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Annual General Meeting
at Birla Matushri Sabhagar
on Monday, 9th August, 2004
at 3.45 p.m.

The Indian Hotels Company Limited

Board of Directors

Ratan N. Tata	Chairman
R. K. Krishna Kumar	Vice Chairman
J. J. Bhabha	
N. A. Soonawala	
S. K. Kandhari	
K. B. Dadiseth	
Deepak Parekh	
Jagdish Capoor	
Tejendra Khanna	
Shapoor Mistry	
Raymond N. Bickson	Managing Director
Zubin Dubash	Whole-time Director
B. D. Nariman	Company Secretary

Management

Raymond N. Bickson
Zubin Dubash
Ajoy Misra
Bernard Martyris
L. Krishna Kumar
Prakash Shukla
Rajiv Gujral
Maneck Patel
Fatma Zakaria
Franz Zeller
M. S. Kapadia
Jyoti Narang
Jamshed Daboo
Sheila Nair
B D Nariman

Committees of the Board

Audit Committee

S. K. Kandhari
Deepak Parekh
Jagdish Capoor

Chairman

Remuneration Committee

Jagdish Capoor
R. N. Tata
N. A. Soonawala

Chairman

Shareholders'/ Investor Grievance Committee

N. A. Soonawala
R. K. Krishna Kumar
Raymond N. Bickson
Zubin Dubash

Chairman

Registered Office

Mandlik House, Mandlik Road, Mumbai 400 001.
Tel: (022) 2202 5515
Fax: (022) 2202 7442

Share Department

Mandlik House, Mandlik Road, Mumbai 400 001.
Tel: (022) 2202 6260
Fax: (022) 2202 7442
Email: shares.dept@tajhotels.com

Solicitors

Mulla & Mulla & Craigie Blunt & Caroe
Udwadia and Udeshi

Auditors

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

Bankers

The Hongkong and Shanghai Banking Corporation Ltd.
Standard Chartered Bank
Citibank N. A.

Website: www.tajhotels.com

Financial Highlights		
HIGHLIGHTS	2003-2004 Rupees Crores	2002-2003 Rupees Crores
Gross revenue	696.07	590.71
Profit before tax	80.20	53.80
Profit after tax	60.65	40.48
Dividend	36.09	31.58
Retained earnings	68.52	43.83
Funds employed	2373.28	1703.22
Net Worth	887.73	887.29
Borrowings	1372.55	707.66
Gross Debt : Equity ratio	1.55 : 1	0.80 : 1
Net worth per Ordinary Share	196.75	196.65
Earnings per Ordinary Share (Basic) (Diluted)	13.44 13.07	8.97 8.97
Dividend per Ordinary Share	Rs. 8 (80%)	Rs. 7 (70%)

The Indian Hotels Company Limited

Notice

NOTICE is hereby given that the HUNDRED AND THIRD 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 Monday, 9th August, 2004, at 3.45 p.m to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004, and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
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. S. K. Kandhari who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. Jagdish Capoor who retires by rotation and is eligible for re-appointment.
6. **Re- 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 a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves of the re-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, 2004, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for 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 remuneration and re-appointment and / or Agreement in such a manner as may be agreed to between the Board of Directors and Mr. Zubin Dubash.”

7. **Appointment of Mr. Raymond N. Bickson as Managing Director 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 Sections 198, 269, 309 and such other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby accords its approval to the appointment and terms of remuneration of Mr. Raymond N. Bickson, as the Managing Director of the Company for the period from 9th August, 2004 upto and including 18th July, 2008 upon the terms and conditions, including those relating to remuneration as set out in the draft Agreement submitted to this meeting and for identification initialled by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of 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 Board of Directors and Mr. Raymond N. Bickson.”

8. **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 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 and the Whole-time Director(s)] 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, 2004.”

9. 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. Raiji & 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 2004-05 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.”

10. Increase in FII Investment Limits.

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 the Foreign Exchange Management Act, 1999 (including any statutory modification(s), or re-enactments thereof for the time being in force or as may be enacted hereafter), any Regulations and Guidelines thereunder or any Rules, Regulations or Guidelines issued by the Reserve Bank of India from time to time, and subject to such consents, sanctions and permissions as may be required from appropriate authorities, consent of the Company be and is hereby accorded for investment by Foreign Institutional Investors [‘FII(s)’] including their sub-accounts in the ordinary share capital of the Company, either by way of direct investment or by purchase or otherwise under any Scheme upto 40 % of the Ordinary Share Capital of the Company.”

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 20th July, 2004 to 9th August, 2004, both days inclusive.
4. The Dividend on Ordinary Shares, as recommended by the Directors, if declared at the Annual General Meeting, will be paid on or after 10th August, 2004, to the Members whose names appear on the Company’s Register of Members on 9th August, 2004. As regards shares held in electronic form, the dividend will be payable to the ‘beneficial owners’ of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as at the close of business hours on 19th July, 2004.
5. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
6. 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 nor from the Company thereafter. It may be noted that unpaid dividend for the financial year ended 31st March, 1997, is due for transfer to the Investor Education and Protection Fund on 10th December, 2004.
7. To avoid loss of dividend warrants in transit and undue delay in the receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the cities and

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towns. Members holding shares in a physical form and who are desirous of availing of this facility are requested to contact the Company's Share Department at the Registered Office of the Company.

8. Members are requested to kindly notify the Company/Depository Participant of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
9. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / re-appointment at the meeting are annexed.
10. 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.
11. 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

Senior Vice President Legal & Company Secretary

Mumbai, Dated: 21st May, 2004

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 the material facts relating to the business under Item Nos. 6 to 10 mentioned in the accompanying Notice dated 21st May, 2004.

Item No. 6

2. The Members at their meeting held on 20th August, 1999, had approved of the appointment and remuneration of Mr. Zubin Dubash as a Whole-time Director of the Company with effect from 25th May, 1999, pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with the Articles of Association of the Company. The Board of Directors at its meeting held on 21st May, 2004, has re-appointed Mr. Dubash as a Whole-time Director of the Company for a further period of five years with effect from 25th May, 2004, subject to the approval of the Members of the Company.
3. Mr. Zubin Dubash is a qualified Chartered Accountant from the Institute of Chartered Accountants London, U.K. and is an M.B.A. from the Wharton School of Business, University of Pennsylvania, U.S.A. Prior to joining the Company, Mr. Dubash was a Director of Tata Financial Services (a Division of Tata Sons Limited).
4. The Board is of the opinion that it is in the interests of the Company that Mr. Zubin Dubash be re-appointed a Whole-time Director of the Company. Hence, the Board commends to the Members his re-appointment as a Whole-time Director of the Company.
5. The draft Agreement between the Company and Mr. Zubin Dubash contains the following principle terms and conditions :

(i) **Period of Appointment :** Five years with effect from 25th May, 2004.

(ii) **Remuneration :**

a. **Salary :**

In the scale of Rs. 1,50,000 - Rs. 3,00,000 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 :**

- In addition to the salary and commission payable, Mr. Zubin Dubash 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 Mr. Zubin Dubash; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- 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 Company car for official use 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.

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- 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 Mr. Zubin Dubash 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 of the Company in General Meeting.

d. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of Mr. Zubin Dubash, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances as specified above.

(iii) Exclusive Contractual Employment :

Mr. Zubin Dubash will be in the exclusive contractual employment of the Company and will not engage solely or together with any person in any work or business conflicting with the interests of the Company directly or indirectly. Also, he shall not at any time disclose to anyone in any manner, any information, knowhow, knowledge, trade secrets, methods, security arrangements, plan etc. of the Company which come within his knowledge.

- (iv) The terms and conditions of the said 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 the Whole-time Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments thereto made hereinafter in this regard.
- (v) The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof, unless otherwise agreed.
- (vi) If at any time Mr. Zubin Dubash ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be a Whole-time Director of the Company.
- (vii) If at any time Mr. Zubin Dubash ceases to be a Whole-time Director of the Company for any reason whatsoever, he shall also cease to be a Director of the Company.
- (viii) Mr. Zubin Dubash 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 Act.
- (ix) If at any time Mr. Zubin Dubash ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director of the Company.
- (x) Mr. Zubin Dubash shall not be entitled to supplement his income under the Agreement with any buying or selling commissions. 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.
- (xi) Mr. Zubin Dubash shall not, inter alia, have the following powers:-
 - the power to make calls on Members in respect of monies unpaid on shares in the Company;
 - the power to authorise the buy-back referred to in the first proviso to Clause (b) of sub-section (2) of section 77A;
 - the power to issue debentures;

- the power to borrow monies otherwise than on debentures;
 - the power to invest the funds of the Company in shares, stocks and securities; and
 - the power to make loans.
6. In accordance with the provisions of Sections 269 and 309 of the Act, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.
 7. The draft Agreement between the Company and Mr. Zubin Dubash 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 any working day of the Company.
 8. Mr. Zubin Dubash is concerned or interested in the business at Item No. 6 of the accompanying Notice.
 9. This may be treated as an abstract of the terms of appointment of Mr. Zubin Dubash pursuant to the provisions of Section 302 of the Act.

Item No. 7

10. The Members of the Company had at the Annual General Meeting held on 4th September, 2003, approved of the appointment and remuneration of Mr. Raymond N. Bickson as the Managing Director of the Company. The Company had applied to the Central Government seeking approval for the appointment and the terms of remuneration of Mr. Raymond N. Bickson. The Central Government had approved his appointment and remuneration as Managing Director of the Company upto the date of the Annual General Meeting. The Central Government has directed the Company to submit a Special Resolution for the balance period of his appointment i.e. from 9th August, 2004 upto and including 18th July, 2008. Accordingly, the Board of Directors at its Meeting held on 21st May, 2004, had appointed Mr. Raymond N. Bickson as the Managing Director of the Company with effect from 9th August, 2004, upto and including 18th July, 2008.

11. A fresh special resolution as required by the Central Government is thus being placed before the Members for approval.

12. The draft Agreement between the Company and Mr. Raymond N. Bickson contains the following principle terms and conditions :

(i) Period of Appointment : With effect from 9th August, 2004 upto and including 18th July, 2008.

(ii) Remuneration :

a. Salary :

In the Salary Scale of US\$ 15,000/- (approximately Rs.6,80,000/-) to US\$ 25,000 (approximately Rs. 11,33,000/-) 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 :

- In addition to the salary and commission payable, Mr. Bickson shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent 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; medical insurance, life 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 Mr. Bickson;
- 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 the use of Company car and driver for official and personal use and telephone at residence (Long Distance personal calls will be paid for by the Managing Director).

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Mr. Bickson being an expatriate Director, is also entitled to the following perquisites:

1. Children's education expenses

Reimbursement of children's education expenses each year (upto a maximum of 2 children) as may be decided by the Board from time to time.

2. Annual passage

An annual return passage once a year is admissible for Mr. Bickson, his wife and dependent children. The destination of the trip will be to his country of origin or equivalent.

3. Reimbursement of expenses incurred on him joining duty and returning to his home country after completion of tenure.

The expenses include those incurred on travel, packing, transportation, forwarding, loading/ unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of his personal effects and those of his family for joining duty in India and upon returning to his home country after completion of tenure.

c. **Expatriate Allowance:**

An allowance upto a limit of Rs. 1 crore per annum with authority to the Board of Directors to determine his allowance within the maximum limit.

d. **Commission:**

Such remuneration by way of commission in addition to the salary, 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 Mr. Bickson will be based on certain performance criteria to be laid down by the Board and shall be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members of the Company in General Meeting.

e. **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of Mr. Bickson, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above.

(iii) **Exclusive Contractual Employment :**

Mr. Bickson will be in the exclusive contractual employment of the Company and will not engage solely or together with any person in any work or business conflicting with the interests of the Company directly or indirectly. Also, he shall not at any time disclose to anyone in any manner, any information, knowhow, knowledge, trade secrets, methods, security arrangements, plan etc. of the Company which come within his knowledge.

(iv) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, subject to such statutory approvals as may be required.

(v) 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.

(vi) If at any time Mr. Bickson ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be the Managing Director of the Company.

(vii) If at any time Mr. Bickson ceases to be the Managing Director of the Company for any reason whatsoever, he shall also cease to be a Director of the Company.