Corporation Ltd. – Share Transfer & Investors' Grievance Committee 4. Tata Tea Ltd. – Remuneration Committee 5. Tata Engineering & Locomotive Co . Ltd. – Remuneration Committee 6. The Associated Cement Cos. Ltd. – Compensation Committee 7. Trent Ltd. – Remuneration Committee 		<ol style="list-style-type: none"> 1. Tata Tea Ltd. – Audit Committee 2. Tata Coffee Ltd. – Share Transfer Committee 3. Oriental Hotels Ltd. – Shareholder/Investor Grievance Committee 4. Indian Resort Hotels Ltd. – Share Transfer & Shareholders'/Investors Grievance Committee

*The Committees include the Audit Committee, the Remuneration / Compensation Committee and the Shareholders'/ Investors Grievance Committee.

The Indian Hotels Company Limited

Directors' Report

TO THE MEMBERS

The Directors have pleasure in presenting the 101st Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as on that date:

FINANCIAL RESULTS

	Rs. in Crores	
	2001/02	2000/01
Total Income	601.88	716.34
Profit before Depreciation, Interest, Tax & Extraordinary Items	122.88	217.13
Less: Interest	47.65	31.15
Less: Depreciation	47.49	45.16
Less: Amortisation of VRS Expenses	—	3.53
Profit before Extraordinary Items & Tax	27.74	137.29
Add : Profit on sale of Business	88.99	—
Less : Exceptional Items	18.59	—
Profit before tax	98.14	137.29
Less: Provision for tax	17.44	20.50
Profit after tax	80.70	116.79
Add: Balance brought forward from the previous year	31.01	31.01
Profit before Appropriations	111.71	147.80

APPROPRIATIONS

(i) Debenture Redemption Reserve	25.00	42.57
(ii) Foreign Exchange Earnings Reserve	5.00	12.50
(iii) General Reserve	10.00	12.00
(iv) Dividend:		
An Interim Dividend of 80% i.e. Rs. 8/- per Ordinary Share on 4,51,14,695 Ordinary Shares was declared by the Board on 16th May, 2002. (previous year nil)	36.09	—
In respect of the previous year, a dividend of 100% i.e. Rs.10/- per Ordinary Share was declared and paid to the Members	—	45.12
Tax on Dividend	—	4.60
(v) Balance carried to Balance Sheet	35.62	31.01
	111.71	147.80

OPERATING RESULTS

- The year under review began with encouraging signs of a recovery in the hospitality industry. For the first 6 months of the year, the Gross Operating Profit was ahead of the previous year and there was a general expectation that the year would end on an optimistic note. During the second half of the year, however, world-wide, almost all businesses faced tough and