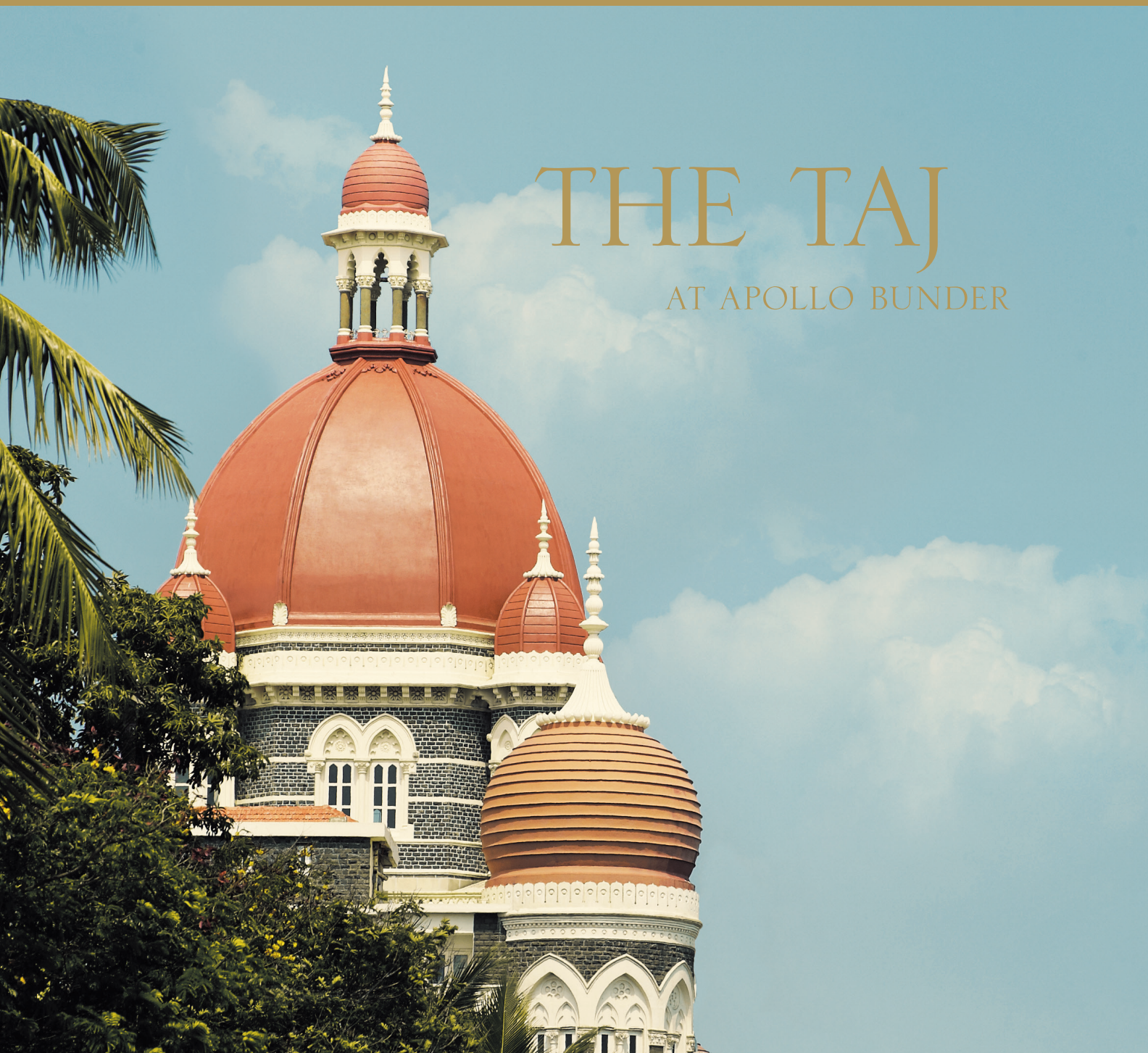
TAJ
Hotels Resorts and Palaces

THE INDIAN HOTELS COMPANY LIMITED

A TATA Enterprise

111TH ANNUAL REPORT 2011 - 2012

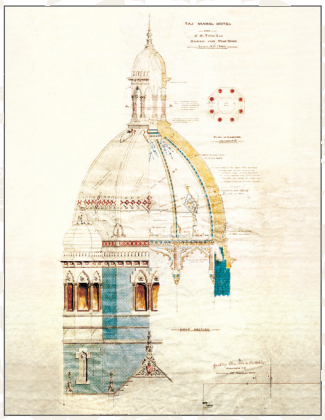


THE TAJ AT APOLLO BUNDER

He had an intense pride and affection for the city of his birth, and when a friend protested against the intense discomforts of hotel life in Bombay he said: 'I will build one'.
"Where the young lions of my generation used to take a whiff of sea air, and in the fair season stroll down the harbour, he raised, at the cost of a quarter of a million pounds, the Taj Mahal Hotel and engaged a first class staff to manage it"
Sir Stanley Reed, The India I Know 1952.

Portrait in oil of Jamsetji Tata at the age of fifty, painted by Edwin Ward in 1889, from the Prince of Wales Museum.

AN ARCHITECTURAL MARVEL



W.A. Chambers' design for the modified dome.

Two tales often repeated about The Taj - that it was built back to front and that the French or Italian architect returning from holiday was so shocked that he plunged to his death from the fifth floor. Neither story is true! Jamsetji and his engineer, Sitaram Khanderao Vaidya positioned the U-shaped wings of the hotel to trap the westerly breeze with the majority of the guest rooms facing the harbour to the east.

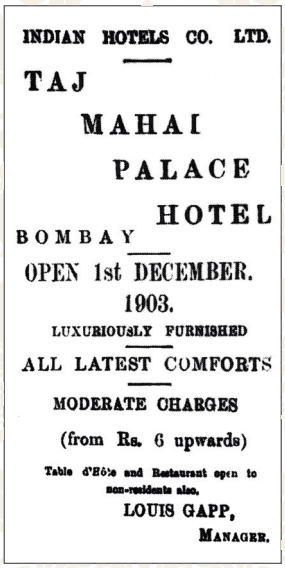
Sitaram Khanderao Vaidya, chief architect of the Taj, seen here with F.W. Steven's son, Charles at extreme left (front row).

A ROYAL RENDEZVOUS

The aesthete and gourmet Nawab of Sachin, a regular at the Taj, and Secretary of the Princes' Standing Committee.

"The Taj made a delightful change from the formal life of a palace. Its informal atmosphere and its entertainment allowed one to escape from the cares of state."
Nawab of Palanpur: Lives of the Indian Princes, 1984

A banquet fit for a prince: a dinner given by a group of ruling princes of western India to honour a visiting dignitary, Sir Charles Latimer.


INDIAN HOTELS CO. LTD.

TAJ MAHAI PALACE HOTEL

BOMBAY

OPEN 1st DECEMBER. 1903.

LUXURIOUSLY FURNISHED

ALL LATEST COMFORTS

MODERATE CHARGES

(from Rs. 6 upwards)

Table d'Hôte and Restaurant open to non-residents also.

LOUIS GAPP, MANAGER.

Advertisement inserted in the Times of India, 21 October 1903.

In the early years, whenever a passenger-ship was sighted pulling in alongside Ballard Pier, a brass ship's bell, bearing the inscription 'COLABA 1878', which was placed at the then entrance lobby, was rung as a kind of alarm, alerting hotel staff to prepare for the arrival of guests.

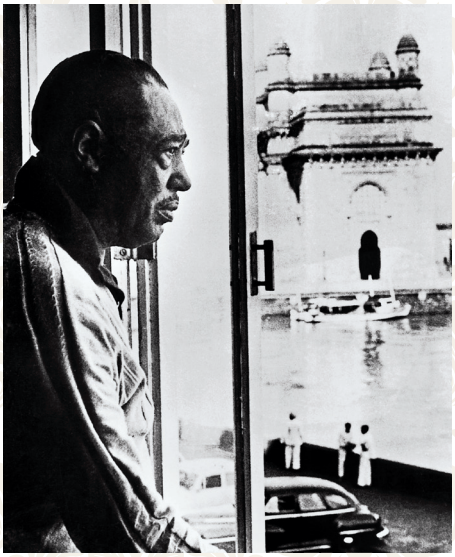
Vintage Luggage Label

THE TAJ AND SWARAJ

The speaker at a private dinner organised at the Taj amidst great secrecy by the young Europeans in June 1931 was Mahatma Gandhi. He slipped into the Taj clad only in a dhoti and chappals and, refusing to enter the lift, walked up to the room on the first floor where the meeting was being held. Considering it essential that the discussions remain confidential, Gandhi obtained a pledge from all those present that not a word of their deliberations - said to have been prolonged but friendly - should be made public.

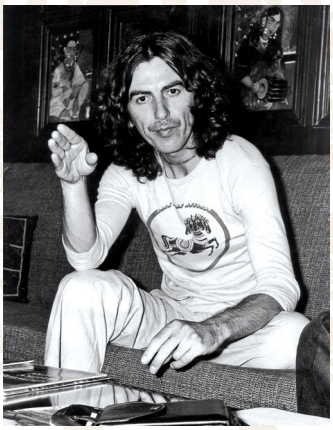
Sarojini Naidu, poetess and nationalist, photographed in Bombay in 1919. She had a permanent suite of rooms in the Taj Mahal Hotel in Bombay in the 1920s and 1930s. The suite functioned like a Parisian literary salon, where she regularly held convivial soirées for freedom fighters, poets, writers, artists and friends.

IF WALLS COULD WHISPER



The visit in 1954, of one of Hollywood's post-war idols, Gregory Peck, was particularly memorable to the Taj's carpenters, because they had to be called out to extend the frame of his bed to accommodate his exceptional height!

The celebrated jazz musician Duke Ellington, standing at a first floor window overlooking the Gateway of India.



George Harrison of the Beatles at the Taj.

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COMPANY INFORMATION

Board of Directors

Ratan N. Tata	Chairman
R. K. Krishna Kumar	Vice Chairman
K. B. Dadiseth	
Deepak Parekh	
Jagdish Capoor	
Shapoor Mistry	
Nadir Godrej	
A. R. Aga *(resigned w.e.f. June 6,2012)*	
Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director – Hotel Operations
Mehernosh S. Kapadia *(w.e.f. August 10, 2011)*	Executive Director – Corporate Affairs

Management

Raymond N. Bickson	Managing Director
Anil P. Goel	Executive Director – Finance
Abhijit Mukerji	Executive Director – Hotel Operations
Mehernosh S. Kapadia	Executive Director – Corporate Affairs
Deepa Misra Harris	Sr. Vice President – Sales & Marketing
H. N. Shrinivas	Sr. Vice President – Human Resources
Yannick Poupon	Chief Operating Officer – Luxury Hotels (International)
Jyoti Narang	Chief Operating Officer – Luxury Hotels (India)
P. K. Mohankumar	Chief Operating Officer – Gateway Hotels
Veer Vijay Singh	Chief Operating Officer – Vivanta Hotels
Beejal Desai	Vice President – Legal & Company Secretary

Committees of the Board

Audit Committee

K. B. Dadiseth	Chairman
Deepak Parekh	
Jagdish Capoor	

Remuneration Committee

Jagdish Capoor	Chairman
Ratan N. Tata	
R. K. Krishna Kumar	

Shareholders' / Investor Grievance Committee

R. K. Krishna Kumar	Chairman
Raymond N. Bickson	
Abhijit Mukerji	

Registered Office

Mandlik House, Mandlik Road, Mumbai 400 001
Tel: 6639 5515
Fax: 2202 7442

Share Department

Mandlik House, Mandlik Road, Mumbai 400 001
Tel: 6639 5515
Fax: 2202 7442
Email: investorrelations@tajhotels.com

Website: www.tajhotels.com

Solicitors

Mulla & Mulla & Craigie Blunt & Caroe

Auditors

Deloitte Haskins & Sells
PKF Sridhar & Santhanam

Bankers

The Hongkong & Shanghai Banking Corporation Ltd.
Standard Chartered Bank
Citibank N.A
HDFC Bank Ltd.
ICICI Bank Ltd.

TAJ
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FINANCIAL HIGHLIGHTS

	2011-12 **₹ crores**	2010-11 ₹ crores
Gross Revenue	**1,864.72**	1,737.14
Profit Before Tax	**229.92**	221.45
Profit After Tax	**145.35**	141.25
Dividend	**75.95**	75.95
Retained Earnings	**170.98**	161.38
Total Assets	**7,363.98**	6,720.24
Net Worth	**3,367.81**	3,228.91
Borrowings	**2,679.38**	2,341.44
Debt : Equity Ratio	**0.80:1**	0.73:1
Net Worth Per Ordinary Share of ₹ 1/- each - In Rupees *	**42.70**	40.88
Earnings Per Ordinary Share (Basic & Diluted) - In Rupees	**1.91**	1.93
Dividend Per Ordinary Share - In Rupees	**1.00**	1.00
Dividend	**100%**	100%

* Excludes Warrants of ₹ 124.37 crores

NOTICE

NOTICE is hereby given that the HUNDRED AND ELEVENTH 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, August 3, 2012, at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012, 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 place of Mr. Jagdish Capoor, who retires by rotation and is eligible for re-appointment.

4. To appoint a Director in place of Mr. K. B. Dadiseth, who retires by rotation and is eligible for re-appointment.

5. To appoint a Director in place of Mr. Nadir Godrej, who retires by rotation and is eligible for re-appointment.

6. To appoint Auditors and fix their remuneration.

7. **Increase in number of Directors**

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

   "RESOLVED THAT pursuant to Sections 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and subject to the approval of the Central Government, the total number of Directors of the Company be increased from 12 (twelve) to 16 (sixteen);

   RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary be and are hereby authorized severally to take all such steps as may be necessary, proper or expedient to give effect to the resolution".

8. **Appointment of Mr. Mehernosh S. Kapadia as a Director of the Company**

   To appoint a Director in place of Mr. Mehernosh S. Kapadia, who was appointed as an Additional Director of the Company with effect from August 10, 2011, by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act), but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act along with the prescribed deposit from a Member of the Company proposing his candidature, for the office of the Director of the Company.

9. **Appointment of Mr. Mehernosh S. Kapadia 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 198, 269, 309 and such other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII, the Company hereby approves the appointment and terms of remuneration of Mr. Mehernosh S. Kapadia, as a Whole-time Director of the Company for a period of five years with effect from August 10, 2011, upon the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Mehernosh S. Kapadia, subject to such statutory approvals as may be necessary".

NOTES:

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 7 to 9 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.** The instrument appointing the proxy should however be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 20, 2012 to Friday, August 3, 2012, both days inclusive.

4. The Dividend on Ordinary Shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after August 4, 2012, to the Members whose names appear on the Company's Register of Members on August 3, 2012. 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 July 19, 2012.

5. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.

6. Pursuant to Sections 205A and 205C of the Companies Act, 1956, all 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" (IEPF) 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 March 31, 2005, is due for transfer to the IEPF on October 16, 2012.

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 National Electronic Clearing System (NECS). The NECS facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the major cities and towns. Members holding shares in physical form and who are desirous of availing this facility are requested to contact the Company's Share Department at the Registered Office of the Company.

8. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.

9. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking 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.

12. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17 / 2011 & 18 / 2011 dated April 21, 2011 and April 29, 2011, respectively. A recent amendment to the Listing Agreement with the Stock Exchanges permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail address for receiving electronic communications.

By Order of the Board of Directors

BEEJAL DESAI
Vice President – Legal and Company Secretary

Mumbai, June 7, 2012

Registered Office:
Mandlik House,
Mandlik Road,
Mumbai 400 001.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 (the Act)

1. The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 7, 8, and 9 mentioned in the accompanying Notice dated June 7, 2012.

Item No. 7

2. In view of the dynamic business environment and to meet new challenges, it is essential that the Company's Board be strengthened and broad based from time to time. The Company accordingly may be required to induct directors with appropriate qualifications, skills, experiences and diverse backgrounds in the near future.

3. In view of the above, it is proposed to increase the total number of directors for the time being in office from 12 to 16 which is within the maximum permissible limit fixed by the Articles of Association of the Company. Further, in terms of Section 259 of the Act, the aforesaid increase would require approval of Central Government after obtaining approval of the Members.

4. None of the Directors of the Company are in any way concerned or interested in the said resolution.

5. The Board commends the resolution at Item No. 7 of the accompanying Notice for acceptance by the Members.

Item Nos. 8 and 9

6. Mr. Mehernosh S. Kapadia was appointed as an Additional Director of the Company with effect from August 10, 2011 by the Board of Directors under Section 260 of the Act and Article 132 of the Articles of Association of the Company. In terms of Section 260 of the Act, Mr. Kapadia holds office only upto the date of the forthcoming Annual General Meeting of the Company but is eligible for appointment as Director. A Notice pursuant to Section 257 of the Act, has been received from a Member together with the requisite deposit signifying the intention to propose Mr. Kapadia as a Director. The Board had also appointed Mr. Kapadia as a Whole-time Director of the Company for a period of 5 years with effect from August 10, 2011, subject to the approval of the Members.

7. Mr. Mehernosh S. Kapadia has been with the Taj Group for more than 30 years and his last assignment was as Managing Director of Taj SATS Air Catering Limited. Mr. Kapadia holds a Diploma in Travel Management and has served the Taj Group of hotels in a variety of managerial positions. He also holds directorships in other Taj and Tata Group Companies.

8. The principal terms and conditions of re-appointment of Mr. Kapadia as a Whole-time Director are as under:

   i) **Period:** For a period of 5 years commencing from August 10, 2011 upto August 9, 2016.

   ii) **Nature of Duties:** Mr. Kapadia shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Managing Director and / or the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and / or subsidiaries, including performing duties as assigned by the Board from time to time, by serving on the boards of such associated companies and / subsidiaries or any other executive body or any committee of such a company.

   iii) (a) **Remuneration:** Basic Salary upto a maximum of ₹ 4,00,000/- per month with annual increments which will be effective 1st April each year as may be declared by the Board, based on merit and taking into account Company's performance; incentive remuneration, if any, and /or commission based on certain performance criteria to be laid down by the Board; benefits, perquisites and allowances, as may be determined by the Board from time to time.

   (b) **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where, in any financial year during the currency of the tenure of Mr. Kapadia, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Kapadia remuneration by way of basic salary, benefits, perquisites, allowances and incentive remuneration as above.

9. The Directors are of the view that the appointment of Mr. Kapadia as a Whole-time Director of the Company, will greatly benefit the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience

   The terms and conditions of appointment of Mr. Kapadia (hereinafter referred to as 'the Appointee') also include the following principal clauses among others:

i) Adherence with the Tata Code of Conduct, no conflict of interest with the Company, intellectual property and maintenance of confidentiality.

ii) The Appointee shall not become interested or otherwise concerned, directly or through his spouse and / or children, in any selling agency of the Company.

iii) This appointment may be terminated by either party by giving to the other party six month's notice of such termination or the Company paying six month's remuneration in lieu of the notice.

iv) The employment of the Appointee may be terminated by the Company without notice or payment in lieu of notice:

(a) If the Appointee is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which they are required by the Agreement to render services; or

(b) In the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Appointee of any of the stipulations contained in the Agreement to be executed between the Company and the Appointee; or

(c) In the event the Board expresses its loss of confidence in the Appointee.

v) In the event, the Appointee is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

vi) Upon the termination, by whatever means, of the Appointee's employment:

(a) The Appointee shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office and in the event of his failure to do so, the Company would be irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries and associated companies, of which he is, at the material time, a Director or other officer.

(b) The Appointee shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associated companies.

vii) The Appointee is appointed as a Director, by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283(1)(l) of the Act.

viii) If and when the Agreement expires or is terminated for any reason, whatsoever, the Appointee will cease to be the Whole-time Director, and also cease to be a Director. If at any time, the Appointee ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Whole-time Director and the Agreement shall forthwith terminate. If at any time, the Appointee ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be the Director and Whole-time Director, of the Company, as the case may be.

10. The terms and conditions of the appointment may be altered or varied by the Board of Directors, as it may in its discretion deem fit, irrespective of the limits stipulated in Schedule XIII to the Act or any amendments made hereafter in this regard, subject to such approvals as may be required.

11. In compliance with the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Act read with Schedule XIII to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

12. Mr. Kapadia may be deemed to be concerned or interested in the Resolutions at Item Nos. 8 and 9 of the accompanying Notice related to his appointment.

13. The Board commends the Resolutions at Item Nos. 8 and 9 of the accompanying Notice for acceptance by the Members.

By Order of the Board of Directors

BEEJAL DESAI
Vice President – Legal and Company Secretary

Mumbai, June 7, 2012

Registered Office:
Mandlik House,
Mandlik Road,
Mumbai 400 001.