IHCL

July 20, 2018

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 500850

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Symbol: INDHOTEL

Dear Sirs,

Ref: Submission of Annual Report of the Company under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015")

Pursuant to Regulation 34(1) of the Listing Regulations, 2015, please find enclosed the Annual Report of the Company for the Financial Year 2017-18.

You are requested to kindly take the same on record.

Yours sincerely,

BEEJAL DESAI
Senior Vice President - Legal & Company Secretary

Encl: a/a

IHCL

THE FUTURE CHECKS IN

THE INDIAN HOTELS COMPANY LIMITED

A TATA Enterprise

117TH ANNUAL REPORT 2017-18

Paving the way for a bright future

Our achievements of FY 2017-18

RISING EFFICIENCY

NET PROFIT (₹ CRORES)

101

↑129%
on a like-to-like basis

EBITDA MARGIN (%)

18

versus 16% in FY17

OFFSETTING LOWER REVENUE GROWTH

TOTAL REVENUE (₹ CRORES)

4,165

↑4%
on a like-to-like basis

BENEFITTING FROM AN OMNI-CHANNEL REACH

> Brand website and a centralised call centre are the fastest growing channels with the highest average rates in FY 2017-18
> Revenue booked through mobile devices more than doubled over the last year
> 95% response rate achieved on social media channels through the Taj.Live command centre initiative

STRENGTHENING BALANCE SHEET

NET DEBT/ EQUITY (TIMES)

0.45

versus 1.25 times in FY17

RAISING CAPITAL (₹ CRORES)

1,500

via Rights Issue

LOWERING COST OF DEBT (%)

7

from 7.7% in FY17

"At IHCL, we have always set benchmarks in service quality and our global portfolio demands that we continuously reinvent ourselves for the future to check in. We are driving this transformation with a five-year growth map – Aspiration 2022 – that provides a template for us to grow profitably and sustainably."

Puneet Chhatwal
Managing Director & Chief Executive Officer

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Read the Report Online
www.tajhotels.com

Introduction

The future checks in at IHCL

Over the past few years, the hospitality industry has evolved remarkably due to digitisation and various acquisitions and mergers. Today, the industry's focus is on fulfilling the increasing demands of its customers. Whether it be a business or a leisure traveller, the expectations go way beyond just a comfortable stay. They are looking for an unforgettable experience. At The Indian Hotels Company Limited (IHCL), we are very excited about our prospects as we consolidate our position to welcome the traveller of tomorrow.

With the spirit of Tajness, which stands on the values of Trust, Awareness and Joy (TAJ), we continue to create an intuitive connect with all our stakeholders. It is the soul and guiding force for all our actions and performances. It steers our culture, thinking and leadership and is the foundation of our vision, mission and values.

In a renewed spirit of purpose and discovery, we have unveiled Aspiration 2022, a comprehensive business strategy that focusses on maximising stakeholder value over the next five years. The strategy aims to build on our legacy and further strengthen our position by operating the best-in-class portfolio of brands in India and select overseas destinations. Based on a three-pronged approach — Re-structure, Re-engineer and Re-imagine — the focus will be on deepening guest experience, strengthening market leadership and achieving transformative growth, leading to greater profitability and market leadership in each of our segments.

IHCL at a Glance

Indian hospitality at its global best

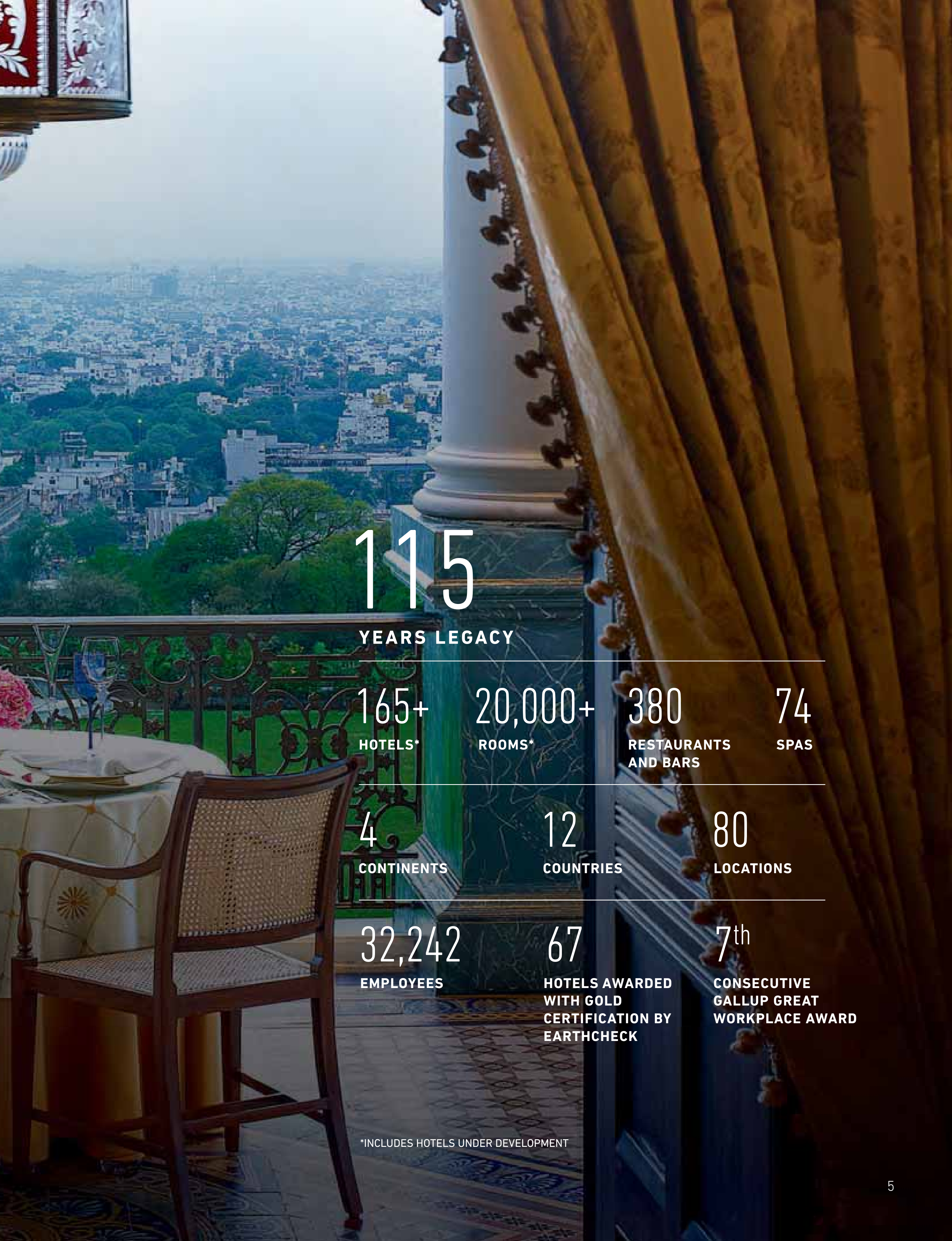
IHCL is South Asia's largest and finest Indian hospitality companies founded by the legendary Jamsetji Tata in 1899. It opened its first property – now called The Taj Mahal Palace – in Mumbai in 1903. The Company and its subsidiaries bring together a group of brands and businesses that offer a fusion of warm Indian hospitality and world-class service.

With a legacy of over 115 years, IHCL has built a reputation of unrivalled leadership in the Indian hospitality industry. The Company has been a pioneer in transforming cities and towns into holiday destinations and has created history by putting Goa, Kerala, Rajasthan and the Andamans as leisure hotspots on the world map.

IHCL operates with the distinct advantage of having the largest system-wide revenue. It is one of the leading networks of properties that span classic landmark hotels, historic palaces and the highest number of leisure hotels. The Company also has a strong portfolio of resorts and safaris, along with other business offerings catering to various customer and business segments across four continents and 12 countries.

OUR PURPOSE

To create value by operating the best-in-class portfolio of hospitality brands in India and select overseas destinations



115
YEARS LEGACY

165+	20,000+	380	74
HOTELS*	ROOMS*	RESTAURANTS AND BARS	SPAS

4	12	80
CONTINENTS	COUNTRIES	LOCATIONS

32,242	67	7th
EMPLOYEES	HOTELS AWARDED WITH GOLD CERTIFICATION BY EARTHCHECK	CONSECUTIVE GALLUP GREAT WORKPLACE AWARD

*INCLUDES HOTELS UNDER DEVELOPMENT

Our Values

What defines our thinking, actions and relationships

Tajness is the soul of our culture.

It is an implicit trust in people to forge invaluable relationships by creating an emotional connect with our various stakeholders. It subtly guides all our behaviours.

Tajness is the way we do what we do.

Tajness is built on three broad pillars:

01 TRUST

- Fairness with all stakeholders
- Openness and transparency in what we do
- Free flow of information
- Alignment of all stakeholders
- Build and strengthen long-term relationships

02 AWARENESS

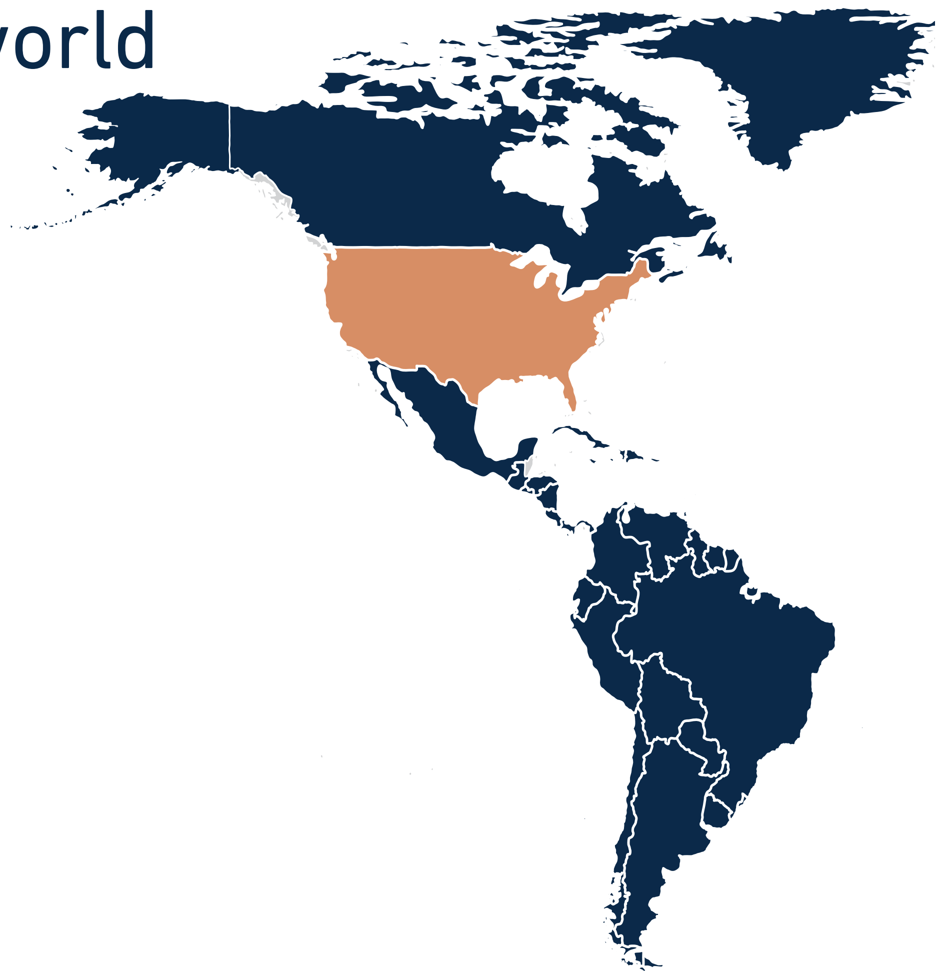
- Enhance awareness around our plans, strategies, tactics, processes
- Work together to create greater enterprise value
- Participative in our decision making
- Imbibe a sense of belonging across all stakeholders

03 JOY

- Derive joy and happiness from what we do and how we do it
- Serve all stakeholders with joy and utmost dedication
- Create and maintain an environment where there is joy and happiness, where people are respected and diversity is celebrated
- Share our success with all stakeholders

Our Presence

Welcoming guests around the world



- > India
- > Sri Lanka
- > Nepal
- > Malaysia
- > Bhutan
- > Andamans
- > Maldives
- > South Africa
- > Zambia
- > UAE
- > United Kingdom
- > USA

ROBUST EXPANSION DURING FY 2017-18

10
NEW HOTELS OPENED

20
NEW HOTELS IN THE PIPELINE

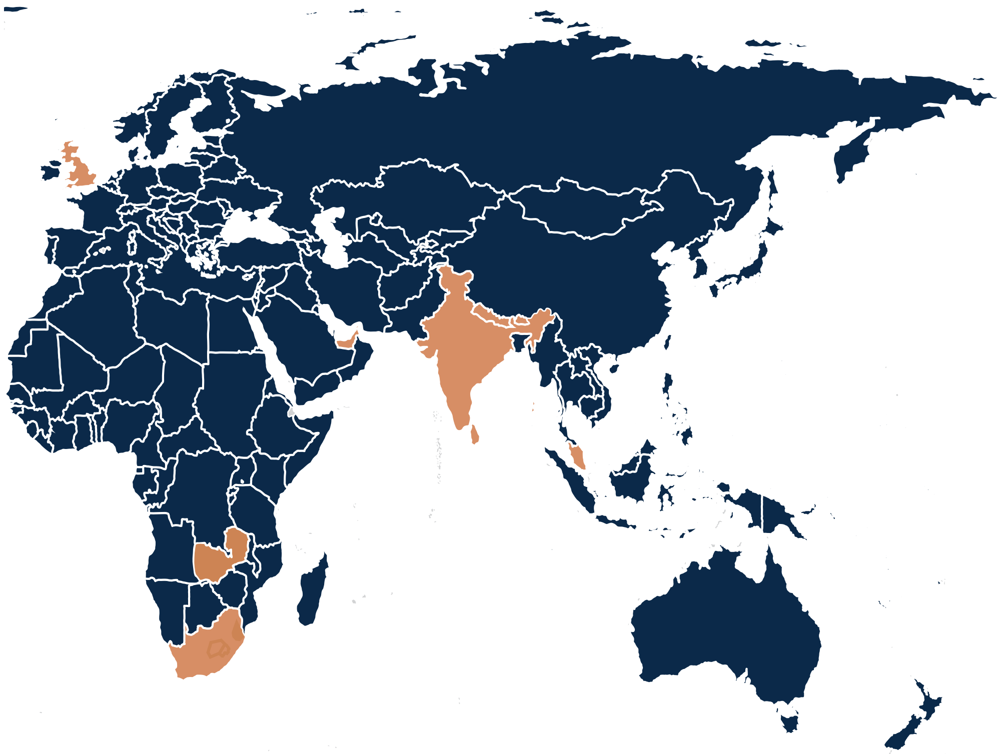
10
CONTRACTS SIGNED IN THE 12 MONTHS TILL MAY 31, 2018

HIGH CUSTOMER-CENTRICITY

30% ↑
CONSUMER LOYALTY REVENUE (%)

40% ↑
MEMBER BASE

Note: Map not to scale



"For TCI, IHCL is the biggest global partner because of its unique geographical footprint, combined with predictable, high-quality service. The Taj epitomises Indian hospitality through its excellent service. We're glad to partner with an Indian industry major who virtually sets the standard for service excellence in the international hospitality industry today."

Dipak Deva
Managing Director,
Travel Corporation India

64%	30.56 Lakhs	5,530	8,634
AVERAGE OCCUPANCY*	TOTAL GUESTS WELCOMED DURING THE YEAR*	REVENUE PER AVAILABLE ROOM* (IN J)	AVERAGE ROOM RATE* (IN J)

*DATA FOR TAJ AND GINGER BRANDS ONLY

Timeline

A history of milestones

1899
THE INDIAN HOTELS COMPANY LIMITED (IHCL) IS INCORPORATED

1903
LAUNCHES THE TAJ MAHAL PALACE IN MUMBAI, INDIA

1970
TAKES OVER MANAGEMENT OF TAJ LAKE PALACE, UDAIPUR AND RAMBAGH PALACE, JAIPUR

1974
LAUNCHES FORT AGUADA, THE FIRST FIVE-STAR DELUXE BEACH RESORT IN GOA

LAUNCHES TAJ COROMANDEL IN CHENNAI

1979
FORAYS INTO AFRICA WITH TAJ PAMODZI, LUSAKA, ZAMBIA

1998
OPENS TAJ EXOTICA IN BENTOTA, SRI LANKA

1982
ACQUIRES THE ST. JAMES' COURT IN LONDON

THE TAJ PALACE, NEW DELHI, IS OPENED FOR THE ASIAN GAMES

2000
ESTABLISHES TAJ GVK HOTELS AND RESORTS LIMITED IN HYDERABAD

2001
LAUNCHES TAJ EXOTICA RESORT AND SPA IN MALDIVES

2004
LAUNCHES TAJ WELLINGTON MEWS LUXURY RESIDENCES, MUMBAI

2018

UNVEILS 'ASPIRATION 2022'

TAJ EXOTICA RESORT & SPA, ANDAMANS, A LUXURY RESORT OFFERING, COMMENCES OPERATIONS IN FEBRUARY

2017

IHCL RESTRUCTURES IT'S BRAND ARCHITECTURE

2015

REDESIGNS THE AWARD-WINNING PROGRAMME, TAJ INNERCIRCLE ANNOUNCES THE OPENING OF TAJ DUBAI, UNVEILS 'TAJNESS'

2005

FORAYS INTO NEW YORK, US, WITH A MANAGEMENT CONTRACT TO OPERATE THE PIERRE

RESTORES UMAID BHAWAN PALACE IN JODHPUR

2007

ACQUIRES RITZ-CARLTON IN BOSTON, US, LATER RENAMED THE TAJ BOSTON

LAUNCHES TAJ CAMPTON PLACE IN SAN FRANCISCO

2010

LAUNCHES A NEW BRAND, VIVANTA BY TAJ

CELEBRATES THE REOPENING OF THE TAJ MAHAL PALACE IN MUMBAI AFTER THE TERRORIST ATTACKS OF 2008

2008

LAUNCHES THE GATEWAY HOTELS AND RESORTS

SOUTH-WEST COASTAL INDIAN RESTAURANT QUILON IN LONDON RECEIVES A MICHELIN-STAR

2012

LAUNCHES A FREE TWO-YEAR HOSPITALITY TRADE TRAINING PROGRAMME FOR YOUTH FROM BELOW POVERTY LINE (BPL) FAMILIES

2014

REBRANDS AND REPOSITIONS TAJ 51 BUCKINGHAM GATE SUITES & RESIDENCES AND ST. JAMES' COURT, A TAJ HOTEL, LONDON UNDER THE LUXURY BRAND

The IHCL Portfolio

A bouquet of brands that deliver memorable experiences

HOTELS

TAJ

Hotels | Palaces | Resorts | Safaris

Number of hotels
46

Number of rooms
6,945

Locations
Cities and resort destinations, safari locations and authentic palaces

Brand style
Iconic

Target audience
Luxury world traveller

Nature of arrangements
Owned, leased and management contracts

VIVANTA

Hotels | Resorts

Number of hotels
27

Number of rooms
4,041

Locations
Cities and resort destinations

Brand style
Bon Vivant

Target audience
Cosmopolitan traveller

Nature of arrangements
Owned, leased and management contracts

THE GATEWAY

Hotels | Resorts

Number of hotels
27

Number of rooms
2,396

Locations
Cities and resort destinations

Brand style
Warm and Welcoming

Target audience
Business and leisure traveller

Nature of arrangements
Owned, leased and management contracts

"TajSATS, our joint venture with IHCL, has grown to become the market leader in Indian airline catering because both companies share the same values of integrity, care for employees and customer focus. SATS will continue to invest in India to position TajSATS as an undisputed market leader in Indian catering."

Alex Hungate
President and CEO, SATS

B2B

GINGER
Hotels

Number of hotels
42

Number of rooms
3,763

Locations
Cities across India

Brand style
Smart

Target audience
Millennial/City hopper

Nature of arrangements
Owned and managed contracts

TAJSATS
Air catering

Number of units
6

Services offered
> In-flight catering
> Airline lounge management
> Laundry
> Airline bonds

Locations
Cities across India

Non-airline services
> Institutional catering
> Outdoor catering
> Corporate gifting

Brand style
Efficiency and Scale

Target audience
Institutions

Nature of arrangements
Joint venture

The IHCL Portfolio

SERVICE RETAIL PRODUCTS

Number of boutiques
12

Locations
7

Brand style
Indian luxury

Target audience
Global traveller

Nature of arrangements
Multi-product retail outlet

Number of spas
43

Brand style
Ancient Indian Wellness

Target audience
Wellness seekers

Nature of arrangements
Owned

Number of salons
34

Brand style
Beauty with Care

Target audience
Discerning luxury

Nature of arrangements
Owned

> "Taj Hotels, Resorts and Safaris is a pioneer in Indian hospitality. The common business ethics and values of both companies have given us the framework to become preferred partners over the years. We value the Indian feel Taj gives to its service, combined with its strong set of Standard Operating Procedures."
>
> **Mario Habig**
> Managing Director, Le Passage to India

FOOD & BEVERAGE

IHCL has some of the most distinguished fine-dining and multi-cuisine restaurants and lounge bars in its portfolio. With more than 380 restaurants and bars around the world, it offers a multitude of speciality cuisines flavoured with tradition and innovation through its signature brands such as Bombay Brasserie, Golden Dragon, Wasabi, Thai Pavilion and House of Ming.

CORPORATE PRODUCTS

Taj Holidays
Taj Holidays offers a wide selection of distinct holiday packages to guests with unique holiday requirements.

Taj Wedding Studio
Taj Wedding Studio is a platform connecting wedding planners and brides/grooms to make their dream weddings a timeless memory. From opulent venues to customised cuisines, ambience and services, Taj Wedding Studio promises to offer an experience of a lifetime.

Taj Experiences Gift Card
Taj Experiences Gift Cards are innovative prepaid cards, redeemable against all spends – accommodation, holiday packages, dining, spa, etc., including taxes across Taj, Vivanta and Gateway hotels in India.

LOYALTY PROGRAMMES

Taj InnerCircle
Taj InnerCircle is an award-winning loyalty programme designed to offer our guests a gamut of unparalleled services and experiences through 84 domestic and 16 international hotels at iconic destinations. The Taj InnerCircle won the coveted 210 Award at the Freddie Awards in Seattle, US. The Freddie Awards is one of the most recognised and prominent awards for frequent traveller programmes.

Warmer Welcomes
Warmer Welcomes is a loyalty partnership programme offering members of Shangri-La's Golden Circle and Taj InnerCircle reciprocal benefits. It also allows them to earn their preferred loyalty currency. Introduced a year ago, the programme was awarded 'Best Loyalty Partnership' at Flightglobal's 10th Loyalty Awards event.

Highlights of FY 2017-18

Portfolio expansion

> Opened 10 hotels (697 keys)), of which:
- One Taj property is in the Andamans
- Nine Ginger hotels are in some of India's key cities such as Mumbai, Gurgaon, Lucknow, Ahmedabad, Vadodara, Aurangabad and Goa

> Signed five new hotels across brands – a Taj hotel in Vikhroli, Mumbai, a Vivanta in Bhopal and three Ginger hotels in Lucknow, Vadodara and Goa

> Renewed existing contracts of New York, Langkawi and Surat properties

Marketing initiatives

Our marketing initiatives this year were designed to drive demand growth while regaining market leadership across product categories and enhancing our reach.

Repositioning campaigns

We repositioned major properties across Kerala and Goa to re-establish them as market leaders and to drive traffic into these hotels.

Results achieved in Kerala

> 356% y-o-y increase in overall traffic

> 8.9 Million unique reach with 45% view rate

> 33% overall relative brand lift

> 369 overall bookings with a revenue of `1.28 Crores

Results achieved in Goa

> 120% y-o-y increase in overall traffic

> 2.2 Million+ Video Views

> Top 20 percentile Ad Recall

> 16% y-o-y increase in Search revenue

Taj Holidays

By offering a wide selection of distinct holiday options and meeting the unique requirements of customers across segments, this year, we promoted resort destinations to enhance our domestic business through offline and online mediums.

Taj Safaris

The Taj Safaris website was revamped to drive enhanced traffic while improving discovery and navigability. This approach was undertaken to improve cost-effective customer acquisition conversions across all channels.

A NEW FEATHER IN OUR HAT

The iconic Taj Mahal Palace hotel in Mumbai acquired an 'image trademark', making it the first building in India to get Intellectual Property rights protection for its architectural design.

THE TAJ MAHAL PALACE
MUMBAI

Partnership Marketing
Leveraging our airline partners – Tata SIA Airlines (Vistara) in India and frequent flyer partners in North America, Asia Pacific, Europe, Middle East and Africa – we enhanced direct bookings from international travellers, driving double-digit ROI growth. We also partnered with leading networks, including American Express®, Mastercard and Visa, as well as banks to promote direct bookings, drive loyalty and enhance spends.

Corporate events

First-ever Annual Business Conference organised
The first-ever Annual Business Conference was organised, extending the One IHCL philosophy across the Company. It was attended by our leadership team, senior management, key decision makers, partners, owners, celebrities and dignitaries from across industries, highlighting the vision and growth strategy of IHCL.

Announcement of Aspiration 2022 at Capital Markets Day
IHCL's five-year strategy, Aspiration 2022, was launched at the Company's first Capital Markets Day. It was organised to announce the future roadmap and to build a culture of inclusion and collaboration. The event was globally webcast to all our employees.

Diversity - Equal opportunities
Committed to promoting equal opportunities for our women workforce, we introduced two new programmes:

Referral programme
We launched an incentive-based referral programme. It entails a 30-50% higher referral amount to employees in case their selected reference is a woman.

Hospitalisation assistance policy
We introduced a new policy for women employees who are facing difficulty in starting a family. The policy covers medical expenses, including various medical procedures such as IVF treatments; freezing of egg, embryo and sperm and artificial insemination.

"Taj has been our valuable partner as we work to build a world-class airline. Since our launch, we, along with Taj, have introduced various dining, spa services and room booking offerings that extend across leisure and business hotels. We are currently working together with Taj as part of the 'One Tata' initiative towards deepening our long-term strategic partnership."

Leslie Thng
CEO, Vistara Airlines

Key Performance Indicators

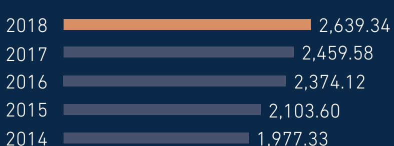
Delivering a robust performance

Financial metrics

STANDALONE

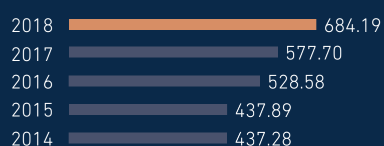
REVENUE (K CRORES)

2,639.34



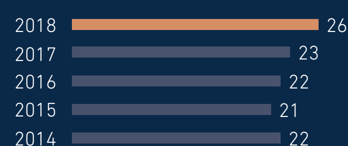
EBITDA (K CRORES)

684.19



EBITDA MARGIN (%)

26%



PAT (K CRORES)

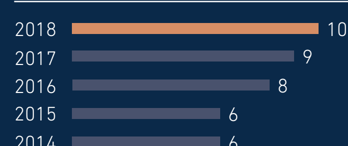
147.77

EPS – BASIC AND DILUTED (K)

1.34

RETURN ON CAPITAL EMPLOYED (%)

10%



Non-Financial metrics

- **3.2 billion litres** of water saved through water recycling and rainwater harvesting
- **58,580 tonnes** of CO_2 emissions avoided by switching to renewable energy
- **5,329 tonnes** of waste diverted from landfills through composting
- **79 hotels** certified under the EarthCheck certification partnership
- **` 5.27 crores** spent on Corporate Social Responsibility CSR)

CONSOLIDATED

REVENUE (K CRORES)

4,165.28

2018	4,165.28
2017	4,075.51
2016	4,122.78
2015	4,287.36
2014	4,125.94

EBITDA (K CRORES)

732.08

2018	732.08
2017	664.56
2016	651.92
2015	587.29
2014	619.32

EBITDA MARGIN (%)

18%

2018	18
2017	16
2016	16
2015	14
2014	15

PAT (K CRORES)

100.87

2018	100.87
2017	(63.20)
2016	(231.08)
2015	(378.10)
2014	(553.85)

EPS – BASIC AND DILUTED (K)

0.91

2018	0.91
2017	(0.60)
2016	(2.34)
2015	(4.68)
2014	(6.86)

RETURN ON CAPITAL EMPLOYED (%)

6%

2018	6
2017	5
2016	5
2015	4
2014	4

Notes:

*Financials for 2017-18, 2016-17 and 2015-16 are as per IND AS

^Financials for 2015-16, 2014-15 and 2013-14 are as per IGAAP

Board of Directors

Committees

- Nomination and Remuneration
- Audit Committee
- Risk Committee
- Stakeholders Relationship
- Corporate Social Responsibility and Sustainability Committee

C Chairman **M** Member

1 M

N. Chandrasekaran
Chairman

2 C M

Puneet Chhatwal
Managing Director &
Chief Executive Officer
(Appointed w.e.f. 6 November 2017)

3 C M M M M

Nadir Godrej
Non-executive
Independent Director

4 C C C

Deepak Parekh
Non-executive
Independent Director

5 M M M

Ireena Vittal
Non-executive
Independent Director

7 M

Vibha Paul Rishi
Non-executive
Independent Director

6

Mehernosh S. Kapadia
Executive Director – Corporate Affairs
(Retired w.e.f. 23 May 2018)

8

Gautam Banerjee
Non-executive
Independent Director

Senior Management

The pillars of IHCL


1


2


3


4


5

1 Puneet Chhatwal

Managing Director and Chief Executive Officer

Mr. Chhatwal brings over three decades of leadership experience at highly-acclaimed hotel groups in Europe and North America. He joined IHCL in 2017 and spearheads the Company operations as its MD and CEO. He has won numerous awards, including the prestigious Carlson Fellowship, and was rated as one of Europe's 20 extraordinary minds in Sales, Marketing and Technology – HSMAI European Awards 2014. He was also the first alumni to be included in the ESSEC-IMHI Hall of Honour 2014.

2 Mehernosh S. Kapadia

Executive Director – Corporate Affairs

Mr. Kapadia has over 31 years of experience in Corporate Affairs and specialises in handling issues related to the Central and State Governments and Municipal Authorities. He is the Chairman of Taj Air Ltd. and holds Directorships in TajSATS Air Catering Limited, Tata Realty & Infrastructure Limited and Ewart Investments Limited.

3 Suma Venkatesh

Executive Vice President – Real Estate & Development

Ms. Venkatesh heads the Company's Development, Technical Services and Projects functions. She oversees IHCL's initiatives for growth through greenfield developments, acquisitions, licenses and management contracts. Over the last 15 years with IHCL, she has been involved in doubling the Group's inventory to 141 hotels with 17,300+ keys. Ms. Venkatesh is an Electrical Engineer by training and holds a master's degree in Management Studies from the Mumbai University in India. She has over 25 years of cross-functional experience across industries. Before joining IHCL, she worked in different functions across multiple industry sectors in India.

4 Rohit Khosla

Executive Vice President – Operations (North and West India)

A post-graduate in hotel management from the Institute of Hotel Management, Mumbai, Mr. Khosla joined IHCL in 1999 as Executive Assistant Manager, Taj Palace, New Delhi and has held several positions within the Group. Currently, he oversees hotel operations in the northern, eastern and western states of India, along with Taj Tashi, Bhutan and operations of Taj Safaris Wilderness Lodges. He has won numerous awards, including the Young Hotel General Manager in 2006 by Federation of Hotel & Restaurant Associations of India (FH&RA) and the General Manager of the Year in 2006 at Stars of the Industry Awards by ITM Institute of Hotel Management & DNA. He is currently an Executive Committee member of the Hotel Association of India and SKAL. He is also on the CII National Tourism Committee.

5 Rajendra Misra

Executive Vice President and General Counsel

Mr. Misra has over 26 years of business legal experience and is an expert in Litigation Management, Intellectual Property Management, Contracts Management and Competition and Corporate Law. His experience spans across many industries, including Hospitality, Personal Care, Home Care, Tobacco, Food, Lifestyle Retailing, Aluminium and Tyre businesses.
Mr. Misra is also a Director on the Board of TajGVK Hotels & Resorts Ltd., which is a joint venture between IHCL and the GVK group. He holds a Bachelor of Legislative Law degree (L.L.B.) and a Post-Graduate Diploma in Patents Law (PGDPL). He has also undertaken the Hawkesmere Course on International Intellectual Property Law from London. He was the Chairman of the legal committee of Indian Beauty & Hygiene Association (IBHA) and has led several legal initiatives on behalf of the industry.

6

7

8

9

10

6 Dr. P. V. Ramana Murthy

Executive Vice President and Global Head – Human Resources

Dr. Murthy brings over 28 years of rich experience in the field of human resource management from both Indian and multinational organisations. He holds a Ph.D. in Strategic Human Resource Management and an Executive Master's degree in Organisational Psychology from INSEAD, Singapore. He has also attended an advanced Human Resource Executive programme from Michigan Ross School of Business in 2009. Dr. Murthy believes in scientific human resource practices and has been specialising in Talent Management, Leadership and Organisational Culture.

7 Giridhar Sanjeevi

Executive Vice President and Chief Financial Officer

Mr. Sanjeevi has built a broad-based career over 30 years across multiple businesses – consumer businesses, financial services, retail and pharma – in Asia and Europe. A Chartered Accountant and an MBA from IIM Ahmedabad, he has won several awards, including the Most Influential CFOs of India award from CIMA in 2015 and 2016 and CFO of the Year for Excellence in Finance in Managing a Turnaround from IMA, 2013.

8 Chinmai Sharma

Executive Vice President and Chief Revenue Officer

As Executive Vice President and Chief Revenue Officer for Taj Hotels Palaces Resorts Safaris, Mr. Sharma's responsibilities include Global Sales, Marketing, Loyalty, Customer Analytics, Digital Platforms, Distribution and Revenue Management. He is a seasoned industry professional with more than two decades of progressive hospitality experience in the fields of Revenue Management, Strategic Marketing and Electronic Distribution. In 2015, Mr. Sharma was named as one of the 'Top 20 Extraordinary Minds in Sales, Marketing and Technology' by HSMAI Europe.

9 Prabhat Verma

Executive Vice President – Operations (South, International & Ancillary Business)

Mr. Verma joined IHCL in 1990 as a Management Trainee and has since grown to become the Executive Vice President – Operations (South India, International and Ancillary Businesses). He has worked at various Taj properties and has been the General Manager of hotels including Taj Malabar, Cochin; Taj Coromandel, Chennai and the Taj Hotels, London. Mr. Verma has also held the portfolio of Chief Operating Officer of The Gateway Hotels of IHCL and Senior Vice President Operations for the South Region prior to his present role. He is the recipient of 'Young General Manager' of the Year 5-Star Deluxe category by FHRAI in 2005 and the 'International Cooperation Award between the UK and India' in 2012 by Asian Voice for his skills and expertise.

10 Beejal Desai

Senior. Vice President – Legal and Company Secretary

Mr. Desai is Senior Vice President – Legal & Company Secretary and Chief Compliance Officer of IHCL. He holds an L.L.B degree from Mumbai University and is a Fellow Member of the Institute of the Company Secretaries of India. He has previously worked across various leadership positions with different organisations and has over 32 years of cross-functional experience in the areas of Legal, Secretarial, Compliance and Investor Relations. He also closely liaises with SEBI, RBI and various regulatory authorities. He has pioneered digitalisation of various legal and compliance projects within the organisation and won several awards.

MD and CEO's Message

Streamlined growth with a future-focussed vision

Puneet Chhatwal
Managing Director and Chief Executive Officer

Dear Shareholders,

I am happy to present to you the Annual Report of The Indian Hotels Company Limited (IHCL) in a year we have done well and my first as its Managing Director and Chief Executive Officer. It is also the year the Tata group is celebrating its 150th anniversary, an illustrious history in which we have played a significant role with a 115-year presence ourselves.

The global travel and tourism industry posted a strong showing in the financial year, growing at 4.6%, with particularly good performance in Asia. This had a positive ripple effect on the hospitality sector in India, which had been struggling with declining room occupancy and pricing. The fiscal saw demand growth at 5.0%, continuing to outpace supply growth at 3.2%, primarily due to the rising purchasing power of domestic travellers, an increase in commercial development and foreign tourist arrivals, a growing airline industry and Government-led initiatives aimed at stimulating the sector. These include branding and marketing outreach and allowing 100% FDI in the hotel and tourism sector through the automatic route.

During the year, we registered strong profitability even as revenues grew at a moderate pace. Our continued efforts to drive cost efficiencies and strengthen our balance sheet have already started yielding results.

"Your Company is reimagining itself by leveraging its strong brand equity to multiply its portfolio while aligning to high-growth segments. This includes manoeuvring excellence and reinvigorating the portfolio across all brands."

Customers across the world now expect hospitality to adapt to their evolving needs and partner them through their professional and personal journeys. At IHCL, we have always set benchmarks in service quality and our global portfolio demands that we continuously reinvent ourselves for the future to check in. We are driving this transformation with a five-year growth map – Aspiration 2022 – that provides a template for us to grow profitably and sustainably.

Aspiration 2022 will lead us to re-structure our operations and re-engineer processes in a larger effort to re-imagine our engagement with all stakeholders. Re-structuring entails a continuous and careful re-examination of your Company's existing portfolio to unlock value from efficiencies in scale and simplify the holding structure for greater profitability and a growth in EBITDA margins. IHCL will also be at the forefront of change in the hospitality industry as it re-engineers systems and processes and embraces technology.

Your Company is re-imagining itself by leveraging its strong brand equity to multiply its portfolio while aligning to high-growth segments. This includes manoeuvring excellence and reinvigorating the portfolio across all brands. While the iconic Taj and Vivanta will be retained as the dominant brands in the luxury, upper upscale and upscale segments, Ginger will have a significant presence in the IHCL brandscape. It will address your Company's drive to be present in the fastest growing segment. The brand will take on a fresh avatar to address the needs and aspirations of the new and younger customer segments.

Integral to your Company's strategy of reinforcing the multi-product, multi-segment brandscape is our customer. The service ethos, epitomised in what we call Tajness, is the soul of IHCL. With competition becoming stiffer, there is a stronger case than ever to communicate the merits of Tajness as a key differentiator. Hence, we have redefined Tajness – as Trust, Awareness and Joy – the trust that our guests, associates and stakeholders place in us; the awareness of what is happening around us and what we need to do as responsible members of the Indian hotel industry, and to do something effectively, we must enjoy what we do; we must do it joyfully.

IHCL is a multi-faceted global Company. Our strategy for the future hinges on diversifying our revenue streams and utilising our products and service brands more effectively, which is why we are reimagining IHCL's own brand positioning. One that emphasises it is the largest hospitality Company in the subcontinent with true Indian origins and that allows it to go beyond the current offerings, ranging from luxury palaces to budget hotels and other B2B verticals like TajSATS. Based on the philosophy of Power of One, your Company has launched 'One IHCL' to create an identity that unites its brands and businesses. This new identity will help unlock the equity of 'nestled' brands such as Khazana, Jiva and F&B brands, among others. Moreover, your Company can create new business drivers such as shared economy models to transcend traditional businesses. This will fuel growth by attracting partners and talent for IHCL as a group rather than as Taj alone.

We have inculcated our parent Tata group's culture of growing responsibly and believe environmental stewardship is a precondition for our operations. We are pursuing excellence in facility management systems and procuring local and sustainable materials remains our priority. We support the Skill India movement that focusses on delivering quality training, apart from leveraging our supply chain to enable livelihood opportunities for surrounding communities. Heritage conservation and community upkeep projects run by our hotels continue to contribute to the prosperity of the destinations in which we operate.

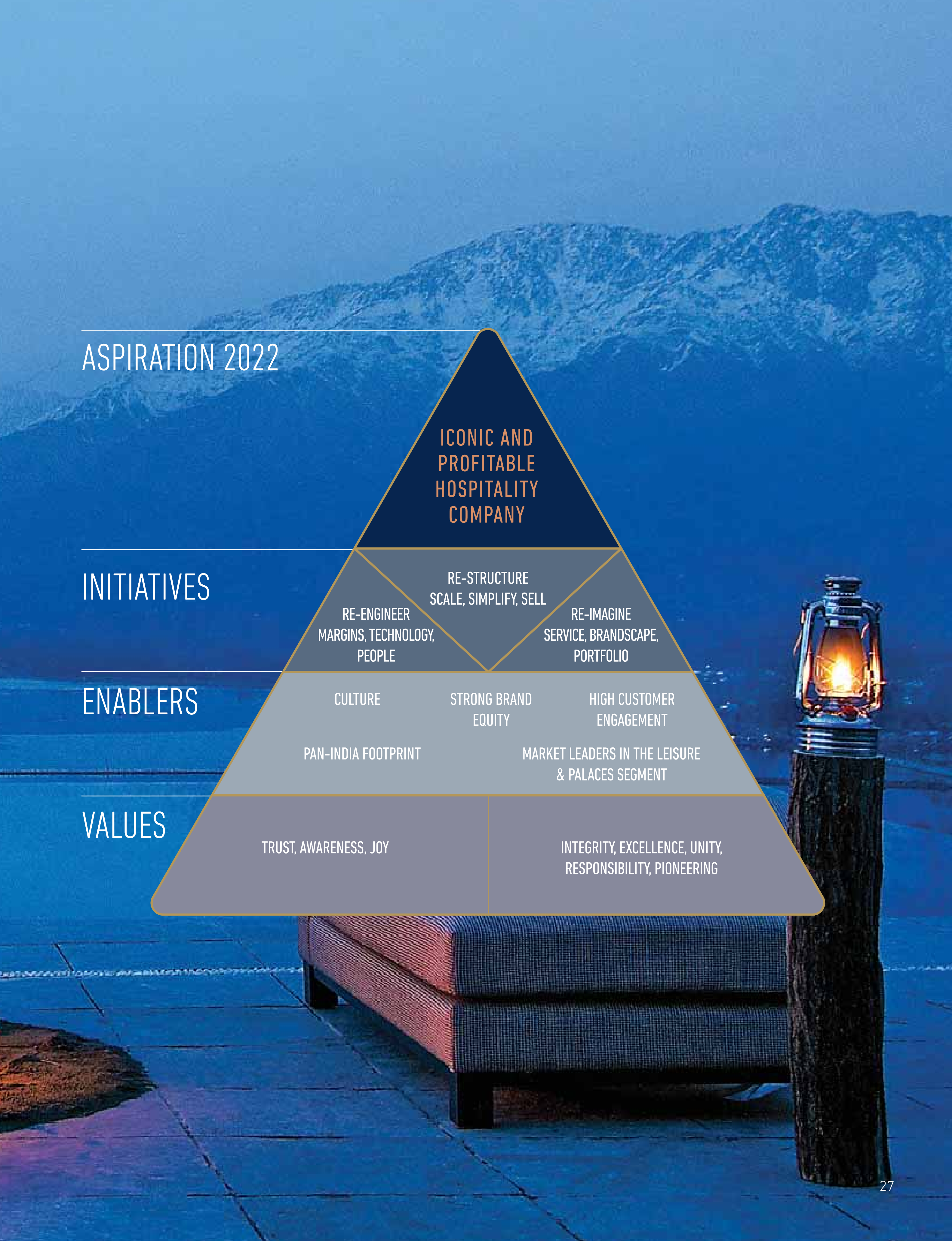
Before closing, I want to extend my heartfelt gratitude to all the employees of IHCL who dedicate their best to the organisation – empowering it to conquer new horizons.

I count on your continued support as we aspire to drive profitable growth and maximise value for all our stakeholders in a sustainable manner.

Best Regards,
Puneet Chhatwal

ASPIRATION 2022

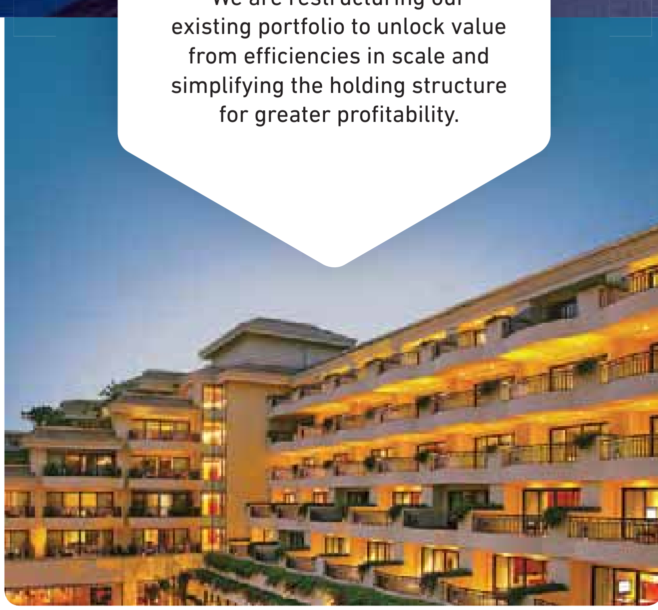
Our pivotal programme, Aspiration 2022, is based on the three-pronged strategy of re-structuring, re-engineering and re-imagining the Company's portfolio. The strategy is aimed at margin enhancement and growth to fulfil our aspiration of becoming the most iconic and profitable hospitality company in South Asia. Therefore, it will focus on exploring new markets, expanding existing properties, monetising non-core assets, optimising costs and simplifying the group structure to grow the bottom line. The five-year programme will also include leveraging the digital channel to strengthen the brand and generate more revenue.


ASPIRATION 2022
ICONIC AND PROFITABLE HOSPITALITY COMPANY
INITIATIVES
RE-STRUCTURE SCALE, SIMPLIFY, SELL
RE-ENGINEER MARGINS, TECHNOLOGY, PEOPLE
RE-IMAGINE SERVICE, BRANDSCAPE, PORTFOLIO
ENABLERS
CULTURE
STRONG BRAND EQUITY
HIGH CUSTOMER ENGAGEMENT
PAN-INDIA FOOTPRINT
MARKET LEADERS IN THE LEISURE & PALACES SEGMENT
VALUES
TRUST, AWARENESS, JOY
INTEGRITY, EXCELLENCE, UNITY, RESPONSIBILITY, PIONEERING

3R Strategy for Aspiration 2022

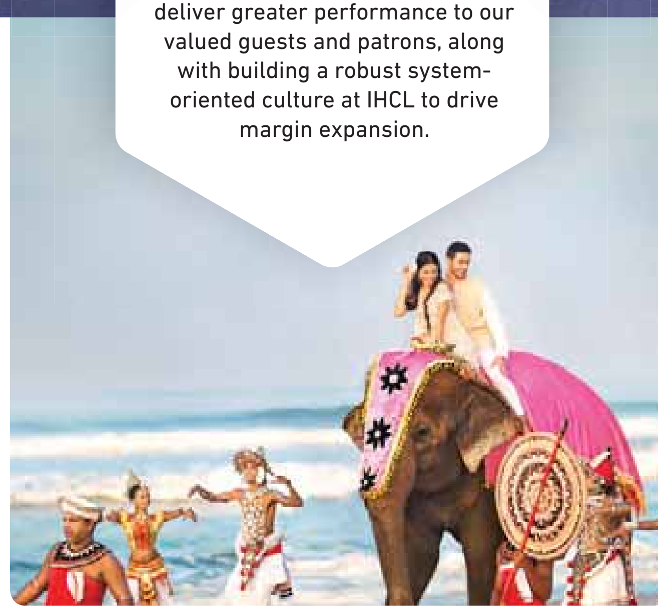
RE-STRUCTURE

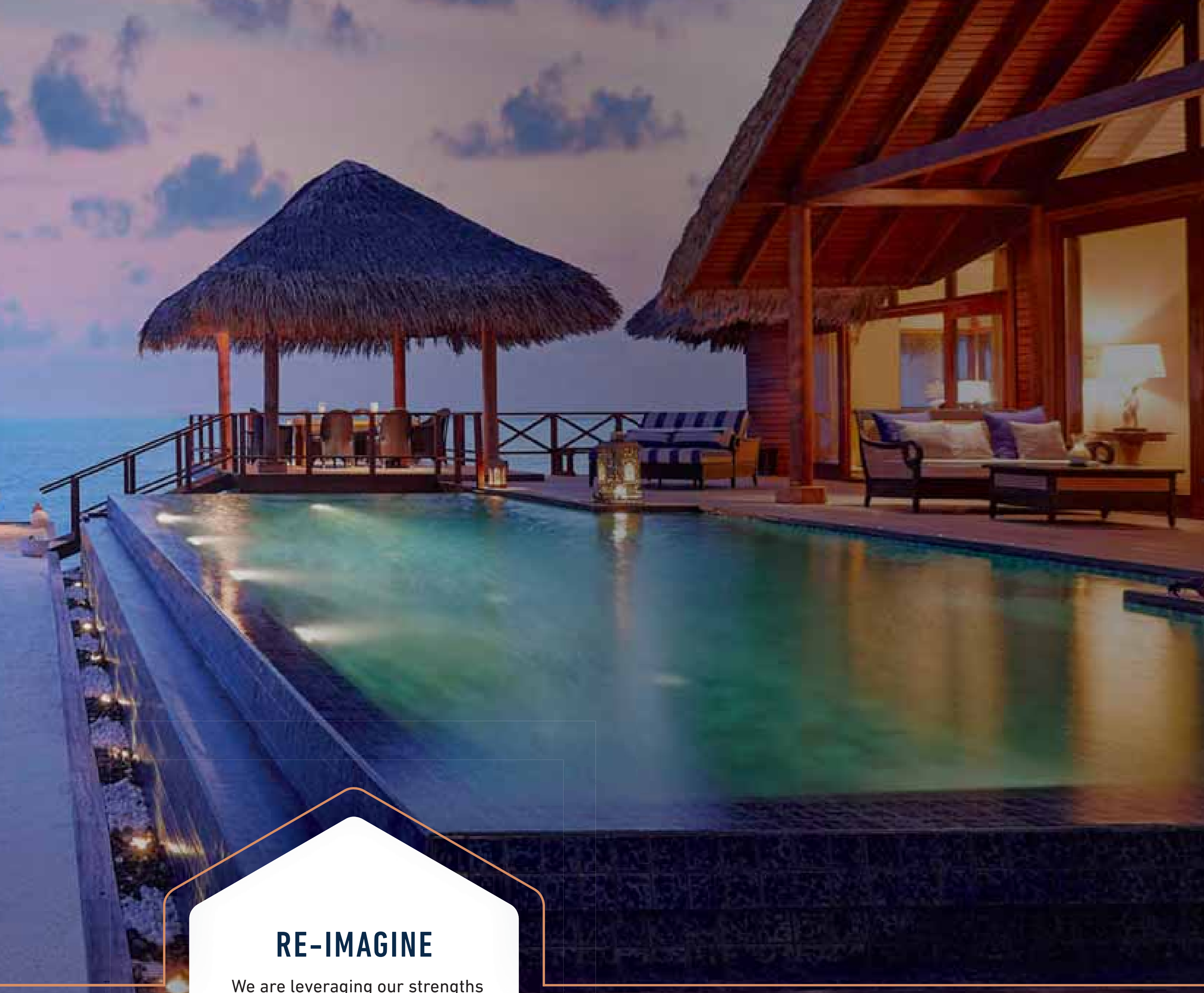
We are restructuring our existing portfolio to unlock value from efficiencies in scale and simplifying the holding structure for greater profitability.



RE-ENGINEER

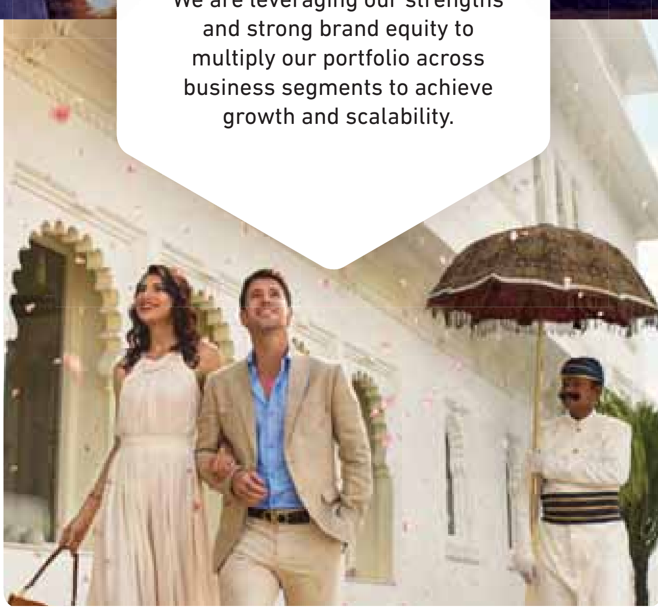
We are embracing technology to deliver greater performance to our valued guests and patrons, along with building a robust system-oriented culture at IHCL to drive margin expansion.





RE-IMAGINE

We are leveraging our strengths and strong brand equity to multiply our portfolio across business segments to achieve growth and scalability.



Expressed through the 3Cs

CULTURE. COMMERCE. CONNECTEDNESS.

Underpinned by our values

Taj values

TRUST. AWARENESS. JOY.

Tata values

INTEGRITY. EXCELLENCE. UNITY. RESPONSIBILITY. PIONEERING.

Drivers of Aspiration 2022

RE-STRUCTURE

SCALE SIMPLIFY SELL

The need to re-structure our operations is bigger than ever today. We have identified a 3S approach of Scale, Simplify and Sell to unlock value from our existing efficiencies and build a portfolio that addresses the fast-changing needs of the global traveller.

How we will scale

India is growing at a tremendous pace and is expected to become a $6 trillion economy in ten years. The travel and tourism industry in India is one of the biggest contributors to India's GDP and hence is critical in supporting the Indian growth story. In 2017, the industry's share was 3.7% and is expected to increase by 7.6% in 2018-19. We are leveraging this immense potential for growth to increase scale and strengthen our business. Our plan for the next five years is to grow inventory across multi-product, multi-segment categories to meet the growing demands of the discerning traveller. Our marketing strategy will involve selection of strategic locations for developing establishments, including central business districts, airports and leisure and luxury places to help upgrade our value proposition. We will also invest in expanding our land area across geographies and explore strategic merger-and-acquisition opportunities without indulging in non-source international markets.

How we will simplify

We believe in simplifying processes for seamless and integrated business functioning. We will continue to make things simpler by restructuring the Group's holding structure to create a consolidated turnover and for balance sheet optimisation. By implementing the restructuring process, the redundant organisational layers and duplicated activities would be removed, decision making would be streamlined and performance management would be redesigned.

What we will sell

We will undertake periodic reviews to extend the tenure of good-performing hotels and exit those that are suffering losses and are not showing any future potential. Disposing assets that are no longer useful to our operations will, thus, help us in building a profitable business.

While IHCL is a market leader in the luxury and palaces segment, the focus ahead will be to align brands to dominate high-growth segments. The plan is to reduce dependency on ownership and expand across the business.

Drivers of Aspiration 2022

RE-ENGINEER

MARGINS TECHNOLOGY PEOPLE

To broaden our appeal to the younger travellers, we are re-engineering our internal systems and processes. This would also provide an enriching career path to our workforce. We are adopting technology to build an organisation that is strong on margins and customer know-how and follows a performance-oriented work culture. A 3E approach of Expand, Embrace and Engage has been undertaken to enable re-engineering.

What we will expand

Over the next five years, we will expand margins to create a culture of operational excellence. WIN, a special project that focusses on enhancing margins and profitability, was launched to further our efforts of improving EBITDA and re-engineering costs. The strategy includes restructuring procurements, saving costs on energy, optimising the organisational structure and synergising global shared services, along with reducing overhead expenses.

Key enablers of our margin enhancement initiative

> Dedicated team effort and ownership
> Cross-organisation alignment
> Extensive performance tracking
> Optimisation of operations

What we will embrace

We are embracing technology to digitise our processes. Data analytics will help us capture customer preferences to deliver personalised services to our valued patrons. The process is being managed by a strong technical team for creating a measurable impact and making us future-ready.

Who we will engage

To build a robust performance-oriented culture at IHCL, we will engage our workforce in creating a strong talent pipeline that will be trained to deliver with a result-oriented outlook. We are developing process enablers and a robust review mechanism to ensure consistency in the delivery of standards of service.

Re-engineering will focus on leveraging the legacy of strong relationships we have built over the years with our partners and associates. As we work towards increasing our topline, we will expand our sales reach and integrate digital marketing, while utilising the brand strength of Taj.

Drivers of Aspiration 2022

RE-IMAGINE

SERVICE BRANDSCAPE PORTFOLIO

Over the next five years, we will optimise revenues and stay commercially focussed. To do this, we have to re-imagine our strengths and brand equity to grow our portfolio, while staying relevant in the high-growth segments. We will expand our presence across the growing midscale and economy categories, reaching out to guests of every profile. To deploy the third strategy of Aspiration 2022, we have devised a 3M approach – Manoeuvre, Manage and Multiply.

What we will manoeuvre

We have, over the years, reinvented traditions and integrated local flavours to offer a new-age, yet grounded experience to our guests. This has been the core of our service across brands and we need to further manoeuvre this excellence to re-imagine a new IHCL. To build new products that are better than yesterday, we will scale our service offerings and set new performance benchmarks. We are also committed to recreating our brandscape to address the needs and aspirations of the new and younger customers.

What we will manage

The brandscape of IHCL is divided into three broad categories – Palaces, Leisure and Business. With Taj being the market leader in the palaces and leisure segment, we aim to manage and grow the business section to meet the midscale customer in ways that are relevant to them, yet are distinctive, different and memorable.

The underlying theme of our brandscape

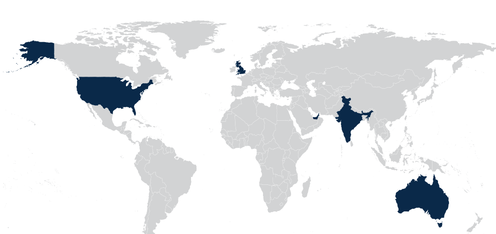
> Address diverse customer segments and price points
> Align brandscape to dominate high-growth segments
> Adapt branding for profitability and scale

What we will multiply

To expand our reach, we are focussed on growing the product portfolio while also expanding margins. This will be done under each category on a yearly basis to reach our desired target audience. Our business model includes multiple owned, leased and franchisee structures to help grow the portfolio.

We have a strong sales network across major destinations around the world and plan to further strengthen our team and reach to expand business opportunities.

Strong sales offices network and healthy geo sources



Re-imagining a SMART approach

Re-imagining Our Future

A refreshed brandscape

One of the key aspects of Aspiration 2022 involves reimagining our brandscape. The intent is to build on the opportunities across luxury, upscale, midscale and economy categories, which are the growth drivers for tomorrow. IHCL has market equity as the largest hospitality company in the subcontinent, with true Indian origins, and it resonates with investors and partners. As the parent brand, IHCL can go beyond the current offerings, ranging from luxury palaces to budget hotels and other B2B verticals such as TajSATS. It can help unlock the equity of 'nestled' brands such as Khazana, Jiva and Food & Beverage (F&B) brands. It can also create new business drivers such as shared economy models and go beyond the traditional offerings. Further, it can fuel growth by attracting partners and talent for IHCL as a group and therefore, broad base the impact that it can generate.

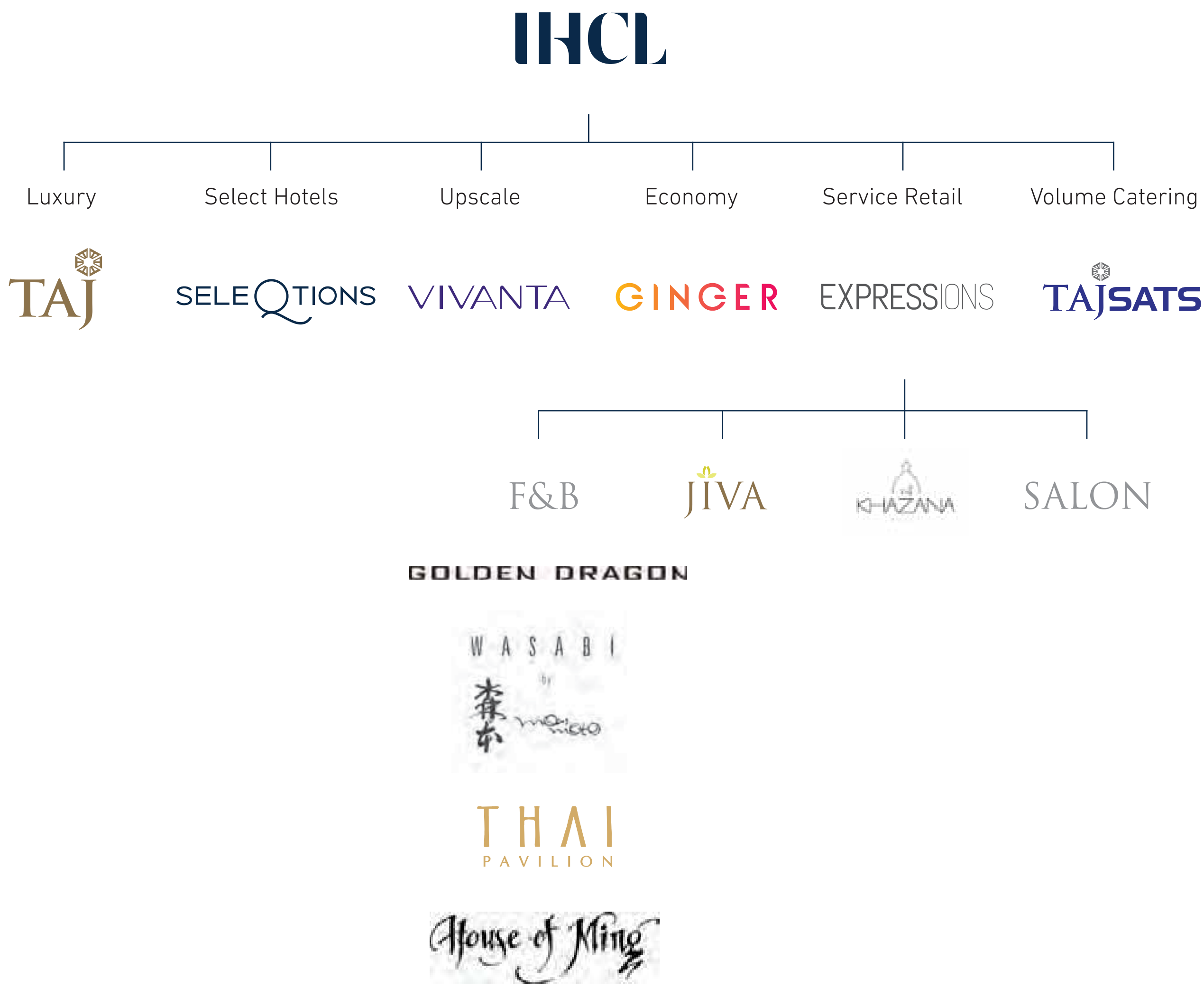
OUR NEW LOOK

IHCL

To define our personality as a distinct identity and to eliminate the overlap between the umbrella entity and its brands, we have undergone a makeover that is both contemporary while retaining our legacy.

As the perfect metaphor for our corporate identity, we have taken inspiration from the Golden Ratio, which represents the harmonious proportion in the different patterns found in nature. The typeface, too, has been thought through meticulously so that it is the right blend of the modern and the traditional. Additionally, the colour chosen is a neutral and distinct midnight blue so that it does not overpower any of its brands.

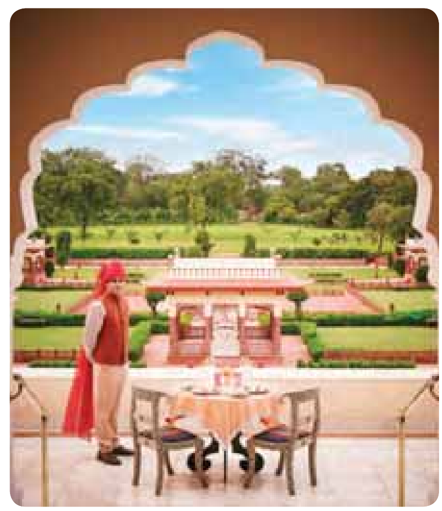
OUR NEW BRAND ARCHITECTURE



The refreshed brand architecture will enable IHCL to expand its portfolio across different customer segments with various brands to address different price points, thereby catering to a wide range of audiences. IHCL will provide maximum flexibility to its portfolio of brands, yet align them with a common spirit. While Taj will continue to operate iconic hotels in key gateway cities, the Vivanta brand will be our growth vehicle in Tier II and III cities, while Ginger will cater to millennial customers.

Business enablers

We are efficiently backed by our robust business enablers, which are the backbone of our strategy, Aspiration 2022, to become a profitable, scalable and the most iconic hospitality brand in India.



Culture and Tajness

Our culture, with Tajness at the its heart, binds us together and provides a common purpose to our highly engaged and committed workforce. It keeps us ahead of others in the industry. Inculcating a strong culture of leadership, accountability and performance through mutual trust, awareness and joy, we, the IHCL family, are well poised to support Aspiration 2022 with the 3R strategy: Re-structure, Re-engineer and Re-imagine.

Pan-India footprint

We have established a strong foothold in the country with iconic properties across strategic locations, enhancing our reach, scale and customer connect. The acumen to create destinations out of locations and strongly expand our presence is one of the key enablers for Aspiration 2022.

Strong brand equity

Through the years, we have profitably built a loyal and engaged customer base for all our brands. Our ability to weave Indian heritage and culture into our services and offerings sets up apart from other players in the industry. This brand equity will further help us grow our value to achieve Aspiration 2022.

Gallup Brand Equity Track Survey 2017 has rated Taj higher than other hotel brands across industry drivers as well as brand differentiators to become the first choice of customers.

"Taj has always been my first choice in India due to its services, staff, locations and the brand name. The personal, individual and forthcoming staff at Taj ensures that the guests are pampered and treated like kings."

Mr. B. Steinrucke
Indo German Chamber of Commerce

Market leadership in the leisure and palaces segment

We are the market leaders in the leisure and palaces segment, making us the largest domestic leisure operator. Our ability to restore and operate marquee original palace properties, deliver authentic and memorable experiences to our guests and our deep understanding of the segment gives us the competitive edge and drives our efficiency.

High customer engagement

We are guided by our performance-oriented culture, which is not only reflected in our workforce, but is also evident in the positive response of our customers and guests. Consistent performance in customer satisfaction indices is just one indicator of the level of their association and engagement with us. We are committed to maintain and further enhance customer loyalty through service excellence.

Optimising digital for service excellence

As our customer profile changes ‘glocally’, optimising digital is becoming an imperative need. We are dedicated to serving digitally literate customers from all over the world. Through the use of the right technology platforms, we have optimised our customer know-how and designed customised services and offers across product categories. This has renewed focus on our business operations for strengthening competitiveness and making core operations faster, better streamlined and more efficient.

Multilingual websites

We have multilingual websites in lite versions to serve customers from all over the world as per their exclusive preferences. Last year, we launched our websites in French, Spanish, German and Simplified Chinese, with localised content on our products. This has helped our customers make informed choices, adding to their superior online experience.

Mobile app and booking engine

We launched a new hybrid mobile application to provide ease of exploration and booking on smartphones. We also introduced a new booking engine including unbiased guest reviews and a rate-check mechanism to drive direct bookings on the brand website. This has vastly augmented the service experience of our online guests.

Best rate guarantee

We aim to offer our customers assured best rates without them having to check another website or source. To this end, we launched the Taj Direct Best Rate Guarantee challenge. Through this challenge, we promise best rates on **tajhotels.com** and if a customer finds a lower rate for the same room, we not only match the rate, but also offer a further 10% discount on it. The format has resulted in boosting customer confidence in our brands.

WWW.TAJHOTELS.COM/ BEST-RATE-GUARANTEE/

HOW IT CLICKS

Multilingual website in lite versions

Mobile-responsive sites and apps

Over 10 million unique visitors to the website

Best-in-class technology partners

Fastest-growing channel with over 50% increase in direct online revenue and 148% increase in mobile web revenue since 2016

Ancillary revenues via click-to-call/chat and online table management functionality

Data analytics

In order to drive better data analytics and improved insights, we rolled out Google 360 for our digital platforms to get a total view of our web traffic. With this, we have been able to better understand our customers, their preferences and choices, along with successfully converting viewers to customers.

Taj.Live

Taj's social media command centre, Taj.Live, is designed to deliver an exceptional guest experience on social media platforms through live radio streams. With this initiative, we have been successful in executing 100 'guest delights' with the help of real-time 'guest listening' capability. Our conversion rates have also multiplied.

95%

CUSTOMER ENGAGEMENT UP FROM 85%

1.8 Million

THE SOCIAL MEDIA COMMUNITY INCREASED BY 24%

Our people

Our workforce is the backbone of our organisation. As we now stand at an inflection point of transformational growth, we are undertaking initiatives to build people capability to further enhance our performance-oriented culture and accelerate our business in an environment of trust, transparency, empowerment and accountability.

Leadership development and capability building

Cohort II of the General Manager Development Programme was run for 30 General Managers to build their capability and groom them for the future.

The participants from Cohort I continue to work on their Action Learning Projects (ALPs), which have generated significant Return on Investment (ROI) for the Company, apart from fostering an environment of continuous learning and improvement. The ALPs are centred on themes such as Financial Management, Guest and Employee Centricity, Gender Diversity, Reduction of Carbon Footprint, Shared Services and Heritage Management. The ALP on Reduction of Carbon Footprint at Taj Bangalore alone generated savings upward of `50 Lakhs for us in a span of less than a year.

Our Learning & Development portal, TajLEAD, continues to provide world-class learning content to our Senior Executives across a wide range of operational and functional topics. All Managers have access to courses that are created by faculty from leading business schools such as Stanford University, Harvard Business School, INSEAD and many more.

We have also launched the Training Enablement & Development (TREND) Programme for the frontline talent, covering over 48 hotels across the organisation, ensuring consistent roll-out of behaviours, knowledge, skills and mandatory programmes.

Hotelier Development Programme (HDP)

We continue to strengthen the Hotelier Development Programme (HDP) to create a talent pipeline for hotels and build future leaders for the Company. The programme recruits the best available talent in the country in hotel operations and other areas such as finance, sales and marketing and Human Resources (HR).

Targeted Selection (TS)

To strengthen our hiring process, we introduced the technique of Targeted Selection (TS), an internationally-acclaimed selection technique used for hiring senior management professionals. This technique helps develop a consistent and objective framework for the selection criteria.

We have deployed the TS technique for talent acquisition for Hotel Mancom (Management Committee) for senior profiles such as Corporate Associate Vice Presidents.

Culture workshop on emotional intelligence

In order to assess the current culture as perceived by our employees, we conducted a Culture Survey supported by a research scholar from IIM-Ahmedabad. The results of this survey were then presented to the senior leadership to foster critical thinking and build further on our strengths and correct opportunity areas as seen in the survey.

Since the Senior Managers' emotional maturity largely determines the culture in the organisation, we conducted a full-day workshop on emotional intelligence, after duly assessing the current levels of emotional intelligence through a scientific tool. The workshop was conducted by our EVP & Global Head – Human Resources. Follow-up coaching sessions with these leaders are being held in order to suggest further areas of development.

Golden Threshold Programme (GTP)

To support our focus on developing frontline talent for our Company and the industry, we partnered with Tata Institute of Social Sciences (TISS) to initiate the Golden Threshold Programme (GTP).

This is a three-year vocational training programme where students are awarded a B.Voc in Hospitality Management by TISS. We are the Skill Knowledge Provider for the programme. Currently, we have a total of 120 Golden Threshold trainees across five cities and ten hotels.

CSR and Sustainability Initiatives

Serving happiness to the world

At IHCL, we diligently follow the Tata group's principle of improving the quality of life of the communities we serve. We are committed to further our legacy of 'Giving Back to Society' and focus on building livelihoods for our target communities and geographies, supporting heritage and tourist spots and caring for the environment.

Livelihoods development and inclusion

We have been following a focussed approach for imparting vocational training and certification to young dropouts and helping them engage in productive functions in the hospitality and service industry. We also extend support to differently-abled persons and train women for acquiring vocational skills.

We have built an ecosystem to improve the living conditions of people from challenging socio-economic backgrounds and provide income-generation opportunities. Our Corporate Social Responsibility (CSR) initiatives encourage procurement of goods made by women, vendors and small entrepreneurs from socio-economically deprived communities. Further, as a part of the Tata Affirmative Action Programme, a number of young men and women have been absorbed by Taj Hotels. Moreover, many small-scale enterprises and social impact organisations have been developed and given an opportunity to become a part of the Taj value chain.

Over the last decade, in collaboration with Government Industrial Training Institutes and NGOs such as Don Bosco and Pratham, we have impacted over 15,000 youths across regions.

H7 Crore+

WORTH OF GOODS PROCURED THIS YEAR THROUGH INCLUSION AND DIVERSITY

At IHCL, we recruit an average of 15-20% of trained candidates from the talent pool developed in association with our CSR partners, offering career opportunities to youth from low-income group families. In FY 2017-18, we trained and certified 2,720 persons from across India.

Traditional art and culture promotion

At IHCL, we not only preserve heritage properties, but also endeavour to contribute to the traditional arts, crafts and culture of the regions where we operate. We have built partnerships with artisans, weavers and NGOs to promote local art and craft by offering them display spaces across Taj properties to showcase and sell to guests, also adding value to the Taj experience.

We partnered with Tata Samvaad to curate and showcase 46 unique tribal dishes representing the food cultures of nine tribes from eight different states in Jamshedpur. This was followed by a very well-appreciated pop-up event on native food at Taj Bengal, Kolkata.

Further, we are continuing our efforts to preserve the art of traditional Benarasi handloom weaving by enabling over 60 craftsmen and women to weave Taj uniforms.

100+

TRADITIONAL CULTURE MEMBERS SUPPORTED EVERY YEAR

Conservation and environmental sustainability

We have partnered with EarthCheck, the world's leading scientific benchmarking certification and advisory group for the travel and tourism industry, to monitor our environmental performance comprising waste, water, energy and emissions. Till now, 79 of our properties have been certified by EarthCheck, the highest number for any hospitality company in the world.

Phased out single-use plastics from 30 luxury properties across India, setting a benchmark for the hospitality industry in India

Promoting the culture of giving back to society and volunteering

At IHCL, we conduct a social responsibility immersion programme for our future Managers to experience the life and challenges of those living in the remote parts of India and other disadvantaged sections of the society. This year, over 60 of our young Managers from the Hotelier Development Programme undertook a 45-day immersion stint, taking up over 20 projects aimed at promoting their spirit of volunteering and delivering community development goals.

Year on year, we encourage associates to volunteer for participating in community development initiatives, Tata Volunteering Months and environmentally-responsible endeavours. This reporting year, over 300 of our volunteers conducted training sessions and student assessments at Tata Strive Skill Development Centres.

Disaster relief and rehabilitation

We work closely with NGOs and agencies to provide relief to disaster-affected areas. Along with offering security, medical facilities, food and drinking water to destitute people, we also organise medical camps. We have also extended support in reconstructing properties damaged due to any calamity.

Energy

A total of 252,677,658 MJ of energy was procured from renewable sources in FY 2017-18. As a result, 58.58 KT of Co_2 was avoided, significantly reducing our carbon footprint. Our renewable energy consumption now stands at 21% of the total energy mix.

Taj Krishna, Hyderabad, won the CII National Award for Excellence in Energy Management 2017, in the Buildings Category

Public space maintenance

In support of the Swachh Bharat Abhiyan initiative of the Government of India, we help in the upkeep of a number of public places. Some of our key initiatives include:

> Maintenance of public parks, traffic squares, pavements, bus stops, etc. in our neighbourhoods
> Maintenance of Varanasi Ghats
> Maintenance around Gateway of India, Mumbai
> Upkeep and promotion of National Rail Museum, Delhi

25+

PUBLIC SPACES CONSERVED

Waste

This year, we have successfully prevented 5,329 tonnes of organic waste from going into landfills. Of the 79 hotels covered under the EarthCheck programme, 18 properties achieved 100% recycling of organic waste.

Water

A total of 3,276,923 KL of water was consumed from recycled and reused sources, including harvested rainwater and recycled Sewage Treatment Plant (STP) water. The amount of water saved is comparable to the amount of water in 1,311 Olympic swimming pools.

One IHCL. One Tata.

Celebrating 150 years of Tata

The Tata group turned 150 in 2018 and we, at IHCL, are proud to be a part of its legacy since 1899 as we participate in its 'One IHCL One Tata'.

One Tata is a Tata group-wide initiative designed to drive synergies across all Tata companies through simplification to jointly enhance scale. Given the breadth of operations of the Tata group, leveraging the 'One Tata' concept has opened limitless possibilities for all Tata companies.

IHCL's core philosophy of 'One IHCL' is fuelled by vision, authenticity and passion. It binds the group entities together, extending the feeling of oneness and family among employees and partners across the IHCL landscape, similar to that of the Tata group.

Commemorative Vintage Menu

We showcased the first known Taj menu, created in 1936.


menu

Hors d'Oeuvre Taj

Creme Amandine
Consomme Madrilene en Gelee

Supreme de Pomfret Alice

Faisan en Cocotte Forestiere
Petits Pois au Beurre
Pommes Noisette

Medaillon de Volaille Jeannette
Salade d'asperges

Souffle Glace Pompadour
Friandises

Cafe Filtre

Taj Mahal Hotel 15th. April 1932
Bombay

Unveiling the Tata 150 logo in air

TajSATS, in association with Vistara, showcased the TATA 150 logo on specially-designed meal boxes, offering flyers a whiff of the legacy and the celebration along with specially-crafted food. TajSATS also created special-edition chocolate boxes to be retailed across Tata group companies.

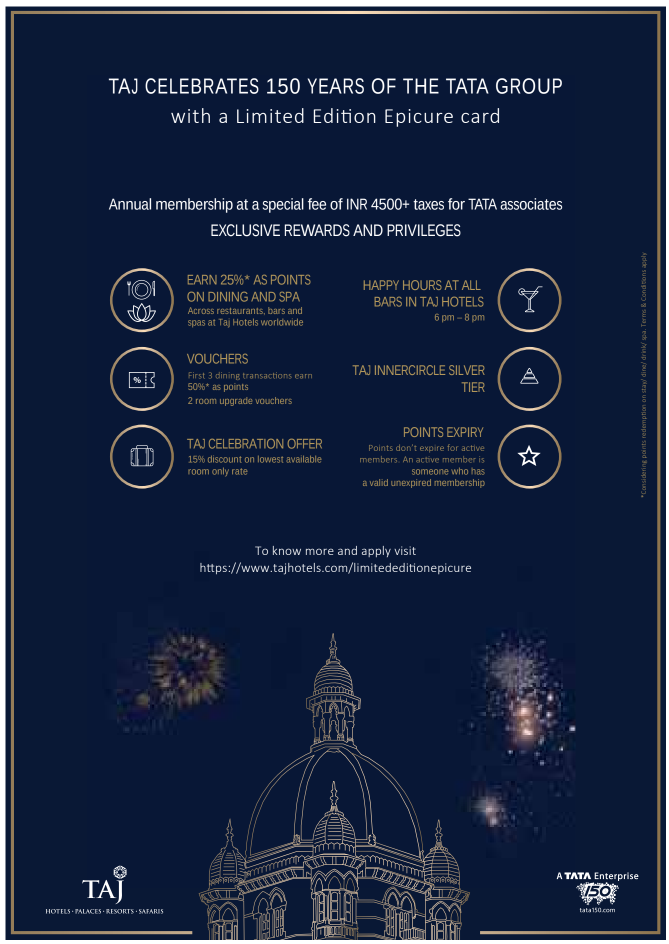
Friends & Family Rate for Tata Associates

We provided the Tata group colleagues an exclusive offer for stays across hotels in India and international destinations. The offer ensures that the quintessential hospitality is experienced by the entire Tata family at a never before compelling value.

As all the 100 Tata companies came together to celebrate the fascinating journey of the group, we also rolled out special initiatives to commemorate the milestone and remember the years gone by.

Book. Stay. Celebrate.

Accommodation at all Ginger properties, across room categories, was made available at a special rate of H2,018 (plus taxes).



Limited-edition Epicure Card

We introduced a limited-edition Epicure card for Tata Associates, giving them a lifetime opportunity to enjoy multiple offers and benefits at a special rate.

Awards

CORPORATE AWARDS

IHCL

Best Hospitality Corporate Governance – India award by Capital Finance International (CFI.co)

Gallup Great Workplace award for the seventh time and IHCL is the only Indian hospitality company on the list

Set a global benchmark in hospitality for environmental sustainability with 67 of its hotels being awarded Gold Certification by EarthCheck out of a total of 79 EarthCheck certified hotels

Featured on the list of India's 50 Best Companies for Talent Satisfaction at the People Capital Index awards

Presented with the All India Investor Relations Award in the Large Cap Category by the Investor Relations Society of India, in association with KPMG India, Bloomberg and the Bombay Stock Exchange

Awarded Best Hotel Company at the Dun and Bradstreet Corporate awards

Taj Hotels

Recognised as the Luxury Hotel Chain of the Year at the PATWA International Awards

Acknowledged as Best Company to Work for in Hospitality in the Business Today Best Companies to Work for Survey

Recognised as Best Hotel Group, Runner-up, at the Telegraph Travel Awards UK

Received the Best Business Hotel Chain in India award by Business Traveller UK

SERVICE AWARDS

Umaid Bhawan Palace, Jodhpur

Recognised as the Best Hotel in India; ranked Number 2 in Asia and Number 3 in the World's Best Hotels list at the TripAdvisor Travellers' Choice Awards

The Taj Mahal Palace, Mumbai and Taj Lake Palace, Udaipur

Featured on the Condé Nast Traveler USA Gold List

Rambagh Palace, Jaipur; Umaid Bhawan Palace, Jodhpur and Taj Palace, New Delhi

Featured on the list of 50 Best Hotels in the World at the Condé Nast Traveler USA Readers' Choice Awards

Meghauli Serai, A Taj Safari Lodge, Chitwan National Park, Nepal

Recognised as the 'Best of the Best' by Robb Report in the category of Luxury Lodges Taking Adventure to New Extremes

Financial Highlights

	STANDALONE		CONSOLIDATED	
	2017-18 ` **crores**	**2016-17** ` crores	**2017-18** ` **crores**	**2016-17** ` crores
Total Income	2,639.34	2,459.58	4,165.28	4,075.51
Profit Before Exceptional Items and Tax	339.42	228.53	161.84	41.36
Profit Before Tax	284.23	262.04	184.29	30.58
Profit/(Loss) After Tax, Non - controlling Interests & Share of Associates & Joint Ventures	147.77	143.18	100.87	(63.20)
Total Assets	7,703.73	6,236.97	9,374.54	8,634.28
Equity Share Capital	118.93	98.93	118.93	98.93
Other Equity	4,275.03	2,668.27	4,062.17	2,418.76
Non-controlling interests	-	-	777.39	737.82
Total Equity	4,393.96	2,767.20	4,958.49	3,255.51
Borrowings	1,783.88	2,048.98	2,427.43	3,382.98
Debt : Equity Ratio	0.41:1	0.74:1	0.49:1	1.04:1
Book Value per Share of ` 1/- each - In `	36.95	27.97	41.69	32.91
Earnings Per Share - Basic and Diluted - In `	1.34	1.37	0.91	(0.60)
Dividend proposed Per Share - In `	0.40	0.35	0.40	0.35

Board's Report

To the Members

The Directors have pleasure in presenting the 117th Annual Report of your Company together with its Audited Financial Statements for the financial year ended March 31, 2018:

Financial Results

` / crores

	Standalone		Consolidated	
Particulars	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Total Income	**2639.34**	**2459.58**	**4165.28**	**4075.51**
Profit before Depreciation, Finance Costs, Tax and Exceptional Items & share of equity accounted investees	**684.19**	**577.70**	**732.08**	**664.56**
Less: Depreciation	151.34	151.31	301.2	299.37
Less: Finance Costs	193.43	197.86	269.04	323.83
Profit before Tax, Exceptional Items and share of profit of equity accounted investees	**339.42**	**228.53**	**161.84**	**41.36**
Add/(Less): Exceptional Items	(55.19)	33.51	22.45	(10.78)
Profit before Tax	**284.23**	**262.04**	**184.29**	**30.58**
Less: Provision for Tax	136.46	118.86	121.06	113.74
Profit / (Loss) after Tax, before Non-Controlling interest & share of profit of equity accounted investees	**147.77**	**143.18**	**63.23**	**(83.16)**
Less: Non-Controlling Interest	-	-	2.65	(17.60)
Add: Share of Profit of Associates and joint ventures net of Tax	-	-	40.29	37.56
Profit / (Loss) after Tax attributable to Owners of the Company	**147.77**	**143.18**	**100.87**	**(63.20)**

External Environment

The Indian economy grew by 7.2% year on year in the quarter ending December 2017 on good showing by key sectors like agriculture, construction and manufacturing, as against 6.3% year on year in the previous quarter. The growth in GDP during FY 2017-18 is estimated at 6.5% as compared to the growth rate of 7.1% in FY 2016-17.

India's annual inflation rate rose to a 3 month high of 4.58% in April 2018 from 4.28% in the previous month. Inflation rate in India averaged 6.60% from 2012 until 2018, reaching an all-time high of 12.17% in November 2013 and a record low of 1.54% in June 2017 mainly due to demonetization.

Revival in rural demand and increased infrastructure spending is likely to drive India's growth in current year, even as increasing debt and trade protectionism could pose a challenge. After a year of disruptions and growth slowdown due to Goods and Services Tax & demonetisation, Indian economy is consolidating the gains from the recent reforms. There is high optimism in domestic demand in the form of consumption and revival in small scale business activities, resulting in an increase in Foreign Direct Investment flows into the country. With an eye on infrastructure development, the Government has given green light to ` 7 trillion infrastructure program in late 2017, with the aim to pave more than 80,000 km of road by March 2022. In addition, Government continues to encourage the expansion of Digital India.

Indian Hospitality Industry

The Indian hospitality industry has been instrumental in contributing to the nation's economic growth. The introduction of e-visa for foreign tourists and the increased domestic travel have helped in contributing to the same.

International travel and tourism arrivals increased by a remarkable 7% to reach a total of 1,322 million in 2017 (January to December), 87 million more than the calendar year 2016. (*Source: UNWTO*).

For India, Foreign Tourist Arrivals during 2017 were 10.18 million with a growth of 15.6% over the same period of the previous year. During 2016 Foreign Tourist Arrivals were 8.8 million with a growth rate of 9.7% over 2015. (*Source: Ministry of Tourism, Government of India*)

The facility of e-visa has been enhanced and is now offered to citizens of 163 specified countries. In 2017, a total of 17 lakhs tourists availed the facility as compared to 10.79 lakhs in 2016, which represents a growth of 57%.

The growth in demand for rooms (5%) has been consistently outpacing the supply (3.2%) growth in India and this trend has been sustained over the recent past. This has resulted in an all India occupancy level of 65% across the industry. Except Chennai & Gurgaon, most key cities saw a healthy increase in demand. *(Source: STR reports)*

Financial Highlights – Standalone

The Taj Group opened one luxury hotel in Andaman. The inventory of the Taj Group of Hotels now stands at 145 hotels with 17,145 rooms. The Group's portfolio also includes 42 hotels under the Ginger brand, which has an aggregate inventory of 3,763 rooms. Your Company continues to pursue expansion both in the domestic and international market, in a capital light manner, to achieve sustainable and profitable growth.

Income

The Total Income for the year ended March 31, 2018 at ` 2,639.34 crores represents a growth of 7% over the previous year. Within the overall revenue, Room Revenue increased by 4%, driven by improved average rate per room ('ARR') across the portfolio. The Food and Beverage Revenues increased by 8% over the previous year, aided by growth in restaurant sales and banqueting income. Other Operating Income, Management and Operating Fees, were also higher as compared to the previous year.

Dividend Income were lower as compared to the previous year, however Company earned interest income of ` 11.4 crores out of surplus funds from rights issue proceeds pending utilisation which was temporarily parked in fixed deposits with banks.

Depreciation and Finance Costs

Depreciation at ` 151.34 crores was at the same level as the previous year.

Finance costs for the year ended March 31, 2018 at ` 193.43 crores was lower than the previous year's figure of ` 197.86 crores mainly due to repayment of debt out of Rights Issue proceeds.

Profit before Tax and Exceptional Items

Profit before Tax and Exceptional Items stood at ` 339.42 crores, which represents an increase of 49%, as compared to the previous year.

Exceptional Items

Exceptional Items mainly include exchange gain on change in Fair value of cross currency swap derivative contracts ` 25.51 crores and provision for impairment due to losses in an overseas subsidiary ` 80.50 crores. Corresponding figures for the previous year were ` 65.45 crores and ` 64.33 crores respectively.

In the previous year, there was a one-time gain of ` 24.33 crores arising out of settlement claims and refund of Municipal Tax and interest of ` 6.16 crores previously paid under protest.

Borrowings

The total borrowings stood at ` 1,783.88 crores as at March 31, 2018 as against ` 2,048.98 crores as on March 31, 2017 representing a decrease of ` 265.10 crores due to repayment & refinancing of debt.

Profit / (Loss) before and after Tax

The Profit before Tax for the year was at ` 284.23 crores, as compared to ` 262.04 crores for the previous year. The Profit after Tax for the year was at ` 147.77 crores, as compared to ` 143.18 crores, for the previous year.

Financial Highlights – Consolidated

The consolidated income of your Company for the year ended March 31, 2018 aggregated ` 4,165.28 crores as against ` 4,075.51 crores for the previous year. The revenue from operations increased by 4% (on a same store basis, without considering the results of Taj Boston which was divested during the previous year) from ` 3,944.20 crores to ` 4,103.55 crores largely due to improvement in the performance of the domestic portfolio.

The Profit before Tax and Exceptional Items and share of profits of equity accounted investees stood at ` 161.84 crores as compared to ` 41.36 crores in the previous year.

Profit / (Loss) after Tax attributable to Owners of the Company aggregated to ` 100.87 crores for the year which has significantly improved when compared to previous year figure of ` (63.20) crores. Improvement was on account of reduced finance cost as also improvement operational performance. The Previous Years results were also impacted due to loss on sale of Taj Boston.

Appropriations

Dividend

On account of improved performance and Profit after Tax reported by your Company during the current year, the Board of Directors recommend a dividend at the rate of 40% i.e. ` 0.40 per share (Previous Year - ` 0.35 per share). The dividend on Equity Shares, if approved by the Members would involve a cash payout of ` 57.35 crores, including dividend distribution tax. Pursuant to Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has adopted the Dividend Distribution Policy which is attached as Annexure-I.

Debentures

During the year under review, your Company redeemed 2,000, 2% Unsecured Non-convertible Redeemable Debentures of face value ` 10,00,000 each, aggregating to ` 200 Crores on April 23, 2017.

During the year under review, your Company raised 7.85% Unsecured Non-convertible Redeemable Debentures of face value ` 10,00,000 each aggregating to ` 200 crores.

Capital Expenditure

During the year under review, your Company incurred ` 311.33 crores towards capital expenditure, a majority of which was towards Taj Exotica Resort & Spa, Andamans and renovations and refurbishments of hotels. Other areas of investment included new Information Technology initiatives.

Fixed Deposits

The outstanding amount of Fixed Deposits placed with your Company was Nil (Previous Year - Nil) excluding ` 0.69 crore (Previous Year - ` 0.72 crore), which remained unclaimed by depositors as at March 31, 2018. Your Company does not accept and / or renew Fixed Deposits from the general public and shareholders.

Loans, Guarantees or Investments

Your Company is exempt from the provisions of Section 186 of the Companies Act, 2013 ('Act') with regard to Loans and Guarantees. Details of Investments made are given in the Notes to the Financial Statements.

Strategic Initiatives

Our strategic objective is to build a sustainable organization that remains committed to meet the expectations of our discerning customers, while generating profitable growth for our shareholders and all other stakeholders. In this regard, your Company has unveiled a slew of strategic initiatives, each of which is summarized in the Management Discussion and Analysis.

Amalgamation of TIFCO Holdings Limited ('TIFCO')

At a meeting held on May 26, 2017, the Board of Directors had approved the amalgamation of TIFCO, a wholly owned subsidiary of the Company with the Company, by way of a Scheme of Amalgamation between TIFCO and the Company (the 'Scheme'), as provided under Sections 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 or any other applicable law as amended from time to time. The appointed date for the Scheme was April 1, 2017. The Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated March 8, 2018 approved the Scheme. Pursuant thereto, the NCLT order was filed with the Registrar of Companies, Maharashtra on April 11, 2018, being the 'Effective Date'.

Pursuant thereto, in accordance with the terms of the Scheme, TIFCO was amalgamated with the Company w.e.f. the Appointed Date i.e. April 1, 2017, and consequently, TIFCO stands dissolved without winding up. The necessary accounting entries giving effect to the amalgamation were passed in the books of accounts of the Company.

Pursuant to the amalgamation, the Company has access to significant liquid assets of TIFCO in the form of cash, Mutual Fund investments and Inter-Corporate Deposits which can be put to better and more profitable use by the Company. The aggregate free reserves of the Company has increased by ~ ` 140 crores thereby enhancing the Company's ability to pay dividend to its shareholders.

Transfer within Reserves

Subsequent to the merger of TIFCO Holdings Ltd., the Company has transferred ` 42.42 crores from Reserve Fund to Retained Earnings during the year. TIFCO Holdings Ltd. was a Non-Banking Financial Company (NBFC) and has filed intimation with the statutory authorities for surrender of the NBFC license.

Management Agreement for Taj Boston Hotel

As part of the Agreement of Sale of Taj Boston during the previous year, the Group had entered into a hotel management services agreement (the "Boston Management Agreement") with Newbury Owner LLC.

On April 3, 2018, pursuant to Amendment to the Boston Management Agreement , the Group has received fees of about $ 6.91 million as an extraordinary income towards modification of certain contractual terms.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the initiatives undertaken by your Company on CSR activities during the year under review are set out in Annexure II of this report in the format prescribed under the Companies (CSR Policy) Rules, 2014. The CSR policy is available on the website of your Company.

Internal Control Systems and their adequacy

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organisation. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in your Company, its compliance with operating systems, accounting procedures and policies at all locations of your Company. Based on the report of the Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board. The internal financial controls as laid down are adequate and were operating effectively during the year under review.

In addition, during the FY 2017-18, as required under Section 143 of the Act, the Statutory Auditors have evaluated and expressed an opinion on the Company's internal financial controls over financial reporting based on an audit. In their opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as on March 31, 2018.

Vigil Mechanism / Whistle Blower Policy

Your Company has adopted a Whistle Blower Policy to provide a formal mechanism for the Directors and employees to report genuine concerns about any unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee. The provisions of this policy are in line with the provisions of Section 177 (9) of the Act and Regulation 22 of the Listing Regulations. The Whistle Blower policy can be accessed on your Company's website at the link: https://www.tajhotels.com/policies/whistle-blower-policy.pdf.

Extract Of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 as per Section 92(3) of the Act are given as Annexure III, which forms part of this Report.

Audit Committee

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which forms part of the Annual Report.

Related Party Transactions

In line with the requirements of the Act and the Listing Regulations, your Company has formulated a policy on dealing with Related Party Transactions ('RPTs') which can be accessed on the Company's website under the link: https://www.tajhotels.com/policies/rpt-policy-post-amendment-act.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

Prior omnibus approval is obtained for RPTs which are of a repetitive nature and entered in the Ordinary Course of Business and are at Arm's Length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, has been placed on a quarterly basis for review by the Audit Committee.

All RPTs that were entered into during the financial year were in the Ordinary Course of Business and at Arm's Length. No Material RPTs, i.e. transactions exceeding the prescribed limits under Section 188 of the Act or the Listing Regulations were entered into during the year by your Company. Accordingly, the disclosure of RPTs in Form AOC-2 is not applicable.

Risk Management

Although not mandatory, your Company has constituted a Risk Management Committee as a measure of good governance. The Risk Management Committee is tasked with the responsibility to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The details of the Committee and its terms of reference are set out in the Corporate Governance Report.

Your Company has adopted a Risk Management Policy, pursuant to the provisions of Section 134 of the Act, to identify and evaluate business risks and opportunities for mitigation of the same on a continual basis. This framework seeks to create transparency, minimize adverse impact on business objective and enhance your Company's competitive advantage. The Risk Management framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

Your Company is faced with risks of different types, each of which need varying approaches for mitigation. Details of various risks faced by your Company are provided in the Management Discussion and Analysis.

Subsidiaries, Joint Ventures and Associate Companies

Your Company announces its Consolidated Financial Statements as additional information along with the Standalone Financial Statements on a quarterly basis. The Annual Consolidated Financial Statements of your Company and its Subsidiaries, prepared in accordance with the relevant Accounting Standards, duly audited by the Statutory Auditors, form a part of the Annual Report and are reflected in the Consolidated Accounts.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of the Financial Statements of the Subsidiaries, is attached to the Financial Statement in Form AOC-1. The Company will make available the said Financial Statements and related detailed information of the Subsidiary Companies upon the request by any Member of the Company or its Subsidiary. The Financial Statements will also be kept open for inspection by any Member at the Registered Office of the Company and the Subsidiary Companies.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of your Company, Consolidated Financial Statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of your Company.

Your Company has 21 Subsidiaries, 8 Joint Ventures and 6 Associates as on March 31, 2018.

TIFCO Holdings Limited ceased to be a subsidiary of the Company pursuant to its amalgamation with the Company i.e. w.e.f from April 11, 2018. The appointed date for the Scheme of Amalgamation was April 1, 2017.

Apex Hotel Management Services Pte Limited ceased to be a subsidiary of the Company w.e.f. August 7, 2017, Chieftain Corporation Limited was liquidated on April 13, 2017 and Samsara Properties Limited was dissolved on June 6, 2017.

The policy for determining material subsidiaries can be accessed on your Company's website under the link https://www.tajhotels.com/policies/policy-for-determining-material-subsdiaries.docx

Rights Issue
The Company, vide its Letter of Offer dated September 25, 2017, had offered up to 20,00,00,000 Equity Shares of face value of ` 1 each of the Company for cash at a price of ` 75 per Equity Share (including a premium of ` 74 per Equity Share), for an amount not exceeding ` 1,500 crores, on Rights basis, in the ratio of 1 Equity Share for every 5 fully paid-up Equity Shares held by the eligible equity shareholders as on the record date. The issue had opened on October 13, 2017 and closed on October 27, 2017. Consequently, on November 7, 2017, the Company allotted 19,99,84,430 Equity Shares of ` 75 each aggregating ` 14,99,88,32,250.

Directors And Key Managerial Personnel ('KMP')

Appointments
During the year under review, the Board has on the recommendation of the Nomination and Remuneration Committee ('NRC') appointed Mr. Puneet Chhatwal as the Managing Director and Chief Executive Officer ('MD & CEO') of the Company w.e.f November 6, 2017 for a period of five years from the date of his appointment. Since Mr. Chhatwal was not a resident of India at the time of his appointment, the Company has made an application to the Central Government pursuant to the provisions of Section 196 read together with Schedule V of the Act and the approval is awaited.

In accordance with the Act and the Articles of Association of your Company, Mr. N. Chandrasekaran retires by rotation and being eligible, offers himself for re-appointment.

The approval of the shareholders for their appointment / re-appointment as Directors has been sought in the Notice convening the AGM of your Company.

Retirement / Resignations
Mr. Rakesh Sarna had expressed his desire to step down as the MD & CEO of the Company upon completion of his three year tenure due to personal reasons vide letter dated May 26, 2017.

The Board accepted the resignation of Mr. Sarna appreciating the contribution made by him to the Company in its transformation to operational excellence.

Mr. Sarna stepped down as the MD & CEO of the Company w.e.f the close of business hours on September 30, 2017.

During the year under review, the following Directors also stepped down from the Board of the Company as under:

- Mr. K. B. Dadiseth w.e.f. April 7, 2017
- Mr. Shapoor Mistry w.e.f. April 25, 2017

Mr. Mehernosh Kapadia retired as the Executive Director – Corporate Affairs on May 23, 2018 upon him reaching the age of retirement for Executive Directors in accordance with the Governance Guidelines adopted by the Company. During his tenure, Mr. Kapadia, a visionary and an outstanding leader steered the Company with great distinction and provided guidance and direction to the Company, in its quest to become a leading iconic hospitality Company in India as also overseas.

The Board places on record its appreciation of the services rendered by these Directors during their respective tenures.

Independent Directors
The Independent Directors have submitted a declaration that each of them meet the criteria for independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as an Independent Director during the year under review.

KMP

Pursuant to the provisions of Section 203 of the Act, the KMPs of your Company as at March 31, 2018 are Mr. Puneet Chhatwal, MD & CEO, Mr. Mehernosh S. Kapadia, Executive Director – Corporate Affairs, Mr. Giridhar Sanjeevi, Executive Vice President & CFO and Mr. Beejal Desai, Senior Vice President – Legal & Company Secretary.

Board Meetings

During the year under review, six Board Meetings were held and the intervening gap between the meetings did not exceed the period prescribed under the Act, the details of which are given in the Corporate Governance Report.

Board Effectiveness

Your Company has adopted the Tata Governance Guidelines which, inter alia, cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board. They also cover aspects relating to nomination, appointment, induction and development of Directors, Director's remuneration, subsidiary oversight, Code of Conduct, Board Effectiveness Review and mandates of Board Committees.

A. Board Evaluation

The evaluation of the individual Directors, Board and Committee effectiveness was conducted in accordance with the provisions of the Act, the Listing Regulations and the Tata Governance Guidelines on Board Effectiveness Review with the NRC having oversight of the whole process.

Board / Committee evaluation and Self-Assessment questionnaires having qualitative parameters and feedback based on rating after taking into consideration the guidance note issued by the Securities and Exchange Board of India on January 5, 2017 were circulated to the Directors for their comments.

Performance of the Board and Board Committees were evaluated on various parameters such as Board composition & structure, frequency, flow and functioning of meetings, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision making and effectiveness of Board processes.

Performance of individual Directors was evaluated on parameters, such as attendance at Meetings, participation and constructive contribution in Meetings, preparedness on the issues to be discussed, integrity and independent judgement, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

The NRC Chairman and the Board Chairman conducted detailed discussions with every Board member with specific focus on their individual performance and effective functioning of the Board. The conclusions of the discussion were discussed by the NRC Chairman and the Board Chairman and based on the feedback gathered, the NRC carried out the evaluation of every Director's performance.

The feedback and suggestions received from all Directors were discussed at the NRC Meeting for positive reinforcement implementation. Following the discussions, the inputs translated into an action plan followed up by the Board periodically. Areas that needed improvement and more focus at Board and Committee Meetings were noted.

The Board had received consistent ratings on its overall effectiveness and had been rated comparatively higher this year for composition of Directors and their skills, attributes and experience, Board Meeting practices, governance and compliance, Secretarial Support, Corporate culture and values amongst others.

At a separate Meeting of Independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-Executive Directors.

A comprehensive brief of the aforesaid Meetings was subsequently shared at the next Board Meeting at which the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Following the Board discussion, feedback on the Committee reports were discussed with each of the relevant Committee Chairs. The Committees were highly regarded in the feedback and viewed as effective in fulfilling their remits and individual feedback, as appropriate, was provided to the Directors by the Board Chairman.

B. Appointment of Directors and criteria for determining qualifications, positive attributes & independence of a Director

The NRC is responsible for developing competency requirements for the Board based on the industry and strategy of your Company. The NRC reviews and meets potential candidates, prior to recommending their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and the Listing Regulations as stated under:

Independence: A Director will be considered as an 'Independent Director' if he / she meets with the criteria for 'Independence' as laid down in the Act, Regulation 16 of the Listing Regulations and the Tata Governance Guidelines.

Competency: A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is ensured that the Board comprises a mix of members with different educational qualifications, knowledge and who possess adequate experience in banking and finance, accounting and taxation, economics, legal and regulatory matters, consumer industry, hospitality sector and other disciplines related to the Company's businesses.

Additional Positive Attributes:

- The Directors should not have any other pecuniary relationship with the Company, its Subsidiaries, Associates or Joint Ventures and the Company's Promoters, except as provided under law.
- The Directors should maintain an Arm's Length Relationship between themselves and the employees of the Company, as also with the directors and employees of its Subsidiaries, Associates, Joint Ventures, Promoters and stakeholders for whom the relationship with these entities is material.
- The Directors should not be the subject of proved allegations of illegal or unethical behavior, in their private or professional lives.
- The Directors should have the ability to devote sufficient time to the affairs of the Company.

C. Remuneration Policy

Your Company has adopted a Remuneration Policy for the Directors, KMPs and other employees, pursuant to the provisions of the Act and the Listing Regulations. The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

The key principles governing your Company's Remuneration Policy are as follows:

Remuneration for Independent Directors and Non-Independent Non-Executive Directors

- Independent Directors ('ID') and Non-Independent Non-Executive Directors ('NINED') may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members and receive commission within regulatory limits, as recommended by the NRC and approved by the Board.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of your Company, taking into consideration the challenges faced by your Company and its future growth imperatives.
- Remuneration paid should be reflective of the size of your Company, complexity of the sector / industry / Company's operations and your Company's capacity to pay the remuneration and be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NINEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the Meetings and contributions made by Directors other than in Meetings.
- The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.
- In addition to the sitting fees and commission, your Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board / Committee Meetings, General Meetings, Court Convened Meetings, Meetings with Shareholders / Creditors / Management, site visits, induction and training (organized by

the Company for Directors) and in obtaining professional advice from independent advisors in furtherance of his/her duties as a Director.

Remuneration for Managing Director (MD) / Executive Directors (ED) / Key Managerial Personnel (KMP) / rest of the Employees

- The extent of the overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of your Company, complexity of the sector / industry / Company's operations and your Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.

- Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, your Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. Your Company also provides all employees with a social security net subject to limits, which covers medical expenses and hospitalization through re-imbursements or insurance cover and accidental death benefits, etc. Your Company provides retirement benefits as applicable with the Retirement Policy.

- In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, your Company provides MD / EDs such remuneration by way of commission, calculated with reference to the net profits of your Company for the relevant financial year, as may be determined by the Board, subject to the overall limits stipulated in Section 197 of the Act. The specific amount payable to the MD / EDs would be based on performance as evaluated by the NRC and approved by the Board. Your Company may also provide to MD / EDs such remuneration by way of an annual incentive remuneration / performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors may be considered for determination of the extent of this component such as Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time, industry benchmarks of remuneration and performance of the individual.

- Your Company provides the rest of the employees a performance linked bonus. The performance linked bonus is driven by the outcome of the performance appraisal process and the performance of your Company and the individual's contribution.

It is affirmed that the remuneration paid to Directors, KMP and all other employees is as per the Remuneration Policy of your Company.

Material Changes and Commitment affecting the Financial Position of the Company

There are no material changes affecting the financial position of the Company subsequent to the close of the FY 2018 till the date of this report.

Significant and material orders passed by the Regulators

During the year under review, no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and your Company's operations.

Statutory Auditors

B S R & Co LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Company by the Members for a term of five consecutive years, from the conclusion of 116th AGM till the conclusion of the 121st AGM of the Company (subject to ratification of their appointment at every AGM, if required under the Act).

However, pursuant to the Companies Amendment Act, 2017 which was notified on May 7, 2018, the provision related to ratification of appointment of auditors by Members at every AGM has been done away with.

The report of the Statutory Auditors along with the Notes to Schedules forms part of the Annual Report and contains an Unmodified Opinion without any qualification, reservation or adverse remark.

Compliance with Secretarial Standards on Board Meetings and General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Secretarial Audit

Pursuant to the provisions of the Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed BNP & Associates, Company Secretaries (Firm Registration No. P2014MH037400) to undertake the Secretarial Audit of your Company for the financial year 2017-18. The Secretarial Audit Report is annexed herewith as Annexure IV. The report does not contain any qualifications, reservation or adverse remarks.

Conservation of Energy and Technology Absorption

The details of conservation of energy are given in the Management Discussion and Analysis Report.

Particulars of Employees

The disclosure pertaining to remuneration and other details as required to be furnished pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure V to this Report.

The statement containing particulars of top ten employees and the employees drawing remuneration in excess of limits prescribed under Section 197(12) of the Act read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate Annexure forming part of the Report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said statement is also open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on Prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the year under review, your Company has received 15 complaints on sexual harassment. All the complaints have been resolved and appropriate action taken, where so necessary, and no cases remain pending.

Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by your Company, work performed by the Internal, Statutory and Secretarial Auditors including audit of internal financial controls over financial reporting by the Statutory Auditors and reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that your Company's internal financial controls were adequate and effective during FY 2017-18.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

(i) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable Accounting Standards have been followed and that there are no material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent in order to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

(iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance within the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts for the financial year ended March 31, 2018 on a 'going concern' basis;

(v) they have laid down internal financial controls for the Company which are adequate and are operating effectively;

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

Corporate Governance

As required by the Listing Regulations, the Report on Management Discussion and Analysis, Business Responsibility and Corporate Governance along with the Practising Company Secretary's Certificate regarding compliance of conditions of Corporate Governance norms as stipulated in Regulation 34 read along with Schedule V of the Listing Regulations forms part of the Annual Report.

Acknowledgement

The Directors express their deep sense of appreciation for the contributions made by the employees to the significant improvement in the operations of the Company.

The Directors also thank all the stakeholders including Members, customers, lenders, vendors, investors, business partners, and the Government of India for their continued co-operation and support and their confidence in its management.

On behalf of the Board of Directors

N. Chandrasekaran
Chairman

Mumbai, May 25, 2018

Registered Office:
Mandlik House, Mandlik Road, Mumbai 400 001.
CIN: L74999MH1902PLC000183
Tel.: 022 66395515 Fax: 022 22027442
Email: investorrelations@tajhotels.com
Website: www.tajhotels.com

Annexure I

Dividend Distribution Policy

1. **Objective and Philosophy**

The Dividend Distribution Policy ('the policy') establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike a balance between pay-out and retained earnings, in order to address future needs of the Company.

The objective of this Policy is to reward its shareholders by returning a portion of its profits after retaining sufficient funds for growth of the Company thus maximizing shareholders' value.

The Policy sets forth the broad principles for guiding the Board and the Management in matters concerning declaration and distribution of dividend, with a view to ensure fairness, transparency, sustainability and consistency in the decision for distributing profits to shareholders.

The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits inter-alia for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

The Policy shall broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

2. **Regulatory Framework**

The Securities and Exchange Board of India ('SEBI') on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

The Company being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, has framed this policy to comply with the aforesaid requirements which has been approved by its Board of Directors.

This Policy shall be effective and applicable for dividend, if any, declared for FY 2016-17 and onwards.

3. **Parameters for declaration of Dividend**

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting ('AGM') of the shareholders, as may be permitted by the Companies Act, 2013 ('the Act'). The Board may also declare interim dividends as may be permitted by the Act.

As in the past, subject to the provisions of the applicable law, the Company's dividend pay-out will be determined based on available financial resources, business requirements and taking into account optimal shareholder return.

Dividend pay-out would also be subject to profitability under Standalone Financial Statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

Financial parameters and Internal Factors:

- Operating cash flow of the Company
- Profit after Tax during the year and Earnings Per Share (EPS)
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiaries and associates of the Company
- Upgradation of technology and physical infrastructure
- Debt levels and cost of borrowings
- Past dividend pay-out ratio / trends

External Factors:

- Industry Outlook and Economic environment
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend pay-out ratio of competitors

4. Circumstances under which the shareholders of the Company may or may not expect dividend

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans, renovations and upgradations requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Debt obligations
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

5. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plans
- Declaration of dividend
- Diversification of business
- Long term strategic plans for growth
- Replacement of capital assets
- Such other criteria as the Board may deem fit from time to time.

6. Parameters to be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares with equal voting rights, all the Members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

7. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at https://www.tajhotels.com/policies/dividend-distribution-policy.pdf

8. Policy review and amendments

The Board may review, amend, abrogate, modify or revise any or all provisions of this Policy from time to time. However, amendments in the Act or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be deemed to be incorporated in this Policy and shall be binding.

Annexure II

Annual Report on CSR Activities

As one of the most widely recognized Indian hospitality brands, your Company's management is conscious of its responsibility as a custodian of Indian heritage and culture and towards the welfare and development of communities around its operations. In line with the founder's vision, over the years, your Company has worked with many government and non-government bodies to help build the livelihoods of less privileged communities – not just in its surroundings, but also in identified deserving areas beyond its neighborhoods. A majority of our hotels also engage in promoting cleanliness and hygiene in their neighborhoods and undertake local community welfare activities. A few hotels are engaged in the preservation and promotion of heritage sites.

Building Sustainable Livelihoods

The focus has been on vocational training and certification of youth who drop out from the formal education system, to enable them to be work-ready and engage in productive livelihoods in the hospitality and service industry. This is taken forward by collaborating with and building capacities of institutions that serve the youth from poor socio-economic backgrounds and remote hinterlands. Over the last decade, we have collaborated with Government ITIs, Don Bosco, Pratham, and other like-minded companies' CSR programmes, thereby building skills and livelihoods for over 15,000 less privileged youth. Taj teams have been supporting these programmes through the provision of training content, inputs on classroom designs, faculty development, on-the-job training, joint certification and allied support through our industry networks.

Over the last three years, your Company has co-created short courses in hospitality trades for less privileged, school dropout youth in collaboration with Tata STRIVE. We have invested in developing high quality, practical learning laboratories in seven key locations around our operations to enable us to offer effective teaching-learning infrastructure for our CSR programmes. Our CSR skill training centers are located in key clusters around our operations in Mumbai, Airoli, Lonavala, Jaipur, Chhindwara, Varanasi, Bangalore, Hyderabad, Goa and Trivandrum. We also support Tata Strive centers in remote belts beyond our areas of operations in Agartala, Uri and Pithoragarh. Young boys and girls from many small towns and villages around our centers, including Dhalai and Gomati in Agartala in the East, Mysore and Uttara Kannada from Karnataka in the South, Sangli and Sindhudurg in Maharashtra in the West, Ajmer and Dausa in Rajasthan in the North, Balaghat and Chhindwara in Madhya Pradesh in Central India are beneficiaries of this programme. In FY 2017-18, over 1100 learners have been directly trained and certified from these Taj CSR skill training centres with a placement ratio of 79% in the hospitality industry. Indirect beneficiaries of our interventions through faculty trainings, etc. are many more. Over 1,500 individuals were trained through special education programmes for working people (RPL) in the current year. This includes people from diverse backgrounds including employees of Rashtrapati Bhavan, Raj Bhavan, CRPF-Gurgaon, etc.

Over and above this flagship programme, our hotels in various other locations offer industrial exposure and training to deserving youth, differently abled and less-privileged women to acquire skills in house-keeping, cooking, bakery, food and beverage service, engineering and allied trades, further adding to our impact in terms of building livelihoods for youth from families in need. Taj also recruits an average of 15-20% of trained candidates from these talent pools, on mutual feasibility basis, making this an aspirational programme for the target groups and enabling a talent pipe-line for the larger hotels, restaurants and service industry.

Your Company continues its efforts to preserve the art of traditional Benarasi handloom weaving. The objective of this program is to preserve the dying art form of handloom weaving and help build livelihoods for youth and women from weaving communities. Your Company has initiated a promising program that has trained over 32 girls from conservative communities around Varanasi in this strongly male-dominated occupation. The ability to earn a livelihood through weaving will go a long way in empowering these women, while also preserving the craft.

Being a Responsible Neighbour

Your Company promotes cleanliness around its hotels, supporting 29 public sites across India. The engagement in these public sites include cleanliness drives, beautification and improvement of visitor experience through lighting and painting of public spaces, horticulture, education on waste disposal for hawkers and school students and campaigns on cleanliness and civic sense to local communities.

As a part of our CSR in Goa, we invest in reviving and popularizing Goa's unique heritage of Fado music. We support training programmes and have organized a series of workshops and events in collaboration with a committed expert. This programme has reached over 200 students across Goa, of whom 40 have undergone master classes. Many of these young candidates have also started performing at various events.

Your Company evaluates and engages with feasible opportunities to support the preservation and enhancement of heritage monuments of significance at some of the locations where it operates. Continuing to engage with multiple stakeholders, the Company has been supporting maintenance and upkeep of the Varanasi Ghats, the National Rail Museum, New Delhi and the Gateway of India precinct, Mumbai.

The needs and requests from local communities are considered and addressed by the hotel's management through varied community engagement and support activities. Donation of food items, educational scholarships, supporting charity homes and orphanages are all components of this program. These programs and initiatives are undertaken in association with local partners, including communities, NGOs and government bodies, as appropriate.

Community Welfare Activities

Your company provides educational scholarships to students through the 'Golden Threshold Programme', offering a Bachelor's degree in vocational education. It is run in partnership with Tata Institute of Social Sciences. Over 100 students are currently undergoing training as a part of this three year in-house training programme at select Taj Hotels.

Nurturing the Taj Culture for Social Responsibility and Volunteering

In the context of widening social divide in modern society, especially in India, it is important for future leaders to understand, experience and appreciate the complexity of marginalization and inequity in our society. Today's urbane, globally well-versed Indian youth's exposure and lived-experiences with Indian disadvantaged community groups (like rural and low-income families; talented but opportunity-deprived women, artisans from remote India; dalit and tribal youth; differently abled and so on) is getting more and more rare.

Guided by the founder's values, your Company is sensitive of this social inequity and endeavours to drive policies and programmes that continue to build the bridges needed for a more humane and inclusive society while continuing to nurture its DNA as a respected business house with a social purpose. Over the last six years, the Taj Sustainability and CSR team has been collaborating with the cadre building vertical of the human resources team to plan and deliver a social responsibility immersion programme for our future managers in experiencing the life and challenges of remoter India and disadvantaged sections of our society. This year, over sixty of our young managers from the Hotelier Development Programme undertook a 45 day CSR stint, taking up over 20 projects aimed at promoting their spirit of volunteering and delivering community development goals. Their projects ranged across themes like enabling home stays and community based tourism in rural India, supporting education and finding market connects for tribal cuisines and traditional artisans, working on waste management, action-based research on supplier diversity & inclusion and enabling mobilization of deserving youth for Taj CSR skill training centers. These projects were undertaken in partnership with our hotel teams, CSR partners, voluntary sector organizations and Tata Group companies.

Year on year, your Company encourages its associates to volunteer for participating in community development initiatives and environmentally responsible endeavours. Your Company has had over 4,800 volunteers clocking around 12,000 volunteering hours cumulatively, actively participating in all editions of Tata Volunteering Months conducted in FY 2017-18.

As a part of its CSR culture over decades, your Company enables generation of livelihoods by hand-holding and procuring goods and services from small and medium sized entrepreneurs from socio-economically deprived communities, NGOs, women self-help groups and social enterprises. Your Company also offers a pro bono exhibition platform and livelihood-earning opportunities to many traditional artisans and culture troupe members, year on year. As a part of the Tata Affirmative Action Programme, your Company is committed to drive capability building of socially-deprived communities like dalits and tribals. Over the last decade, your Company has trained, certified and placed across the industry over 3000 dalit and tribal youth, of which many have been absorbed by Taj Hotels as well.

Your Company's CSR Policy outlines key programs, initiatives and mechanisms followed for driving Corporate Social Responsibility; this is updated under the 'Policies' section on the website under the link https://www.tajhotels.com/policies/csr-policy-ihcl.pdf; and https://www.tajhotels.com/policies/ihcl-sustainability-policy.pdf

Your Company encourages its partner companies across the Taj Group to adopt the Company's CSR policy focus areas & approach and supports participating partner companies to deploy programmes and activities in line with this policy.

1. The composition of the Board-level CSR and Sustainability Committee is as follows:
   (i) Mr. Puneet Chhatwal - Chairman
   (ii) Mr. Nadir Godrej
   (iii) Ms. Ireena Vittal

2. Average net profit of the Company for last 3 financial years (2014-15 to 2016-17) for the purpose of computation of CSR : ` 261.60 crores

3. The prescribed CSR Outlay (2% of the average net profit as per item 2 above) of the Company is ` 5.23 crores

4. Details of CSR Spend during the financial year: ` 5.27 crores

5. Amount unspent, if any: NIL

The manner in which the amount was spent during FY 2017-18 is detailed in the table below:

Taj CSR Focus Areas	Sector in which the Project is covered	Nature of Program	Direct/Partnership	Locations	Programmatic Outlay (`/ lakhs)	Amount of Money Spent (`/ lakhs)
Building Livelihoods	Vocational skilling and promotion of livelihoods	Certified Skill Training with embedded on-the-job exposure, spoken English and work-readiness inputs	Direct + with partners	Mumbai, Airoli, Lonavala, Jaipur, Chhindwara, Varanasi, Bengaluru, Hyderabad, Goa, Trivandrum, Agartala, Uri and Pithoragadh	124.23	173.11
Being a Responsible Neighbour	Promotion and development of traditional arts and handicrafts	Education, training and promotion to preserve unique art forms	Direct + with partners	Across multiple Taj hotel sites	48.26	265.39
	Environmental sustainability	Adoption or maintenance of public spaces such as gardens, bus stops and roads, cleanliness, beautification & horticulture and community education for public hygiene and cleanliness			58.00	
	Restoration of buildings and sites of historical importance	Support for beautification, cleanliness and promotion of Gateway of India, Mumbai and National Rail Museum, Delhi			119.70	
	Support towards eradicating poverty and malnutrition	Welfare activities for local charity homes, orphanages, other such community request-based activities			27.00	
Community Welfare	Promoting Education	Scholarships for education in hospitality	Direct + with partners	Mumbai, Kolkata, Delhi, Bengaluru	146.3	88.77
TOTAL					**523.49**	**527.27**

Implementing Agencies

Your Company executes its CSR endeavours in partnership with government and non-governmental organizations and Tata partners that understand the needs of the community. The Company engages with many NGO partners, orphanages and charity homes in different locations, some of them being Women's India Trust, Aseema, Human Welfare Association, Tata Community Initiatives Trust, Head Held High Foundation, Cancer Patients Aid Association, Tata Tea Wives Welfare Association, etc.

Going Forward: 2018-19

Your Company intends to focus on developing direct farm to market solutions in partnership with Tata Trusts to increase our outreach and impact on livelihoods. As a part of its ongoing skill training endeavours, your Company plans to offer special scholarships for training and industrial exposure for deserving youth from remote regions and low income families, aimed at enabling the inclusion of less-privileged women, dalit and tribal youth. Spoken English, soft skills and work readiness trainings shall be offered to increase these youth's access to opportunities for employment in the ever-growing hospitality and service industry.

The Sustainability Committee hereby confirms that the implementation and monitoring of CSR programmes is in compliance with the CSR objectives and policy of the Company.

Puneet Chhatwal
Managing Director and Chief Executive Officer
Chairman, CSR Committee

Mumbai, May 25, 2018

Annexure III

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

i)	CIN	:	L74999MH1902PLC000183
ii)	Registration Date	:	April 1, 1902
iii)	Name of the Company	:	The Indian Hotels Company Limited
iv)	Category	:	Company Limited by Shares
v)	Sub-Category of the Company	:	Indian Non-Government Company
vi)	Address of the Registered office and contact details	:	Mandlik House, Mandlik Road, Mumbai- 400001.
vii)	Whether listed company	:	Yes
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company has an in-house Share Department at the Registered office address. Tel No. 022 66395515

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code (Division) of the Product/ service	% to total turnover of the Company
1	Short Term Accommodation activities	551	41.4%
2	Restaurants and mobile food service activities	561	39.1%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	TIFCO Holdings Limited[1] Mandlik House, Mandlik Road, Mumbai- 400001	U65910MH1977PLC019873	Subsidiary	100	2 (87)
2	KTC Hotels Limited The Gateway Hotel, Shanmugham Road, Marine Drive, Ernakulam- 682011	U55101KL1984PLC004105	Subsidiary	100	2 (87)
3	United Hotels Limited Vivanta by Taj - Ambassador, Sujan Singh Park, New Delhi 110003	U74899DL1950PLC001861	Subsidiary	55	2 (87)
4	Roots Corporation Limited Godrej & Boyce Complex, Gate No. 8, Plant No. 13, Office Building, Vikhroli (E), Mumbai 400 079	U55100MH2003PLC143639	Subsidiary	66.93	2 (87)
5	Taj SATS Air Catering Limited Mandlik House, Mandlik Road, Mumbai- 400001	U55204MH2001PLC133177	Subsidiary	51	2 (87)
6	Piem Hotels Limited Taj President, 90, Cuffe Parade, Mumbai- 400005.	U55101MH1968PLC013960	Subsidiary	51.57	2 (87)
7	Taj Trade and Transport Company Limited Mandlik House, Mandlik Road, Mumbai- 400001	U60300MH1977PLC019952	Subsidiary	89.51	2 (87)
8	Inditravel Limited Mandlik House, Mandlik Road, Mumbai- 400001	U74999MH1981PLC023924	Subsidiary	96.67	2 (87)
9	Northern India Hotels Limited[2] The Gateway Hotel, Fatehabad Road, Taj Ganj, Agra 282001	U55101UP1971PLC003838	Subsidiary	93.14	2 (87)
10	Skydeck Properties and Developers Private Limited Mandlik House, Mandlik Road, Mumbai- 400001	U45200MH1998PTC114881	Subsidiary	100	2 (87)
11	Sheena Investments Private Limited Mandlik House, Mandlik Road, Mumbai- 400001	U65990MH1990PTC055375	Subsidiary	100	2 (87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
12	Luthria & Lalchandani Hotel & Properties Private Limited Mandlik House, Mandlik Road, Mumbai- 400001	U55100MH2008PTC178963	Subsidiary	100	2 (87)
13	ELEL Hotels and Investments Limited Mandlik House, Mandlik Road, Mumbai- 400001	U70101MH1969PLC014326	Subsidiary	85.72	2 (87)
14	Taj Enterprises Limited Taj Palace Hotel, Sardar Patel Marg, New Delhi-110021	U55101DL1979PLC009746	Subsidiary	90.59	2 (87)
15	Benares Hotels Limited Nadesar Palace Compound, Varanasi 221002	L55101UP1971PLC003480	Subsidiary	53.70	2 (87)
16	Taj International Hotels (H. K.) Limited 42nd floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Foreign Company	Subsidiary	100	2 (87)
17	Chieftain Corporation NV[3] Kaya WFG Mensing 14, PO Box 3895, Willemstad Curacao, Netherlands Antilles	Foreign Company	Subsidiary	100	2 (87)
18	IHOCO BV Teleportboulevard 140, 1043 EJ Amsterdam	Foreign Company	Subsidiary	100	2 (87)
19	St. James Court Hotels Limited Crowne Plaza, St. James, Buckingham Gate, Westminster, London SWIE6AF	Foreign Company	Subsidiary	89.39	2 (87)
20	Taj International Hotels Limited Crowne Plaza London St James, Buckingham Gate, Westminster, London SWIE6AF	Foreign Company	Subsidiary	100	2 (87)
21	Samsara Properties Limited[4] Trident Chambers, PO Box 146, Road Town, Tortola British Virgin Islands	Foreign Company	Subsidiary	100	2 (87)
22	Apex Hotel Management Services Pte Limited[5] 78, Shenton Way, #26-02A, Singapore- 079 120	Foreign Company	Subsidiary	100	2 (87)
23	Piem International (H.K.) Limited 42/F, Central Plaza, 18 Harbour Road, Wanchai, Hongkong	Foreign Company	Subsidiary	100	2 (87)
24	BAHC 5 78 Shenton Way, #26-02A, Singapore 079120	Foreign Company	Subsidiary	100	2 (87)
25	United Overseas Holdings Inc Corporation Service Company, 251, Little Falls Drive, Wilmington, County of New Castle, Delaware 19808	Foreign Company	Subsidiary	100	2 (87)
26	Taida Trading and Industries Limited Mandlik House, Mandlik Road, Mumbai 400 001	U13100MH1959PLC011396	Associate	48.74	2 (6)
27	Oriental Hotels Limited Taj Coromandel, 37, M.G. Road, Chennai 600034	L55101TN1970PLC005897	Associate	37.05	2 (6)
28	Taj Madurai Limited Taj Coromandel, 37, M.G. Road, Chennai 600 034	U55101TN1990PLC018883	Associate	26	2 (6)
29	TAL Lanka Hotels Plc 25, Galle Face Centre Road, Colombo, Sri Lanka	Foreign Company	Associate	24.62	2 (6)
30	Lanka Island Resorts Limited 25, Galle Face Centre Road, Colombo, Sri Lanka	Foreign Company	Associate	24.66	2 (6)
31	Bjets Pte Limited 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624	Foreign Company	Associate	45.69	2 (6)

[1]TIFCO Holdings Limited has amalgamated with the Company w.e.f. April 11, 2018, the appointed date being April 1, 2017.
[2]Northern India Hotels Limited was removed from the Dissemination Board of Bombay Stock Exchange.
[3]Chieftain Corporation NV was liquidated w.e.f. April 13, 2017.
[4]Samsara Properties Limited was dissolved w.e.f. June 6, 2017.
[5]Apex Hotel Management Services Pte Limited was removed from the list of companies of Registrar of Companies, Singapore w.e.f. August 7, 2017.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Name of the shareholder	No. of shares held at the beginning of the year (i.e. 01/04/17)				No. of shares held at the end of the year (i.e. 31/03/18)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual	0	0	0	0.00	0	0	0	0.00	0.00
b) HUF	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Bodies Corp.	38,24,00,080	0	38,24,00,080	38.56	46,48,56,979	0	46,48,56,979	39.09	0.43
f) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
g) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	**38,24,00,080**	**0**	**38,24,00,080**	**38.56**	**46,48,56,979**	**0**	**46,48,56,979**	**39.09**	**0.43**
(2) Foreign									
a) NRIs -									
Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other -									
Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**38,24,00,080**	**0**	**38,24,00,080**	**38.65**	**46,48,56,979**	**0**	**46,48,56,979**	**39.09**	**0.43**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	12,15,04,737	1,57,663	12,16,62,400	12.30	17,48,12,353	1,55,820	17,49,68,173	14.71	2.41
b) Banks / FI	8,99,35,394	15,500	8,99,50,894	9.09	8,17,27,433	9,900	8,17,37,333	6.87	-2.22
c) Central Govt	1,750	0	1,750	0.00	1,500	0	1,500	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	3,40,18,838	0	3,40,18,838	3.44	3,43,60,205	0	3,43,60,205	2.89	-0.55
g) FIIs	14,94,80,026	19,720	14,94,99,746	15.11	19,09,29,391	11,880	19,09,41,271	16.06	0.94
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Alternate Investment Fund	0	0	0	0.00	14,40,000	0	14,40,000	0.12	0.12
Foreign Financial Institutions/Banks	5,951	0	5,951	0.00	5,850	0	5,850	0.00	0.00
Sub-total (B)(1):-	**39,49,46,696**	**1,92,883**	**39,51,39,579**	**39.94**	**48,32,76,732**	**1,77,600**	**48,34,54,332**	**40.65**	**0.71**

Name of the shareholder	No. of shares held at the beginning of the year (i.e. 01/04/17)				No. of shares held at the end of the year (i.e. 31/03/18)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6,65,51,021	94,050	6,66,45,071	6.74	80396302	75,855	8,04,72,157	6.77	0.03
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	10,36,33,805	1,44,84,490	11,81,18,295	11.94	11,05,65,216	1,28,77,084	12,34,42,300	10.38	-1.56
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	1,54,16,423	6,32,240	1,60,48,663	1.62	2,21,29,454	6,32,240	2,27,61,694	1.91	0.29
c) Others (specify)									
Trusts	27,63,756	0	27,63,756	0.28	32,95,054	0	32,95,054	0.28	0.00
Directors and relatives	66,181	0	66,181	0.01	66,720	0	66,720	0.01	0.00
Foreign Nationals	13,770	0	13,770	0.00	32,129	0	32,129	0.00	0.00
Non-residents	48,09,231	52,539	48,61,770	0.49	57,07,030	45,141	57,52,171	0.48	-0.01
Clearing Members	6,83,922	0	6,83,922	0.07	6,33,240	0	6,33,240	0.05	-0.02
HUFs	25,32,928	0	25,32,928	0.26	31,03,189	0	31,03,189	0.26	0.00
Investor Education and Protection Fund (IEPF) Authority	0	0	0	0.00	13,88,480	0	13,88,480	0.12	0.12
Sub-total (B)(2):-	**19,64,71,037**	**1,52,63,319**	**21,17,34,356**	**21.40**	**22,73,16,814**	**1,36,30,320**	**24,09,47,134**	**20.26**	**-1.14**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**59,14,17,733**	**1,54,56,202**	**60,68,73,935**	**61.35**	**71,05,93,546**	**1,38,07,920**	**72,44,01,466**	**60.91**	**-0.43**
Total (A) + (B)	**97,38,17,813**	**1,54,56,202**	**98,92,74,015**	**100.00**	**1,17,54,50,525**	**1,38,07,920**	**1,18,92,58,445**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**97,38,17,813**	**1,54,56,202**	**98,92,74,015**	**100.00**	**1,17,54,50,525**	**1,38,07,920**	**1,18,92,58,445**	**100.00**	**0.00**

(ii) Shareholding of Promoters (including the Promoter Group)

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (i.e. 01/04/17)			Shareholding at the end of the year (i.e. 31/03/18)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1	Lady Tata Memorial Trust	1,77,28,200	1.79	0.00	0.00	0.00	0.00	-1.79
2	Sir Dorabji Tata Trust	5,02,21,040	5.08	0.00	0.00	0.00	0.00	-5.08
3	Sir Ratan Tata Trust	1,10,23,220	1.11	0.00	0.00	0.00	0.00	-1.11

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (i.e. 01/04/17)			Shareholding at the end of the year (i.e. 31/03/18)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
4	Tata Sons Limited (Promoter)	27,70,63,351	28.01	0.00	43,32,19,860	36.43	0.00	8.42
5	Tata Investment Corporation Limited	1,33,92,950	1.35	0.00	1,60,71,539	1.35	0.00	0.00
6	Ewart Investments Limited	17,73,088	0.18	0.00	21,27,705	0.18	0.00	0.00
7	Tata Chemicals Limited	89,07,790	0.90	0.00	1,06,89,348	0.90	0.00	0.00
8	Tata Industries Limited	5,54,399	0.06	0.00	6,65,278	0.06	0.00	0.00
9	Tata Capital Limited	14,700	0.00	0.00	17,640	0.00	0.00	0.00
10	Oriental Hotels Limited	6,26,999	0.06	0.00	7,52,398	0.06	0.00	0.00
11	Taida Trading & Industries Limited	1,56,515	0.02	0.00	1,87,818	0.02	0.00	0.00
12	Taj Madurai Limited	9,37,828	0.09	0.00	11,25,393	0.09	0.00	0.00
	TOTAL	**38,24,00,080**	**38.65**	**0.00**	**46,48,56,979**	**39.09**	**0.00**	**0.00**

(iii) Changes in Promoter Shareholding (including the Promoter Group)

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding		Cumulative Shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Lady Tata Memorial Trust	1,77,28,200	1.79	March 16, 2018	1,77,28,200	1.79	-	-
2	Sir Dorabji Tata Trust	5,02,21,040	5.08	March 16, 2018	5,02,21,040	5.08	-	-
3	Sir Ratan Tata Trust	1,10,23,220	1.11	March 16, 2018	1,10,23,220	1.11	-	-
4	Tata Sons Limited	27,70,63,351	28.01	November 7, 2017 & March 16, 2018	15,61,56,509	13.13	43,32,19,860	36.43
5	Tata Investment Corporation Limited	1,33,92,950	1.35	November 7, 2017	26,78,589	0.23	1,60,71,539	1.35
6	Ewart Investments Limited	17,73,088	0.18	November 7, 2017	3,54,617	0.03	21,27,705	0.18
7	Tata Chemicals Limited	89,07,790	0.90	November 7, 2017	17,81,558	0.15	1,06,89,348	0.90
8	Tata Industries Limited	5,54,399	0.06	November 7, 2017	1,10,879	0.01	6,65,278	0.06
9	Tata Capital Limited	14,700	0.00	November 7, 2017	2,940	0.00	17,640	0.00
10	Oriental Hotels Limited	6,26,999	0.06	November 7, 2017	1,25,399	0.01	7,52,398	0.06
11	Taida Trading & Industries Limited	1,56,515	0.02	November 7, 2017	31,303	0.00	1,87,818	0.02
12	Taj Madurai Limited	9,37,828	0.09	November 7, 2017	1,87,565	0.02	11,25,393	0.09

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India	8,90,22,722	9.00	April 1, 2017				
				September 15, 2017	-81,445	Sale	8,89,41,277	8.99
				September 22, 2017	-4,79,838	Sale	8,84,61,439	8.94
				September 30, 2017	-2,77,205	Sale	8,81,84,234	8.91
				October 5, 2017	-8,92,552	Sale	8,72,91,682	8.82
				November 17, 2017	1,48,28,747	Rights	10,21,20,429	8.59
				December 1, 2017	-3,000	Sale	10,21,17,429	8.59
				December 22, 2017	-11,000	Sale	10,21,06,429	8.59
				January 12, 2018	-9,83,000	Sale	10,11,23,429	8.50
				January 19, 2018	-8,07,000	Sale	10,03,16,429	8.44
				January 25, 2018	-5,13,682	Sale	9,98,02,747	8.39
				February 2, 2018	-3,08,127	Sale	9,94,94,620	8.37
				February 9, 2018	-5,30,000	Sale	9,89,64,620	8.32
				February 16, 2018	-8,15,000	Sale	9,81,49,620	8.25
				February 23, 2018	-15,47,857	Sale	9,66,01,763	8.12
				March 2, 2018	-39,16,565	Sale	9,26,85,198	7.79
				March 9, 2018	-33,71,139	Sale	8,93,14,059	7.51
				March 16, 2018	-32,39,311	Sale	8,60,74,748	7.24
				March 23, 2018	-33,23,003	Sale	8,27,51,745	6.96
		8,07,43,678	6.79	March 31, 2018	-20,08,067	Sale	8,07,43,678	6.79
2	Reliance Capital Trustee Company Limited	7,02,36,948	7.10	April 1, 2017				
				June 2, 2017	-50,02,410	Sale	6,52,34,538	6.59
				June 9, 2017	51,02,404	Purchase	7,03,36,942	7.11
				June 30, 2017	40	Purchase	7,03,36,982	7.11
				August 4, 2017	58	Purchase	7,03,37,040	7.11
				August 14, 2017	2,97,600	Purchase	7,06,34,640	7.14
				August 18, 2017	-13,59,470	Sale	6,92,75,170	7.00
				August 25, 2017	14,09,470	Purchase	7,06,84,640	7.15
				September 1, 2017	-3,86,000	Sale	7,02,98,640	7.11
				September 8, 2017	-11,80,000	Sale	6,91,18,640	6.99
				September 15, 2017	-13,55,000	Sale	6,77,63,640	6.85
				September 22, 2017	-19,62,000	Sale	6,58,01,640	6.65
				September 30, 2017	-6,77,717	Sale	6,51,23,923	6.58
				October 5, 2017	-32	Sale	6,51,23,891	6.58
				October 20, 2017	-19,99,031	Sale	6,31,24,860	6.38
				October 27, 2017	-12,83,733	Sale	6,18,41,127	6.25
				November 10, 2017	-33,80,053	Sale	5,84,61,074	5.91
				November 17, 2017	1,39,66,656	Rights	7,24,27,730	6.09
				December 1, 2017	-6,10,353	Sale	7,18,17,377	6.04
				December 15, 2017	-16,99,589	Sale	7,01,17,788	5.90
				December 22, 2017	-8,21,775	Sale	6,92,96,013	5.83

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				December 30, 2017	-28,703	Sale	6,92,67,310	5.82
				January 5, 2018	-7,668	Sale	6,92,59,642	5.82
				January 19, 2018	-121	Sale	6,92,59,521	5.82
				March 9, 2018	133	Purchase	6,92,59,654	5.82
		6,92,59,654	5.82	March 31, 2018	0	Nil	6,92,59,654	5.82
3	HDFC Trustee Company Limited	3,54,42,243	3.58	April 1, 2017				
				May 26, 2017	-3,00,000	Sale	3,51,42,243	3.55
				June 2, 2017	-5,00,000	Sale	3,46,42,243	3.50
				June 16, 2017	-3,59,000	Sale	3,42,83,243	3.47
				September 1, 2017	-4,25,000	Sale	3,38,58,243	3.42
				October 5, 2017	1,72,500	Purchase	3,40,30,743	3.44
				November 17, 2017	68,06,120	Rights	4,08,36,863	3.43
				January 05, 2018	41,86,000	Purchase	4,50,22,863	3.79
				January 12, 2018	1,75,000	Purchase	4,51,97,863	3.80
				March 23, 2018	5,00,000	Purchase	4,56,97,863	3.84
		4,56,97,863	3.84	March 31, 2018	0	Nil	4,56,97,863	3.84
4	Government Pension Fund	3,11,31,548	3.15	April 01, 2017				
				April 7, 2017	-50,000	Sale	3,10,81,548	3.14
				April 21, 2017	-25,000	Sale	3,10,56,548	3.14
				June 9, 2017	-25,000	Sale	3,10,31,548	3.14
				September 1, 2017	15,097	Purchase	3,10,46,645	3.14
				September 15, 2017	60,859	Purchase	3,11,07,504	3.14
				September 22, 2017	8,43,800	Purchase	3,19,51,304	3.23
				September 30, 2017	37,28,250	Purchase	3,56,79,554	3.61
				October 5, 2017	1,00,000	Purchase	3,57,79,554	3.62
				November 17, 2017	89,55,910	Rights	4,47,35,464	3.76
				January 12, 2018	-30,000	Sale	4,47,05,464	3.76
				January 19, 2018	-80,000	Sale	4,46,25,464	3.75
				January 25, 2018	-1,55,923	Sale	4,44,69,541	3.74
				February 2, 2018	-1,80,421	Sale	4,42,89,120	3.72
				February 16, 2018	-1,00,000	Sale	4,41,89,120	3.72
		4,41,89,120	3.72	March 31, 2018	0	Nil	4,41,89,120	3.72
5	Franklin Templeton Investment Funds	3,21,23,274	3.25	April 1, 2017				
				April 7, 2017	55,760	Purchase	3,21,79,034	3.25
				April 14, 2017	3,68,775	Purchase	3,25,47,809	3.29
				April 21, 2017	5,26,181	Purchase	3,30,73,990	3.34
				April 28, 2017	3,23,964	Purchase	3,33,97,954	3.38
				May 5, 2017	63,960	Purchase	3,34,61,914	3.38
				May 12, 2017	1,91,024	Purchase	3,36,52,938	3.40
				June 2, 2017	4,18,978	Purchase	3,40,71,916	3.44
				June 9, 2017	1,28,898	Purchase	3,42,00,814	3.46

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				October 13, 2017	-12,932	Sale	3,41,87,882	3.46
				October 20, 2017	-18,017	Sale	3,41,69,865	3.45
				November 17, 2017	68,40,162	Rights	4,10,10,027	3.45
				January 12, 2018	-29,852	Sale	4,09,80,175	3.45
				March 9, 2018	-11,46,166	Sale	3,98,34,009	3.35
				March 16, 2018	-4,08,539	Sale	3,94,25,470	3.32
		3,94,25,470	3.32	March 31, 2018	0	Nil	3,94,25,470	3.32
6	ICICI Prudential Balanced Advantage Fund[1]	33,31,838	0.34	April 1, 2017				
				September 15, 2017	42,50,018	Purchase	75,81,856	0.77
				October 5, 2017	13,54,409	Purchase	89,36,265	0.90
				October 13, 2017	12,49,226	Purchase	1,01,85,491	1.03
				October 20, 2017	19,12,960	Purchase	1,20,98,451	1.22
				November 3, 2017	6,31,973	Purchase	1,27,30,424	1.29
				November 10, 2017	9,86,976	Purchase	1,37,17,400	1.39
				November 17, 2017	53,80,639	Rights	1,90,98,039	1.61
				November 24, 2017	21,18,238	Purchase	2,12,16,277	1.78
				January 25, 2018	-11,30,592	Sale	2,00,85,685	1.69
				February 2, 2018	-78,695	Sale	2,00,06,990	1.68
				February 9, 2018	-5,38,200	Sale	1,94,68,790	1.64
				February 16, 2018	-77,161	Sale	1,93,91,629	1.63
				February 23, 2018	-6,608	Sale	1,93,85,021	1.63
				March 9, 2018	-26,993	Sale	1,93,58,028	1.63
		2,01,21,105	1.69	March 31, 2018	7,63,077	Purchase	2,01,21,105	1.69
7	ICICI Prudential Life Insurance Company Limited	2,47,10,163	2.50	April 1, 2017				
				April 7, 2017	-1,22,668	Sale	2,45,87,495	2.49
				April 21, 2017	-4,331	Sale	2,45,83,164	2.48
				April 28, 2017	17,836	Purchase	2,46,01,000	2.49
				May 5, 2017	7,171	Purchase	2,46,08,171	2.49
				May 12, 2017	-5,15,568	Sale	2,40,92,603	2.44
				May 19, 2017	-5,00,000	Sale	2,35,92,603	2.38
				May 26, 2017	-2,072	Sale	2,35,90,531	2.38
				June 16, 2017	-9,900	Sale	2,35,80,631	2.38
				July 21, 2017	-1,08,364	Sale	2,34,72,267	2.37
				August 4, 2017	-3,945	Sale	2,34,68,322	2.37
				August 18, 2017	-2,39,826	Sale	2,32,28,496	2.35
				August 25, 2017	-1,85,112	Sale	2,30,43,384	2.33
				September 1, 2017	4,40,992	Purchase	2,34,84,376	2.37
				September 15, 2017	32,206	Purchase	2,35,16,582	2.38
				September 30, 2017	56,756	Purchase	2,35,73,338	2.38
				October 5, 2017	90,109	Purchase	2,36,63,447	2.39

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				October 27, 2017	184	Purchase	2,36,63,631	2.39
				November 3, 2017	6,264	Purchase	2,36,69,895	2.39
				November 17, 2017	47,31,778	Rights	2,84,01,673	2.39
				December 1, 2017	1,320	Purchase	2,84,02,993	2.39
				December 8, 2017	4,452	Purchase	2,84,07,445	2.39
				December 22, 2017	-1,53,942	Sale	2,82,53,503	2.38
				December 30, 2017	-18,968	Sale	2,82,34,535	2.37
				January 5, 2018	-28,61,809	Sale	2,53,72,726	2.13
				January 12, 2018	-21,93,166	Sale	2,31,79,560	1.95
				January 19, 2018	-2,23,607	Sale	2,29,55,953	1.93
				January 25, 2018	-11,36,218	Sale	2,18,19,735	1.83
				February 9, 2018	-1,92,421	Sale	2,16,27,314	1.82
				February 16, 2018	-16,51,812	Sale	1,99,75,502	1.68
				February 23, 2018	-10,90,248	Sale	1,88,85,254	1.59
				March 2, 2018	-2,00,195	Sale	1,86,85,059	1.57
				March 9, 2018	-11,15,708	Sale	1,75,69,351	1.48
				March 16, 2018	2,630	Purchase	1,75,71,981	1.48
		1,75,71,981	1.48	March 31, 2018	0	Nil	1,75,71,981	1.48
8	General Insurance Corporation of India	1,61,01,107	1.63	April 01, 2017				
				April 21, 2017	-70,000	Sale	1,60,31,107	1.62
				April 28, 2017	-30,947	Sale	1,60,00,160	1.62
				May 19, 2017	-50,000	Sale	1,59,50,160	1.61
				May 26, 2017	-16,016	Sale	1,59,34,144	1.61
				June 02, 2017	-1,339	Sale	1,59,32,805	1.61
				November 17, 2017	31,86,529	Rights	1,91,19,334	1.61
				December 15, 2017	-2,00,000	Sale	1,89,19,334	1.59
				January 5, 2018	-1,50,000	Sale	1,87,69,334	1.58
				January 12, 2018	-1,69,174	Sale	1,86,00,160	1.56
				January 25, 2018	-4,20,953	Sale	1,81,79,207	1.53
				February 2, 2018	-1,79,047	Sale	1,80,00,160	1.51
				September 9, 2018	-3,00,000	Sale	1,77,00,160	1.49
				February 16, 2018	-3,90,281	Sale	1,73,09,879	1.46
				February 23, 2018	-2,45,400	Sale	1,70,64,479	1.43
				March 2, 2018	-64,319	Sale	1,70,00,160	1.43
				March 9, 2018	-1,00,000	Sale	1,69,00,160	1.42
				March 16, 2018	-3,00,000	Sale	1,66,00,160	1.40
				March 23, 2018	-3,00,000	Sale	1,63,00,160	1.37
		1,63,00,160	1.37	March 31, 2018	0	Nil	1,63,00,160	1.37
9	The New India Assurance Company Limited	1,46,20,949	1.48	April 01, 2017				
				April 7, 2017	-80,000	Sale	1,45,40,949	1.47
				April 21, 2017	-77,818	Sale	1,44,63,131	1.46
				April 28, 2017	-1,42,182	Sale	1,43,20,949	1.45
				June 2, 2017	-2,789	Sale	1,43,18,160	1.45

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				June 9, 2017	-4,04,053	Sale	1,39,14,107	1.41
				June 16, 2017	-12,552	Sale	1,39,01,555	1.41
				July 7, 2017	-90,152	Sale	1,38,11,403	1.40
				July 21, 2017	-10,452	Sale	1,38,00,951	1.40
				October 27, 2017	-4,84,812	Sale	1,33,16,139	1.35
				November 3, 2017	-5,01,139	Sale	1,28,15,000	1.30
				November 10, 2017	-6,55,756	Sale	1,21,59,244	1.23
				November 17, 2017	26,57,522	Purchase	1,48,16,766	1.25
				March 16, 2018	-1,53,952	Sale	1,46,62,814	1.23
				March 23, 2018	-47,641	Sale	1,46,15,173	1.23
		1,46,15,173	1.23	March 31, 2018	0	Nil	1,46,15,173	1.23
10	Franklin Asian Equity Fund[1]	37,90,184	0.38					
				May 19, 2017	28,36,798	Purchase	66,26,982	0.67
				May 26, 2017	14,34,601	Purchase	80,61,583	0.81
				June 2, 2017	5,65,399	Purchase	86,26,982	0.87
				June 16, 2017	1,06,336	Purchase	87,33,318	0.88
				June 23, 2017	93,664	Purchase	88,26,982	0.89
				August 4, 2017	3,70,000	Purchase	91,96,982	0.93
				September 1, 2017	3,00,000	Purchase	94,96,982	0.96
				November 10, 2017	5,00,000	Purchase	99,96,982	1.01
				November 17, 2017	21,99,394	Rights	1,21,96,376	1.03
		1,21,96,376	1.03	March 31, 2018	0	Nil	1,21,96,376	1.03
11	Prazim Trading and Investment Company Private Limited	93,24,341	0.94	April 1, 2017				
				May 26, 2017	-19,58,157	Sale	73,66,184	0.74
				November 17, 2017	92,76,270	Rights	92,76,270	0.78
		92,76,270	0.78	March 31, 2018	0	Nil	92,76,270	0.78
12	Active Emerging Markets Equity Fund	63,34,887	0.64	April 1, 2017				
				October 27, 2017	1,82,474	Purchase	65,17,361	0.66
				November 17, 2017	12,66,977	Rights	77,84,338	0.65
				November 24, 2017	36,960	Purchase	78,21,298	0.66
				December 1, 2017	1,09,088	Purchase	79,30,386	0.67
				January 25, 2018	-14,965	Sale	79,15,421	0.67
				February 2, 2018	-18,256	Sale	78,97,165	0.66
		78,97,165	0.66	March 31, 2018	0	Nil	78,97,165	0.66

[1] Not in the list of Top 10 shareholders as on April 1, 2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2018.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the shareholder	No. of shares at the beginning of the year (i.e. 01/04/17)		Date	Increase/ Decrease in shareholding		Cumulative shareholding during the year (01/04/17 to 31/03/18)	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mehernosh S. Kapadia (39,300 shares jointly held with Villu Mehernosh Kapadia)	63,480	0.01	-	0	0.00	63,480	0.01
2	Deepak Parekh (jointly held with Harsha Parekh)	2,561	0.00	November 7, 2017	539	0.00	3,100	0.00

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

` / crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Liability on Derivative Contracts	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1050.96	998.02	244.27	2293.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	35.58	6.27	-	41.85
Total (i+ii+iii)	**1,086.54**	**1,004.29**	**244.27**	**2,335.10**
Change in Indebtedness during the financial year				
Addition	-	920.00	-	920.00
Reduction	7.26	1167.85	13.71	1188.82
Net Change	**(7.26)**	**(247.85)**	**(13.71)**	**(268.82)**
Indebtedness at the end of the financial year	1043.86	740.02	230.56	2014.44
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	35.42	16.42	-	51.84
iii) Interest accrued but not due				
Total (i+ii+iii)	**1,086.54**	**756.44**	**230.56**	**2,066.28**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

` / crores

Sr. No.	Particulars of Remuneration	Puneet Chhatwal MD & CEO[1]	Rakesh Sarna MD & CEO[2]	Anil Goel ED & CFO[3]	Mehernosh S. Kapadia ED- Corporate Affairs	Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.50	14.72	0.67	2.17	19.06
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.22	1.15	-	0.56	1.93
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission paid - as % of profit	-	-	-	-	-
5	Others	-	-	-	-	-
	Total	**1.72**	**15.87**	**0.67**	**2.73**	**20.99**

[1]for part of the year from joining date i.e November 6, 2017, [2]for part of the year upto September 30, 2017, [3]Retired w.e.f. October 15, 2016. Proportionate Performance Linked Bonus for 2016-17 disbursed in 2017-18.

The remuneration to MD and WTDs was within the ceiling as per the Act (@ 10% of Profits calculated under Section 198 of the Companies Act, 2013)

B. Remuneration to other Directors:
Independent Directors

Sr. No.	Particulars of Remuneration	Nadir Godrej	Gautam Banerjee	Ireena Vittal	Deepak Parekh	K. B. Dadiseth[1]	Vibha Paul Rishi	Total Amount
1	Fees for attending Board / Committee Meetings	6,60,000	1,80,000	3,90,000	5,10,000	-	2,70,000	20,10,000
2	Commission	58,48,000	21,99,000	37,66,000	51,62,000	76,71,000	40,21,000	2,86,67,000
	Total	**65,08,000**	**23,79,000**	**41,56,000**	**56,72,000**	**76,71,000**	**42,91,000**	**3,06,77,000**

[1]Resigned w.e.f. April 7, 2017

Non-Executive Directors

`

Sr. No.	Particulars of Remuneration	N. Chandrasekaran	Shapoor Mistry[1]	Dr. N. S. Rajan[2]	Total Amount
1	Fees for attending Board / Committee Meetings	3,00,000	NIL	NIL	3,00,000
2	Commission	-	8,00,000	5,33,000	13,33,000
	Total	**3,00,000**	**8,00,000**	**5,33,000**	**16,33,000**

[1]Resigned w.e.f. April 25, 2017

[2]Resigned w.e.f. October 28, 2016

The remuneration to Independent Directors and Non-Executive Directors was within the ceiling as per the Act (@ 1 % of Profits calculated under Section 198 of the Companies Act, 2013)

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

` /crores

Sr. No.	Particulars of Remuneration	Mr. Beejal Desai Senior Vice President – Legal & Company Secretary	Mr. Giridhar Sanjeevi[1] Executive Vice President & Chief Financial Officer
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.03	2.01
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.22	0.02
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others (specify)	-	-
	Total	**1.25**	**2.03**

[1]appointed with effect from May 4, 2017

VII. Penalties / Punishment / Compounding of offences: Nil

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

Annexure IV

Form No. MR-3

Secretarial Audit Report

for the financial year ended 31St March 2018

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
The Indian Hotels Company Limited
Mandlik House, Mandlik Road, Mumbai – 400001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Indian Hotels Company Limited (hereinafter called 'the Company') for the year ended on March 31, 2018 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and by-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowing;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and

   (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws specifically applicable to the Company are:

   (a) Food Safety and Standards Act, 2006 and Food Safety and Standards Rules, 2011; and

   (b) Food Safety and Standards (Packing & Labelling) Regulations, 2011.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to Board meetings and General meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Company:

(i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment.

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at shorter notice than seven days, prior consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company and at Committees were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the audit period.

We further report that –

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that –

During the audit period, the following specific events were held:

a) Issued and Allotted 7.85% 2000 Rated, Listed, Unsecured, Redeemable, Non-Cumulative, Non-Convertible Debentures aggregating to ` 200 crores on April 20, 2017.

b) 2% 2000 Unsecured Non-Convertible Redeemable Debentures amounting to ` 200 crores has been redeemed on April 23, 2017.

c) Issued and Allotted 19,99,84,430 equity shares of ` 1 each at a premium of ` 74 aggregating to ` 1500 crores on Rights basis on November 7, 2017.

d) Approval of Scheme of Amalgamation between TIFCO Holdings Limited with the Company ('Scheme') vide order of National Company Law Tribunal, Bench at Mumbai dated March 8, 2018.

e) Consent of shareholders obtained at the Annual General Meeting held on August 21, 2017 for issue of cumulative non-cumulative, listed/unlisted, redeemable non convertible debentures ('NCDs')/bonds in one or more series/tranches aggregating up to ` 500 crores (Rupees Five Hundred Crores Only) on a private placement basis.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Place: Mumbai
Date: May 25, 2018

Prakash K. Pandya
Partner
FCS 3901 / CP No. 2311

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To,
The Members,
The Indian Hotels
Company Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to The Indian Hotels Company Limited ('the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Place: Mumbai
Date: May 25, 2018

Prakash K. Pandya
Partner
FCS 3901 / CP No. 2311

Annexure V

Information under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. The ratio of the Remuneration of each Director to the median Remuneration of the employees of the Company for the financial year.

b. The percentage increase in Remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Whole-time Directors and KMP	Remuneration in 2017/2018 (`/lakhs)	Remuneration in 2016/2017 (`/lakhs)	% increase of Remuneration in 2018 as compared to 2017	Ratio to median Remuneration
Mr. Puneet Chhatwal - MD & CEO[1]	171.90	NA	NA	41.77
Mr. Rakesh Sarna - MD & CEO[2]	1586.67	793.57	100%	385.53
Mr. Anil P. Goel - ED & CFO[3]	66.77	291.70	-77%	16.22
Mr. Mehernosh S. Kapadia - ED - Corporate Affairs	272.81	232.48	17%	66.29
Mr. Giridhar Sanjeevi - EVP & CFO[4]	202.88	NA	NA	49.30
Mr. Beejal Desai, Senior VP - Legal & Company Secretary	124.88	100.77	24%	30.34

[1]Appointed w.e.f. November 6, 2017

[2]Resigned w.e.f. September 30, 2017

[3]Retired w.e.f. October 15, 2016

[4]Appointed w.e.f. May 4, 2017

Non-Executive and Independent Directors	Remuneration in 2017/2018 (`/lakhs)	Remuneration in 2016/2017 (`/lakhs)	% increase of Remuneration in 2018 as compared to 2017	Ratio to median Remuneration
Mr. N. Chandrasekaran[1]	3.00	0.60	400%	0.73
Mr. Cyrus Mistry[2]	NA	1.50	-100%	NA
Mr. K. B. Dadiseth[3]	76.71	73.96	4%	18.64
Mr. Deepak Parekh	56.72	58.34	-3%	13.78
Mr. Shapoor Mistry[4]	8.00	15.34	-48%	1.94
Mr. Nadir Godrej	65.08	35.19	85%	15.81
Ms. Ireena Vittal	41.56	48.61	-15%	10.10
Mr. Gautam Banerjee	23.79	19.64	21%	5.78
Dr. N. S. Rajan[5]	5.33	4.68	14%	1.30
Ms. Vibha Paul Rishi	42.91	36.14	19%	10.43

[1]Appointed w.e.f. January 27, 2017

[2]Resigned w.e.f. December 19, 2016

[3]Resigned w.e.f. April 7, 2017

[4]Resigned w.e.f. April 25, 2017

[5]Resigned w.e.f. October 28, 2016

c. The percentage increase in the median Remuneration of employees in the financial year was 6%

d. The number of permanent employees on the rolls of the Company as on March 31, 2018 was 5,621

e. Average Percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year was 9%.

f. It is affirmed that the Remuneration is as per the Remuneration Policy for Directors, Key Managerial Personnel, and other employees adopted by the Company.

Management Discussion and Analysis

Your Company has been reporting consolidated results, drawn up based upon the results of its Subsidiaries, Joint Ventures and Associates (together referred to as the 'IHCL' or 'Group'). This discussion, therefore, covers the financial results and other developments during the period April, 2017 to March, 2018, in respect of the IHCL. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated, on account of various factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which your Company conducts its business, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints, etc.

Global Economic Environment and Outlook

Economies across geographies are estimated to have grown at an accelerated pace since 2011, owing to broad-based improvement in most countries belonging to the advanced and emerging world. According to estimates of the International Monetary Fund ('IMF'), global economy grew 3.8% in 2017, which was ½% point higher, compared to 2016. Although Europe and Asia witnessed commendable economic expansion during the year, growth in emerging and developed economies, too, exceeded IMF's forecasts marginally.

Wide-ranging revival in investment spends in advanced economies and stabilising investments in select commodity-exporting economies were major catalysts behind this broad-based improvement. Upswing in investment spends, in turn, were driven by stronger gross capital formation and acceleration in stock building. Favourable monetary policies by central banks, stronger corporate balance sheets and healthier growth prospects also unleashed pent-up demand for capital goods.

Improving investment spends in advanced economies were encouraging, given the weak sentiment since 2008-09. Higher momentum in private consumption and revival in net exports further fuelled the growth of emerging economies of China and India in the year gone by.

Global economic growth is likely to be healthy in 2018 and 2019, despite unpredictable headwinds. IMF raised its estimates for global growth to 3.9% in each of these two years. Improving prospects for commodity exporters is likely to bolster economic growth in Asia after three years of weakness. On the other hand, growth in emerging and developing Europe is projected to slow down to 4.3% in 2018 (from ~6% in 2017) and 3.7% in 2019. Factors such as favourable external environment, easy financing conditions and encouraging export demand from the Eurozone are expected to drive growth for emerging and developing Europe, going forward.

Although growth in the Middle East, North Africa, Afghanistan and Pakistan is expected to improve in 2018 and 2019, performance of these economies will still be moderate (~3.5%). For Saudi Arabia, gains from stronger oil prices and consequent improvement in domestic demand will be offset partly by the fiscal adjustments needed to align with the same. Improving prospects of commodity exporters could bolster economic growth in Sub-Saharan Africa. Growth in South Africa, too, is expected to strengthen from 1.3% in 2017 to 1.5% in 2018 and 1.7% in 2019.

Emerging Asia will play a pivotal role in sculpting global growth and is estimated to grow by 6.5% during 2018-19. As the world's second largest economy, China, undergoes transformation from being investment-driven to being driven by private consumption; and from industries to services, its growth could witness slight moderation. Rising non-financial debt could exert further pressure on China's economic growth. IMF estimates peg China's growth at 6.9% in 2017, 6.6% in 2018 and 6.4% in 2019. The forecast is higher (by 0.1% point in both 2018 and 2019) relative to the October forecasts and reflect marginal improvement in external demand outlook.

India continues to be among the world's fastest growing major economies, despite temporary hiccups caused by demonetisation and Goods and Services Tax ('GST') implementation. The country's GDP growth is pegged at 6.7% in 2017; and is likely to accelerate to 7.4% in 2018 and 7.8% in 2019 on the back of continued traction in private consumption and gradual easing of the teething issues following the implementation of these reforms. The economy grew 7.7% during the January-March period, surpassing China's growth of 6.8% during the same period.

GST implementation may help reduce internal barriers to trade, enhance efficiency, and improve tax compliance over the medium term. The Government of India's continued emphasis on wide-ranging reforms are aimed at improving productivity and incentivising private investments. Going forward, these initiatives will be among the prominent growth enablers for India. The Government is focusing on broad-basing growth in which every section of society has a participatory role. Lowering constraints on job creation by liberalising labour market norms, reducing infrastructure bottlenecks and strengthening the educational framework are key enablers to drive India's inclusive growth.

According to the IMF, emerging and developing economies are likely to grow at 5% beyond 2019. This shows that there will be modest improvement in economic growth of commodity exporters – though this growth will be much lower than that witnessed over the preceding two decades. While China's growth rate will continue to decline, it will still outgrow the average growth rate of emerging and developed economies.

Indian economy though will continue to witness gradual improvement, amid increasing output. Other commodity importing economies could also witness healthy traction in this period. Prospects for advanced economies appear to be muted as the cyclical upswing and fiscal stimulus of the US Federal Reserve may gradually lose steam. Overall, 40 emerging market and developing economies are estimated to grow more slowly in per capita terms vis-à-vis advanced economies, failing to narrow income gaps vis-à-vis the group of more prosperous countries.

Overview of the Global & Indian Tourism Industry

Robust economic growth and buoyant consumer spending across the world was adequately reflected in the performance of the global travel and tourism industry in 2017. According to the World Travel & Tourism Council ('WTTC') estimates, the sector's direct growth stood at 4.6% in the year and outperformed global economic growth for the seventh year in a row.

Continuing the momentum seen in recent years, Asia was at the forefront of the sector growth in 2017 as well. The Travel and Tourism sector is estimated to be 10.4% of global GDP and 9.9% of total employment (313 million jobs) in 2017. The sector thus continued to play a crucial role in creating jobs, fuelling exports and fostering prosperity around the world.

According to WTTC estimates, in 2018, direct contribution of this sector to global GDP is set to rise by 4.0% from USD 2,570.1 billion in 2017. WTTC estimates that the sector's contribution to global GDP will increase by 3.8% annually between 2018 and 2028; and could reach USD 3,890.0 billion (3.6% of total GDP from 3.2% in 2017) in 2028.

In 2017, the demand for international tourists grew at a rapid pace of 7% to 1,322 million according to the latest UNWTO World Tourism Barometer. While the growth is likely to diminish from here on, it is still estimated to remain healthy at 4-5% in 2018.

This is commendable and reflects the steady expansion seen in this sector over the past eight years. Going forward, the demand for international tourists is estimated to grow at the fastest pace for Africa, Asia and the Pacific and is pegged at 5-7% and 5-6%, respectively. This metric could grow by 4-6% for the Middle East and 3.5-4.5% for Europe as well as the Americas.

Back home in India, the Travel & Tourism sector contributed `15,239.6 billion (USD 234.0 billion) or 9.4% to India's GDP in 2017. This sector created 41,622,500 jobs or 8% of total employment (direct and indirect) in the country in the year and this metric could rise by 3.1% in 2018. Visitor exports formed 5.8% of total exports, generating exports worth ` 1,777.1 billion (USD 27.3 billion). Investments in the sector stood at ` 2,706.1 billion, representing 6.3% of total investments and can grow by 6.7% in 2018.

Over the next decade ending 2028, investments in the sector are expected to grow at a compounded annual growth rate ('CAGR') of 6.7% to USD 85.2 billion. Foreign tourist arrivals as well as the proportion of domestic travellers grew significantly during Financial Year 2017-18. According to the Ministry of Tourism, India's foreign tourist arrivals grew 15.6% over the preceding year to 101.77 lakh people.

Rising influx of foreign visitors via the e-visa facility was a key growth enabler. Implementation of a host of measures like extension of e-visa facility to 173 countries from 161 countries earlier, increase in the window for application of e-visa from 30 days to 120 days, increase in duration of stay on e-visa from 30 days to 60 days and allowing of double entry on e-tourist and e-business visa, and triple entry on e-medical visa propelled this segment significantly.

Between January to October 2017, foreign tourists arrivals using e-visa grew by 59% to 12.43 lakh people, compared to 7.81 lakh people in the corresponding period of 2016. Tourists arriving from the UK used this facility the most during this period. These developments reflect the improving prospects and start of the upcycle and will bolster prospects of the Travel and Tourism sector in India.

Future Trends

India's tourism and hospitality industry is on the cusp of an upcycle and is constantly evolving in line with changing consumption habits and preferences. The sector plays a significant role in driving overall economic growth and of the services industry.

We highlight some of the future trends in the hospitality industry:

1. **Higher focus on customer-centricity**
   Over the recent years, the term customer-centricity has assumed a whole new meaning. Hotels are doing everything they can to improve customer experiences

and delight their customers. These moves are aimed not just at customer acquisition, but also to achieve higher customer loyalty.

2. **Rising role of online platforms**
Online travel booking and hotel selection websites, apps that help travellers plan their entire tour, and similar platforms are gaining prominence among customers. From booking flight tickets to selecting the hotels and planning the entire tour, these platforms deliver benefits like convenience and best deals to customers. A new generation of passionate, millennial travellers and increasing competitive intensity are changing the rules of the industry rapidly.

3. **Making rooms more tech-savvy**
Enhanced use of technologies like Internet of Things, voice-activation and Wi-Fi, among others are acting as the key differentiators for hotels. Hotels are also looking to provide apps that will allow guests to adjust their room lighting, temperature and other features from their smartphones. Most leading hotels are looking to make their rooms tech-savvy to drive customer convenience and experiences.

4. **Localising customer experiences**
Hotels now design destination-specific experiences to enhance customer delight. For instance, camel rides and desert safaris are arranged in hotels located in desert regions or guided tours are organised for mountain peaks at hill stations.

Indian Hospitality Industry Landscape and Outlook

India's vast population offers a considerable growth potential for the hospitality industry. The travel and tourism industry is a major contributor to the country's economic growth and employment generation. A growing middle class, rising disposable incomes and shift from foreign to domestic tourism are few macro growth enablers for the industry. The industry contributed 8% of the total employment (both direct and indirect) in 2017; and was the fastest growing among the G20 countries, growing by 9.4% in 2017.

Considerable growth in India's travel and tourism sector has percolated to the hospitality sector as well. The industry has witnessed robust growth in recent years on the back of increased traffic of domestic travellers, rising commercial development and foreign tourist arrivals, a growing airline industry and government-led initiatives aiming to stimulate the sector. 'Incredible India' and 'Atithi Devo Bhava' initiatives by the Government of India have bolstered prospects of the sector. Efforts to boost investments in the tourism sector by allowing 100% FDI through the automatic route, positioning India as an important wellness destination are other growth drivers for the sector.

In 2017, rooms supply (existing rooms) grew 6.8% over 2016 to total 1,19,219 rooms *(Source: HVS- Trends & Opportunities Report 2017 & BW Hotelier.com)*.

With multiple demand enablers, firmly in place, there is adequate unaccommodated industry demand, being addressed by unorganised hotel players. In the preceding few years, the mid-market and budget segments have gained prominence in India on the back of thriving hotel aggregators in these segments. Such aggregators have consolidated the significant and unorganised hotel market. Online platforms for budget accommodation have partnered with standalone hotels and guesthouses to provide them with marketing, distribution and quality assessments. These companies are raising venture funding and implementing ambitious expansion plans.

According to a recent report by Deutsche Bank, gross hotel bookings are poised to grow from $7.2 billion to $10.9 billion by 2020. It expects the percentage of online bookings to increase from 19% to 28% in this period. As per the report, around 78% of the overall online hotel bookings will be routed through online travel agents ('OTA's). It has the potential to generate about $2.3 billion in gross bookings by 2020 for OTAs such as MakeMyTrip Ltd, Yatra.com and Cleartrip.com.

Occupancy rates in prominent Indian cities have improved in the last year and companies with Pan-India presence are well-poised to benefit from this trend, going forward.

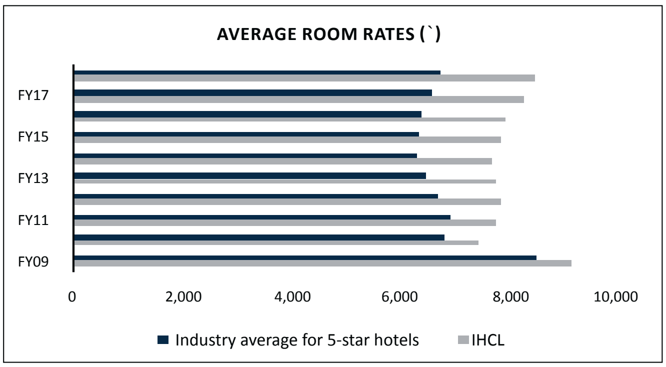
Occupancy Rates (%)

City	FY 2018	Taj Group Hotels
Business		
Bangalore	67.8%	8
Chennai	62.1%	7
Delhi & NCR	70.0%	13
Hyderabad	66.2%	5
Kolkata	67.9%	2
Mumbai	75.1%	10
Pune	68.4%	4
Leisure		
Agra	68.6%	1
Ahmedabad	64.2%	3
Goa	69.6%	6
Jaipur	68.5%	5
Kerala	63.8%	9
Pan-India		
Total	**64.7%**	**143**

Emerging markets such as China, India and Indonesia are becoming innovation centres, catching up with advanced economies. In a recent study on which geographic clusters are generating the most patents, 8 Shenzhen–Hong Kong comes in at second place between Tokyo-Yokohama and San Jose–San Francisco while Beijing comes at the 7th position. In both cases activity is concentrated in the field of digital communications. Three Indian locations appear in the top 100 of the cluster study: Bengaluru at 43rd (with patent activity focused on computer technology), Mumbai at 95th, and Pune at 96th *(Source: World Economic Forum- The Global Competitiveness Report 2017–2018)*.

With a positive outlook of the Indian hospitality sector your Company is well poised to handle this critical demand as well as cater to some of the growing requirements of the modern traveller. Our Pan-India presence and strong pricing power will play a significant role in shaping our future.

IHCL – Strong Pricing Power



Strategy

In FY 2017-18, your Company articulated its five-year plan and underlying business strategy targeted at improving EBIDTA margins by 800 bps. Under the plan – **'Aspiration 2022',** your Company will restructure its operations and re-engineer its processes in a larger effort to re-imagine its engagement with all its stakeholders, leading to all-round improved profitability; and market leadership in each of the segments it operates in.

Aspiration 2022 was created with an eye towards maximizing stakeholder value over the next five years. The plan aims to build on the century-old legacy of IHCL and become the **'Most Iconic & Profitable Hospitality Company'**. A key decision is to make IHCL the unifying corporate identity under which all brands will exist. This will not only grow value for corporate brand IHCL and its stakeholders, but also create a meaningful engagement with customers under one parent identity.

Your Company's strategy is three pronged: **Restructuring, Re-engineering and Re-imagining** its portfolio to achieve 8% EBIDTA margin improvement, driven by a deep commitment to serve its esteemed patrons and implement relevant initiatives to strengthen margins.

Restructuring

Restructuring entails a continuous and careful re-examination of your Company's existing portfolio to unlock value from efficiencies in scale and simplifying the holding structure for greater profitability.

Re-engineering

IHCL will be the vanguard of change in the hospitality industry as it goes about re-engineering its systems and processes and embracing best-in-class technology. This includes leveraging data analytics to capture customer preferences and deliver greater personalisation to valued patrons. Such re-engineering will reinforce your Company's people processes to build a more robust performance-oriented culture.

Re-imagining

The third pillar, Re-imagining will mean leveraging IHCL's strengths and strong brand equity to multiply its portfolio, whilst aligning to high-growth segments. This will include manoeuvring excellence and reinvigorating its portfolio across all brands.

The brand portfolio will comprise the iconic Taj hotels and Vivanta (your Company's dominant brand in the upscale segment). Ginger will have a significant presence in the IHCL portfolio and will address your Company's requirement to be present in the fastest growing segment. The brand will take on a new avatar to address the requirements and aspirations of the new and younger customer segments.

Integral to your Company's strategy of reinforcing the multi-product, multi-segment brandscape is the customer. Your Company will aim to have a value proposition for each customer at different points in their lifecycle. The service ethos, epitomised by what we call 'Taj-ness', will continue to be the Company's soul.

Key Developments in 2017-18

Hotel Launches

IHCL continued its expansion in India as well as internationally in 2017-18. Your Company ended the year with a portfolio of 46 Taj Hotels, 27 Vivanta Hotels, 27 Gateway Hotels and 42 Ginger Hotels. The end of the year witnessed the opening of the Taj Exotica Resort & Spa, Andamans. The Company's new hotel opening as well as re-launches of renovated properties were ably supported through high-visibility marketing and PR campaigns.

Taj Exotica Resort & Spa, Andamans: Occupying 46 acres on the famed Radhanagar Beach at Havelock Island, Taj Exotica Resort and Spa, Andamans is a luxurious gateway to a biodiversity hotspot in the Bay of Bengal.

This location has earned global significance and attracts significant tourist footfalls. Fringed by strip of mangroves and a river overlooking the beach, this resort is a homage to the secluded Andaman and Nicobar archipelago.

New Management Contracts

Your Company succeeded in signing two new management contracts - a 150 key Taj Hotel in Mumbai and a 150 key Vivanta Hotel in Bhopal; and is in discussions for many more opportunities. Other management contract opportunities that have been signed earlier are under different stages of execution. Besides, contract renewals / extensions were done for existing hotels at New York, Langkawi and Surat.

Product Upgrade/Renovation

To keep the hotels updated and in line with other competition hotels in the market, your Company embarked upon an ambitious renovation plan for multiple hotels. These include Taj Mahal Palace and Tower, Mumbai; Taj Exotica Resort & Spa, Goa; Taj Bengal, Kolkata; Taj Fort Aguada Resort & Spa, Goa; Taj Diplomatic Enclave, New Delhi and Taj Connemara, Chennai, among others.

- At the flagship hotel Taj Mahal Palace, Mumbai, guestrooms in the tower wing were renovated and reopened to great reviews from our guests.

- At Taj Exotica Resort & Spa, Goa, renovation of the rooms in the main block of the hotel were completed in the previous year; this year 44 villas were renovated. At Taj Fort Aguada Resort & Spa, Goa, refurbishment of rooms and cottages was completed. As part of the ongoing master plan, renovation and redesigning works continue at Taj Exotica Resort & Spa, Goa and Taj Fort Aguada Resort & Spa, Goa. The renovated products were welcomed by both your loyal as well as new customers.

- In New Delhi, at the Taj Palace, work on the reception area, tea lounge, as well as external development works were completed and well received.

- At Taj Bengal, Kolkata, the renovation process has commenced; and the first phase of rooms were renovated.

- Works are underway at Taj Connemara, Chennai, which has been closed for complete renovation. The hotel is scheduled to reopen this year.

Renovation at the hotels/units of your Associate and Subsidiary Companies include works at various stages of design and execution at Vivanta President, Mumbai; Vivanta Ambassador, New Delhi; Vivanta Gomti Nagar, Lucknow; Vivanta MG Road - Bengaluru; The Gateway Hotel Ganges Varanasi and Taj Samudra, Colombo. The various areas under renovation include guestrooms and suites, restaurants and other associated areas of the hotel.

Sales & Marketing Initiatives
Driving Demand Growth

- **Taj Holidays:** Your Company continued to enhance focus on resort destinations for domestic travellers through the Taj Holidays platform in line with the strategy to drive domestic dominance. Summer, Monsoon and Winter campaigns were launched to target the domestic leisure segment, which has been growing consistently since last year.

  This was promoted aggressively through a 360-degree sales and marketing plan, along with roadshows. Given the importance of the leisure market, your Company improved on the dedicated microsite for Taj holidays. This has been well-received by guests and website visitors.

- **Taj Experiences Gift Card:** To improve revenues and drive advocacy, your Company continued to promote the Taj Experiences Gift Card, redeemable against spends across Taj hotels in India on accommodation, dining and spa services. As a prepaid instrument, the Taj Experiences Gift Card is an innovative business strategy for advantageous cash flows and drives brand salience. In addition to a dedicated microsite and retail sales at select hotels, Taj Experiences Gift Cards were also made available on Amazon.com and have been attracting new and younger retail customers.

- **Kerala Campaign:** Your Company migrated four of its Kerala hotels to the Taj Brand. This involved studying and mapping Kerala for all competitive offerings and coming up with a strategy to regain leadership in the market. It was a major repositioning exercise to re-establish your hotels as market leaders and drive business into these hotels. Thereafter, your Company launched a robust omni-channel promotional campaign - including print, social and digital media to improve awareness and share of wallet in this market.

- **Goa Campaign:** Your Company migrated two of its North Goa resorts to the Taj Brand. This was leveraged to strengthen the Brand's position in Goa and with the help of consumer insights and research involving all four hotels in Goa, a multichannel campaign was launched with a robust presence across social and digital media. This resulted in a positive gain in market share among young consumers, improved brand engagement and revenues.

- **Taj Safaris Campaign:** Your Company revamped the Safaris website to improve discovery and navigability. This was made more impactful with the help of a strong communications campaign across print, digital and social media to improve cost-effective customer acquisitions across all channels.

- **Partnership Marketing:** Your Company continued to partner with airlines and frequent flyer programmes across the world, offering guests the flexibility and opportunity to earn frequent flyer miles for their stays. It ran multiple marketing campaigns with airline partners, including Tata SIA Airlines (Vistara) and frequent flyer partner databases in North America, Asia Pacific, Europe, the Middle East and Africa, encouraging direct bookings from international travellers and driving double-digit ROI growth from frequent flyer partnerships.

- Your Company also partnered with leading networks, including American Express®, Mastercard and Visa as well as banks to promote direct bookings, drive loyalty and enhance spends on dining, accommodation and holidays. This enabled your Company to reach new audiences with curated offers through mainstream and digital marketing campaigns and increased revenue from affiliates and network programmes.

Heads of State and Prominent Personalities

Your Company continues its legacy of hosting the world's premier leaders, royalty and celebrities. Some of the esteemed Heads of State who visited our properties during FY 2017-18 were:

- Rt. Hon. Justin Trudeau, Prime Minister of Canada
- H.E. Mr Emmanuel Macron, President of France
- H.E. Mr. Malcom Turnbul, Prime Minister of Australia
- H.E. Mr. Frank-Walter Steinmeier, President of Germany
- H.E. Mr. Paolo Gintilini, Prime Minister of Italy
- H.E. Mr. Benjamin Netanyahu, Prime Minister of Israel
- H.E. Mr. Lee Hsien Loong, Prime Minister of Singapore
- HRH Prince Charles, The Prince of Wales
- His Majesty King Phillip, King of Belgium
- His Majesty King Jigme Khesar Namgyel Wangchuck, King of Bhutan
- Prince Abdullah Bin Turki Al Saud, Saudi Ruling Family
- H.E. Dr Hassan Rouhani, President of Iran
- H.E. Mr. Joko Widodo, President Indonesia
- H.E. Mr. Najib Razak, Prime Minister of Malaysia
- H.E. Mr. Nicos Anastasiades, President of Cyprus
- H.E. Mr. Recep Tayyip Erdogan, President of Turkey
- H.E. Mr. Ranil Wickramasingha, Prime Minister of Sri Lanka
- H.E. Mr. Pravind Kumar Jugnauth, Prime Minister of Mauritius
- Prince Edward, Earl of Wessex
- Ms. Hillary Diane Rodham Clinton, Senator, USA

Tata Business Excellence Model ('TBEM')

Your Company continued its quest for excellence by undergoing an external TBEM assessment in 2017. Experienced TBEM assessors from the Tata Group studied an 'application' documenting your Company's processes and actions in response to the TBEM Criteria. They interacted with senior leaders and their teams over a three-month period, culminating in a 10-day site visit of hotels as well as the corporate office. The assessment findings were shared with the MD & Executive Committee as well as the Board of Directors.

Your Company was identified as an 'Emerging Industry Leader' with a score of 573 out of a possible 1000 points. Three promising practices Taj.Live (the Social Media Command Centre), Taj Swagat (New Employee Orientation Programme) and Cross Exposure Training were identified during the assessment.

Your Company conducted an action-planning workshop with representatives of all functions. This led to the identification of projects to help enhance strengths and mitigate areas of concern. One such action project involved identifying and sharing operating best practices. Spearheaded by Corporate Business Excellence more than 40 commendable practices have been identified across hotels, using a stringent selection criterion and shared for implementation.

Taj.Live was studied by colleagues from The Titan Company Limited in an endeavour to replicate the model. Your Company's customer satisfaction measurement process was also shared with Tata Steel - Europe. Four members of the Central Materials Group also participated in a learning mission to Tata Motors on supply chain management.

During the year, additional practices from your Company such as 'Managing Business in an Omni-Channel Distribution Scenario' and 'IHCL's HR and L&D Strategy' featured as a Best Practice on Tata Business Excellence Group's 'Promising Practices' platform.

Leadership of Business Ethics Survey 2017

Your Company has actively adopted and has institutionalised the Tata Code of Conduct. For the third year, your Company has participated in a voluntary disclosure of activities surrounding ethics through the Leadership of Business Ethics Survey. The feedback reflects a Company's ongoing journey towards creating a robust evaluation system for business ethics.

The survey findings are mapped to 'four pillars' of the business ethics framework, embedded in the compliance programme. Your Company's relative position in terms of process deployment / implementation maturity for business ethics is outlined below, based on the four pillars:

Four Pillars	Maturity rating (FY17)	Maturity rating (FY16)
1. Leadership	Established	Established
2. Compliance Structure	Evolving	Evolving
3. Communication & Training	Evolving	Evolving
4. Measurement of Effectiveness	Evolving	Evolving

Taj
Taj hotels continued to focus on honing service offerings for high levels of customer satisfaction.

Rooted in history and tradition that deliver truly unforgettable experience, each Taj hotel reflects the tradition of hospitality to create lifelong memories.

Your Company continued the thrust on individual campaigns in India and the Taj Palaces Campaign in key global markets this year. The campaign celebrates the uniqueness of each of the Grand Palaces and has helped enhance your Company's brand image.

Vivanta
Your Company's Vivanta brand experience is designed around the cosmopolitan, work-hard play-hard traveller seeking a vivacious, reinvigorating hotel experience. It promises a sensorial journey for the urban sophisticate, having its own distinct play on elements of touch, smell, visual idioms, tonality and taste.

The Gateway
The Gateway Brand is the full service upscale hospitality brand. Your Company's 'Gateway' brand is designed to provide consistent, courteous and crisp service for business and leisure travelers seeking contemporary and refreshing experiences. Your Company's brand 'Gateway' has grown by establishing itself as the preferred choice in the markets that it operates.

Ginger Hotels
Your Company's Subsidiary, Roots Corporation Limited, operating hotels under the 'Ginger' brand, has 42 operational hotels. Nine hotels have been added during the Financial Year at Andheri East, Aurangabad, Lucknow, Gurgaon (MC), S.G. Road, Ahmedabad (MC), Satellite, Ahmedabad (MC), Vadodara (MC), Goa Dona Paula (MC) and Transit guest house Kochi. More projects are at various stages of execution in Patna, Surat and Iris Park, Safdarjung Enclave, New Delhi. As on March 09, 2018, Ginger Hotels has 32 owned/leased hotels with an inventory of 3,179 rooms, 9 hotels under management contract with an inventory of 553 rooms and manages three transit guest houses with an inventory of 224 rooms. The total inventory is 3,956 rooms.

Taj Safaris
Taj Safaris Limited (a joint venture) operates four lodges in Madhya Pradesh at Bandhavgarh, Pench, Panna and Kanha National Parks; and one lodge in Nepal. These properties continue to delight guests by offering distinctive experiences in natural surroundings.

Jiva Spa
The philosophy of Jiva spas is rooted in India's ancient approach to wellness. The ethos of our carefully recreated treatments is drawn on the rich and ancient wellness heritage of India, the fabled lifestyle and culture of Indian royalty and the healing therapies that embrace Indian spirituality.

Jiva is an eco-sensitive spa brand; hence all spa products are natural, native to India and contain herbs, pure essential oils, lipids, clays, mud, salts and flower water. Jiva Spa uses organic linen and eco-friendly toxin-free pottery.

During 2017-18, your Company launched one new Jiva Spa at Taj Exotica Resort & Spa, Andamans.

As on March 31, 2018, there were 43 Jiva Spas operating across IHCL. Jiva Spa also runs non-branded spas i.e. 'The Spa' and is operating 14 such spas in various hotels across the Indian Hotels Company Limited.

Environmental Initiatives
Your Company's environmental programmes focus on resource efficiency (water, energy and waste management) and biodiversity. Our green initiatives are aligned with global and national environmental concerns, while also setting benchmarks for environmental practice within the hospitality industry.

Certifications and Awards
Your Company now has 79 EarthCheck certified hotels, of which 67 are Gold Certified, 9 are Silver certified and 3 are Bronze Certified. This is the highest number of EarthCheck Gold certified hotels for any hospitality company in the world.

Your Company's hotel Taj Krishna Hyderabad won the CII National Award for Excellence in Energy Management 2017, in the Buildings Category. In the CDP India Climate Change Report 2017, your Company has achieved a score band C, ranking among India's top 200 companies across 10 sectors.

Energy Management
Energy efficiency continued to be a major focus area for your Company in 2017-18, through a combination of infrastructure upgrades and operational improvements. A total of

252,677,658 megajoule (MJ) of energy was procured from renewable sources, both through Green Power Agreements with electricity providers as well as onsite and offsite renewable energy, including wind farms and solar panels. As a result, 58.58 KT CO_2 was avoided, significantly reducing your Company's carbon footprint. This is comparable to taking 19,658 cars off the road. Your Company's renewable energy consumption now stands at 21% of the total energy mix.

Waste Management

Your Company promotes waste reduction as well as segregation and recycling. Of the 79 hotels covered under the EarthCheck programme, 18 have achieved 100% recycling of organic waste. The outcome: 5,329 tonnes of organic waste was prevented from going into landfills, the equivalent of 537 shipping containers. Some of the other notable waste management projects implemented by your Company include the conversion of waste kitchen oil to biodiesel; and the conversion of organic waste to compost and biogas.

This year, in response to the global concerns about plastic pollution and marine micro-plastics, your Company has committed to phasing out single-use plastics, setting a benchmark for India's hospitality industry. Single-use plastics such as the plastic packaging of in-room amenities has already been eliminated in 30 luxury properties across India.

Water management

Your Company has initiated a water security assessment of hotels in key cities to identify water-related risks and strengthen preparedness to manage them. Concurrently, your Company continues its efforts to conserve and recycle water. A total of 3,276,923 KL of water was consumed from recycled and reused sources, including harvested rainwater and recycled Sewage Treatment Plant ('STP') water. This is comparable to conserving the amount of water in 1311 Olympic swimming pools.

Sustainable sourcing

Your Company emphasises on local procurement and promotes vendors from underprivileged sections of society. This includes supporting vendor development and actively seeking out vendors from rural communities and NGOs. This year, your Company completed an assessment of its seafood supply chain, identifying areas for optimisation and increasing local procurement. Other initiatives include identifying eco-friendly alternatives to plastic products and minimising plastic packaging.

Culture Building

Your Company has undertaken wide-ranging steps to integrate sustainability and environmental initiatives into its day-to-day operations. More than 60 associates in Mumbai, Bangalore and Delhi participated in 3 workshops on the topic of sustainability in the hospitality sector and 100+ associates participated in a webinar on the same topic.

External experts conducted these sessions. Associates and guests across 75 hotels participated in Earth Hour this year, creating awareness about environmental issues as part of the global Earth Hour movement. These measures have helped your Company to consolidate itself as a future-focused business and a responsible corporate citizen.

Safety

Safety is integral to your Company's overall operational fabric. Your Company has a two-pronged approach to safety: Fire & Life Safety and Food Safety, Hygiene and Cleanliness.

Fire & Life Safety

Your Company continues to carry out Fire and Life Safety audits through a reputed audit company – DNV GL. Based on feedback from the previous year, the audit protocol was revised. Inputs were sought from experts at the Tata Group Safety Office and the audit protocol was aligned with the Tata Group Safety Standards.

The audit protocol encompasses Leadership & Governance, Risk Assessment, Fire Safety, Electrical Safety, General Safety and Legal Requirements. Using the previous year's audit findings your Company has developed Contractor Safety Standards, Fire Safety Inspection checklists, standardised the Hazard Identification and Risk Assessment process and implemented Road Safety Standards. Additionally, the Tata Safety Beliefs have been rolled out at all hotels.

To reinforce a safety culture, a Safety Awareness Cascade has been carried out, aimed at increasing employee awareness on safety hazards in daily operations. To build a reliable pool of trained safety champions to lend expertise on safety systems at their hotels as well as sister Taj hotels, the Taj Certified Safety Champions Training Programme was conducted and attended by over 50 Heads of Engineering and Security.

Your Company regrets to inform you of two fatalities that occurred during the year at Taj Deccan and Vivanta by Taj Malabar. Both unfortunate incidences involved contractors. A detailed investigation into the fatalities was conducted by an internal team of investigators led by a member of the Tata Group Safety Office. The recommendations of the investigations have been acted upon and have also been shared across all hotels for implementation. An implementation audit has also been conducted to ensure effective closure of the actions taken.

Food Safety, Hygiene and Cleanliness
Your Company has continued to institutionalise food safety management systems across its hotels. Microbiological tests of water, raw materials, cooked food, air, linen and equipment are conducted to ensure that the highest levels of sanitation and hygiene are maintained.

Medical tests for food handlers have been standardised across hotels and made more robust. Food safety, hygiene and cleanliness audits are carried out by a reputed agency – Sealed Air. The audits cover all stages of food production from receipt of raw materials to food service and the subsequent waste disposal.

High risk areas such as cross-contamination, chemical storage, norms for expired products, glass policy and pests are audited thoroughly. The hygiene and cleanliness of the entire hotel, including guest rooms, the periphery as well as heart-of-the-house are also audited.

Food safety, cleanliness and hygiene audits of vendors supplying perishable raw materials are also carried out at their premises. This year, your Company included key aspects of food safety, cleanliness and hygiene as part of contracts for vendors and suppliers with the Central Materials Team.

Human Capital Initiatives

In the preceding year, the key focus of human capital initiatives has continued to be on building capability and creating a performance-oriented culture to support and accelerate business performance.

Key initiatives which your Company undertook during the year comprise the following:

Leadership Development and Capability Building
Cohort II of the General Manager Development Programme was conducted for 30 General Managers to build their capability and groom them for future leadership roles.

The participants from Cohort I continue to work on their **Action Learning Projects ('ALP's),** which have generated significant ROI for their hotels and for the organisation, apart from fostering an environment of continuous learning and improvement. The ALPs revolved on themes like Financial Management, Guest & Employee Centricity, Gender Diversity, Reduction of Carbon Footprint, Shared Services and Heritage Management. The ALP on reducing carbon footprint at Taj Bangalore alone generated savings upward of ` 50 lacs for your Company in a span of less than a year.

Our Learning & Development portal (TajLEAD) continues to provide world-class learning content to our senior executives across a wide range of operational and functional topics. Your Company also further leveraged technology by actively using online training options for executives and managers in the organisation. The managers have access to courses that are created by 50+ thought leaders from leading business schools such as Stanford University, Harvard Business School, INSEAD and many more.

Your Company has also launched the Training Enablement & Development (TREND) Programmes, spanning 48+ hotels across the organisation, ensuring consistent roll-out of mandatory programmes on behaviours, knowledge and skills.

Hotelier Development Programme (HDP) and Golden Threshold Programme (GTP)
Your Company continues to strengthen the Hotelier Development Programme to create a talent pipeline for hotels and build future leaders for the brand by selecting the right fit of the best available talent in India. Talent is required for hotel operations and other domains such as finance, sales & marketing and HR. Your Company also focuses on grooming internal talent and creating bench strength for future requirements.

Your Company has also accepted five internal candidates into the programme this year to promote internal talent in the Company, which underscores our talent strategy. It has focused on inverting the pyramid, i.e. putting focus on the frontline. A tie-up with TISS ('Tata Institute of Social Sciences') was done to initiate the GTP.

The GTP will help us create a pipeline of frontline Talent for Taj and also for the industry. This is a three-year vocational training programme wherein students are awarded a B.Voc in Hospitality Management by TISS. Your Company is the Skill Knowledge Provider for the programme. Currently, your Company has a total of 120 Golden Threshold trainees across 5 cities and 10 hotels.

Targeted Selection
To strengthen our hiring process, your Company has introduced the technique of 'targeted selection' (TS), an internationally acclaimed selection technique, for hiring at senior levels in the organisation. Targeted selection provides a consistent and objective framework for selection criteria across the organization and raise the capability of hiring managers. It provides managers and hiring decision-makers with the information, framework, tools, skills and practices required to confidently and effectively assess and select the best talent. It also helps to conduct fair, accurate and legally defensible interviews. Currently, this tool is used for selection of Hotel Mancom and Corporate Associate Vice Presidents and above.

Culture Workshop

To map and garner inputs about the existing culture as perceived by our employees, your Company conducted a Culture Survey, supported by a research scholar from IIM-Ahmedabad. The results of this survey were then presented to the senior leadership to foster critical thinking and build further on our strengths and focus on improvement areas as seen in the survey.

Since the Senior Managers' Emotional Maturity largely determines the culture in the organisation, your Company conducted a full-day workshop on Emotional Intelligence, after duly assessing their current levels of Emotional Intelligence (EQ) through a scientific tool. This was conducted by your Company's EVP & Global Head – Human Resources. Follow-up coaching sessions with these leaders are being held to further develop them.

Information Technology

Information technology ('IT') is a critical enabler of business value in the hospitality sector. We are steadily enhancing our investments in information technology platforms and digital transformations to ensure that our offerings (products & services) and infrastructure requirements meet the needs of the digital age.

As technology enriches every stop in the customer's journey, the on-site experience is no exception. We make appropriate investments in technology to enhance the experience of our guests. Over the past few years, we have been centralising the systems of our hotels, with the help of our vendors. We are now migrating our systems into the cloud infrastructure. We believe, after due diligence that cloud infrastructure will help us build resilience.

As we move towards digital transformations, our organisation's entire online presence needs comprehensive, round-the-clock security that we can rely on to protect our assets, operations, and reputation. We have moved to Security-as-a-Service with one of the top firms in this business in India.

Keeping customers happy is key to our industry, we have customer data that we constantly manage, correct and keep it in a usable form. We have only a short window of opportunity to turn around a customer experience with that data. Data analytics provide our business the ability to collect customer data, apply analytics and identify potential problems and areas that can help the business. Analytics also helps us taking more informed decisions be it revenue management, business development or just daily reporting.

Our IT services are outsourced to Tata Consulting Services and managed by a small inhouse IT team under the Head of IT that interfaces between business stakeholders and outsourcing partners. It also does the overall governance from a perspective of system uptimes and compliance of regulatory nature. We have just completed one such compliance of GST implementation and another one is in progress on GDPR globally.

Compliance

A robust internal check process is deployed to prevent and limit risk of non-compliance. Your Company approaches compliance from the standpoint of reactive as well as proactive intervention.

Risk Governance

Industry Risk

General economic conditions

The hospitality industry is prone to the impact of changes in global and domestic economies, local market conditions, hotel room supply, international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuation in interest rates and foreign exchange rates and other social factors. Demand for hotels is affected by global economic sentiments and therefore, any change impacting the other segments / industries / geographies will invariably impact the hotel industry too.

Socio-political risks

In addition to economic risks, your Company faces risks from the socio-political environment nationally and internationally. It is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities. These may affect travel and business activity considerably.

Company specific risks

The Company specific risks have been reviewed and some of the critical risks are as under.

Overseas investments

The Company has made significant investments in hotel assets, across diverse geographies. Such investments are long term and strategic in nature. Thanks to a slowdown in overseas markets as well, such investments will need to be nursed over a longer gestation period.

Geographic concentration

A significant portion of your Company's revenues are realised from hotel properties located in five key cities in India, making it susceptible to domestic socio-political conditions in such markets.

Competition from global hotel chains

The Indian subcontinent, Southeast Asia and Asia Pacific, with high growth rates have become the focus area of major international chains. Several of these chains have announced their plans to establish hotels in such markets to take advantage of the demand-supply imbalance. These entrants are expected to intensify the competitive environment, which may include consolidations and mergers.

The success of the IHCL will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, brand pull, service standards, convenience of location and to a lesser extent, the quality and scope of other amenities. These amenities include food and beverage facilities, along with cost-reduction ability.

High operating leverage

The industry in general has a high operating leverage, which has further increased with on-going renovations, increased staff costs and cost of light, power and fuel. However, your Company has been able to earn higher revenues with acceptance of its products and improved RevPAR (revenue per available room) in the markets it operates in.

Hotels on lease / license

Some of our hotels operate under lease / license arrangements with third parties, including government bodies. Such arrangements are subject to various risks including unfavorable terms and conditions on renewal or non-renewal, which have a potential to impact our business. Your Company has attempted to mitigate such risks by entering into relatively long-term arrangements.

Foreign exchange fluctuation risks

Your Company also has a portfolio of foreign currency debt and derivatives in respect of which it faces exposure to fluctuations in currency.

Risk mitigation initiatives

Your Company employs various policies, processes and methods to counter these risks effectively, as enumerated below:

- Your Company is continuously evaluating options for improving profitability of overseas assets, including restructuring of operations and arrangements and exiting from non-performing assets.

- By extensively improving its service standards, as also progressively renovating its properties, across the multi-brand portfolio, your Company counters the risk from growing competition and new supply. Further, it gains operating and financial leverage by expansion through management contracts.

- Foreign currency exposures and hedges are closely monitored by your Company in consultation with advisors. Net exposures, including those from derivative instruments, are kept at acceptable levels and within overall limits approved by the Board, which are subject to regular reviews.

- Your Company constantly reviews and implements various security measures at all its properties to counter the security / terrorism risk.

- With the advent and increasing use of online transactions, the share of your Company's revenues from Online Travel Agents is also proportionately increasing. Your Company has taken adequate measures to educate customers on the benefits of booking directly on the Taj website. The website has also been revamped to enhance the customer experience. Additionally, mobile platforms have been developed for customers, specially targeted at the loyalty and "on-the-go" segments.

Internal control systems and their adequacy

Your Company has in place an adequate system of internal controls, with documented procedures covering all corporate functions and hotel operating units. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies and procedures issued by the management covering all critical and important activities viz. Revenue Management, Hotel Operations, Purchase, Finance, Human Resources and Safety among others. These policies and procedures are updated from time to time and compliance is monitored by Group Internal Audit. The Company continues its efforts to align all its processes and controls with industry best practices.

The internal audit process through its unique 'Taj Positive Assurance Model' is an objective methodology of providing a positive assurance based on the audits of operating units and corporate functions. It is a convergence of Process Framework, Risk and Control Matrix and a Scoring Matrix. A framework developed for each functional area is identified on the basis of an assessment of risk and control as also providing a score, allowing the unit to identify and mitigate high-risk areas.

The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational unit and all major corporate functions under the direction of the Group Internal Audit department. The focus of these reviews is:

- Identify weaknesses and improvement areas
- Comply with defined policies and processes
- Safeguard tangible and intangible assets
- Manage business and operational risks
- Comply with applicable statutes
- Conform to the Tata Code of Conduct

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

The Statutory Auditors of your Company have opined in their report that your Company has adequate internal controls over financial reporting.

Other Initiatives

Taj Public Service Welfare Trust

Your Company established the Taj Public Service Welfare Trust in December 2008 in the aftermath of the 26/11 terror attack to provide relief to individuals and families affected by terror attacks, natural calamities and other tragic events in the future.

The Trust has reached out to numerous individuals, families and communities, supporting those affected by natural and manmade calamities. In addition, the Trust has a special mandate to support members of the country's uniformed forces, who have shown bravery and sustained injuries in the line of duty.

In 2017-18, through the Taj Public Service Welfare Trust, your Company has enabled:

- **136 children** from terror-affected families to continue their education
- **23 survivors** of terror attacks to access life-saving medical care
- **107 widows, senior citizens and persons in severe** poverty to live with dignity after surviving the 26/11 and 13/7 attacks
- **72 disabled and injured soldiers** to learn skills that will secure a dignified livelihood through the Unsung Heroes Programme
- **More than 20,000 flood-affected families** in Gujarat, Bihar and Rajasthan to access emergency relief, including safe drinking water, medical attention, emergency shelter and basic amenities

Management Discussion and Analysis of Operating Results and Financial Positions

The Annual Report contains Financial Statements of your Company, both on a standalone and consolidated basis. An analysis of the financial affairs is discussed below under summarised headings.

Results of Operations for the year ended March 31, 2018

Standalone Financial Results

The following table sets forth financial information for your Company for the year ended March 31, 2018

` / crores

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income		
Revenue from Operations	2,583.95	2,401.56
Other Income	55.39	58.02
Total Income	**2,639.34**	**2,459.58**
Expenditure		
Food and Beverages Consumed	232.64	219.99
Employee Benefit Expenses	649.61	633.24
Depreciation and Amortisation Expense	151.34	151.31
Other Expenditure	1,072.90	1,028.65
Total Expenditure	**2,106.49**	**2,033.19**
Profit before Finance Costs and Tax	**532.85**	**426.39**
Finance costs	193.43	197.86
Profit before Exceptional Items and Tax	**339.42**	**228.53**
Exceptional Items	(55.19)	33.51
Profit before Tax	**284.23**	**262.04**
Tax Expense	136.46	118.86
Profit after Tax	**147.77**	**143.18**

Note: Figures of both years include the figures arising out of amalgamation of TIFCO Holdings Ltd, a wholly-owned investment holding subsidiary, which has been amalgamated with the Company (Refer Note 28 of the Standalone Financials).

The analysis of major items of financial statements are given below:

a) Revenues

The summary of total income is provided in the table below:

` / crores

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017	Change %
Room Income	1,094.69	1,058.18	3
Food, Beverage & Banqueting Income	1,027.80	942.18	9
Other Operating Income	461.46	401.20	15
Non-Operating Income	55.39	58.02	(5)
Total Income	**2,639.34**	**2,459.58**	7
Statistical information			
Average rate per room (`)	10,722	10,213	5
Occupancy (%)	67	66	1

- Room sales increased by 3%, compared to the previous year, primarily driven by improved average rate per room ('ARR') across hotels.

- Food & Beverage ('F&B') income increased by 9% over the previous year, driven by increase in restaurant sales and banqueting business by ` 36.4 crores and ` 49.2 crores respectively.

- Other Operating Income primarily comprises income from management fees, laundry, spa & health club, telephone, business center rents, among others. Other operating income increased by 15% over the previous year primarily driven by management & operating fee from international hotels on assignment of hotel operating agreements with the Company (` 51.7 crores), Export incentive income (` 8.8 crores), Spa and health club income (` 2.0 crores), Business Centre income (` 1.8 crores), Shop rentals and Others (` 3.4 crores). Such increase was, however, partially offset by a decline in Epicure Membership fee (` 7.3 crores).

- Non-Operating Income declined by ` 2.6 crores, compared to the previous year. Within Non-Operating Income, interest income were higher by ` 11.4 crores as Rights Issue proceeds pending utilisation were temporarily invested in fixed deposits with banks, however this was offset by lower dividend income (` 13.8 crores) during this current year.

b) Operating Expenses

The Operating Expense increased by 4% from ` 2,033.19 crores in 2016-17 to ` 2,106.49 crores in 2017-18.

i) Food and beverages consumed

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Food and beverages consumed	232.64	219.99	6

The increase in consumption of food and beverages is linked to an escalation in income from food, beverages and banqueting business, which increased by 9% over the previous year.

ii) Employee benefit expenses and payment to contractors

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Employee benefit expenses and payment to contractors	649.61	633.24	3

The Employee benefit expenses were higher than the previous year, mainly due to salary revisions and minimum wage increases in some of the states, where your Company has hotel operations.

iii) Depreciation and amortisation expenses

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Depreciation and amortisation expenses	151.34	151.31	-

The depreciation charge was at the same level as the previous year.

iv) Other Expenditure

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Other Operating Expenses	513.25	503.50	2
General expenses	559.65	525.15	7
Total	**1072.90**	**1028.65**	**4**

The Other Expenditure increased by 4% from ` 1,028.65 crores in 2016-17 to ` 1,072.90 crores in 2017-18.

The increase in other operating expenses from ` 503.50 crores in previous year to ` 513.25 crores was primarily due to an increase in business volumes.

The increase in General expenses from ` 525.15 crores in the previous year to ` 559.65 crores was primarily due to an increase in Licence Fees which is linked to revenues and was commensurate with the increase in the underlying revenues of the relevant properties. Also increase in advertising costs due to higher spends on digital and promotions and increase in outsourced support costs on higher business activity.

c) Finance Costs

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Finance Costs	193.43	197.86	(2)

Finance costs for the year ended March 31, 2018, at ` 193.43 crores were lower than the previous year by ` 4.43 crores mainly due to repayment of debts out of Rights Issue proceeds.

d) Exceptional items

Exceptional items includes items as under:

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Exceptional Items-Exchange Gain		
Exchange Gain/(Loss) on long term borrowings/assets	(0.20)	1.90
Exceptional Items- Derivative Contracts		
Change in fair value of Derivative contracts	25.51	65.45
Exceptional Items-Investment		
Provision for impairment of investment in a subsidiary that incurred losses	(80.50)	(64.33)
Exceptional Items- Others		
Recovery of costs including interest on a surrendered project	-	24.33
Refund of Municipal Tax including interest	-	6.16
Total	**(55.19)**	**33.51**

e) Gross Debt and Net Debt

` / crores

	March 31, 2018	March 31, 2017	Change (%)
Gross Debt	1,783.88	2,048.98	(13)
Less: Cash and cash equivalents	121.28	15.00	709
Less: Current Investments	301.45	65.12	363
Net debt	**1,361.15**	**1,968.86**	**(31)**

During the current year, gross debt decreased primarily due to the following:

- Repayment of External commercial borrowing of ` 205 crores.
- Repayment of debentures including redemption premium ` 293 crores which was refinanced by the Company by low cost debt ` 200 crores borrowed at 7.85%.

Further Cash and Current investments were higher as compared to previous year, thereby resulting in decrease in the net debt.

Cash Flow Data

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Net Cash from operating activities	481.12	458.32
Net Cash from /(used in) investing activities	(1,387.63)	(95.83)
Net Cash from/ (used in) financing activities	1,012.79	(368.92)
Net Increase/ (decrease) in cash and cash equivalents	**106.28**	**(6.43)**

Operating Activities

During the year, net cash generated from operating activities at ` 481.12 crores was higher compared to ` 458.32 crores in the previous year mainly due to higher Cash operating profits.

Investing Activities

During the year, the net cash outflow from investing activities amounted to ` 1387.63 crores, compared to ` 95.83 crores in the previous year.

Your Company made investment of ` 893 crores in its Subsidiary Skydeck Properties and Developers Private Limited, which was largely funded out of Rights Issue proceeds.

The Company also incurred ` 311.33 crores towards capital expenditure, a majority of which was towards the Taj Andaman project as well as the ongoing renovations at certain hotels. This was largely funded out of cash generated from operating activities.

As on March 31, 2018, ` 301.45 crores were invested in Liquid Mutual Funds.

Financing Activities

During the year, the net cash from financing activities was ` 1012.79 crores vis-a-vis ` (368.92) crores in the previous year.

During the year, your Company raised ` 1500 crores by way of rights issue. This coupled with cash generated from operations was used to make long-term investments and repay short-term and long-term borrowings and interest and dividend payments.

Financial Ratios for Standalone Financials

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.27	0.42
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Reserves)	0.38	0.74

Consolidated Financials

The Consolidated Financial Statements comprise the Company and its Subsidiaries (referred collectively as the 'Group') and the Group's interest in Associates and Joint Ventures prepared in accordance with Ind AS as applicable to your Company. The Consolidated Statements include the financial position of Subsidiaries on line by line basis and for Joint Ventures and Associates by applying equity method of accounting.

Consolidated Results

The following table sets forth the Consolidated Financial results for year ended March 31, 2018.

` /crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Income		
Revenue from Operations	4,103.55	4,020.57
Other Income	61.73	54.94
Total Income	**4,165.28**	**4,075.51**
Expenditure		
Food and Beverages Consumed	376.44	363.95
Employee Benefits Expenses	1,346.62	1,364.65
Depreciation and Amortisation Expense	301.20	299.37
Other Expenditure	1,710.14	1,682.35
Total Expenditure	**3,734.40**	**3,710.32**
Profit before Finance Costs and Tax	**430.88**	**365.19**
Finance Costs	269.04	323.83
Profit before Tax, Exceptional Items and share of profit of equity accounted investees	161.84	41.36
Exceptional Items	22.45	(10.78)
Profit before Tax, before Non-Controlling interest & share of profit of equity accounted investees	**184.29**	**30.58**
Provision for Taxes	121.06	113.74
Profit / (Loss) after Tax, before Non-Controlling interest & share of profit of equity accounted investees	**63.23**	**(83.16)**
Add : Share of Profit of Associates and Joint Ventures	40.29	37.56
Less : Minority Interest in Subsidiaries	2.65	17.60
Profit / (Loss) after Tax attributable to Owners of the Company	**100.87**	**(63.20)**

Income

The revenue from operations increased by 4% (on a same store basis, without Taj Boston which was sold in the previous year) from ` 3,944.20 crores to ` 4,103.55 crores, primarily driven by improved performance in the domestic portfolio.

Operating Expenses

The operating expenses were commensurate to the increase in the scale and size of the business and increased capacity due to expansions and addition of new hotels during the year. Though employee benefit expense is at the same level of previous year, in actual there has been an increase (without considering Taj Boston) in staff cost commensurate to industry trends as also an increase in other expenses linked to business activities. The depreciation charge for the year was marginally higher in the current year due to ongoing renovations.

Finance Costs

Finance Costs for the year ended March 31, 2018, at ` 269.04 crores were lower than the preceding year by ` 54.79 crores mainly due to retirement of debt out of the proceeds from Rights Issue during the year.

Exceptional Items

Exceptional Items includes the following:

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Exchange Gain/ (Loss) on Long-term Borrowings/Assets (Net)	0.07	0.44
Change in fair value of derivative contracts	25.51	65.45
Expenditure on projects written off for commercial reasons	(2.57)	-
Provision for financial exposure in an associate	(0.56)	(5.05)
Recovery of costs along with interest on a surrendered project	-	24.33
Refund of municipal tax	-	6.16
Profit on compulsory acquisition of land by government	-	0.97
Net Loss on disposal of subsidiary	-	(103.08)
	22.45	**(10.78)**

Profit / (Loss) after Tax attributable to Owners of the Company

Profit/ (Loss) after Tax, Minority Interest and Share of Joint Ventures and Associates attributable to Owners of the Company for the year was higher at ` 100.87 crores as compared to ` (63.20) crores for the preceding year on account of reduced finance costs as also improved operational performance. The previous year's results were also impacted due to loss on sale of Taj Boston.

Cash Flow Data

The following table sets forth selected items from the consolidated Cash Flow Statements:

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Net Cash from operating activities	492.05	534.52
Net Cash generated/(used) in investing activities	(528.73)	854.98
Net Cash generated/(used) in financing activities	95.72	(1381.36)
Net Increase in Cash and cash equivalents	**59.04**	**8.14**

Operating Activities

Net Cash from operating activities was reduced from ` 534.52 crores in the previous year to ` 492.05 crores in the current year, mainly due to higher payment of taxes and increase in working capital during the year.

Investing Activities

Cash from investing activities was ` (528.73) crores in the current year, compared to ` 854.98 crores in the previous year, mainly owing to expansions and renovations at various properties carried out during the year.

Financing Activities

Your Company at a consolidated level has repaid long-term borrowings of ` 1,285.51 crores, primarily from Rights Issue proceeds, as also a combination of cash generated from operating activities and fresh borrowings

Financial Ratios for Consolidated Financials

` / crores

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
Net Debt to Total Capital (total debt less cash and cash equivalents divided by the sum of net debt and net worth)	0.38	0.97
Net Debt to Equity (total debt less cash and cash equivalents divided by Equity and Other Equity)	0.45	1.25

Report on Corporate Governance

Philosophy on Code of Corporate Governance

As a Tata Company, Corporate Governance is a way of life at The Indian Hotels Company Limited (‘IHCL’). Our philosophy on Corporate Governance finds its roots in the rich legacy of ethical governance practices, many of which were in place even before they were mandated. The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations and regulatory compliances. As a Company with a strong sense of values and commitment, we believe that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of our Company’s business philosophy. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship and disclosure serve as a means for implementing the philosophy of Corporate Governance.

The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence for tracking progress on long term strategic objective as also the Company's Code of Conduct, Code for Prevention of Insider Trading, Code of Conduct for Non-Executive Directors ('NED's) & Independent Directors ('ID's) and Code of Corporate Disclosure Practices ('CCDP').

Governance Guidelines

The Company has adopted Governance Guidelines to help fulfil its corporate responsibility towards its stakeholders. The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director’s term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction and development of Directors, Directors’ remuneration, subsidiary oversight, Code of Conduct, Board effectiveness review and mandates of Board Committees. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the management.

The Company has adopted the requirements of Corporate Governance as specified under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), the disclosure requirements of which are given below:

Board of Directors

Size and composition of the Board:

1. As on March 31, 2018, the Company’s Board of Directors (‘Board’) comprises eight members, two of whom are Executive Directors and six are Non-Executive Directors (‘NEDs’). Out of these six NEDs, five are Independent Directors of which two are Woman Directors. The Board’s composition is in compliance with the requirements of Regulation 17(1) of the Listing Regulations read with Section 149 of the Companies Act, 2013 (‘the Act’). The Directors possess experience in diverse fields including banking, finance, real estate, marketing, consumer industry and hoteliering to social service. The skill and knowledge of the Directors have proved to be of immense value to the Company. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting (‘AGM’).

2. ‘Independent Directors’ are Directors who apart from receiving Directors’ remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its holding company, its subsidiaries and associates, which may affect the independence of the Director.

3. The Independent Directors on the Board of the Company, upon appointment, are given a formal appointment letter inter-alia containing the terms of appointment, role, duties and responsibilities, time commitment, code of conduct, etc. The terms and conditions of appointment are disclosed on the website of the Company under URL https://www.tajhotels.com/policies/terms-and-conditions-of-appointment-of-independent-directors.pdf. All the Independent Directors have confirmed that they meet the criteria of independence as laid down under the Act and the Listing Regulations.

4. None of the Directors hold directorships in more than twenty Indian Companies including ten public limited companies. Further, none of them serve as Members of more than ten Board Committees nor are any of them serving as Chairperson of more than five Board Committees, across all the companies in which they are Directors. ‘Board Committees’ for this purpose include the Audit Committee and the Stakeholders Relationship Committee as per the Listing Regulations.

5. None of the Independent Directors of the Company serve as Independent Directors in more than seven listed companies and none of the Whole-time Directors of any listed company serve as Independent Directors in more than three listed companies.

6. None of the Directors are related to each other.

7. As per the Governance Guidelines adopted by the Board, the retirement age for Managing / Executive

Directors, NEDs and Independent Directors is 65 years, 70 years and 75 years, respectively.

Board Meetings

8. The Board Meeting dates for the ensuing year are decided in advance and circulated to all Directors. The Agenda for each meeting, along with detailed notes, is also circulated in advance to the Directors as per the requirements of the Act and Secretarial Standard-1 on Board Meetings.

9. During the year under review, the Board met six times and the gap between any two meetings did not exceed 120 days. The Board Meeting dates were: May 26, 2017; August 4, 2017; August 21, 2017; August 29, 2017; November 13, 2017 and February 12, 2018. The necessary quorum was present for all the meetings. A detailed explanation, in the form of a table illustrating the above matters is given on page no. 105 for ready reference.

10. The Board has unrestricted access to all Company-related information at Board / Committee Meetings. Function heads and representatives who can provide additional insights into the items being discussed, are invited. The Company places all the necessary information as required under the Listing Regulations before the Board from time to time.

11. The important decisions taken at Board / Committee Meetings are communicated to the concerned departments promptly. An action taken / status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board for information and further recommended action(s), if any.

12. With a view to leverage technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda and papers. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through Browsers or iPads. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.

13. Video / tele-conferencing facilities are also used to facilitate Directors who are travelling / residing abroad or at other locations to participate in the meetings.

14. As per the Company's policy, NEDs of the Company are paid, in addition to commission, sitting fees at the rate of ` 30,000 per meeting for attending meetings of the Board of Directors, Audit Committee, Independent Directors, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Besides the aforesaid, none of the NEDs had any other pecuniary relationship or transaction with the Company.

    As a policy, Mr. N. Chandrasekaran, Chairman, has abstained from receiving commission from the Company.

Meeting of Independent Directors

15. During the year, a separate meeting of Independent Directors was held on March 19, 2018, without the presence of Executive Directors and other members of the Management. At the said meeting, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company after taking into account the views of the Executive Directors and Non-Executive Directors. The process for evaluation of performance of the Board, Non-Independent Non-Executive Directors and the Board Chairman is detailed in the Board's Report. They also assessed the quality and adequacy of information between the Company's Management and the Board.

Familiarization Programmes for Directors

16. The Company has an appropriate induction programme for new Directors and an ongoing familiarisation programme for all Directors with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. All the Board members of the Company are afforded every opportunity to familiarise themselves with the Company, its Management and its operations and all the information / documents sought by them is/are shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part. The details of the familiarisation programme are disclosed on the Company's website under the weblink: https://www.tajhotels.com/policies/familiarization-programme-for-independent-directors.pdf

    In addition to the above, the Company has an exclusive web based information portal, which is made available to the Directors containing information on Company Overview, Hospitality and Industry Insights, Management and Strategy Updates, News and Announcements, Governance & Risk, etc.

Tata Code of Conduct

17. Being a Tata Company, the Company has adopted the Tata Code of Conduct ('TCOC'), which clearly articulates the ethical principles and desired behaviours. The TCOC requires the Tata companies and employees to act with professionalism, honesty and integrity and to preserve the human rights of every individual and the community. The principles of the TCOC apply to all our dealings with

our business partners who are encouraged to adhere to similar standards. The TCOC covers various subjects like equal opportunity employer, dignity & respect, human rights, prohibition of bribery & corruption, gifts and hospitality, conflict of interest, financial reporting and records among others. The TCOC is augmented by a number of policies that help strengthen governance practices at the Company. These policies include the Conflict of Interest Policy, The Policy for Receipt of Gifts and Hospitality, The Whistle Blower Policy and the Prevention of Sexual Harassment at Workplace Policy.

18. In addition to the above, the Company has also adopted a Code of Conduct for its NEDs ('Code'). All NEDs and Independent Directors have affirmed compliance with the said Code for the financial year ended March 31, 2018 and all Senior Management of the Company have affirmed compliance with the TCOC. The above Codes are also displayed on the Company's website under the weblink https://www.tajhotels.com/policies/code-of-conduct-for-non-executive-directors.pdf. The Annual Report of the Company contains a Certificate duly signed by the Managing Director and Chief Executive Officer ('MD & CEO') confirming adherence to the Codes of Conduct.

Committees of the Board:

The mandatory Committees constituted by the Board are as under:

1. **Audit Committee:**

The Company's Audit Committee comprises entirely of three Independent Directors, viz. Mr. Deepak Parekh - Chairman, Ms. Ireena Vittal and Mr. Nadir Godrej. Each Member of the Committee has the relevant experience in the field of finance, banking and accounting, with the Chairman being a Chartered Accountant. The Committee has, inter-alia, the following terms of reference:

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

iv. Reviewing, with the Management, the annual financial statements and Auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement as provided under Section 134(5) of the Act are included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act
- Changes, if any, in accounting policies & practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by Management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any Related Party Transactions
- Qualifications in the draft Audit Report

v. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

vi. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (Public issue, Rights issue, Preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Review and monitor the Auditor's independence & performance and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the Company with related parties;

ix. Scrutiny of inter-corporate loans and investments;

x. Valuation of undertakings or assets of the Company, wherever it is necessary;

xi. Evaluation of internal financial controls and risk management systems;

xii. Examination of the financial statement and the Auditors' Report thereon;

xiii. Reviewing, with the management, performance of Statutory and Internal auditors, adequacy of the internal control systems;

xiv. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xv. Discussion with internal auditors of any significant findings and follow up there on;

xvi. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xvii. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xviii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xix. To review the functioning of the Whistle Blower mechanism;

xx. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

The Committee met five times during the period under review viz. May 26, 2017; August 3, 2017; November 13, 2017; February 12, 2018 and March 19, 2018; the details of attendance are on page no. 105 for ready reference. The necessary quorum was present for all the meetings.

The Committee invites such of the executives as it considers appropriate to be present at its meetings. Audit Committee meetings are attended by invitation by the MD & CEO, Executive Vice-President & CFO, Group Internal Audit and the Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee, Mr. Deepak Parekh was present at the last AGM.

The Internal Auditors and Statutory Auditors of the Company discuss their audit findings and updates with the Committee and submit their views directly to the Committee. Separate discussions are held with the Internal Auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. The permissible non-audit related services undertaken by the Statutory Auditors are also pre-approved by the Committee.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (‘the Regulations’), the Board has adopted the CCDP to be followed by Directors, employees and other connected persons. The CCDP is based on the principle that Directors and the employees of a Tata Company owe a fiduciary duty to the stakeholders and public at large. The Company to place the interest of the Members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The CCDP contains regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of the CCDP. Under the CCDP, the Committee is empowered to:

- approve policies in relation to the implementation of the Code and to supervise implementation of the Code.

- note and take on record the status reports detailing the dealings by Designated Persons in securities of the Company, as submitted by the Compliance Officer on a quarterly basis.

- provide directions on any penal action to be initiated, in case of any violation of the Regulations by any person.

  In terms of this CCDP, Mr. Giridhar Sanjeevi, EVP & CFO continues to be the ‘Compliance Officer’.

2. **Nomination and Remuneration Committee:**
The Company has a Nomination and Remuneration Committee (‘NRC’) required as per the Listing Regulations and the Act. NRC consists of four NEDs viz. Mr. Deepak Parekh – Chairman, Mr. N. Chandrasekaran, Mr. Nadir Godrej, and Ms. Vibha Paul Rishi. NRC is governed by a NRC Charter which has been adopted by the Board. The broad terms of reference of NRC inter-alia, include the following:

i. Recommend to the Board the set up and composition of the Board and its Committees including the ‘formulation of the criteria for determining qualifications, positive attributes and independence of a Director'. The Committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience;

ii. Recommend to the Board the appointment or reappointment of Directors;

iii. Devise a policy on Board diversity;

iv. Recommend to the Board appointment of Key Managerial Personnel ('KMP' as defined by the Act) and Senior Management of the Company (as defined by this Committee);

v. Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual Directors. This shall include 'formulation of criteria for evaluation of performance of Independent Directors and the Board';

vi. Recommend to the Board the remuneration policy for Directors, executive team or KMP as well as the rest of the employees;

vii. On an annual basis, recommend to the Board the remuneration payable to the Directors and oversee the remuneration to executive team or KMP of the Company;

viii. Oversee familiarisation programmes for Directors;

ix. Oversee the human resource philosophy, human resource and people strategy and human resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the Board, Key Managerial Personnel and executive team);

x. Provide guidelines for remuneration of Directors on material subsidiaries;

xi. Performing such other duties and responsibilities as may be consistent with the provisions of NRC charter.

During the year, the Committee met four times on May 26, 2017; August 29, 2017; February 12, 2018 and March 19, 2018. The details of attendance are on page no. 105 for ready reference.

Remuneration Policy:

As recommended by the NRC, the Board has adopted a Remuneration Policy for Directors, KMP and other employees. The Policy envisages payment of remuneration according to qualification, experience and performance and is based on the commitment of fostering a culture of leadership with trust. The remuneration of the Whole-time Director(s) is recommended by the NRC based on factors such as industry benchmarks, the Company's performance vis-à-vis the industry, performance / track record of the Whole-time Director(s) which is decided by the Board. Remuneration comprises a fixed component viz. salary, benefits, perquisites and allowances and a variable component viz. performance linked bonus / commission. The NRC also recommends the annual increments within the salary scale approved by the Members as also the performance linked incentive payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings prescribed under the Act.

The commission payable to NEDs is recommended by the NRC to the Board upto 1% of the net profits of the Company calculated in accordance with the provision of Section 198 of the Act and is distributed based on a number of factors, including attendance and contribution at Board and Committee meetings, as well as time spent on operational matters other than at meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the meetings.

The details of the Policy are further highlighted in the Board's Report.

Service Contract, Notice Period and Severance Fees of the Managing Director and the Executive Directors

Mr. Puneet Chhatwal's contract as MD & CEO of the Company is for a period of five years from November 6, 2017 upto to November 5, 2022 terminable as per the details contained in the Agreement, subject to the approval of the Members.

Mr. Mehernosh Kapadia's contract as Executive Director of the Company was for a period commencing from August 10, 2016 upto and including May 22, 2018 (i.e. upon his reaching 65 years of age which is the date of retirement of Executive Directors as per the Governance Guidelines adopted by the Board) terminable by 6 months' notice on either side. Accordingly, Mr. Kapadia has ceased to be the Executive Director of the Company w.e.f. May 23, 2018.

Mr. Rakesh Sarna's contract as the MD & CEO of the Company was for a period of five years from September 1, 2014 upto August 31, 2019 terminable by 6 months' notice on either side. In addition to the aforesaid, Mr. Sarna had been appointed as an employee of United Overseas Holding Inc. (UOH Inc) (erstwhile International Hotel Management Services Inc., USA), a wholly-owned subsidiary of the Company, for a period of five years from September 1, 2014 upto August 31, 2019, to be in charge of the overall management of the Company's US/ International Hotels'/ business portfolio. The Agreement entered into between Mr. Sarna and UOH Inc was co-terminus with the Agreement between Mr. Sarna and the Company. Mr. Sarna had stepped down as the MD & CEO of the Company w.e.f. the close of business hours on September 30, 2017. As such the aforesaid contracts with the Company and UOH Inc. ceased automatically.

The Company has no scheme for stock options.

3. Stakeholders Relationship Committee:

The Company's Stakeholders Relationship Committee ('SRC') comprises of Mr. Nadir Godrej – Chairman & ID and Mr. Puneet Chhatwal who was appointed as a member of the Committee in place of Mr. Rakesh Sarna consequent to his resignation as the MD & CEO of the Company. The scope of the SRC includes reporting of the status of shareholders, debenture holders, deposit-holders and any other security holders in addition to equity shareholders. The brief terms of reference of the Committee includes resolving grievances of all the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.

The Committee met twice on August 3, 2017 and February 12, 2018 during the period under review, and was attended by all the members.

Details of complaints received and resolved during the financial year 2017-18

Share transfers are processed weekly and approved by the SRC. Investor grievances are placed before the SRC. There were no pending investor complaints which remained unresolved. The Company has also resolved all complaints received through Securities and Exchange Board of India Complaints Redress System ('SCORES') - a centralized web based complaints redress system which serves as a Centralised database of all complaints received, enables uploading of Action Taken Reports ('ATRs') by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status. All valid share transfers lodged upto March 31, 2018, have been processed by the Committee. The status of the complaints received (inclusive of SCORES) from shareholders from April 1, 2017 to March 31, 2018 is as under:

Investor complaints received	Pending as on March 31, 2018
8	Nil

Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund :

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The provisions relating to transfer of shares were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017, wherein it was provided that where the period of 7 consecutive years, as above, was completed or being completed during the period from September 7, 2016 to October 31, 2017, the due date of transfer for such shares was October 31, 2017.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/ shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website (https://www.tajhotels.com).

The members who have a claim on above dividends may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

Given below are the proposed dates for transfer of the unclaimed dividend to the IEPF by the Company: -

Financial Year	Date of declaration of Dividend	Proposed Date of transfer to IEPF[1]
2010-11	August 5, 2011	September 4, 2018
2011-12	August 3, 2012	September 2, 2019
2012-13	August 3, 2013	September 1, 2020
2015-16	August 26, 2016	September 22, 2023
2016-17	August 21, 2017	September 18, 2024

[1]Indicative dates, actual dates may vary

In light of the aforesaid provisions, the Company has during the year, transferred to IEPF the unclaimed dividends, outstanding for 7 consecutive years. Further, shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of IEPF Authority.

The Company transferred the following amounts to IEPF of the Central Government during the financial year 2017-18.

Particulars	`
Amounts transferred upto March 31, 2017 (a)	**4,78,36,152.67**
Amounts transferred during financial year 2017-18:	
- Unpaid / unclaimed dividend with the Company	**28,39,098.00**
- Unpaid / unclaimed application money with the Company	-
- Unpaid / unclaimed matured deposits with the Company	-
- Interest accrued on the unpaid matured deposits	**4,68,345.00**
- Interest accrued on the unpaid matured debentures	**1,69,853.00**
Total (b)	**34,77,296.00**
Amount transferred upto March 31, 2018 (a+b)	**5,13,13,448.67**

The Company has transferred 13,88,480 Equity Shares of FY 2009-10 to the IEPF Authority.

Compliance Officer
Mr. Beejal Desai
Senior Vice President - Legal & Company Secretary
The Indian Hotels Company Limited
Address: Mandlik House, Mandlik Road,
Mumbai – 400 001
Phone : 022-6639 5515 ; Fax : 022-2202 7442
E-mail: investorrelations@tajhotels.com

4. Other Committees:

i. Corporate Social Responsibility ('CSR') and Sustainability Committee:

In accordance with the provisions of Section 135 of the Act, the Company has constituted a CSR and Sustainability Committee comprising of Mr. Puneet Chhatwal - Chairman (who was appointed in place of Mr. Rakesh Sarna consequent to his resignation as the MD & CEO of the Company), Mr. Nadir Godrej and Ms. Ireena Vittal. The broad terms of reference of the CSR and Sustainability Committee are as under:

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;
- Recommending the amount of expenditure to be incurred on the aforesaid activities;
- Monitoring the Corporate Social Responsibility Policy of the Company from time to time;
- Providing vision and guidance to the Management to ensure that all long-term business proposals made to the Board are assessed through the lens of CSR, Environment, Safety, Health, and reputational implications including associated risks and opportunities;
- Guiding the Management in ensuring stakeholder engagement and materiality analysis based on key sustainability issues;
- Guiding the Management in formulating a comprehensive sustainability strategy for the Company; define appropriate goals, targets, Key Performance Indicators, action plans and investments. Play an active role in recommending and periodically reviewing achievement vis-à-vis above strategy;
- Guiding and recommending sustainability disclosures by the Company in line with global reporting frameworks;

- Guiding and suggesting strategies to the management to develop internal competencies, inspire employees and suppliers engagement and culture for responsible business;

- Advising the management on potential business implications of sustainability performance vis-à-vis corporate relations & brand perception.

  During the year, the Committee met twice on May 26, 2017 and November 13, 2017. The details of attendance are on page no. 105 for ready reference. The necessary quorum was present for all the meetings.

ii. Risk Management Committee:

The Board has constituted a Risk Management Committee ('RMC') to frame, implement and monitor the risk management plan of the Company. RMC comprises entirely of Independent Directors, viz. Mr. Deepak Parekh - Chairman, Ms. Ireena Vittal and Mr. Nadir Godrej. RMC has formulated a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks. RMC reviews and monitors the risk management and mitigation plan from time to time.

The terms of reference of the RMC inter-alia, includes the following:

- To review the Risk Management Plan / Policy and its deployment within the Company;

- To monitor the effectiveness of the Risk Management Plan / Policy;

- To decide the maximum risk taking ability of the Company to guide the Board in making new investments;

- To review the major risks of the Company and advise on its mitigation to the Board;

- Such other functions as may be delegated by the Board from time to time.

During the year, RMC met twice on November 13, 2017 and March 19, 2018 which was attended by all the Members.

Details of equity shares of the Company held by the NEDs as on March 31, 2018, are as under:

Name of the Director	No. of Equity Shares held
Mr. Deepak Parekh	3,100

Details on General Meetings:

Location, date, time and Special Resolutions passed at the AGM held in the last three years are as under:

Location	Date	Time	Special Resolutions passed
Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020	August 21, 2017	3.00 P.M.	• Private Placement of Non-Convertible Debentures • Payment of Minimum Remuneration to Mr. Rakesh Sarna, Managing Director and Chief Executive Officer
	August 23, 2016	3.00 P.M.	• Private Placement of Non-Convertible Debentures
	August 10, 2015	3.00 P.M.	• Creation of Charge

All Special Resolutions passed in the previous three AGMs of the Company were passed with requisite majority.

During the year under review, there were no Special Resolutions passed by Postal Ballot by the Company. Currently, no Special Resolutions are proposed to be conducted through Postal Ballot.

Disclosures:

i. The Company has not entered into any materially significant Related Party Transactions during the year under review, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and / or relatives. The Executive Directors and Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large. All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on an Arm's Length Pricing basis and do not attract the provisions of Section 188 of the Act. Suitable disclosure as required by the Accounting Standards (IND AS-24) has been made in the notes to the Financial Statements.

The Policy for dealing with Related Party Transactions has been uploaded on the Company's website at the following link : https://www.tajhotels.com/policies/rpt-policy-post-amendment-act.pdf.

ii. The Company has followed the Accounting Standards laid down by the Ministry of Corporate Affairs in the preparation of its Financial Statements.

iii. The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India / Statutory Authorities on all matters relating to capital markets, during the last three years. No penalties or strictures have been imposed by them on the Company.

iv. The Company has a well-defined Whistle Blower Policy pursuant to which employees can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest by approaching the Ethics Counsellor or Chairman of the Audit Committee, as applicable. No personnel have been denied access to the Chairman of the Audit Committee. The policy has been disclosed on the website of the Company under the link https://www.tajhotels.com/policies/whistle-blower-policy.pdf.

v. The Company has also adopted the policy on determination of Materiality for Disclosures (https://www.tajhotels.com/policies/policy-on-materiality-of-events-and-disclsoures.pdf), Website Archival Policy (https://www.tajhotels.com/policies/website-archival-policy.pdf), Dividend Distribution Policy (https://www.tajhotels.com/policies/dividend-distribution-policy.pdf) and the Policy for Preservation of Documents.

vi. In terms of Regulation 17(8) of the Listing Regulations, the MD & CEO and CFO have issued a certificate to the Board regarding the propriety of the Financial Statements for the year ended March 31, 2018.

Subsidiary Companies:

During the year under review, the Company has identified two material unlisted subsidiaries, viz. ELEL Hotels and Investments Limited & Piem Hotels Limited. The Audit Committee reviews the financial statements of the Company's unlisted subsidiary companies. The Minutes of the subsidiary companies along with a report on significant developments are periodically placed before and reviewed by the Board.

The Company has appointed Ms. Vibha Paul Rishi, Independent Director of the Company on the Board of its material unlisted subsidiaries as per the requirements of the Listing Regulations.

The Company has formulated a policy for determining 'material' subsidiaries which has been disclosed on the website of the Company under the link https://www.tajhotels.com/policies/policy-for-determining-material-subsdiaries.docx

Details of Directors' Remuneration, Board and Committee Memberships and Attendance

Names	Category	Remuneration paid			No. of outside Directorships as at March 31, 2018		No. of outside Committee Positions Held[2]		No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of NRC Committee Meetings attended	No. of CSR Committee Meetings attended	Attendance at the last AGM
		Salary & Perks 2017-2018	Sitting Fees 2017-2018	Commission / Performance Linked Bonus 2016–2017	Indian[1]	Foreign	as Member	as Chairman					
Mr. N. Chandrasekaran (Chairman)*	Non-Executive	-	3,00,000	-	6	1	-	-	6	-	4	-	Yes
Mr. Deepak Parekh	Non-Executive Independent	-	5,10,000	51,62,000	8	4	3	1	6	5	3	-	Yes
Mr. Nadir Godrej	Non-Executive Independent	-	6,60,000	58,48,000	9	2	2	2	6	5	4	2	Yes
Ms. Ireena Vittal	Non-Executive Independent	-	3,90,000	37,66,000	5	1	6	-	4	4	-	2	No
Mr. Gautam Banerjee	Non-Executive Independent	-	1,80,000	21,99,000	1	5	-	-	5	-	-	-	Yes
Ms. Vibha Paul Rishi	Non-Executive Independent	-	2,70,000	40,21,000	9	-	5	1	5	-	3	-	Yes
Mr. Mehernosh S. Kapadia[3]	Executive	1,46,80,903	-	1,26,00,000	6	2	2	-	6	-	-	-	Yes
Mr. Puneet Chhatwal[4]	Executive	1,71,89,965	-	NA	6	1	1	-	2	-	-	-	NA
Mr. Rakesh Sarna[5]	Executive	12,78,25,395	-	3,08,41,995	NA	NA	NA	NA	4	-	-	1	Yes
Mr. Niddodi Subrao Rajan[6]	Non-Executive	-	-	5,33,000	NA	NA	NA	NA	NA	-	-	-	NA
Mr. K. B. Dadiseth[7]	Non-Executive Independent	-	-	76,71,000	NA	NA	NA	NA	NA	NA	NA	-	NA
Mr. Shapoor Mistry[8]	Non-Executive	-	-	8,00,000	NA	NA	NA	NA	NA	-	-	-	NA
Mr. Anil P. Goel[9]	Executive	-	-	66,77,390	NA	NA	NA	NA	NA	-	-	-	NA

[1]Includes only Public Limited Companies
[2]Includes only Audit Committees and Stakeholders Relationship Committees of Public Limited Companies
[3]Retired w.e.f. May 23, 2018 as per governance guidelines adopted by the Board.
[4]Appointed as MD & CEO with w.e.f. November 6, 2017
[5]Resigned w.e.f. the close of business hours on September 30, 2017. Mr. Sarna also received remuneration of US$1,619,664 from United Holdings Inc, a Subsidiary of the Company
[6]Resigned w.e.f. October 28, 2016
[7]Resigned w.e.f. April 7, 2017
[8]Resigned w.e.f. April 25, 2017
[9]Retirement w.e.f. October 15, 2016
*As a policy, Mr. N. Chandrasekaran, Chairman, has abstained from receiving commission from the Company.

Traditionally, the Directors are paid commission each year after the Financial Statements are approved by the Members at the AGM.

Means of Communication:

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

Quarterly, half-yearly and annual results of the Company are published in leading English and vernacular newspapers viz. Financial Express and Loksatta. Additionally, the results and other important information are also periodically updated on the Company's website viz. www.tajhotels.com, which also contains a separate dedicated section 'Investor Relations'.

Further, the Company also holds an Analysts' Meet after the half-yearly and Annual Financial Statements have been adopted by the Board, where information is analysed and disseminated. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

The Investor Relation page of the Company's website offers Frequently Asked Questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System ('NEAPS') and BSE Listing Centre, for dissemination on their respective websites.

A centralized web based complaints redress system 'Scores' which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

Green Initiative

In support of the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, the Company had during FY 2017-18 sent various communications including intimation of dividend and Half Yearly Communiqué by email to those shareholders whose email addresses were registered with the Company / depositories.

In line with the Listing Regulations, the Company has emailed soft copies of its Annual Report to all those shareholders who have registered their email address for the said purpose. We would greatly appreciate and encourage more Members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Postal Ballot Notices and other information disseminated by the Company, on a real-time basis without any delay. The Annual Reports are also available in the Investor Relations section on the Company's website viz www.tajhotels.com.

Compliance with non-mandatory requirements

1. The Chairman of the Board is a Non-Executive Director and his position is separate from that of the MD & CEO.

2. Audit qualifications: For the financial year 2017-18, there are no audit qualifications and the Auditors have given an unmodified opinion to the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

3. The Internal Auditor reports to the Chairman of the Audit Committee.

As regards the other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

General Shareholder Information

Annual General Meeting

Date and Time	July 19, 2018 at 3 p.m.
Venue	Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020
Registered Office	Mandlik House, Mandlik Road, Mumbai 400 001
Telephone No.	91- 22- 6639 5515
Facsimile No.	91- 22- 2202 7442
Website	www.tajhotels.com
Dedicated E-mail	investorrelations@tajhotels.com
Book Closure	July 13, 2018 to July 19, 2018 (both days inclusive)
Dividend Payment Date	On or after July 27, 2018
Financial reporting for FY 2018-19:	
• **Quarter ending June 30, 2018**	August 2018
• **Quarter ending September 30, 2018**	November 2018
• **Quarter ending December 31, 2018**	February 2019
• **Quarter ending March 31, 2019**	May 2019
Listing: Equity Shares	The BSE Limited National Stock Exchange of India Ltd.
Share Transfer Agent	The Company has been granted Certificate of Permanent Registration as Category II Share Transfer Agent by SEBI
SEBI Registration No.	INR000003746

The Company has paid annual listing fees to each of the above Stock Exchanges in respect of FY 2017-18.

None of the Company's securities have been suspended from trading.

Stock Codes

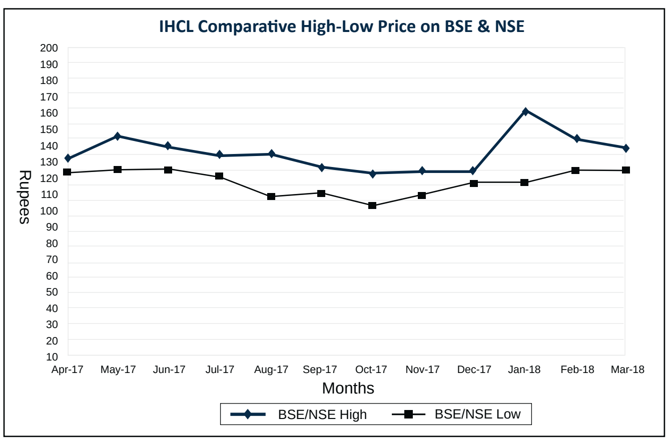
STOCK EXCHANGE	STOCK CODE
The BSE Limited	500850
National Stock Exchange of India Limited	INDHOTEL EQ

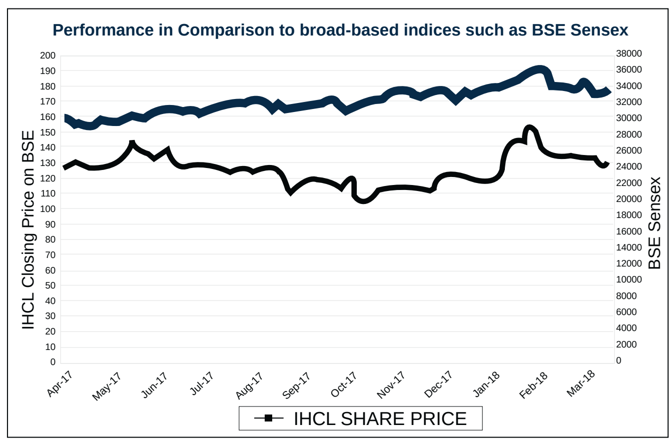
Particulars of Debenture Trustees

CENTBANK FINANCIAL SERVICES LIMITED
Regd. Office: Central Bank of India
MMO Building, 3rd floor (East Wing)
55 Mahatma Gandhi Road, Fort, Mumbai- 400001.
Tel: 022 22616217 Fax: 022 22616208
Email: info@cfsl.in Website: www.cfsl.in
CIN: U67110MH1929G01001484

Market Price Data: High, Low and volume during each month in last financial year

Months	BSE Limited			National Stock Exchange of India Limited ('NSE')		
	High (`)	Low (`)	Volume (No. of Shares)	High (`)	Low (`)	Volume (No. of Shares)
April 2017	131.80	123.80	16,73,001	132.00	123.65	80,19,707
May 2017	145.60	125.00	16,31,611	145.50	125.80	1,25,72,278
June 2017	139.50	124.75	52,78,653	140.00	124.70	71,84,702
July 2017	133.00	121.30	20,54,262	135.00	121.25	43,69,035
August 2017	134.30	108.35	30,13,366	131.35	108.50	86,03,983
September 2017	126.60	110.55	45,28,929	127.00	110.55	1,49,06,166
October 2017	122.80	103.00	25,61,150	123.00	103.40	1,75,51,798
November 2017	125.05	109.20	39,70,128	124.95	109.10	2,13,62,730
December 2017	125.30	116.50	12,76,567	125.00	116.35	1,58,66,578
January 2018	160.60	117.25	61,11,228	160.95	116.95	5,01,29,526
February 2018	144.25	124.00	25,67,580	144.55	125.10	2,47,79,060
March 2018	138.45	124.25	8,35,14,698	138.60	125.05	2,52,28,860





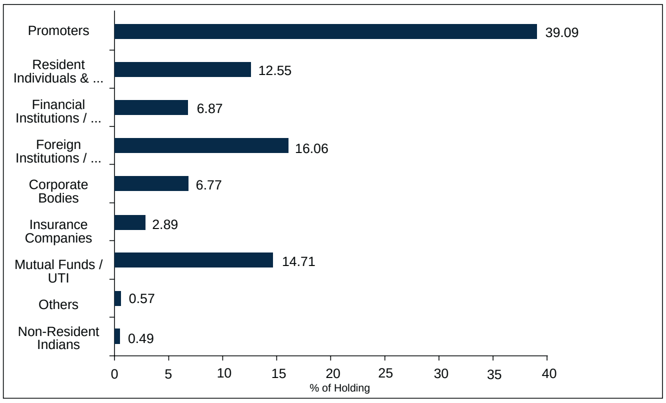
Share Transfer System

Share Transfer in physical form can be lodged with the Company by providing the necessary documents. The transfers are normally processed within 15 days from the date of receipt of duly completed documents.

The Indian Hotels Company Limited - Distribution of Shareholding as on March 31, 2018

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	46,48,56,979	39.09
Resident Individuals & HUF	14,93,07,183	12.55
Financial Institutions / Banks	8,17,37,333	6.87
Foreign Institutional Investors	19,09,41,271	16.06
Corporate Bodies	8,04,72,157	6.77
Insurance Companies	3,43,60,205	2.89
Mutual Funds / UTI	17,49,68,173	14.71
Others	68,30,844	0.57
Non-Resident Indians	57,84,300	0.49
Total	**118,92,58,445**	**100.00**

Shareholding pattern of the Company as on March 31, 2018



Note: 'Others' include Trusts, Clearing Members, Directors & their Relatives, Central / State Governments, Foreign Banks, Alternate Investment Fund, Investor Education & Protection Fund.

Distribution of Shareholding as on March 31, 2018

No. of Shares held	Total No. of Members	Total No. of Shares	Total % to Paid up Capital
Upto 100	59,659	24,31,923	0.20
101 to 1000	53,459	2,02,83,719	1.71
1001 to 2500	12,116	1,95,62,874	1.64
2501 to 5000	5,699	2,03,64,454	1.71
5001 to 10000	3,354	2,37,95,204	2.00
10001 to 20000	1,675	2,32,16,561	1.95
20001 to 30000	443	1,07,11,838	0.90
30001 to 40000	170	58,56,279	0.49
40001 to 50000	97	44,07,143	0.37
50001 to 100000	151	1,02,61,301	0.86
100001 & above	278	104,83,67,149	88.15
Total	**1,37,101**	**118,92,58,445**	**100.00**

Reconciliation of Share Capital Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, a Reconciliation of Share Capital Audit by a Practicing Company Secretary is carried out at the end of every quarter to reconcile the total admitted capital with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') and the total issued and listed capital. The said audit confirms that the total issued / paid up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Equity shares in the suspense account

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in suspense account are as follows

Sl. No.	Particulars	No. of share-holders	No. of equity shares held
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	47	4,734
2	Number of shareholders who approached the Company (with complete documentation) for transfer of shares from the Unclaimed Suspense Account during the year	-	-
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	-	-
4	Number of shares transferred to IEPF Authority from the Unclaimed Suspense Account during the year	20	1,522
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	27	3,212

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

Commodity price risk or foreign exchange risk and hedging activities:

The details are provided in the Management Discussion and Analysis Report.

Dematerialisation of Shares & Liquidity

The Company's equity shares are tradeable compulsorily in electronic form. The Company has established connectivity with both depositories i.e. NSDL and CDSL. The International Securities Identification Number ('ISIN') allotted to the shares under the depository system is INE053A01029.

The Company has approximately 98.84% of its equity share capital in dematerialised form as on March 31, 2018. The Members whose shares are in physical form are requested to dematerialise their shares and update their bank account and email addresses with the Depository.

Outstanding GDRs/Warrants, conversion date and likely impact on equity

There are no outstanding GDRs/Warrants of the Company as on March 31, 2018.

Report on Corporate Governance

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance electronically through the online portal of the BSE & NEAPS. A certificate from a Practising Company Secretary on Corporate Governance is attached as an annexure to this Report.

Investor Correspondence

For any queries, investors are requested to get in touch with the Company's Share Department at Mandlik House, Mandlik Road, Mumbai 400 001. A dedicated e-mail address investorrelations@tajhotels.com has been set up for investor complaints.

Declaration by the MD & CEO under the Listing Regulations regarding adherence to the Code of Conduct

As provided under the Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended March 31, 2018.

For **The Indian Hotels Company Limited**

Puneet Chhatwal
Managing Director & Chief Executive Officer

Annexure

To

The Members
The Indian Hotels Company Limited

We have examined the compliance of conditions of corporate governance by The Indian Hotels Company Limited (the 'Company') for the year ended March 31, 2018, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries

Prakash K. Pandya
Partner
FCS No.: 3901 / C P No.: 2311

Mumbai, May 25, 2018

Company-wise List of Hotels/Units

Company/ Hotel/ Unit	Rooms
The Indian Hotels Company Limited	
The Taj Mahal Palace, Mumbai	543
Taj Lands End, Mumbai	493
Taj Wellington Mews, Mumbai	78
Taj Mahal Hotel, New Delhi	292
Taj Palace, New Delhi	403
Taj Bengal, Kolkata	229
Taj West End, Bengaluru	117
Taj Lake Palace, Udaipur	83
Taj Falaknuma Palace, Hyderabad	60
Taj Exotica Resort & Spa, Goa	140
Taj Fort Aguada Resort & Spa, Goa	143
Taj Holiday Village Resort & Spa, Goa	142
Taj Yeshwantpur, Bengaluru	327
Taj Jai Mahal Palace, Jaipur	100
Taj Usha Kiran Palace, Gwalior	40
Taj Exotica Resort and Spa, Andamans	50
The Gateway Hotel - Residency Road Bengaluru	98
The Gateway Hotel - Beach Road Calicut	74
Vivanta Aurangabad, Maharashtra	63
Vivanta Connemara, Chennai	150
Vivanta Dwarka, New Delhi	250
Vivanta Hari Mahal, Jodhpur	93
Vivanta Whitefield, Bengaluru	199
Vivanta Guwahati, Assam	150
Savoy Hotel, Ooty	40
Managed Properties	
Taj Santacruz, Mumbai	279
Taj Bangalore, Bengaluru	154
Taj Bekal Resort & Spa, Kerala	66
Taj City Centre, Gurugram	208
Taj Green Cove Resort & Spa, Kovalam	59
The Gateway Hotel - Akota Gardens, Vadodara	86
The Gateway Hotel - Athwalines, Surat	206
The Gateway Resort - Damdama Lake, Gurgaon	78
The Gateway Hotel - EM Bypass, Kolkata	79
The Gateway Hotel - Gir Forest, Junagadh	28
The Gateway Hotel - Hinjawadi, Pune	150
The Gateway Hotel - IT Expressway, Chennai	200
The Gateway Hotel - M G Road, Vijayawada	108
The Gateway Hotel - Ramgarh Lodge, Jaipur	14
The Gateway Resort - Pushkar Bypass, Ajmer	81
The Gateway Resort - Corbett National Park	61
Vivanta Dal View, Srinagar	84
Vivanta Panaji, Goa	172
Vivanta Sawai Madhopur Lodge	36
Vivanta Surajkund, NCR	286
Umaid Bhawan Palace, Jodhpur	64
Rambagh Palace, Jaipur	78

Company/ Hotel/ Unit	Rooms
Subsidiary Companies	
Roots Corporation Limited	
Ginger Hotel - Agartala	98
Ginger Hotel - Ahmedabad	93
Ginger Hotel - Bengaluru (Whitefield)	101
Ginger Hotel - Bengaluru (Inner Ring Road)	87
Ginger Hotel – Bhubaneshwar	161
Ginger Hotel - Chennai (Vadapalani)	79
Ginger Hotel - Chennai (IITM)	85
Ginger Hotel – Faridabad	91
Ginger Hotel – Goa	135
Ginger Hotel – Guwahati	70
Ginger Hotel – Indore	95
Ginger Hotel – Jaipur	103
Ginger Hotel – Jamshedpur	94
Ginger Hotel – Mangalore	79
Ginger Hotel - Mumbai (Andheri East)	116
Ginger Hotel – Mysore	98
Ginger Hotel – Nashik	92
Ginger Hotel - Delhi (Rail Yatri Niwas)	115
Ginger Hotel - East Delhi	81
Ginger Hotel – Noida	83
Ginger Hotel – Pantnagar	98
Ginger Hotel – Pondicherry	94
Ginger Hotel - Pune (Wakad)	128
Ginger Hotel - Pune (Pimpri)	97
Ginger Hotel – Surat	98
Ginger Hotel – Thane	45
Ginger Hotel – Trivandrum	101
Ginger Hotel – Vadodara	99
Ginger Hotel – Noida Extension	96
Ginger Hotel – Vapi	90
Ginger Hotel – Mumbai Teli Galli	142
Ginger Hotel – Gomti Nagar, Lucknow	72
Ginger Hotel – Aurangabad	63
Managed Properties - Ginger	
Ginger Hotel - Gurugram (Manesar)	92
Ginger Hotel - Katra, Jammu	80
Ginger Hotel - Tirupur	91
Ginger Hotel - Vizag	68
Ginger Hotel - Ahmedabad (Silver Leaf)	36
Ginger Hotel - Ahmedabad (White Leaf)	44
Ginger Hotel - Gurugram	77
Ginger Hotel - Vadodara (RCR)	72
Ginger Hotel - Goa, Dona Paula	24
Benares Hotels Limited	
Taj Nadesar Palace, Varanasi	10
The Gateway Hotel - Ganges, Varanasi	130
The Gateway Hotel - Balaghat Road, Gondia	34

Company/ Hotel/ Unit	Rooms
Joint Venture Companies	
Taj GVK Hotels & Resorts Limited	
Taj Krishna, Hyderabad	260
Taj Banjara, Hyderabad	122
Taj Deccan, Hyderabad	151
Taj Club House, Chennai	220
Taj Chandigarh, Chandigarh	149
Vivanta Begumpet, Hyderabad	181
Taj Kerala Hotels & Resorts Limited	
Taj Kumarakom Resort & Spa, Kerala	28
The Gateway Hotel - Marine Drive, Ernakulam	108
The Gateway Hotel - Janardhanapuram, Varkala	30
Kaveri Retreats and Resorts Limited	
Taj Madikeri Resort & Spa, Coorg	63
Taj Karnataka Hotels & Resorts	
The Gateway Hotel - KM Road, Chikmagalur	29
Taj Safaris Limited	
Mahua Kothi, A Taj Safari, Bandhavgarh National Park	12
Banjaar Tola, A Taj Safari, Kanha National Park	18
Pashan Garh, A Taj Safari, Panna National Park	12
Baghvan, A Taj Safari, Pench National Park	12
Managed Properties - Safaris	
Meghauli Serai, A Taj Safari, Chitwan National Park	29
Taj Madras Flight Kitchen Private Limited	
Chennai	-
IHMS (SA) Pty Limited	
Taj Cape Town, South Africa	159
TAL Maldives Resorts Private Limited	
Taj Exotica Resort & Spa, Maldives	64
Vivanta Coral Reef, Maldives	62
Associate Companies	
Oriental Hotels Limited	
Taj Coromandel, Chennai	212
Taj Malabar Resort & Spa, Kochi	95
The Gateway Hotel - Beach Road, Visakhapatnam	95
The Gateway Hotel - Church Road, Coonoor	32
The Gateway Hotel - Old Port Road, Mangalore	96
The Gateway Hotel- Pasumalai, Madurai	63
Vivanta Fisherman's Cove, Chennai	150
Vivanta Surya, Coimbatore	178
Vivanta Trivandrum, Kerala	137

Company-wise List of Hotels/Units

Company/ Hotel/ Unit	Rooms	Company/ Hotel/ Unit	Rooms	Company/ Hotel/ Unit	Rooms
Managed Properties		**Piem Hotels Limited**		**TAL Lanka Hotels PLC**	
Imperial Club by Taj, Mumbai	9	Taj M G Road, Bengaluru	167	Taj Samudra, Colombo	300
SMS Hotel, Jaipur	20	Taj Swarna, Amritsar	157		
		The Gateway Hotel - Ambad, Nashik	148	**Lanka Island Resorts Limited**	
Taj Dubai	296	The Gateway Hotel - Fatehabad Road, Agra	100	Vivanta Bentota, Sri Lanka	160
Taj Pamodzi - Lusaka	192	Vivanta President, Mumbai	287		
Taj Tashi - Bhutan	66	Vivanta Blue Diamond, Pune	110		
Taj Boston	273	Vivanta Gomti Nagar, Lucknow	110		
The Gateway Hotel - Airport Garden, Colombo	208				
Vivanta Rebak Island - Langkawi	94	**United Hotels Limited**			
		Vivanta Ambassador, New Delhi	88		
		Taj SATS Air Catering Limited			
		Amritsar	-		
		Bangalore	-		
		Delhi	-		
		Goa	-		
		Kolkata	-		
		Mumbai	-		
		United Overseas Holding Inc			
		The Pierre, A Taj Hotel, New York	189		
		Taj Campton Place, San Francisco	110		
		St James Court Hotels Limited			
		Taj 51 Buckingham Gate Suites and Residences, London	85		
		St. James' Court, A Taj Hotel, London	338		
		Taj International Hotels Limited			
		Bombay Brasserie	-		
		Quilon	-		

Business Responsibility Report

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Section A: General Information about the Company

1. **Corporate Identity Number ('CIN') of the Company:** L74999MH1902PLC000183

2. **Name of the Company:** The Indian Hotels Company Limited ('IHCL')

3. **Registered address:** Mandlik House, Mandlik Road, Mumbai- 400001

4. **Website:** www.tajhotels.com

5. **E-mail address:** investorrelations@tajhotels.com

6. **Financial Year reported:** April 1, 2017 to March 31, 2018

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Description
551	Short Term Accommodation activities
561	Restaurants and mobile food service activities

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
   a) Rooms
   b) Food and beverage services

9. **Total number of locations where business activity is undertaken by the Company:**
   Number of International Locations: 13
   Number of National Locations: 51

10. **Markets served by the Company - Local/State/National /International:**
    International:
    United States of America: New York, San Francisco and Boston
    United Kingdom: London
    United Arab Emirates: Dubai
    South Africa: Cape Town
    Zambia: Lusaka
    Sri Lanka: Colombo and Bentota
    Bhutan: Thimpu
    Nepal: Chitwan
    Maldives
    Malaysia: Langkawi
    India: Mumbai, Delhi, Hyderabad, Chennai, Kolkata, Bangalore, Goa, Rajasthan, Bengal

Section B: Financial Details of the Company

` /crores

Sr. No	Particulars	FY 2017-18
1.	Paid up capital	118.93
2.	Total turnover (net of excise)	2639.34
3.	Total profit after taxes, share of loss of associate and minority interest	147.77
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	5.27

5. **List of activities in which expenditure in 4 above has been incurred:**
   a) Employment enhancing vocational skills training
   b) Livelihood enhancement projects
   c) Promotion and development of traditional arts and handicrafts
   d) Preservation and promotion of heritage sites
   e) Donations to other institutions including for welfare initiatives

Section C: Other Details

1. **Does the Company have any Subsidiary company/ companies?**

   Yes. The Company has 21 Subsidiaries, 8 Joint Ventures and 6 Associates as at March 31, 2018.

2. **Do the Subsidiary company/companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary company(s).**

   Yes. Some of the major subsidiaries such as PIEM Hotels Limited, Benaras Hotels Limited and some managed properties like Oriental Hotels Limited, Taj GVK Hotels and Resorts Limited participated.

3. **Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No.

A TATA Enterprise
tata150.com

Section D: BR Information

1. Details of Director/Directors responsible for BR:

a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

The CSR and Sustainability Committee of the Board of Directors is responsible for implementation of BR policies. The Members of the CSR Committee are as follows:

DIN Number	Name	Designation
07624616	Mr. Puneet Chhatwal	Managing Director & CEO and Chairman of CSR Committee
00066195	Mr. Nadir B. Godrej	Independent Director
05195656	Ms. Ireena Vittal	Independent Director

b) Details of the BR head:

Sr. No	Particulars	Details
1.	Name	Dr. P V Ramana Murthy
2.	Designation	Executive Vice President – Global Head Human Resources
3.	Telephone Number	022-61371637
4.	Email	PV.Murthy@tajhotels.com

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVG's) released by the Ministry of Corporate Affairs are based on nine principles in the realm of Business Responsibility. These are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for.....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3.	Does the policy conform to any national / international standards?	Y Industry benchmarks	Y	Y	Y UNGC & Industry Benchmarks	Y	Y UNGC	N	Y UNGC & ITP	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6.	Indicate the link for the policy to be viewed online?	The policies are available online on: https://www.tajhotels.com/en-in/about-taj-group/investors/policies/								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8.	Does the Company have in house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	Y

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why:

Sr. No	Particulars	P7
1.	The Company has not understood the Principles	
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	
3.	The Company does not have financial or manpower resources available for the task	
4.	It is planned to be done within next six months	
5.	It is planned to be done within next one year	
6.	Any other reason (please specify)	The Company will plan to incorporate formal policy in coming years

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Company has a Board level CSR and Sustainability Committee headed by the Managing Director & Chief Executive Officer ('MD & CEO') and two Independent Directors. This Committee meets bi-annually to assess the CSR initiatives and on a need basis. Additionally, an internal Sustainability Advisory Committee led by the Senior Vice President – Human Resources, has been constituted. This Committee meets quarterly to review and assess the BR performance of the Company.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes annually to the United National Global Compact ('UNGC'), the Carbon Disclosure Project ('CDP') and will publish a Sustainability Report according to the GRI Standards for FY 2017-18.

The UNGC report can be accessed at https://goo.gl/WNZick.

The Sustainability Report 2017-18 will be uploaded on the website www.tajhotels.com once it is published.

Section E: Principle-wise Performance

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company?**

   No, the policy relating to ethics, bribery and corruption is extended to all stakeholders.

2. **Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   Yes.

3. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management? If so, provide details thereof, in about 50 words or so –**

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Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   As a hospitality company, the rooms and F&B experience provided to guests is our product and service. We endeavour to integrate measures entailing energy and water conservation, waste management, culturally and regionally sensitive designs and interiors of our hotels, responsible purchases from local and marginalized entrepreneurs, artisans and craftsmen and local hiring. These are implemented right from the development stage to operations of key hotels, particularly in ecological and socially sensitive regions.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

   The consumption of energy, water and other resources in our hotels is measured per guest night, in terms of usage per consumer. The Company focuses on optimizing resource consumption to avoid wastages and minimize our environmental impact.

   In FY 2017-18, the hotels participating in the EarthCheck program together used a total of 252,677,658 MJ from renewable energy sources both through Green Power Agreements with their electricity providers as well as onsite and offsite renewable energy including wind farms and solar panels. Thereby, 58.58 KT CO_2 was avoided, comparable to taking 19,658 cars off the road.

The hotels participating in the EarthCheck program in FY 2017-18 together recycled and reused a total of 3,276,923 KL of water through rain water harvesting and recycling of grey water through onsite waste water treatment plants. The amount of recycled and reused water is equivalent to 1311 Olympic sized Swimming Pools.

a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
The steps implemented to improve resource efficiency and strengthen sustainability in the development and operation of our hotels include sourcing LED lights for increased energy efficiency, installing low-flow fixtures in toilets and other areas of high water consumption and the use of solar hot water systems. Further, we encourage the use of building materials that are recycled and locally extracted or manufactured wherever possible. During the construction process, we ensure that waste and debris is diverted from the landfills and sent to certified recycling agencies.

b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
In FY 2017-18, the hotels participating in the EarthCheck program together used a total of 252,677,658 MJ from renewable energy sources both through Green Power Agreements with their electricity providers as well as onsite and offsite renewable energy including wind farms and solar panels. Thereby, 58.58 KT CO2 was avoided, comparable to taking 19,658 cars off the road.

The hotels participating in the EarthCheck program in FY 2017-18 together recycled and reused a total of 3,276,923 KL of water through rain water harvesting or recycling of grey water through onsite waste water treatment plants. The amount of recycled and reused water is equivalent to 1311 Olympic sized Swimming Pools.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**
The Company constantly endeavours to integrate sustainable practices into its supply chain. Given the widespread network of hotels, the Company understands the importance of efficiently managing its supply chain. In this regard, the Company has revamped its sourcing and distribution model. The traditional model of procurement by individual hotels has been replaced by a unified warehousing and distribution management system. In the new system, orders from hotels are consolidated, leading to full truck load shipments from vendors to warehouse and from warehouse to hotels. This has reduced transportation due to consolidation of shipments.

This initiative has helped the Company improve its supply chain efficiency and lower its carbon footprint, reduce stock inventories and optimize logistics by serving the hotel needs through regional hubs. The Central Warehousing programme covers 40 vendors and 600 stock keeping units with the business turnover of ` 60 crores.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**
The Company encourages its hotels to locally source products from small scale farmers, marginalized vendors and women self-help groups. Some of the products sourced by our hotels include fresh fish, vegetables, laundry bags, honey, candles, gift items for guests, table napkins, dusters, dry snacks and pickles. Additionally, local art and culture troupes, artists and artisans are provided a platform in hotels to perform to guests and sell their products. This generates the dual impact of supporting the livelihood of these artisans and encouraging the preservation of traditional art forms.

Some of the Company's key NGO partners include Cancer Patients Aid Association, SRISHTI. In FY 2017-18, hotels sourced ` 885 lakhs worth of products and services from farmers, less privileged vendor's women self-help groups and NGOs that support local communities in earning a livelihood.

This initiative is facilitated by the Corporate Materials Group and hotel Materials team along with the CSR team. In the initial stages, the Company volunteers help build the capacities of small scale vendors by handholding them. The Company's teams help the vendors refine their product and quality control measures to meet Taj standards. They also provide the vendors with market linkages both within the Taj network and externally. Additionally, training is given in the areas of hygiene, sanitation and food safety management practices for budding entrepreneurs dealing in food products. Ethics, anti-corruption and human rights are also areas that are emphasized on during the training. The Company's Corporate Materials team also assist in facilitating financial support to less privileged vendor's and support in building capacity.

5. **Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Waste management is an integral part of our environment management endeavours. Of the 79 hotels covered under the EarthCheck programme, 18 have achieved 100% recycling of organic waste. This has prevented 5,329 tonnes of organic waste from going into landfills in FY 2017-18, the equivalent of 537 shipping containers.

Some of the other notable waste management projects implemented by the Company include the conversion of waste kitchen oil to biodiesel and the conversion of organic waste to compost and biogas. Hotels safely dispose hazardous waste like burnt oil and waste lubricant oil by giving it to authorized vendors. All e-waste generated in our properties is given to recyclers certified by the Pollution Control Board. Hotels ensure sewage treatment before disposing water into municipal sewers and also reuse treated water, as appropriate.

This year, in response to the global concerns about plastic pollution and marine micro-plastics, the Company has committed to phasing out single-use plastics, setting a benchmark for the hospitality industry in India. Single-use plastics such as the plastic packaging of in-room amenities has already been eliminated in 30 luxury properties across India.

Principle 3
Businesses should promote the well-being of all employees

1. **Please indicate the Total number of employees:**

Permanent	Contractual	Total
5621	2822	8443

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:**

Total hiring done in FY 2017-18: 1,436

3. **Please indicate the Number of permanent women employees:**

887

4. **Please indicate the Number of permanent employees with disabilities:**

The declaration of disability is voluntary on the part of the employee. There are currently 3 employees who have declared having disabilities.

5. **Do you have an employee association that is recognized by management?**

In 17 hotels we have registered trade union which the management recognises as the staff representative council.

6. **What percentage of your permanent employees is members of this recognized employee association?**

Out of the total number of permanent employees, 40.84% are part of these recognized employee association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
Child labour/forced labour/involuntary labour	NIL	NIL
Sexual harassment	15	NIL
Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Safety training is conducted at all hotels and includes training of both permanent as well as contractual workforce. Additionally, the Company strives to continuously improve the Food Safety Management System by training and optimizing capacities of people, processes and technologies within the system and ensuring implementation of ISO 22000 Food Safety Management System, Codex Standards and other applicable internal & external management systems.

Sr. No	Category	Safety Training Received
1.	Permanent Employees	100%
2.	Permanent Women Employees	100%
3.	Casual/Temporary/Contractual Employees	100%
4.	Employees with Disabilities	100%

Principle 4
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders? Yes / No

   Yes, the Company has mapped its internal and external stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**
   Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders. Based on this identification, the Company has mapped its target beneficiary groups for its CSR programs. These include rural, less-privileged, school dropout, differently abled, marginalized youth and women; indigenous artisans, disaster victims and other such groups – from target geographies identified from time to time. Additionally, as part of the Tata Group Affirmative Action Program, the Company also supports communities from less-privileged sections of Scheduled Castes and Scheduled Tribes.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**
   Giving back to the local community is an integral part of the way the Company does business. This philosophy stems from the Tata legacy of recognizing communities as a key stakeholder in the way business is conducted. The Tata Sustainability Group and Tata Affirmative Action Program guide the Company's CSR approach and strategy.

   Our focus has been on training & certification of less-privileged youth who drop out from formal education system to enable them to be work-ready & engage in productive livelihoods. We accomplish this through collaborating with & building capacities of institutions that serve the youth from low socio-economic backgrounds & remote hinterlands. Taj teams support these programs through content & class-rooms design, faculty development, on-the-job trainings, evaluation of learning outcomes, joint certification & allied support through our industry networks.

   We have invested in developing high quality, practical learning laboratories in seven key locations around our operations to enable us to offer effective teaching-learning infrastructure for our CSR programmes. Our CSR skill training centers are located in key clusters around our operations in Mumbai, Airoli, Lonavala, Jaipur, Chhindwara, Varanasi, Bangalore, Hyderabad, Goa & Trivandrum. We also support Tata Strive centers in remote belts, beyond our areas of operations in Agartala, Uri & Pithoragarh. In FY 2017-18; over 1100 learners have been trained & certified from these Taj CSR skill training centres with the placement ratio of 79% in the hospitality industry. Youth from districts of Dhalai & Gomati in State of Agartala in East, Mysore & Uttara Kannada from State of Karnataka in South, Sangli & Sindhudurg in State of Maharashtra in West, Ajmer & Dausa in State of Rajasthan in North, Balaghat & Chhindwara in State of Madhya Pradesh in Central India. Over 1500 individuals were trained through special education programme for working people ('RPL') in the current year. This include people from diverse backgrounds; including employees of Rashtrapati Bhavan, Raj Bhavan and CRPF - Gurgaon, etc.

   Over & above this flagship programme, our hotels in various other locations offer industrial exposure & training to deserving youth, differently abled, less-privileged women to acquire skills in house-keeping, cooking, bakery, food & beverage service, engineering & allied trades, further adding to our impact in terms of building livelihoods for youth from families in need. Taj also recruits an average of 15-20% of trained candidates from these talent pools, on mutual feasibility basis, making this an aspirational programme for the target groups & enabling a talent pipe-line for the larger hotels, restaurants & service industry.

   Through sustained efforts we encourage to preserve the art of traditional Benarasi handloom weaving. The objective of this program is to preserve the dying art form of handloom weaving and help build livelihoods for youth & women from weaving communities. The Company has initiated a promising program that has trained over 32 girls from conservative communities around Varanasi in this strongly male-dominated occupation. The ability to earn a livelihood through weaving will go a long way in empowering these women, while also preserving the craft.

Principle 5
Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**
   The Policy is applicable to the Company, its Subsidiaries and other stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
During the year 2016-17, 67 complaints were received of which none are pending.

Principle 6
Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   The Company's environmental vision is extended to its partners and subsidiary companies. All hotels within the Company's portfolio prescribe and are encouraged to adhere to the Company's environmental vision.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage, etc.**
Yes. The Company has identified opportunities to reduce its environment footprint and therefore reduce the impact of operations on the environment. A key initiative in this regard is switching to renewable energy sources. At present, 21% of the Company's energy consumption is from renewable sources.

   The UNGC report can be accessed at https://goo.gl/WNZick

   The FY 2017-18 Sustainability Report will be uploaded to the website www.tajhotels.com once it is published.

3. **Does the Company identify and assess potential environmental risks? Y/N.**
Yes.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**
No.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage, etc.**
Yes. The Company is sourcing 21% of total energy from renewable sources of energy.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
Yes.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
Nil

Principle 7
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**
Yes, the Company is part of a number of associations as noted below:
   a) Hotel Association of India
   b) World Travel Tourism Council India Initiative - WTTC II
   c) Experience India Society
   d) World Tourism Organisation - UNWTO
   e) The Federation of Hotel & Restaurant Association of India - FHRAI
   f) All India Association of Industries
   g) Indo - German Chamber of Commerce
   h) Indian Merchant Chambers
   i) Travel Agents Association of India
   j) Travel Agent Federation of India
   k) The Confederation of Indian Industry
   l) Federation of Indian Chambers of Commerce and Industry
   m) U.S. India Business Council
   n) Society for Incentive Travel Excellence
   o) International Convention Promotion Bureau

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas**
Meetings with these associations are periodic and the main objective is to promote India as a preferred & safe destination for business & leisure. Some examples are as under:

   Experience India Society ('EIS') is an initiative of the leading hotel chains and tour operators to promote India through a public- private partnership with the Ministry of Tourism. The Experience India Society co-hosts food festivals, produces promotional films for international audiences as a part of the Incredible India campaign, participates in special events to promote India as a unique tourist destination and further the cause of Brand India

   India Convention Promotion Bureau ('ICPB') is the only travel industry body with participation from the entire MICE industry, with members from State Governments, hotels, airlines, tour operators, travel agents, professional conference organisers, event managers, educational institutions and more. The objectives of ICPB include the development of conference traffic to India supported by continuing programs of creating better awareness of the role and benefits of congresses and conventions in the context of national objectives. The endeavour of ICPB is to have highly developed convention centres all over the country to make India the preferred destination of the world.

Society for Incentive Travel Excellence ('SITE') members are incentive travel professionals who know from experience that incentive travel works. It works to reward, retain and motivate employees. The SITE global member community, which represents 84 countries is on a mission to strengthen and inspire this extraordinary industry.

Principle 8
Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/ initives/projects in pursuit of the policy related to Principle 8? If yes, details there of ?**
   Yes. The Company has programmes that reach out to remote, interior areas with communities and target groups on the peripheries of the development journey of India. This is largely driven through the Tata Affirmative Action agenda.

   The Taj Tata STRIVE Hospitality Skill training Program trains and certifies underprivileged youth from various parts of India. Youth from districts of Dhalai & Gomati in State of Agartala in East, Mysore & Uttara Kannada from State of Karnataka in South, Sangli & Sindhudurg in State of Maharashtra in West, Ajmer & Dausa in State of Rajasthan in North, Balaghat & Chhindwara in State of Madhya Pradesh in Central India. The Company also endeavours to promote an inclusive value chain by embedding affirmative action for relevant vendors.

   The Company has initiated a promising program through sustained efforts which encourage to preserve the art of traditional Benarasi handloom weaving. The objective of this program is to preserve the dying art form of handloom weaving and help build livelihoods for youth & women from weaving communities.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**
   The Company's CSR programs are implemented by in-house CSR and HR teams, volunteers and in partnership with NGOs, other Tata companies and Government bodies in various locations.

3. **Have you done any impact assessment of your initiative?**
   An impact assessment was conducted three years ago through TISS. Following the launch of certain new CSR programmes last year and modified processes for others, a next round of impact assessment will be initiated after two years.

4. **What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**
   The manner in which the amount was spent during the FY 2017-18 is detailed in the table below:

Taj CSR Focus Areas	Sector in which the Project is covered	Nature of Program	Direct/ Partnership	Locations	Programmatic Outlay (`/lakhs)	Amount of Money Spent (`/lakhs)
Building Livelihoods	Vocational skilling & promotion of livelihoods	Certified Skill Training with embedded on-the-job exposure, Spoken English & work-readiness inputs	Direct + with partners	Mumbai, Airoli, Lonavala, Jaipur, Chhindwara, Varanasi, Bengaluru, Hyderabad, Goa, Trivandrum, Agartala, Uri & Pithoragarh	124.23	173.11

Taj CSR Focus Areas	Sector in which the Project is covered	Nature of Program	Direct/ Partnership	Locations	Programmatic Outlay (`/lakhs)	Amount of Money Spent (`/lakhs)
Being a Responsible Neighbour	Promotion and development of traditional arts and handicrafts	Education, training and promotion to preserve unique art forms	Direct + with partners	Across multiple Taj hotel sites	48.26	265.39
	Environmental sustainability	Adoption or maintenance of public spaces such as gardens, bus stops and roads, cleanliness, beautification and horticulture and community education for public hygiene and cleanliness			58.00	
	Restoration of buildings and sites of historical importance	Support for beautification, cleanliness and promotion of Gateway of India, Mumbai & National Rail Museum, Delhi			119.70	
	Support towards eradicating poverty & malnutrition	Welfare activities for local charity homes, orphanages, other such community requests-based activities			27.00	
Community Welfare	Promoting Education	Scholarships for education in hospitality	Direct + with partners	Mumbai, Kolkata, Delhi, Bengaluru	146.3	88.77
TOTAL					**523.49**	**527.27**

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
   The Company representatives and volunteers undertake direct community engagements and support with counselling, exposure visits and regular hand-holding, as and where required for sustainable and effective programme management. Year on year, as a part of our social responsibility immersion programme, a set of our sharp and young management graduates spend over 45 days on-site with identified CSR programme partners and community clusters making our community development initiatives more robust.

Principle 9
Businesses should engage with and provide value to their customers and consumers in a responsible manner:

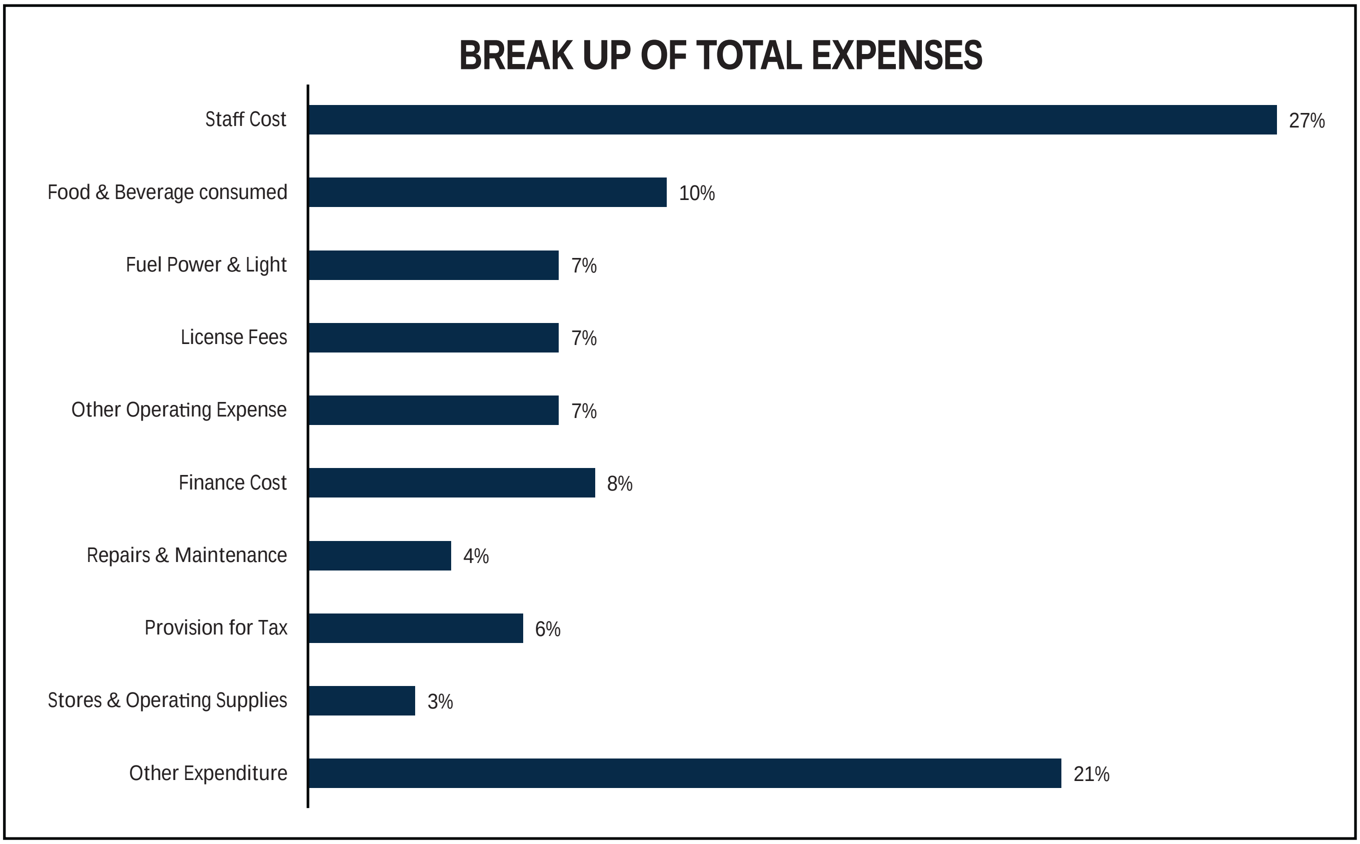
1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**
   Approximately 3.5% of the consumer cases/complaints are pending as on March 31, 2018.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information)**
   Not Applicable.

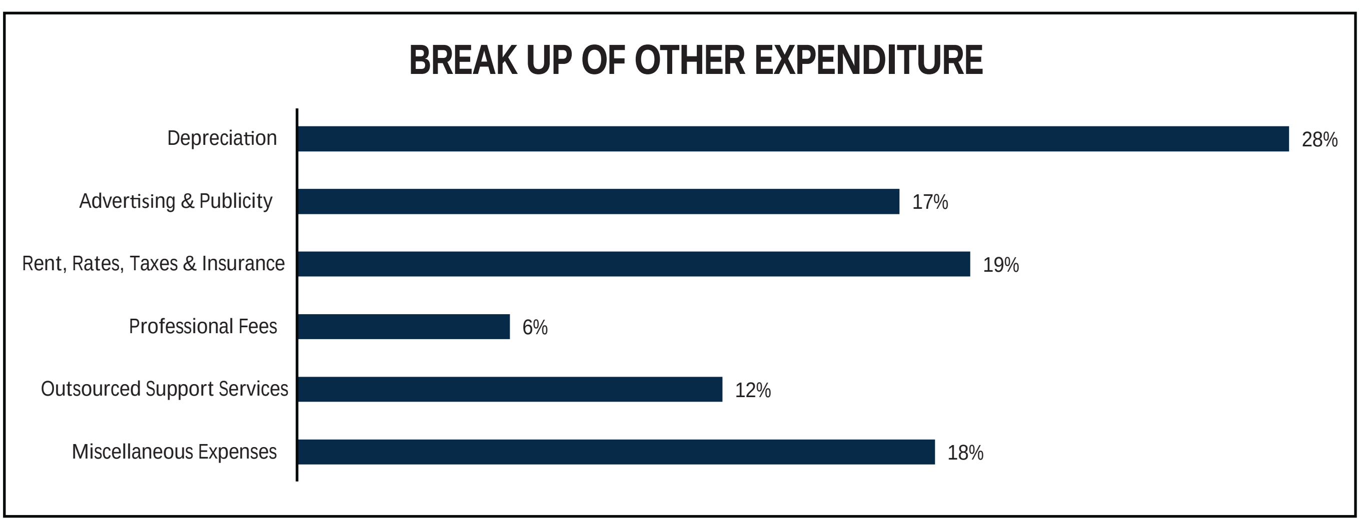
3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
   No

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**
   The Company carried out Consumer engagement survey to measure the emotional connect between the brand and the customer's purchasing decisions. Customers form strong emotions about the brand based on their experiences and these emotions strongly influence their buying decisions.

   The Company also carried out a Brand Equity track to gauge the drivers of brand affinity and business impact of brand association. This gives us insights into the overall 'triggers of retention' for current customers and 'triggers of attraction' for potential competition customers.



Footnote : Excludes Exceptional Items of ` (55.19) crores.



Independent Auditor's Report

To the Members of The Indian Hotels Company Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of The Indian Hotels Company Limited ("the Company"), which comprise the Balance sheet as at March 31, 2018, the Statement of profit and loss (including Other Comprehensive Income), the Statement of changes in equity and the Statement of cash flows for the year then ended, and a summary of the Significant accounting policies and Other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including Other Comprehensive Income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The audited Ind AS financial statements of the Company for the corresponding year ended March 31, 2017 included in these standalone Ind AS financial statements, have been audited by the predecessor auditors whose audit report dated May 26, 2017 expressed an unmodified opinion on those audited standalone Ind AS financial statements. Our opinion is not modified in respect of this matter.

The figures for the year ended March 31, 2017 included in the standalone financial statements for the year ended March 31, 2018, have been restated to give effects to the scheme of amalgamation of TIFCO Holdings Limited (a wholly owned subsidiary) with the Company pursuant to an order of National Company Law Tribunal dated March 8, 2018, from the beginning of the preceding year (i.e April 1, 2016) in accordance with the Ind AS. Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the standalone Balance sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of cash flows and the standalone Statement of changes in equity dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act;

(e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to the Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 29 and Note 36 to the standalone Ind AS financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, including derivative contracts;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018; and

iv. the disclosure in the standalone Ind AS financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from November 8 , 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vijay Bhatt
Partner
Membership No: 036647

Mumbai, May 25, 2018

Annexure 'A' to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In accordance with this program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date except in respect of:

- one plot of leasehold land aggregating ` 1.91 crore (Gross Block ` 1.91 crores) which is in physical possession of the Company and the settlement of the lease deed in favour of the Company is being processed.
- one hotel building aggregating ` 16.54 crores (Gross Block ` 18.53 crores), which is built on land taken on lease and disclosed as a part of the fixed assets in the financial statements. The lease agreement has expired, but the Company is permitted to carry out its operations until the process of auction by the owners of the said land is completed and the premises is handed over to the winning bidder.
- one commercial / residential building aggregating to ` 0.81 crores (Gross Block ` 1.30 crores) constructed on the leased land, which is in the possession of the Company acquired pursuant to a scheme of amalgamation of TIFCO Holding Limited (a wholly owned subsidiary). The lease of the said land has expired in the year 2000. TIFCO Holdings Limited has filed a writ Petition in High Court of Mumbai on January 15, 2013 for renewal of lease.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in books of account.

(iii) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of the investments and guarantees made. The Company has not provided any security to the parties covered under section 186 of the Act.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Duty of Customs, Duty of Excise, Sales-tax, Service Tax, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues have been generally and regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Profession Tax, Income-tax, Duty of Customs, Duty of Excise, Sales-tax, Service Tax, Goods and Services Tax, Value Added Tax, Cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Services Tax and Value Added Tax as at March 31, 2018, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

(` in crores)

Name of Act	Nature of Dues	Amount Demanded	Amount not Deposited / Under Disputes	Period to which amount relates (Financial Year)	Forum where dispute is pending
Sales Tax and Value Added Tax	Tax, Penalty and Interest	6.06	4.76	1997 – 1998 to 2004 - 2005	Joint Commissioner (Appeals)
		10.10	9.30	2005 - 2009 & 2010 - 2011	
		0.18	0.18	2006 - 2008	Additional Commissioner
		0.66	-	2010 - 2011 to 2015 - 2016	
		0.34	0.34	1992 – 1993 to 1995 - 1996	Commissioner (Appeals)
		1.91	1.91	2005 - 2006 to 2012 - 2013	
		0.02	0.02	2005 – 2006	Assistant / Deputy Commissioner
		2.98	2.54	2011 – 2012 to 2017-2018	
The Income Tax Act, 1961	Tax and Interest	125.51	102.93	2012 – 2013	Commissioner (Appeals)
		2.25	2.25	2009 – 2010 to 2013 - 2014	Assessing Officer
		51.00	34.24	2009 – 2010 & 2011 – 2012	Tribunal
The Finance Act, 1994	Tax, Penalty and Interest	0.16	0.16	2002 - 2003	Commissioner (Appeals)
		3.95	3.72	2006 – 2007 to 2016 - 2017	
		0.12	0.11	2012 - 2013	Additional Commissioner
		0.88	0.87	2006 – 2007 to 2016 - 2017	Joint Commissioner (Appeals)
		8.16	2.76	2006 - 2007 to 2012 – 2013	Tribunal
Property Tax	Demand, Penalty and Interest	0.10	-	1990 – 1991	High Court
		315.42	244.92	2009 – 2010 to 2017 – 2018	
		0.30	0.30	2009 – 2010	Supreme Court

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to banks and dues to debenture holders. The Company did not have any outstanding dues to financial institutions and government during the year.

(ix) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has utilised the money raised by way of rights issue of equity shares during the year, except for unutilised amount of ` 51.81 crores, which has been kept in fixed deposit. Moreover, the term loans taken by the Company have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vijay Bhatt
Partner
Membership No: 036647

Mumbai, May 25, 2018

Annexure 'B' to the Independent Auditor's Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Act

We have audited the internal financial controls over financial reporting of The Indian Hotels Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on ''Audit of Internal Financial Controls Over Financial Reporting'' issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on ''Audit of Internal Financial Controls Over Financial Reporting'' (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vijay Bhatt
Partner
Membership No: 036647

Mumbai, May 25, 2018

Balance Sheet as at March 31, 2018

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Assets			
Non-current assets			
Property, plant and equipment	3	2,367.82	2,149.41
Capital work-in-progress		63.40	107.88
Intangible assets	4	30.68	38.12
Intangible assets under development		1.61	0.03
Financial assets			
Investments	5 (a)	3,860.01	2,964.03
Loans	6 (a)	5.35	37.78
Other financial assets	7 (a)	55.84	57.01
Advance income tax (net)		112.66	65.96
Other non-current assets	8 (a)	276.12	257.56
		6,773.49	**5,677.78**
Current assets			
Inventories	9	51.47	47.56
Financial assets			
Investments	5 (b)	301.45	65.12
Trade receivables	10	256.81	213.74
Cash and cash equivalents	11	121.28	15.00
Other Balances with Banks	12	7.73	7.63
Loans	6 (b)	20.66	52.68
Other financial assets	7 (b)	123.35	120.42
Other current assets	8 (b)	47.49	37.04
		930.24	**559.19**
Total		**7,703.73**	**6,236.97**
Equity and Liabilities			
Equity			
Equity share capital	13	118.93	98.93
Other equity	14	4,275.03	2,668.27
Total Equity		**4,393.96**	**2,767.20**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15 (a)	1,733.88	1,494.54
Other financial liabilities	16 (a)	252.54	263.53
Provisions	17 (a)	56.90	48.78
Deferred tax liabilities (net)	18	348.81	290.94
		2,392.13	**2,097.79**
Current liabilities			
Financial liabilities			
Borrowings	15 (b)	-	7.31
Trade payables	19	208.02	177.19
Other financial liabilities	16 (b)	405.81	873.07
Provisions	17 (b)	108.23	86.91
Other current liabilities	20	195.58	227.50
		917.64	**1,371.98**
Total		**7,703.73**	**6,236.97**
The accompanying notes form an integral part of the standalone financial statements	1 - 45		

In terms of our report attached.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran DIN: 00121863	Chairman
Puneet Chhatwal DIN: 07624616	Managing Director & CEO
Deepak Parekh DIN: 00009078	Director
Giridhar Sanjeevi	Executive Vice President & Chief Financial Officer
Beejal Desai	Senior Vice President - Legal & Company Secretary

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Statement of Profit and Loss for the year ended March 31, 2018

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Income			
Revenue from operations	21	2,583.95	2,401.56
Other income	22	55.39	58.02
Total		**2,639.34**	**2,459.58**
Expenses			
Food and beverages consumed	23	232.64	219.99
Employee benefit expenses and payment to contractors	24	649.61	633.24
Finance costs	25	193.43	197.86
Depreciation and amortisation expenses		151.34	151.31
Other operating and general expenses	26	1,072.90	1,028.65
Total		**2,299.92**	**2,231.05**
Profit before exceptional items and tax		**339.42**	**228.53**
Exceptional items	27	(55.19)	33.51
Profit before tax		**284.23**	**262.04**
Tax expense	38		
Current tax		115.64	111.19
Deferred tax		20.82	7.67
Total		**136.46**	**118.86**
Profit after tax		**147.77**	**143.18**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(9.14)	7.58
Change in fair value of equity instruments designated irrevocably as Fair Value Through Other Comprehensive Income		31.33	117.15
Less/(Add):- income tax expense/ (credit)		(7.04)	0.30
Other comprehensive income for the year, net of tax		**29.23**	**124.43**
Total comprehensive Income for the year		**177.00**	**267.61**
Earnings per share:	41		
Basic and Diluted - (`)		**1.34**	**1.37**
Face value per equity share - (`)		**1.00**	**1.00**
The accompanying notes form an integral part of the standalone financial statements	1 - 45		

In terms of our report attached.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647
Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran — Chairman
DIN: 00121863

Puneet Chhatwal — Managing Director & CEO
DIN: 07624616

Deepak Parekh — Director
DIN: 00009078

Giridhar Sanjeevi — Executive Vice President & Chief Financial Officer

Beejal Desai — Senior Vice President - Legal & Company Secretary

Statement of Changes in Equity for the year ended March 31, 2018

` crores

Particulars	a) Equity Share Capital	b) Other Equity							Total Equity
	Equity Share Capital Subscribed	Reserves and Surplus					Items of Other Comprehensive Income	Other Equity	
		Capital Reserve	Securities Premium Account	General Reserve	Other Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income		
Balance as at April 1, 2016 (As reported earlier)	**98.93**	**43.91**	**1,230.65**	**494.05**	**386.47**	**9.64**	**111.93**	**2,276.65**	**2,375.58**
Accumulated profits of TIFCO Holdings Ltd. on amalgamation (Refer Note 28)	-	-	-	-	42.42	112.90	4.41	159.73	159.73
Restated balance at the beginning of the reporting period	**98.93**	**43.91**	**1,230.65**	**494.05**	**428.89**	**122.54**	**116.34**	**2,436.38**	**2,535.31**
Profit for the year ended March 31, 2017	-	-	-	-	-	143.18	-	143.18	143.18
Other Comprehensive Income for the year ended March 31, 2017, net of taxes	-	-	-	-	-	4.65	119.78	124.43	124.43
Total Comprehensive Income for the year ended March 31, 2017	-	-	-	-	-	147.83	119.78	267.61	267.61
Dividends	-	-	-	(29.68)	-	-	-	(29.68)	(29.68)
Tax on Dividend	-	-	-	(4.38)	-	(1.66)	-	(6.04)	(6.04)
Balance as at March 31, 2017	**98.93**	**43.91**	**1,230.65**	**459.99**	**428.89**	**268.71**	**236.12**	**2,668.27**	**2,767.20**
Profit for the year ended March 31, 2018	-	-	-	-	-	147.77	-	147.77	147.77
Other Comprehensive Income for the year ended March 31, 2018, net of taxes	-	-	-	-	-	(5.80)	35.03	29.23	29.23
Total Comprehensive Income for the year ended March 31, 2018	**-**	**-**	**-**	**-**	**-**	**141.97**	**35.03**	**177.00**	**177.00**
Allocation of Shares on Rights basis	20.00	-	-	-	-	-	-	-	20.00
Premium on allocation of shares on Rights basis	-	-	1,479.88	-	-	-	-	1,479.88	1,479.88
Issue expenses written off against Securities Premium	-	-	(8.45)	-	-	-	-	(8.45)	(8.45)
Transfer from Reserve Fund to Retained Earnings	-	-	-	-	(42.42)	42.42	-	-	-
Realised gain on sale of shares of Tourism Finance Corporation of India Ltd. transferred from Other Comprehensive Income to Retained Earnings	-	-	-	-	-	0.41	(0.41)	-	-
Dividends (Refer Note 44)	-	-	-	-	-	(34.62)	-	(34.62)	(34.62)
Tax on Dividend	-	-	-	-	-	(7.05)	-	(7.05)	(7.05)
Balance as at March 31, 2018	**118.93**	**43.91**	**2,702.08**	**459.99**	**386.47**	**411.84**	**270.74**	**4,275.03**	**4,393.96**

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 45).

In terms of our report attached.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647
Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran — Chairman
DIN: 00121863

Puneet Chhatwal — Managing Director & CEO
DIN: 07624616

Deepak Parekh — Director
DIN: 00009078

Giridhar Sanjeevi — Executive Vice President & Chief Financial Officer

Beejal Desai — Senior Vice President - Legal & Company Secretary

Statement of Cash Flows for the year ended March 31, 2018

	March 31, 2018 ` crores	March 31, 2017 ` crores
Cash Flow From Operating Activities		
Profit before tax	**284.23**	**262.04**
Adjustments to reconcile net profit to net cash provided by operating activities:		
Gain on investments carried at fair value through statement of profit and loss	(5.34)	(4.73)
Provision for impairment of investment in a subsidiary	80.50	64.33
Exchange (Gain)/ Loss on Long term borrowing/Assets (net)	0.20	(1.90)
Fair valuation (Gain)/ Loss on derivative contracts	(25.51)	(65.45)
Depreciation and amortisation expenses	151.34	151.31
Net (Gain)/ Loss on disposal of Property, plant and equipment	0.14	(2.09)
Assets written off	1.19	9.85
Allowance for doubtful debts and advances	15.03	0.95
Dividend income	(8.99)	(22.75)
Interest income	(26.15)	(14.79)
Interest expense	193.43	197.86
Provision for disputed claims	19.99	6.58
Provision for Employee Benefits	9.45	2.17
	405.28	**321.34**
Cash Operating Profit before working capital changes	**689.51**	**583.38**
Adjustments for (increase)/ decrease in operating assets:		
Inventories	(3.91)	(2.48)
Trade receivables	(56.41)	(53.38)
Other financial assets	(1.44)	4.18
Other assets	(51.65)	(30.65)
	(113.41)	**(82.33)**
Adjustments for increase/ (decrease) in operating liabilities:		
Trade payables	30.83	4.07
Other financial liabilities	11.54	34.83
Other liabilities	(19.10)	(2.00)
	23.27	**36.90**
Cash Generated from Operating Activities	**599.37**	**537.95**
Income taxes paid	(118.25)	(79.63)
Net Cash Generated From Operating Activities (A)	**481.12**	**458.32**
Cash Flow From Investing Activities		
Payments for purchase of property, plant and equipment	(311.33)	(255.23)
Proceeds from disposal of property, plant and equipment	2.64	3.82
Purchase of current investments	(1,398.93)	(2,105.41)
Sale of current investments	1,167.94	2,187.12
Carried over	**(539.68)**	**(169.70)**

Statement of Cash Flows for the year ended March 31, 2018 (Contd.)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Brought over	**(539.68)**	**(169.70)**
Purchase of non-current investments	(944.72)	(10.00)
Sale of investment in other companies	0.52	-
Interest received	22.85	12.65
Dividend received	8.99	22.75
Long-term deposits placed with a Subsidiary (converted into Equity subsequently)	-	(135.19)
Long-term deposits repaid by a Subsidiary	32.15	167.93
Short-term deposits placed with related parties	(70.50)	(46.50)
Short-term deposits repaid by related parties	102.43	61.49
Short-term deposits repaid by others	0.09	0.32
Bank Balances not considered as Cash and cash equivalents	0.24	0.42
Net Cash Generated/(Used) In Investing Activities (B)	**(1,387.63)**	**(95.83)**
Cash Flow From Financing Activities		
Dividend and Tax on dividend (including Unclaimed dividend)	(41.58)	(35.63)
Share issue expenses	(8.45)	-
Interest and other borrowing costs paid	(235.90)	(117.74)
Settlement of cross currency Interest rate swap (net)	11.80	(26.96)
Proceeds from long-term borrowings	300.00	520.00
Repayment of long-term borrowings	(505.30)	(708.08)
Proceeds from short-term borrowings	609.07	160.00
Repayment of short-term borrowings	(609.07)	(160.00)
Repayment of loan repayable on demand from bank	(7.31)	(0.14)
Proceeds from issue of shares on Rights basis	1,499.88	-
Unclaimed dividend/ deposits/ interest transferred to Investors Education and Protection Fund	(0.35)	(0.37)
Net Cash Generated/ (Used) In Financing Activities (C)	**1,012.79**	**(368.92)**
Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)	**106.28**	**(6.43)**
Cash and Cash Equivalents - Opening	**15.00**	**21.12**
Cash and Cash Equivalents - on amalgamation of TIFCO Holdings Ltd. (Refer note. 28)	-	0.31
Cash and Cash Equivalents - Closing	**121.28**	**15.00**

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 45).

In terms of our report attached.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647
Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran — Chairman
DIN: 00121863

Puneet Chhatwal — Managing Director & CEO
DIN: 07624616

Deepak Parekh — Director
DIN: 00009078

Giridhar Sanjeevi — Executive Vice President & Chief Financial Officer

Beejal Desai — Senior Vice President - Legal & Company Secretary

Notes to Financial Statements for the year ended March 31, 2018

Note 1 : Corporate Information

The Indian Hotels Company Limited ("IHCL" or the "Company"), is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts.

The Company is domiciled and incorporated in India in 1902 and has its registered office at Mandlik House, Mandlik Road, Mumbai – 400 001, India. It is promoted by Tata Sons Limited, which holds a significant stake in the Company.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 25, 2018.

Note 2 : Basis of Preparation, Critical Accounting Estimates and Judgements, Significant Accounting Policies and Recent Accounting Pronouncements

The financial statements have been prepared on the following basis:

(a) Statement of compliance

These financial statements have been prepared in accordance with Ind AS as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 as amended from time to time.

(b) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

(c) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and intangible assets that are subject to depreciation/amortisation are tested for impairment periodically including when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Impairment of investments:** The Company reviews its carrying value of investments carried at cost or amortised cost annually or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit and Loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit and Loss.

- **Loyalty programme:** The Company estimates the fair value of points awarded under the Loyalty programme by applying statistical techniques. Inputs include making assumptions about expected breakages, the mix of products that will be available for redemption in the future and customer preferences, redemption at own hotels and other participating hotels.

- **Fair value measurement of derivative and other financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

Significant accounting policies

(d) Revenue recognition

Income from operations

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations, including management fees for the management of the hotels.

Revenue is recognised upon rendering of the service, provided persuasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

The Company operates loyalty programme, which allows its eligible customers to earn points based on their spending at the hotels. The points so earned by such customers are accumulated. The revenues related to award points is deferred and on redemption of such award points revenue is measured based on management's estimate of the fair value of the expected awards for which the points will be redeemed. Membership fees received from the loyalty program is recognised as revenue on time-proportion basis.

Management fees earned from hotels managed by the Company are usually under long-term contracts with the hotel owner and are recognised when earned in accordance with the terms of the contract when collectability is certain.

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Notes to Financial Statements for the year ended March 31, 2018

Dividend

Dividend income is recognised when the Company's right to receive the amount is established.

(e) Employee Benefits

i. Short-term Employment Benefits:

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

ii. Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

a) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employee's eligible salary (currently 12% of employee's eligible salary). The contributions are made to the provident fund managed by the trust set up by the Company, or to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss.

b) Superannuation

The Company has a defined contribution plan for eligible employees, wherein it annually contributes a sum equivalent to a defined percentage of the eligible employee's annual basic salary to a fund administered by the trustees. The Company recognises such contributions as an expense in the year in which the corresponding services are received from the employee.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

a) Gratuity Fund

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. The obligation determined as aforesaid less the fair value of the plan assets is reported as a liability or asset as of the reporting date. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

b) Post-Retirement Pension Scheme and Medical Benefits

The net present value of the Company's obligation towards post retirement pension scheme for retired whole time directors and post-employment medical benefits to qualifying employees is actuarially determined, based on the projected unit credit method. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

The Company also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Company accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

c) **Provident Fund Trust**

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

Other Long-term Employee Benefits – The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(o)). Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it. First time issues of operating supplies for a new hotel property, consisting of linen and chinaware, glassware and silverware (CGS) are capitalised and depreciated over their estimated useful life.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to the Statement of Profit and Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

Class of Assets	Estimated Useful Life
Buildings	60 to 80 years
Plant and Equipment	5 to 20 years
Electrical Installation and Equipment	20 years
Hotel Wooden Furniture	15 years
End User devices – Computers, Laptops etc.	6 years
Operating supplies (issued on opening of a new hotel property)	2 to 3 years
Other Miscellaneous Hotel Assets	4 years

In respect of buildings on leasehold land, depreciation is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to leasehold buildings are depreciated on the basis of their estimated useful lives or the expected lease period.

Notes to Financial Statements for the year ended March 31, 2018

Freehold land is not depreciated.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. Proportionate depreciation is charged for the addition and disposal made during the year.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

(g) Intangible Assets

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The estimated useful life used for amortising intangible assets is as under:

Class of Assets	Estimated Useful Life
Website Development Cost	5 years
Software and Licences	6 years
Service and Operating Rights	10 years

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(h) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment periodically including whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

(i) Foreign Currency Translation

The functional currency of the Company is Indian Rupee (`).

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount

Notes to Financial Statements for the year ended March 31, 2018

the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

(j) Assets taken on lease

Operating Lease

A lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as an operating lease. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

(k) Inventories

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost includes the fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

(l) Government Grants

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(m) Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

(i) Current tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities and assets are measured

Notes to Financial Statements for the year ended March 31, 2018

at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit forming part of deferred tax assets is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

(n) Provisions

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

(o) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit and Loss using the effective interest rate method.

(p) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(q) Earnings per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year adjusting the bonus element for all the reported period arising on account of issue of equity shares on rights and including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

(r) Exceptional items

The Company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying operating performance of the Company and provides consistency with the Company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company. Exceptional items can include, but are not restricted to, gains and losses on the disposal of assets / investments, impairment charges, exchange gain / (loss) on long term borrowings / assets and changes in fair value of derivative contracts.

(s) Financial Instruments

(I) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Classification

- **Cash and Cash Equivalents –** Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

- **Debt Instruments -** The Company classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  (i) Financial assets at amortised cost
  Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

  (ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)
  Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

  (iii) Financial assets at fair value through profit or loss (FVTPL)
  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

- **Equity Instruments -** The Company subsequently measures all equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Company has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

  The Company has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

  When the equity investment is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

De-recognition

A financial asset is de-recognised only when the Company has transferred the rights to

Notes to Financial Statements for the year ended March 31, 2018

receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(II) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The fair value changes of derivatives which are not designated as a hedging instrument are accounted through Statement of Profit and Loss. During the years reported, no hedge relationship was designated.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(III) *Impairment of financial assets*

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

(t) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are measured at their fair values and recognised as income in the Statement of Profit and Loss.

Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment.

(u) Business combinations

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

(v) Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA"), on March 28, 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after April 1, 2018.

Ind AS 115 - Revenue from Contract with Customers:

Ind AS 115 will supersede the existing revenue recognition standard 'Ind AS 18 – Revenue'. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115 and will adopt it retrospectively with the cumulative effect of initially applying this standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application i.e. April 1, 2018 and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. This standard is applied retrospectively only to the contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of new standard to be material on its retained earnings and on its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates (Appendix B)

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

Notes to Financial Statements for the year ended March 31, 2018

Note 3 : Property, Plant and Equipment (Owned, unless otherwise stated)

	Freehold Land	Buildings (Refer Footnote (i) & (iii))	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Cost							
At April 1, 2016	**134.25**	**1,255.02**	**625.93**	**165.09**	**33.03**	**6.57**	**2,219.89**
Additions	-	91.60	73.10	27.45	5.74	0.53	198.42
Disposals	-	8.90	7.48	1.23	0.50	0.59	18.70
At March 31, 2017	**134.25**	**1,337.72**	**691.55**	**191.31**	**38.27**	**6.51**	**2,399.61**
Additions	-	150.66	120.96	80.65	9.98	0.78	363.03
Disposals	-	4.20	2.70	0.49	0.04	0.82	8.25
At March 31, 2018	**134.25**	**1,484.18**	**809.81**	**271.47**	**48.21**	**6.47**	**2,754.39**
Depreciation							
At April 1, 2016	-	**35.04**	**55.13**	**19.50**	**7.30**	**1.15**	**118.12**
Charge for the year	-	48.82	61.30	20.85	7.56	0.80	139.33
Disposals	-	2.99	2.93	0.51	0.71	0.11	7.25
At March 31, 2017	**-**	**80.87**	**113.50**	**39.84**	**14.15**	**1.84**	**250.20**
Charge for the year		43.92	65.06	23.80	7.56	0.31	140.65
Disposals		2.88	1.06	0.17	0.03	0.14	4.28
At March 31, 2018	**-**	**121.91**	**177.50**	**63.47**	**21.68**	**2.01**	**386.57**
Net Block							
At March 31, 2017	**134.25**	**1,256.85**	**578.05**	**151.47**	**24.12**	**4.67**	**2,149.41**
At March 31, 2018	**134.25**	**1,362.27**	**632.31**	**208.00**	**26.53**	**4.46**	**2,367.82**

Footnotes :

(i) Cost includes improvements to buildings constructed on leasehold land - ₹ 998.71 crores (Previous Year - ₹ 933.35 crores).

(ii) For details of pledged assets refer Note 15, Footnote (ii).

(iii) Includes Building amounting to ₹ 0.83 crore acquired on amalgamation of TIFCO Holdings Ltd. is pending to be transferred in the name of the Company.

Note 4 : Intangible Assets (Acquired)

	Website Development Cost	Software (Refer Footnote (i))	Service and Operating Rights	Total
	₹ crores	₹ crores	₹ crores	₹ crores
Cost				
At April 1, 2016	**14.04**	**31.23**	**3.09**	**48.36**
Additions	4.23	4.63	-	8.86
Disposals	-	0.25	-	0.25
At March 31, 2017	**18.27**	**35.61**	**3.09**	**56.97**
Additions	1.23	1.98	0.04	3.25
Disposals	-	-	-	-
At March 31, 2018	**19.50**	**37.59**	**3.13**	**60.22**
Amortisation				
At April 1, 2016	**0.38**	**6.03**	**0.59**	**7.00**
Charge for the year	3.64	6.37	1.97	11.98
Disposals	-	0.13	-	0.13
At March 31, 2017	**4.02**	**12.27**	**2.56**	**18.85**
Charge for the year	4.96	5.57	0.16	10.69
Disposals	-	-	-	-
At March 31, 2018	**8.98**	**17.84**	**2.72**	**29.54**
Net Block				
At March 31, 2017	**14.25**	**23.34**	**0.53**	**38.12**
At March 31, 2018	**10.52**	**19.75**	**0.41**	**30.68**

Footnote :

i) Software includes Customer Reservation System and other licensed software.

Notes to Financial Statements for the year ended March 31, 2018

Note 5 : Investments

	Face Value	March 31, 2018 Holdings As at	March 31, 2018 ` crores	March 31, 2017 Holdings As at	March 31, 2017 ` crores
(a) Non-current Investments					
Fully Paid Unquoted Equity Investments					
Investments in Subsidiary Companies (at cost)					
KTC Hotels Ltd.	` 10	6,04,000	0.70	6,04,000	0.70
Roots Corporation Ltd.	` 10	5,10,00,000	51.00	5,10,00,000	51.00
Taj International Hotels (H.K.) Ltd.	US $ 1	23,00,00,000	1,111.98	23,00,00,000	1,111.98
IHOCO BV (5,97,907 shares allotted during the year)	US $ 1	2,15,60,231	1,964.63	2,09,62,324	1,912.60
United Hotels Ltd. *@	` 10	46,20,000	1.50	46,20,000	1.50
Piem Hotels Ltd. *@	` 10	19,64,770	89.87	19,64,770	89.87
Inditravel Ltd. *@	` 10	3,39,009	0.34	3,39,009	0.34
Taj Enterprises Ltd. *@	` 100	22,298	0.30	22,298	0.30
Taj Trade & Transport Co. Ltd. *@	` 10	16,16,999	3.20	16,16,999	3.20
Skydeck Properties And Developers Private Ltd. (89,29,33,872 shares allotted during the year)	` 10	89,30,32,160	1,168.88	98,288	275.94
			4,392.40		**3,447.43**
Investments in Joint Ventures (at cost)					
Taj Karnataka Hotels & Resorts Ltd. *@	` 10	10,98,740	1.10	10,98,740	1.10
Taj Kerala Hotels & Resorts Ltd.	` 10	1,41,51,663	15.67	1,41,51,663	15.67
Taj SATS Air Catering Ltd.	` 10	88,74,000	61.82	88,74,000	61.82
Taj Madras Flight Kitchen Private Ltd.	` 10	79,44,112	8.56	79,44,112	8.56
Taj Safaris Ltd. (34,87,554 shares allotted during the year) *@	` 10	94,04,221	8.62	59,16,667	7.92
Kaveri Retreats and Resorts Ltd. *@	` 10	1,31,76,467	44.80	1,31,76,467	44.80
			140.57		**139.87**
Investments in Associate Companies (at cost)					
BJETS Pte Ltd.	US $ 1	2,00,00,000	102.59	2,00,00,000	102.59
Taida Trading & Industries Ltd.	` 100	26,912	0.27	26,912	0.27
Taj Madurai Ltd.	` 10	9,12,000	0.95	9,12,000	0.95
			103.81		**103.81**
Fully Paid Quoted Equity Investments :					
Investments in Subsidiary Company (at cost)					
Benares Hotels Ltd. *	` 10	643,825	2.66	6,43,825	2.66
			2.66		**2.66**
Investments in Joint Ventures (at cost)					
Taj GVK Hotels & Resorts Ltd. *	` 2	1,60,00,400	40.34	1,60,00,400	40.34
			40.34		**40.34**
Investments in Associate Companies (at cost)					
Oriental Hotels Ltd. *	` 1	5,09,72,910	50.37	5,09,72,910	50.37
			50.37		**50.37**
Gross Investment in Subsidiaries, Joint Ventures and Associates			**4,730.15**		**3,784.48**
Less : Provision for Impairment in value of Investments (Refer Footnote (v))			1,361.78		1,281.28
Net Investment in Subsidiaries, Joint Ventures and Associates			**3,368.37**		**2,503.20**
Carried over			**3,368.37**		**2,503.20**

Notes to Financial Statements for the year ended March 31, 2018

Note 5 : Investments (Contd.)

	Face Value	March 31, 2018 Holdings As at	March 31, 2018 ` crores	March 31, 2017 Holdings As at	March 31, 2017 ` crores
Brought over			**3,368.37**		**2,503.20**
Fully Paid Unquoted Equity Investments					
Investments in Other Companies (Refer Footnote (vi))					
Carried at fair value through Other Comprehensive Income:					
Hotels and Restaurant Co-op. Service Society Ltd. (` 1,000/-)	` 50	20	-	20	-
Tata Services Ltd. (Refer Footnote (vii))	` 1,000	421	0.03	421	0.03
Tata Sons Ltd. (Refer Footnote (vii))	` 1,000	4,500	25.00	4,500	25.00
TRIL Infopark Ltd. (Refer Footnote (iv) and (vii))	` 10	7,11,00,000	71.10	7,11,00,000	71.10
Kumarakruppa Frontier Hotels Private Ltd.	` 10	96,432	6.41	96,432	6.03
Taj Air Ltd. * @	` 10	1,59,90,200	3.95	1,59,90,200	-
MPower Information Systems Pvt. Ltd. * @	` 10	4,98,000	-	4,98,000	-
Tata Ceramics Ltd.* @	` 2	1,54,29,480	-	1,54,29,480	1.70
Tata Industries Ltd. (Refer Footnote (vii)) *	` 100	42,74,590	55.73	42,74,590	55.73
Tata International Ltd.* @	` 1,000	8,000	22.96	8,000	20.80
			185.18		180.39
Fully Paid Quoted Equity Investments :					
Investments in Other Companies (Refer Footnote (vi))					
Carried at fair value through Other Comprehensive Income:					
Tourism Finance Corporation of India Ltd. (50,000 shares sold during the year)	` 10	-	-	50,000	0.41
HDFC Bank Ltd.	` 2	2,500	0.47	2,500	0.36
India Tourism Development Corporation Ltd.	` 10	67,50,275	305.99	67,50,275	279.67
Asian Hotels (North) Ltd. *	` 10	2	-	2	-
Asian Hotels (East) Ltd. *	` 10	2	-	2	-
Asian Hotels (West) Ltd. *	` 10	2	-	2	-
EIH Ltd. *	` 2	37	-	37	-
Hotel Leela Venture Ltd. *	` 2	25	-	25	-
			306.46		280.44
Total Investment in Equity Instruments			3,860.01		2,964.03
Investment in Preference Shares (carried at amortised costs)					
Central India Spinning Weaving & Manufacturing Co. Ltd. (10% unquoted Cumulative Preference Shares) (` 27,888/-)	` 500	**50**	**-**	50	-
Investment in Others (carried at amortised costs)					
National Savings Certificate (` 45,000)			-		-
Hindusthan Engineering & Industries Ltd (` 70/-) *	` 10	**7**	-	7	-
			-		-
Total Non-current Investments - Net			3,860.01		2,964.03

* Additional shares acquired on amalgamation of TIFCO Holdings Ltd.

@ Additional shares acquired on amalgamation of TIFCO Holdings Ltd. are pending to be transferred in the name of the Company.

Footnotes :

		March 31, 2018	March 31, 2017
(i)	Aggregate amount of Quoted Investments	**399.83**	**373.81**
	Market value of Quoted Investments	**855.90**	**788.61**
(ii)	Aggregate amount of Unquoted Investments	**4,821.96**	**3,871.50**
(iii)	Aggregate amount of impairment in value of investments	**1,361.78**	**1,281.28**

(iv) Transfer of shares is restricted due to option granted for 10 years upto July, 2021 to Tata Realty and Infrastructure Ltd. for repurchase of the shares at par value. Tata Realty and Infrastructure Ltd. has deposited a sum of ` 71.10 crores (Previous Year - ` 71.10 crores) as Option Deposit (Refer Note 16(b)), which shall be adjusted upon exercise of the option or refunded.

(v) The continuing losses at its properties in the United States of America, has led the Company to reassess the recoverable amount of its investment in IHOCO BV, a wholly owned subsidiary. During the year, the Company recognised an impairment loss of ` 80.50 crores (Previous Year - ` 64.33 crores) in the Statement of Profit and Loss which has been classified under “Exceptional Items” (Refer Note 27).

(vi) For these investments, the Company has elected the fair value through Other Comprehensive Income irrevocable option since these investments are not held for trading.

(vii) For these investments, cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(viii) The fair value hierarchy and classification are disclosed in Note 33.

Notes to Financial Statements for the year ended March 31, 2018

Note 5 : Investments (Contd.)

	March 31, 2018		March 31, 2017	
	Units As at	**` crores**	Units As at	` crores
(b) Current Investments				
Carried at fair value through profit and loss:				
Investments in Mutual Fund Units (Unquoted)				
Aditya Birla Sun Life Cash Plus - Daily Dividend	41,65,280	41.73	8,52,074	8.54
Aditya Birla Sun Life Cash Plus - Growth	2,26,165	6.32	-	-
ICICI Prudential Money Market Fund - Growth	11,24,926	27.05	-	-
L&T Liquid Fund - Growth	5,05,895	120.33	-	-
Kotak Floater - Short Term - Growth	2,37,041	67.60	-	-
Tata Money Market Fund Regular Plan - Growth	81,444	22.21	2,07,184	53.10
Kotak Floater - Short Term - Daily Dividend	1,60,265	16.21	34,360	3.48
		301.45		**65.12**
Footnote:				
(i) Aggregate amount of Unquoted Investments:		**301.45**		**65.12**

Note 6 : Loan

	March 31, 2018 ` crores	March 31, 2017 ` **crores**
(a) Non Current Loans		
(Unsecured, considered good unless stated otherwise)		
Loans at fair value through profit and loss		
Related Parties (Refer Note 39)	-	32.43
Loans at amortised cost		
Considered good		
Related Parties (Refer Note 39)	5.35	5.35
Considered doubtful		
Related Parties (Refer Note 39)	3.17	3.17
	8.52	**8.52**
Less: Allowance for doubtful loans	3.17	3.17
	5.35	**5.35**
	5.35	**37.78**
(b) Current Loans		
(Unsecured, considered good unless stated otherwise)		
Related Parties (Refer Note 39)	20.65	52.58
Others	0.01	0.10
	20.66	**52.68**

Notes to Financial Statements for the year ended March 31, 2018

Note 7 : Other Financial Assets

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Non Current Financial Assets**		
	Long-term security deposits placed for Hotel Properties at amortised costs		
	Related Parties (Refer Note 39)	0.09	0.08
	External Parties	35.26	32.88
		35.35	**32.96**
	Less: Allowance for doubtful deposits	2.00	2.00
		33.35	**30.96**
	Deposits with Public Bodies and Others at amortised costs		
	Related parties (Refer Note 39)	0.57	0.57
	Public Bodies and Others	19.60	22.19
		20.17	**22.76**
	Less: Allowance for doubtful deposits	0.10	0.10
		20.07	**22.66**
	Deposits with Banks (Refer Note 12)	0.70	1.04
	Others	1.72	2.35
		55.84	**57.01**
(b)	**Current Financial Assets**		
	Deposit with Public Bodies and Others		
	Related Parties (Refer Note 39)	1.23	1.23
	Others	12.23	7.91
		13.46	**9.14**
	Other Advances		
	Considered good	5.42	8.64
	Considered doubtful	3.92	2.23
		9.34	**10.87**
	Less: Allowance for doubtful advances	3.92	2.23
		5.42	**8.64**
	Interest Receivable		
	Related Parties (Refer Note 39)	1.08	1.34
	Others	0.65	0.38
		1.73	**1.72**
	Other Receivables		
	Related Parties (Refer Note 39)	89.00	86.38
	Others	13.74	14.54
		102.74	**100.92**
		123.35	**120.42**

Note 8 : Other Assets

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Other Non Current Assets**		
	Capital Advances	10.51	20.36
	Prepaid Expenses	72.70	71.12
	Deposits adjustable against future rent payments	7.51	7.88
	Incentive receivable	91.00	103.08
	Deposits with Government Authoritites	94.40	55.12
		276.12	**257.56**
(b)	**Other Current Assets**		
	Prepaid Expenses	29.65	22.97
	Indirect tax recoverable	2.98	0.83
	Advance to Suppliers	12.57	11.39
	Advance to Employees	2.04	1.60
	Deposits adjustable against future rent payments	0.25	0.25
		47.49	**37.04**

Notes to Financial Statements for the year ended March 31, 2018

Note 9 : Inventories (At lower of cost and net realisable value)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Food and Beverages	25.28	24.12
Stores and Operating Supplies	26.19	23.44
	51.47	**47.56**

Footnote:

i) The cost of inventories recognised as an expense amounted to ` 320.23 crores (Previous Year ` 306.26 crores).

ii) The cost of inventories recognised as an expense includes ` 0.78 crore (Previous Year ` 0.29 crore) in respect of write down of inventories to net realisable value.

Note 10 : Trade receivables

	March 31, 2018 ` crores	March 31, 2017 ` crores
Unsecured		
Considered good	256.81	213.74
Considered doubtful	21.73	11.70
	278.54	**225.44**
Less : Allowance for doubtful debts	21.73	11.70
	256.81	**213.74**

Footnote:

	March 31, 2018 ` crores	March 31, 2017 ` crores
i) Allowance for doubtful debts		
Opening Balance	11.70	11.05
Add: Allowance during the year	12.18	1.97
	23.88	**13.02**
Less: Bad Debts written off against past allowances	1.69	0.77
Less: Reversal of allowances no longer required	0.46	0.55
Closing Balance	**21.73**	**11.70**

(ii) Trade receivables include debts due from Directors - ` 63,145 (Previous Year - ` Nil) in the ordinary course of business.

(iii) For related party balances refer Note 39.

Note 11 : Cash and Cash Equivalents

	March 31, 2018 ` crores	March 31, 2017 ` crores
Cash on hand	2.20	1.65
Cheques, Drafts on hands, Funds in transit	16.09	3.25
Balances with bank in current account	51.10	10.10
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months)	51.89	-
	121.28	**15.00**

Note 12 : Other Balances with Banks

	March 31, 2018 ` crores	March 31, 2017 ` crores
Call and Short-term deposit accounts	5.10	5.11
Deposits pledged with others	0.65	0.62
Margin money deposits	0.78	0.79
Earmarked balances	1.90	2.15
	8.43	**8.67**
Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current Financial Asset (Refer Note 7 (a))	0.70	1.04
	7.73	**7.63**

Notes to Financial Statements for the year ended March 31, 2018

Note 13 : Equity Share Capital

	March 31, 2018 ` crores	March 31, 2017 ` crores
Authorised Share Capital		
200,00,00,000 Equity Shares of ` 1 each	200.00	200.00
	200.00	**200.00**
Issued Share Capital		
118,93,07,472 (Previous Year - 98,93,07,472) Equity Shares of ` 1 each	118.93	98.93
	118.93	**98.93**
Subscribed and Paid Up		
118,92,58,445 (Previous Year - 98,92,74,015) Equity Shares of ` 1 each, Fully Paid (Refer Footnote (ii) & (vi))	118.93	98.93
	118.93	**98.93**

Footnotes:

(i) The Company has one class of equity shares having a par value of ` 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) On November 7, 2017, the Company allotted 19,99,84,430 Equity Shares of face value of ` 1 each for cash, at a price of ` 75 per equity share (including premium of ` 74 per share), aggregating to ` 1499.88 crores to the existing shareholders on a "rights" basis in the ratio of 1 Equity Share for every 5 equity shares held by equity shareholders.

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2018		March 31, 2017	
	No. of shares	` crores	No. of shares	` crores
As at the beginning of the year	98,92,74,015	98.93	98,92,74,015	98.93
Add : Shares issued on Rights basis	19,99,84,430	20.00	-	-
As at the end of the year	**118,92,58,445**	**118.93**	**98,92,74,015**	**98.93**

(iv) Shareholders holding more than 5% shares in the Company :

	March 31, 2018		March 31, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of ` 1 each fully paid				
Tata Sons Limited	**43,32,19,860**	**36.43**	27,70,63,351	28.01
Life Insurance Corporation of India	**8,07,43,678**	**6.79**	8,90,22,722	9.00
Sir Dorabji Tata Trust	**-**	**-**	5,02,21,040	5.08
Reliance Capital Trustee Company Limited	**6,92,59,654**	**5.82**	7,02,36,948	7.10

(v) 49,027 (Previous Year - 33,457) Equity Shares were issued but not subscribed to as at the end of the respective years and have been kept in abeyance pending resolution of legal dispute.

(vi) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date Nil (Previous Year - Nil)

(vii) Equity Shares held by associates

	March 31, 2018		March 31, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of ` 1 each fully paid				
Oriental Hotels Limited	**7,52,398**	**0.06**	6,26,999	0.06
Taida Trading and Industries Limited	**1,87,818**	**0.02**	1,56,515	0.02
Taj Madurai Limited	**11,25,393**	**0.09**	9,37,828	0.09

Notes to Financial Statements for the year ended March 31, 2018

Note 14 : Other Equity

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Reserves & Surplus**		
	Capital Reserve		
	Opening and Closing Balance	**43.91**	**43.91**
	Reserve on Transfer of Equity to Entities under Common Control		
	Opening and Closing Balance	**79.38**	**79.38**
	Capital Redemption Reserve		
	Opening and Closing Balance	**1.12**	**1.12**
	Securities Premium Account		
	Opening Balance	**1,230.65**	**1,230.65**
	Add : Premium on allocation of shares on Rights basis	1,479.88	-
	Less : Issue expenses written off	(8.45)	-
	Closing Balance	**2,702.08**	**1,230.65**
	Debenture Redemption Reserve		
	Opening and Closing Balance	**305.97**	**305.97**
	Reserve Fund		
	Opening Balance as reported earlier	**-**	**-**
	Add: Addition on account of amalgamation of TIFCO Holdings Ltd.	42.42	42.42
	Restated Opening Balance	**42.42**	**42.42**
	Less: Transfer to Retained Earnings (Refer Footnote)	42.42	-
	Closing Balance	**-**	**42.42**
	General Reserve		
	Opening Balance	**459.99**	**494.05**
	Less : Final Dividend	-	(29.68)
	Less : Tax on Dividend	-	(4.38)
	Closing Balance	**459.99**	**459.99**
	Retained Earnings		
	Opening Balance as reported earlier	**-**	**9.64**
	Add: Accumulated profits of TIFCO Holdings Ltd. on amalgamation (Refer Note 28)	-	112.90
	Restated Opening Balance	**268.71**	**122.54**
	Add: Current year profits	147.77	143.18
	Add: Transfer from Reserve Fund (Refer Footnote)	42.42	-
	Add: Realised gain on sale of shares of Tourism Finance Corporation of India Ltd. transferred from Other Comprehensive Income	0.41	-
	Add: Remeasurements of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings)	(5.80)	4.65
	Less : Final Dividend	(34.62)	-
	Less : Tax on Dividend	(7.05)	(1.66)
	Closing Balance	**411.84**	**268.71**
		4,004.29	**2,432.15**

Notes to Financial Statements for the year ended March 31, 2018

Note 14 : Other Equity (contd.)

	March 31, 2018 ` crores	March 31, 2017 ` crores
(b) Other Comprehensive Income		
Equity Instruments fair valued through Other Comprehensive Income		
Opening Balance	**236.12**	**111.93**
Add: Accumulated Other Comprehensive Income of TIFCO Holdings Ltd. on amalgamation (Refer Note 28)	-	4.41
Restated Opening Balance	**236.12**	**116.34**
Add: Change in fair value of equity instruments designated irrevocably as fair value through Other Comprehensive Income	35.03	127.79
Add: Change in fair value of equity instruments designated irrevocably as fair value through Other Comprehensive Income for TIFCO Holdings Ltd.	-	(8.01)
Less: Realised gain on sale of shares of Tourism Finance Corporation of India Ltd. transferred from Other Comprehensive Income	(0.41)	-
Closing Balance	**270.74**	**236.12**
	4,275.03	**2,668.27**

Footnote:

Subsequent to the merger of TIFCO Holdings Ltd., the Company has transferred ` 42.42 crores from Reserve Fund to Retained Earnings during the year. TIFCO Holdings Ltd. was a Non-Banking Financial Company (NBFC) and has filed intimation with the statutory authorities for surrender of the NBFC license.

Note 15 : Borrowings

(a) Long term borrowings

	Effective Rate of Interest (%)	Maturity	March 31, 2018 ` crores Face Value	March 31, 2018 ` crores Amortised cost	March 31, 2017 ` crores Face Value	March 31, 2017 ` crores Amortised cost
Non Convertible Debentures (NCDs)						
Secured						
a) 7.85% Non-Convertible Debentures	7.85	April 15, 2022	495.00	493.86	495.00	493.65
b) 10.10% Non-Convertible Debentures	10.10	November 18, 2021	300.00	300.00	300.00	300.00
c) 9.95% Non-Convertible Debentures	9.95	July 27, 2021	250.00	250.00	250.00	250.00
			1,045.00	**1,043.86**	**1,045.00**	**1,043.65**
Unsecured						
a) 7.85% Non-Convertible Debentures	7.85	April 20, 2020	200.00	199.77	-	-
b) 2% Non-Convertible Debentures	9.86	December 9, 2019	250.00	486.21	250.00	446.87
c) 2% Non-Convertible Debentures	9.76	April 23, 2017	-	-	200.00	292.73
			450.00	**685.98**	**450.00**	**739.60**
			1,495.00	**1,729.84**	1,495.00	1,783.25
Term Loan from Banks						
Secured				**-**		**-**
Unsecured						
Foreign Currency Term Loan From Banks		November 22, 2017		-		204.52
Term Loan from Bank		Refer Footnote (iv) (b)		50.00		49.88
				50.00		**254.40**
Loans (Unsecured)						
From Related Party (Refer Note 39)				4.04		4.02
				4.04		**4.02**
				1,783.88		**2,041.67**
Less: Current maturities of Long term borrowings (shown under Other Current financial liabilities)				50.00		547.13
				1,733.88		**1,494.54**

Notes to Financial Statements for the year ended March 31, 2018

Note 15 : Borrowings (Contd.)

	Effective Rate of Interest (%)	Maturity	March 31, 2018 ` crores Face Value	Amortised cost	March 31, 2017 ` crores Face Value	Amortised cost
b) Short term borrowings						
Loans repayable on demand from Bank						
Secured				-		7.31
Unsecured				-		-
				-		**7.31**

Footnotes:

(i) Non Convertible Debentures - Secured include:

a) 4,950, 7.85% Secured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 495 crores, allotted on January 20, 2017 are repayable at par after the end of 5th year from the date of allotment i.e on April 15, 2022.

b) 3,000, 10.10% Secured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 300 crores, allotted on November 18, 2011 are repayable at par on November 18, 2021 i.e at the end of 10th year from the date of allotment.

c) 2,500, 9.95% Secured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 250 crores, allotted on July 27, 2011 are repayable at par on July 27, 2021 i.e at the end of 10th year from the date of allotment.

(ii) All the Secured Non-Convertible Debentures are rated, listed and secured by a pari passu first charge created on all the property, plant and equipment of the Company, both present and future.

(iii) Non Convertible Debentures - Unsecured include:

a) 2,000, 7.85% Unsecured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 200 crores, allotted on April 20, 2017 are repayable on April 20, 2020, i.e at the end of the 3rd year from the date of allotment.

b) 2,500, 2% Unsecured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 250 crores, allotted on December 9, 2009 are repayable on December 9, 2019 i.e at the end of the 10th year from the date of allotment, along with redemption premium of ` 12.43 lakhs per debenture.

c) 2,000, 2% Unsecured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 200 crores, allotted on April 23, 2012 were repayable on April 23, 2017, i.e at the end of the 5th year from the date of allotment along with redemption premium of ` 4.71 lakhs per debenture. During the year, the Company has repaid these debentures on the due date.

(iv) Term Loan from Banks (Unsecured) include:

a) External commercial borrowing of US $ 95 million was taken on November 23, 2011. The loan was repayable at the end of 50th, 60th, and 72nd month from November 23, 2011 in equal instalments to achieve the average maturity of 5.05 years and carries an interest which is based on a spread over LIBOR. The first instalment of US $ 31.67 million and the second instalment of US $ 31.67 million were repaid on January 25, 2016 and November 23, 2016 respectively. During the year, the Company has repaid the last instalment of US $ 31.66 million (` 205.29 crores) due on November 22, 2017.

b) Unsecured term loan from a bank of ` 49.88 crores outstanding at the beginning of the year was repaid on due date. The Company had further availed an unsecured term loan from a bank of ` 100 crores repayable at the end of 18 months from the date of drawdown. The loan was drawn in 3 tranches of ` 50 crores, ` 40 crores and ` 10 crores on September 9, 2017, September 15, 2017 and September 20, 2017 respectively. The Company has prepaid an amount of ` 50 crores during the year. The net loan now stands at ` 50 crores, of which ` 40 crores is due on March 15, 2019 and ` 10 crores is due on March 20, 2019 and has been classified under current maturities of long term borrowings. The Company has prepaid the outstanding loan of ` 50 crores in April, 2018.

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Notes to Financial Statements for the year ended March 31, 2018

Note 15 : Borrowings (Contd.)

Footnotes:

v) Disclosure of changes in liabilities arising from financing activities (read with cash flow statement)

This section sets out an analysis of net debt and the movement in net debt for each of the periods presented below.

	Financial liability statement	March 31, 2018 ` crores	March 31, 2017 ` crores
a)	**Net debt**		
	Cash and cash equivalents	121.28	15.00
	Current investments	301.45	65.12
	Total Liquid investment (a)	**422.73**	**80.12**
	Long term borrowings (including current maturities shown under Other Current financial liabilities)	1,783.88	2,041.67
	Short term borrowings	-	7.31
	Gross Debt (b)	**1,783.88**	**2,048.98**
	Net Debt ((b) - (a))	**1,361.15**	**1,968.86**
b)	**Other financial liabilities**		
	Liability on derivative contracts	230.56	244.27
	Interest accrued but not due / Unclaimed interest	52.69	42.79
	Total Other financial liabilities	**283.25**	**287.06**
	Grand Total	**1,644.40**	**2,255.92**

` crores

	Liquid Assets		Liabilities from financing activities				Total
	Cash and cash equivalents	Current Investments	Gross Debt	Net Debt	Derivatives	Interest accrued but not due / Unclaimed interest	
	(a)	(b)	(c)	(d) = (c)-(a)-(b)	(e)	(f)	(g) =(d)+(e)+(f)
Net Debt as at March 31, 2017	**15.00**	**65.12**	**2,048.98**	**1,968.86**	**244.27**	**42.79**	**2,255.92**
Cash flows	106.28	230.99	(212.60)	**(549.87)**	11.80	(0.01)	**(538.08)**
Foreign exchange adjustments	-	-	(0.05)	**(0.05)**	-	-	**(0.05)**
Interest expense	-	-	41.13	**41.13**	-	151.34	**192.47**
Interest paid	-	-	(94.54)	**(94.54)**	-	(141.36)	**(235.90)**
Transferred to IEPF	-	-	-	**-**	-	(0.07)	**(0.07)**
Other non- cash movements:							
Added to Borrowings							
Amortization Costs	-	-	0.96	**0.96**	-	-	**0.96**
Fair value adjustments	-	5.34	-	**(5.34)**	(25.51)	-	**(30.85)**
Net Debt as at March 31, 2018	**121.28**	**301.45**	**1,783.88**	**1,361.15**	**230.56**	**52.69**	**1,644.40**

Notes to Financial Statements for the year ended March 31, 2018

Note 16: Other financial liabilities

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Other Non Current financial liabilities**		
	Liability on derivative contracts	230.56	244.27
	Deposits from others		
	Unsecured	13.31	13.50
	Creditors for capital expenditure	-	1.75
	Employee related liabilities	8.67	4.01
		252.54	**263.53**
(b)	**Other Current financial liabilities**		
	Current maturities of long term borrowings		
	Debentures	-	292.73
	Term Loan From Banks	50.00	254.40
		50.00	**547.13**
Liability towards Loyalty Programmes		**41.94**	**35.28**
Other Payables			
	Related Parties (Refer Note 39)	15.31	8.50
	Others	6.55	5.83
		21.86	**14.33**
Deposits from others			
	Option Deposit received against purchase of shares (Secured) (Refer Note 5, Footnote (iv))	71.10	71.10
	Unsecured	17.48	14.84
		88.58	**85.94**
Interest accrued but not due on borrowings		51.83	41.85
Creditors for capital expenditure		37.18	33.23
Unclaimed dividend (Refer Footnote (ii))		1.61	1.80
Unclaimed matured deposits and interest accrued thereon (Refer Footnote (ii))		0.86	0.94
Unclaimed matured debentures and interest accrued thereon ` 25,153 (Previous Year - ` 25,153) (Refer Footnote (ii))		**-**	**-**
Employee related liabilities		70.68	74.06
Others		41.27	38.51
		405.81	**873.07**

Footnotes:

(i) The fair value hierarchy and classification are disclosed in Note 33.

(ii) A sum of ` 0.35 crore (Previous Year - ` 0.37 crore) due for transfer to the Investor Education and Protection Fund during the year has been transferred and there are no dues in this respect which have remained unpaid as at the Balance Sheet date.

Notes to Financial Statements for the year ended March 31, 2018

Note 17 : Provisions

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non Current provisions		
Employee Benefit Obligation		
Compensated absences	25.36	25.53
Gratuity (Refer Note 35)	9.54	-
Post-employment medical benefits (Refer Note 35)	5.28	5.27
Post-retirement pension (Refer Note 35)	16.72	17.98
	56.90	**48.78**
(b) Current provisions		
Employee Benefit Obligation		
Compensated absences	19.57	18.33
Post-employment medical benefits (Refer Note 35)	0.36	0.28
Post-retirement pension (Refer Note 35)	1.61	1.60
	21.54	**20.21**
Provision for disputed claims (Refer Footnote (i))	86.69	66.70
	108.23	**86.91**

Footnote:

(i) Provision for disputed claims includes the following:

	Opening Balance ` crores	Addition/ (Deletion) ` crores	Closing Balance ` crores
For taxes, levies and duties	**66.29**	**19.99**	**86.28**
	59.44	*6.85*	*66.29*
For contractual matters	**0.41**	**-**	**0.41**
	0.41	-	*0.41*
For employee related matters	**-**	**-**	**-**
	0.27	*(0.27)*	-
As at March 31, 2018	**66.70**	**19.99**	**86.69**
As at March 31, 2017	*60.12*	*6.58*	*66.70*

a) The above matters are under litigation/ negotiation and the ultimate outcome and timing of the cash flows, if any, cannot be currently determined.

b) Figures in italics are in respect of previous periods.

Notes to Financial Statements for the year ended March 31, 2018

Note 18 : Deferred Tax Liabilities (Net)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Deferred Tax Liabilities:		
Property, Plant and equipment & Intangible Assets	444.93	426.29
Unamortised borrowing costs	0.45	0.33
Fair valuation changes of derivative contracts	20.88	15.94
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income (Refer Footnote)	-	3.70
	466.26	**446.26**
Deferred Tax Assets:		
Provision for Employee Benefits	28.48	26.07
MAT Credit Entitlement	33.56	77.65
Allowance for doubtful debts	7.60	4.04
Reward Points	13.27	17.90
Provision for disputed claims	26.51	21.12
Others	8.03	8.54
	117.45	**155.32**
	348.81	**290.94**

Footnote:

Deferred tax assets on account of changes in fair value of investments routed through OCI has been restricted to the extent of deferred tax liability on this account.

Note 19: Trade Payables

	March 31, 2018 ` crores	March 31, 2017 ` crores
Micro and Small Enterprises (Refer Footnote (i) and (ii))	1.86	1.31
Vendor Payables	107.72	92.09
Accrued expenses and others	98.44	83.79
	208.02	**177.19**

Footnotes:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	1.86	1.22
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	0.09
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	0.02
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	0.09
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	0.02

(iii) For related party balances refer Note 39.

Notes to Financial Statements for the year ended March 31, 2018

Note 20 : Other Current Liabilities

	March 31, 2018 ` crores	March 31, 2017 ` crores
Income received in advance	22.71	21.71
Deferred Revenue	86.85	131.81
Advances collected from customers	45.34	41.53
Statutory dues	40.68	32.45
	195.58	**227.50**

Note 21 : Revenue from Operations

	March 31, 2018 ` crores	March 31, 2017 ` crores
Room Income, Food, Restaurants and Banquet Income	2,122.49	2,000.36
Shop rentals	31.69	30.46
Membership fees	85.72	95.15
Management and operating fees	210.47	158.81
Other Operating Income	133.58	116.78
	2,583.95	**2,401.56**

Note 22 : Other Income

	March 31, 2018 ` crores	March 31, 2017 ` crores
Interest Income from financial assets at amortised cost		
Deposits with banks	13.91	4.35
Deposits with Related Parties (Refer Note 38)	4.68	6.60
Amortisation of Interest on security deposits	3.29	2.96
Others	1.09	0.94
	22.97	**14.85**
Interest on Income Tax Refunds	3.18	(0.06)
	26.15	**14.79**
Dividend Income from Investments		
- from Investments in Subsidiaries, Joint Ventures and Associates which are measured at cost	6.25	13.88
- from Investments that are fair valued through Other Comprehensive Income	1.51	1.62
- from Investments that are fair valued through Profit and Loss	1.23	7.25
Profit on disposal of Property, plant and equipment (Net)	-	2.09
Gain on investments carried at fair value through statement of profit and loss	5.34	4.73
Others	14.91	13.66
	55.39	**58.02**

Note 23 : Food and Beverages Consumed

	March 31, 2018 ` crores	March 31, 2017 ` crores
Opening Stock	**24.13**	**22.32**
Add : Purchases	233.79	221.80
	257.92	**244.12**
Less : Closing Stock	25.28	24.13
	232.64	**219.99**

Notes to Financial Statements for the year ended March 31, 2018

Note 24 : Employee Benefit Expenses and Payment to Contractors

	March 31, 2018 ` crores	March 31, 2017 ` crores
Salaries, Wages, Bonus etc.	480.71	464.00
Company's Contribution to Provident and Other Funds (Refer Note 35)	26.86	34.40
Reimbursement of Expenses on Personnel Deputed to the Company	15.79	15.76
Payment to Contractors	47.09	44.04
Staff Welfare Expenses	79.16	75.04
	649.61	**633.24**

Footnote:
Employee benefit expenses of ` 4.93 crores (Previous Year ` 2.69 crores) for the year and to the extent attributable to construction or renovation of hotel buildings has been capitalised.

Note 25 : Finance Costs

	March 31, 2018 ` crores	March 31, 2017 ` crores
Interest Expense at effective interest rate on borrowings which are measured at amortised cost	184.50	194.99
Add : Settlements on interest rate swap contracts	0.05	(0.41)
	184.55	**194.58**
On Tax Demands	7.87	1.61
Other borrowing costs	1.01	1.67
	193.43	**197.86**

Note 26 : Other Operating and General Expenses

	March 31, 2018 ` crores	March 31, 2017 ` crores
(i) Operating expenses consist of the following :		
Linen and Room Supplies	42.71	41.99
Catering Supplies	19.27	20.75
Other Supplies	5.19	5.22
Fuel, Power and Light	165.55	166.87
Repairs to Buildings	40.29	40.36
Repairs to Machinery	43.27	45.02
Repairs to Others	10.83	11.37
Linen and Uniform Washing and Laundry Expenses	12.15	10.86
Security charges and Others	29.22	27.59
Guest Transportation	35.25	33.32
Travel Agents' Commission	38.86	37.26
Discount to Collecting Agents	21.11	20.03
Other Operating Expenses	49.55	42.86
	513.25	**503.50**
(ii) General expenses consist of the following :		
Rent	43.71	47.08
Licence Fees (Refer Footnote (iv))	161.14	158.13
Rates and Taxes	53.06	42.48
Insurance	6.55	6.53
Advertising and Publicity	93.09	80.95
Printing and Stationery	8.79	8.33
Passage and Travelling	10.38	10.83
Provision for Doubtful Debts/ Bad debts written off	13.34	1.57
Carried over	**390.06**	**355.90**

Notes to Financial Statements for the year ended March 31, 2018

	March 31, 2018 ₹ crores	March 31, 2017 ₹ crores
Brought over	**390.06**	**355.90**
Expenditure on Corporate Social Responsibility (Refer Footnote (v))	5.27	4.36
Professional Fees	33.07	32.80
Outsourced Support Services	65.00	53.65
Exchange Loss (Net)	0.11	0.22
Loss on Sale of Property, plant and equipment (Net)	0.14	-
Payment made to Statutory Auditors (Refer Footnote (iii))	3.14	3.95
Directors' Fees and Commission	4.10	3.33
Other Expenses (Refer Footnote (ii))	58.76	70.94
	559.65	**525.15**
	1,072.90	**1,028.65**

Footnotes:

(i) The following direct expenses incurred during the year and to the extent attributable to construction or renovation of hotel buildings have been capitalised:

	March 31, 2018 ₹ crores	March 31, 2017 ₹ crores
Fuel, power and light	0.12	0.11
Other expenses (Net)	16.91	11.14
	17.03	**11.25**

(ii) Other expenses include Assets written off - ₹ 1.19 crores (Previous Year - ₹ 9.85 crores).

(iii) **Payment made to Statutory Auditors:**

	March 31, 2018 ₹ crores	March 31, 2017 ₹ crores
As auditors	2.02	2.75
As tax auditors	0.40	0.38
For other services	0.63	0.55
For out-of pocket expenses	0.08	0.17
Service tax/ GST on above [Net of credit availed - ₹ 0.28 crore (Previous Year - ₹ 0.49 crore)]	0.01	0.10
	3.14	**3.95**

Footnote:

Excludes ₹ 1.36 crores (Previous Year - ₹ Nil) adjusted against Securities Premium Account (including payment of ₹ 0.62 crore to erstwhile Auditor)

(iv) Licence Fees includes ₹ 3.82 crores (Previous Year - ₹ 3.59 crores) towards amortisation of Lease premium on account of measurement of interest free refundable security deposits at amortised cost.

(v) The gross amount required to be spent by the Company during the year is ₹ 5.23 crores (Previous Year - ₹ 4.26 crores). Against this sum, the Company has spent ₹ 5.27 crores (Previous Year - ₹ 4.36 crores) on projects other than construction/ acquisition of assets. The entire amount has been disbursed/ committed prior to the end of the financial year.

Note 27 : Exceptional Items

	March 31, 2018 ₹ crores	March 31, 2017 ₹ crores
Exceptional Items comprises the following:		
Exchange Gain/ (Loss) on Long-term Borrowings/Assets (Net)	(0.20)	1.90
Change in fair value of derivative contracts	25.51	65.45
Provision for impairment of investment in a subsidiary that incurred losses (Refer Note 5(a), Footnote (v))	(80.50)	(64.33)
Recovery of costs alongwith interest (₹ 14.70 crores) on a surrendered project	-	24.33
Refund of Municipal tax (including interest ₹ 2.38 crores)	-	6.16
	(55.19)	**33.51**

Notes to Financial Statements for the year ended March 31, 2018

Note 28 : Accounting and Disclosures for Scheme of Amalgamation

During the year, the National Company Law Tribunal ("NCLT"), Mumbai bench vide its Order dated March 8, 2018 has approved the Scheme of Amalgamation of TIFCO Holdings Ltd ("TIFCO"), a wholly owned investment holding subsidiary, with the Company. The Scheme was approved by the Board of Directors on May 26, 2017. Consequent to the said Order and filing of the final certified Orders with the Registrar of the Companies, Maharashtra on April 11, 2018, the Scheme has become effective upon the completion of the filing with effect from the Appointed Date of April 1, 2017.

Upon coming into effect of the Scheme, the undertaking of TIFCO stands transferred to and vested in the Company with effect from the Appointed Date.

As this is a business combination of entity under common control, the amalgamation has been accounted using the 'pooling of interest' method (in accordance with the approved Scheme). The figures for the previous periods have been recast as if the amalgamation had occurred from the beginning of the preceding period to harmonise the accounting for the Scheme with the requirements of Appendix C of Ind AS 103 on Business Combinations. The following Assets and Liabilities and Income and Expense are included (after eliminating the intercompany balances) in the financial statements of the Company for the periods presented below:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Assets	163.90	155.17
Liabilities	4.14	3.87
Net Assets	**159.76**	**151.30**
Income	5.59	4.17
Expense	1.54	2.93
Other Comprehensive Income	4.41	(8.01)

All equity shares of TIFCO held by the Company were cancelled without any further application, act or deed. Accordingly, the investment held by the Company in TIFCO aggregating to ` 81.50 crores has been eliminated and the reserves and surplus of TIFCO aggregating to ` 159.76 crores and ` 151.30 crores for years ended March 31, 2018 and March 31, 2017 respectively were added on line by line basis with the respective reserves of the Company after considering the impact of the difference of accounting policies. This amalgamation did not involve any cash outflow (except for the transaction costs which was expensed out) as TIFCO was a wholly owned subsidiary and the amalgamation has been accounted using the 'pooling of interest' method. Opening cash balances aggregating to ` 0.31 crore were transferred to the Company.

Note 29 : Contingent Liabilities (to the extent not provided for) and Contingent Assets:

The Company is involved in a number of appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders of its subsidiaries and other entities. Some of these proceedings in respect of matters under litigation are in early stages, and in some other cases, the claims are indeterminate.

(a) On account of matters in dispute:

Amounts in respect of claims (excluding interest and penalties) asserted by various revenue authorities on the Company, in respect of taxes, etc., which are in dispute, are as under:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Income tax	166.41	109.25
Entertainment tax	2.22	2.21
Sales tax / State Value added tax	19.96	17.47
Property tax	144.24	55.95
Service tax	5.36	10.67
Others	27.34	16.99

Notes to Financial Statements for the year ended March 31, 2018

Footnote:

i) In respect of Income Tax matters, the Company has ongoing disputes with Income Tax Authorities relating to treatment of certain items / adjustments carried out by the Department. The Company's appeals are pending before various Appellate Authorities. Most of these disallowances / adjustments, being repetitive in nature, have been raised by the income tax authorities consistently in most of the years. Cash outflows for the above are determinable only on receipt of judgements pending with various authorities / Tribunals. The Company expects to sustain its position on ultimate resolution of the appeals.

ii) In respect of regulatory matters please refer note no. 36

(b) On account of lease agreements:

In respect of a plot of land provided to the Company under a lease agreement, on which the Company has constructed a hotel, the lessor has made a claim of ` 387.95 crores to date, (13 times the previous annual rental) for increase in the rentals with effect from 2006-07. The Company believes these claims to be untenable. The Company has contested the claim based upon legal advice, by filing a suit in the Honourable High Court of Judicature at Bombay on grounds of the lessor's inconsistent stand on automatic renewal of lease, levy of lease rentals and method of computing such lease rent, within the terms of the then existing lessors's policy as also a Supreme Court judgment on related matters. Even taking recent enactments into consideration, in the opinion of the Company, the computation cannot stretch beyond ` 100.41 crores (excluding interest / penalty), and this too is being contested by the Company on merit.

Further, a "Notice of Motion" has been filed by the company before by the Honourable High Court of Judicature at Bombay, inter alia, for a stay against any further proceedings by the lessor, pending a resolution of this dispute by the Honourable Bombay High Court. In view of this, and based on legal advice, the Company regards the likelihood of sustainability of the lessor's claim to be remote and the amount of any potential liability, if at all, to be indeterminate.

The lessor's lawyer had given a statement before the Honourable High Court of Judicature at Bombay that it shall not give effect to its notice of termination during the pendency of the suit and the statement continues to be in force till date.

(c) Others:

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

(i) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

(ii) the proceedings are in early stages;

(iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations; and

(iv) there are significant factual issues to be resolved; and/or there are novel legal issues presented.

The Company's management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Company's financial position, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

(d) Key development in respect of a property:

After expiry of the license period of Taj Mahal Hotel, New Delhi, there was an ongoing litigation between the Company and the licensor, New Delhi Municipal Council (NDMC). On April 20, 2017, the Supreme Court has permitted NDMC to conduct e-auction of license rights, and has also allowed the Company six months' time to handover the premises in case the Company is unsuccessful in the e-auction. The hotel at the premises shall continue to carry out its operations in the meantime. The Supreme Court has directed that at the time of conducting such e-auction, NDMC shall take into account the unblemished record of the Company as well as its capabilities. NDMC has been directed to take into account these facts while taking a final decision in the matter. On the 9th of December, 2017, NDMC published a Tender for the hotel and land, with certain terms and conditions, vide which the auction was scheduled to take place on the 30th of January, 2018. Interested bidders, including the Company, have submitted queries on the said terms, which were supposed to be responded on the 3rd of January, 2018. However, the said responses were never published, as the dates were postponed indefinitely. Subsequently, on the 25th of April, 2018, a new Tender has been published. The Company is evaluating its options with respect to the same.

(e) Claims filed by the Company:

The Company has filed a claim for Government subsidy with the Department of Industrial Policy and Promotion for a new greenfield hotel project which has commenced operations. The claim is in the initial stage of verification and in the absence of reasonable certainty at this stage on the amount that may be ultimately approved, no deferred income has been recognised.

Note 30 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ` 101.62 crores (Previous Year – ` 62.47 crores).

Note 31 : Rights Issue of Equity Shares

On November 7, 2017, the Company allotted 19,99,84,430 Equity Shares of face value of ` 1 each for cash, at a price of ` 75 per equity share (including a premium of ` 74 per share), aggregating to ` 1499.88 crores to the existing shareholders on a "rights" basis in the ratio of 1 Equity Share for every 5 equity shares held by equity shareholders.

The funds raised by way of rights issue were utilised as under:

	` crores
Amounts raised through Rights Issue	**1499.88**
Utilisation	
Repayment of Debts	789.00
Investment in a subsidiary company	484.00
General corporate purposes	166.84
Issue Expenses	8.45
Total	**1448.29**
Unutilised kept in Fixed Deposits with Banks	**51.59**

Note 32 : Operating Leases

The Company has taken certain vehicles, land and immovable properties on operating lease. The lease of hotel properties are generally long term in nature with varying terms, escalation clauses and renewal rights expiring within five to one hundred and ninety eight years. On renewal, the terms of the leases are renegotiated. The total lease rent paid on the same is included under Rent and Licence Fees forming part of Other Expenses (Refer Note 26, Footnote (iv)).

Notes to Financial Statements for the year ended March 31, 2018

The minimum future lease rentals payable in respect of non-cancellable leases entered into by the Company to the extent of minimum guarantee amount are as follows:-

	March 31, 2018 ` crores	March 31, 2017 ` crores
Not later than one year	57.70	56.91
Later than one year but not later than five years	200.54	209.94
Later than five years	1213.34	1216.51
	1471.58	**1483.36**

In addition, in certain circumstances the Company is committed to making additional lease payments that are contingent on the performance viz. gross operating profits, revenues etc. of the hotels that are being leased.

Expenses recognised in the Statement of Profit and Loss:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Minimum Lease Payments / Fixed Rentals	43.43	39.19
Contingent rents *	98.06	127.87
	173.58	**167.06**

* contingent on the performance viz. gross operating profits, revenues etc. of the hotels that are being leased.

Note 33 : Financial Instruments measurements and disclosures

a) **Financial instruments by category:**

As on March 31, 2018

	FVTPL ` crores	FVTOCI ` crores	Amortised cost ` crores	Total carrying value ` crores
Financial assets:				
Measured at fair value				
Investments (Refer Footnote):				
Equity shares	-	491.64	-	491.64
Mutual fund units	301.45	-	-	301.45
	301.45	**491.64**	**-**	**793.09**
Not measured at fair value				
Trade Receivables	-	-	256.81	256.81
Cash and cash equivalents	-	-	121.28	121.28
Other Balances with Banks	-	-	7.73	7.73
Loans	-	-	26.01	26.01
Security Deposits	-	-	66.88	66.88
Other financial assets	-	-	112.31	112.31
	-	-	**591.02**	**591.02**
Total	**301.45**	**491.64**	**591.02**	**1384.11**

	FVTPL ` crores	FVTOCI ` crores	Amortised cost ` crores	Total carrying value ` crores
Financial liabilities:				
Measured at fair value				
Derivative instruments	230.56	-	-	230.56
Not measured at fair value				
Borrowings	-	-	1783.88	1783.88
Trade Payables including Creditors for capital expenditure	-	-	245.20	245.20
Deposits	-	-	101.89	101.89
Other financial liabilities	-	-	238.72	238.72
Total	**230.56**	**-**	**2369.69**	**2600.25**

Footnote:

The above excludes investments in subsidiaries, joint ventures and associates amounting to ` 3368.37 crores. Also, refer Note No. 42 for guarantees given by the Company.

As on March 31, 2017

	FVTPL ` crores	FVTOCI ` crores	Amortised cost ` crores	Total carrying value ` crores
Financial assets:				
Measured at fair value				
Investments (Refer Footnote):				
Equity shares	-	460.83	-	460.83
Mutual fund units	65.12	-	-	65.12
Loans to Subsidiary companies	32.43	-	-	32.43
	97.55	**460.83**	**-**	**558.38**
Not measured at fair value				
Trade Receivables	-	-	213.74	213.74
Cash and cash equivalents	-	-	15.00	15.00
Other Balances with Banks	-	-	7.63	7.63
Loans	-	-	58.03	58.03
Security Deposits	-	-	62.76	62.76
Other financial assets	-	-	114.67	114.67
	-	-	**471.83**	**471.83**
Total	**97.55**	**460.83**	**471.83**	**1030.21**
Financial liabilities:				
Measured at fair value				
Derivative instruments	244.27	-	-	244.27
Not measured at fair value				
Borrowings	-	-	2048.98	2048.98
Trade Payables including Creditors for capital expenditure	-	-	212.17	212.17
Deposits	-	-	99.44	99.44
Other financial liabilities	-	-	210.78	210.78
Total	**244.27**	**-**	**2571.37**	**2815.64**

Footnote:

The above excludes investments in subsidiaries, joint ventures and associates amounting to ` 2503.20 crores. Also, refer Note no. 42 for guarantees given by the Company.

Notes to Financial Statements for the year ended March 31, 2018

b) Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis, it also includes the financial instruments which are measured at amortised cost for which fair values are disclosed.

As on March 31, 2018

	Level 1 ` crores	Level 2 ` crores	Level 3 ` crores	Total ` crores
Financial assets:				
Measured at fair value				
Investments:				
Equity shares	306.46	-	185.18	491.64
Mutual fund units	301.45	-	-	301.45
	607.91	**-**	**185.18**	**793.09**
Not measured at fair value (Refer Footnotes)	-	-	-	-
Total	**607.91**	**-**	**185.18**	**793.09**
Financial liabilities:				
Measured at fair value				
Derivative instruments	-	230.56	-	230.56
Not measured at fair value (Refer Footnotes)				
Borrowings				
Non Convertible Debentures	-	1763.28	-	1763.28
Foreign Currency Term Loans	-	-	-	-
Term Loan from Banks	-	50.00	-	50.00
Total	**-**	**2043.84**	**-**	**2043.84**

Footnotes:

(i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, short term loans, deposits etc. because their carrying amounts are a reasonable approximation of fair value.

(ii) The carrying amounts of the borrowings (excluding non-convertible debentures) that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

As on March 31, 2017

	Level 1 ` crores	Level 2 ` crores	Level 3 ` crores	Total ` crores
Financial assets:				
Measured at fair value				
Investments:				
Equity shares	280.44	-	180.39	460.83
Mutual fund units	65.12	-	-	65.12
Loans to Subsidiary companies	-	-	32.43	32.43
	345.56	**-**	**212.82**	**558.38**
Not measured at fair value (Refer Footnotes)	-	-	-	-
Total	**345.56**	**-**	**212.82**	**558.38**

Notes to Financial Statements for the year ended March 31, 2018

	Level 1 ` crores	Level 2 ` crores	Level 3 ` crores	Total ` crores
Financial liabilities:				
Measured at fair value				
Derivative instruments	-	244.27	-	244.27
Not measured at fair value (Refer Footnotes)				
Borrowings				
Non Convertible Debentures	-	1848.50	-	1848.50
Foreign Currency Term Loans	-	204.52	-	204.52
Term Loan from Banks	-	49.88	-	49.88
Total	**-**	**2347.17**	**-**	**2347.17**

Footnotes:

(i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, short term loans, deposits etc. because their carrying amounts are a reasonable approximation of fair value.

(ii) The carrying amounts of the borrowings (excluding non-convertible debentures) that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

c) **Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

(a) **Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in an active market. This includes listed equity instruments, traded debentures and mutual funds that have quoted price/ declared NAV. The fair value of all equity instruments (including debentures) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

(b) **Level 2:** Level 2 hierarchy includes financial instruments that are not traded in an active market (for example, traded bonds/ debentures, over the counter derivatives). The fair value in this hierarchy is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) **Level 3:** If one or more of the significant Inputs is not based on observable market data, the instrument is included in level 3. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Financial instruments such as unlisted equity shares, loans are included in this hierarchy.

d) **Inter level transfers:**

There are no transfers between levels 1 and 2 as also between levels 2 and 3 during the year.

e) **Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for the equity instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

Notes to Financial Statements for the year ended March 31, 2018

- the fair value of non convertible debentures is valued using FIMMDA guidelines;
- the fair value for the cross currency swaps/principal swap is determined using forward exchange rates at the balance sheet date;
- the fair value of certain unlisted shares are determined based on the income approach or the comparable market approach. For these unquoted investments categorised under Level 3, their respective cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range;
- the fair value of the remaining financial instruments is determined using the discounted cash flow analysis.

f) Reconciliations of level 3 fair values

The following table shows reconciliation from the opening balances to closing balances for Level 3 fair values:

` crores

	Assets	
	Equity Instruments	Loans
Balance as at April 1, 2016	**190.51**	**1051.94**
Changes on account of forex fluctuations	-	4.37
Net change in fair value (unrealized)	(10.12)	-
Loans given	-	135.19
Loans repaid	-	(167.93)
Conversion into Equity	-	(991.14)
Balance as at March 31, 2017	**180.39**	**32.43**
Changes on account of forex fluctuations	-	(0.28)
Net change in fair value (unrealized)	4.79	
Loans given	-	-
Loans repaid	-	(32.15)
Balance as at March 31, 2018	**185.18**	-

Note 34 : Financial risk management

Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by the internal audit team. The internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk

Notes to Financial Statements for the year ended March 31, 2018

a) Credit risk

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Credit limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities, Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Expiring within one year:		
Bank overdraft	80.00	80.00
Bank Loans	-	100.00
Expiring beyond one year	-	-
Total	**80.00**	**180.00**

The bank overdraft facilities may be drawn at any time by the Company. There were no bank loan facilities available as on March 31, 2018 (Previous Year - the bank loan facilities were available upto July 31, 2017 and had a maturity of 18 months from drawdown).

The breakup of the borrowings into fixed and floating interest rates is as follows:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Fixed interest rate	1733.88	1923.62
Floating interest rate	50.00	125.36
Total	**1783.88**	**2048.98**

Notes to Financial Statements for the year ended March 31, 2018

ii) **Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual redemption premium payments on low coupon debentures.

March 31, 2018	Due in 1st year ` crores	Due in 2nd year ` crores	Due in 3rd to 5th year ` crores	Due after 5th year ` crores	Total ` crores
Non-derivative financial liabilities:					
Borrowings (including redemption premium)	50.00	560.84	1245.00	4.04	1859.88
Trade and other payables	208.02	-	-	-	208.02
Interest on the borrowings	118.70	113.17	162.65	-	394.52
Other financial liabilities	303.98	8.28	0.55	10.46	323.27
Total	**680.70**	**682.29**	**1408.20**	**14.50**	**2785.69**
Derivative financial liabilities	**-**	**104.81**	**125.75**	**-**	**230.56**
Financial guarantee contracts	**20.95**	**30.26**	**201.67**	**-**	**252.88**
Total financial liabilities	**701.65**	**817.36**	**1735.62**	**14.50**	**3269.13**

March 31, 2017	Due in 1st year ` crores	Due in 2nd year ` crores	Due in 3rd to 5th year ` crores	Due after 5th year ` crores	Total ` crores
Non-derivative financial liabilities:					
Borrowings (including redemption premium)	555.83	-	1110.84	499.02	2165.69
Trade and other payables	177.19	-	-	-	177.19
Interest on the borrowings	107.17	99.03	257.68	1.60	465.48
Other financial liabilities	284.09	1.75	4.37	10.45	300.66
Total	**1124.28**	**100.78**	**1372.89**	**511.07**	**3109.02**
Derivative financial liabilities	**-**	**-**	**244.38**	**-**	**244.38**
Financial guarantee contracts	**40.46**	**8.02**	**108.27**	**141.24**	**297.99**
Total financial liabilities	**1164.74**	**108.80**	**1725.54**	**652.31**	**3651.39**

iii) **Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents.

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Borrowings	**15**	**1783.88**	**2048.98**
Less: Cash and cash equivalents	11	121.28	15.00
Less: Current Investments	5 (b)	301.45	65.12
Net debt		**1361.15**	**1968.86**
Equity	13/14	4393.96	2767.20
Gearing ratio		0.31	0.71

Notes to Financial Statements for the year ended March 31, 2018

c) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage its exposure to foreign currency risk and interest rate risk. All such transactions are carried out within the guidelines set by the risk management committee.

i) Foreign Currency risk

The predominant currency of the Company's revenue and operating cash flows is Indian Rupee (INR). The Company's reported debt has an exposure to borrowings held in US Dollars. Further, the Company has foreign currency exposure for its investments (equity and shareholder's loan) in its international subsidiaries. Movements in foreign exchange rates can affect the Company's reported profit, net assets.

The Company's investment in foreign subsidiaries is offset partially by US Dollar denominated derivative instruments and bank loan which mitigates the foreign currency risk arising from the subsidiary's net assets.

The Company uses interest rate swaps and currency swaps to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows:-

Derivative Instruments outstanding:

Nature of Derivative	March 31, 2018		March 31, 2017	
	Notional principal (US$ million)	Fair values (` crores)	Notional principal (US$ million)	Fair values (` crores)
Cross currency Interest rate Swap	108.42	230.56	108.42	244.38
Interest Rate Swap	-	-	21.11	(0.11)
Total	**108.42**	**230.56**	**129.53**	**244.27**

Sensitivity

For the year ended March 31, 2018 and March 31, 2017, every 3% depreciation in the exchange rate between the Indian rupee and US dollar, shall reduce the Company's profit before tax by approximately 15.88% and 14.72% respectively and every 3% increase in the interest rate shall reduce / (increase) the Company's profit before tax by approximately 9.92% and 5.82% respectively.

For the year ended March 31, 2018 and March 31, 2017, every 3% appreciation in the exchange rate between the Indian Rupee and US Dollar, shall increase the Company's profit before tax by approximately 1.00% and 3.96% respectively and every 3% decrease in the interest rate shall increase / (reduce) the Company's profit before tax by approximately (9.10)% and (4.94)% respectively.

Un-Hedged Foreign currency exposure receivable / (payable):

Currency	March 31, 2018	March 31, 2017
United States Dollar (Million)	**(0.62)**	(27.29)

Sensitivity

For the year ended March 31, 2018 and March 31, 2017, every 3% depreciation / appreciation in the exchange rate between the Indian Rupee and US Dollar, shall affect the Company's profit before tax by approximately 0.04% and 2.03% respectively.

Notes to Financial Statements for the year ended March 31, 2018

ii) Interest rate risk

The Company adopts a policy to hedge the interest rate movement in order to mitigate the risk with regards to floating rate linked loans based on the market outlook on interest rates. This is achieved partly by entering into fixed rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

The total borrowing at variable rate was ` 50.00 crores as at March 31, 2018 (Previous Year - ` 125.36 crores). The carrying value of the long term debt approximates fair value since the current interest rate approximates the market rate.

iii) Other market price risks

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through Other Comprehensive Income. If the equity prices of quoted investments are 3% higher/ lower, the Other Comprehensive Income for the year ended March 31, 2018 would increase/ decrease by 31.16 % (for the year ended March 31, 2017: increase/ decrease by 6.76 %).

Note 35 : Employee Benefits

(a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries):

	March 31, 2018 ` crores	March 31, 2017 ` crores
Provident Fund	8.66	9.11
Superannuation Fund	4.99	5.17
Total	**13.65**	**14.28**

(b) The Company operates post retirement defined benefit plans as follows :-

a. Funded :

i. Provident Fund

ii. Post Retirement Gratuity

iii. Pension to Employees – Post retirement minimum guaranteed pension scheme for certain categories of employees, which is funded by the Company and the employees.

b. Unfunded :

i. Pension to Executive Directors and Employees – Post retirement minimum guaranteed pension scheme for select existing and retired executive directors and certain categories of employees, which is unfunded.

ii. Post Employment Medical Benefits to qualifying employees.

(c) Provident Fund:

The Company operates Provident Fund Scheme through a trust – 'Indian Hotels Company Limited Employees Provident Fund Trust' ('the Plan'), set up by the Company and for certain categories contributions are made to State Plan.

The Plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017.

Notes to Financial Statements for the year ended March 31, 2018

The details of fund and plan asset position are given below:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Plan Assets as at period end	529.33	487.38
Present Value of Funded Obligation at period end	529.33	487.38
Amount recognised in the Balance Sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Guaranteed Rate of Return	8.55%	8.65%
Discounted Rate for remaining term to Maturity of Investment	7.75%	7.20%
Expected Rate of Return on Investment	9.16%	9.50%

The Company contributed ` 9.98 crores and ` 9.80 crores towards provident fund to the Plan during the year ended March 31, 2018 and March 31, 2017 respectively and the same has been recognised in the statement of profit and loss.

(d) Pension Scheme for Employees:

The Company has formulated a funded pension scheme for certain employees. The actuarial liability arising on the above, after allowing for employees' contribution is determined as at the year end, on the basis of uniform accrual benefit, with demographic assumptions taken as Nil.

(e) The above defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to government security yields prevailing as at the Balance Sheet date. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has a relatively balanced mix of investments in equity, government securities, bonds and other debt instruments. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the Fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to Financial Statements for the year ended March 31, 2018

Defined Benefit Plans – As per Actuarial Valuation on March 31, 2018:-

(i) Amount to be recognised in Balance Sheet and movement in net liability

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Present Value of Funded Obligations	**170.07**	**-**	**-**	**-**	**7.28**
	163.60	-	-	-	*7.15*
Present Value of Unfunded Obligations	**-**	**5.63**	**2.75**	**15.61**	**-**
	-	*5.55*	*4.25*	*15.33*	-
Fair Value of Plan Assets	**160.53**	**-**	**-**	**-**	**9.70**
	(167.49)	-	-	-	*(8.95)*
Amount not recognised due to asset limit	**-**	**-**	**-**	**-**	**0.82**
	-	-	-	-	*0.61*
Net (Asset) / Liability	**9.54**	**5.63**	**2.75**	**15.61**	**(1.59)**
	(3.89)	*5.55*	*4.25*	*15.33*	*(1.19)*

(ii) Expenses recognised in the Statement of Profit and Loss

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Current Service Cost	**9.19**	**0.08**	**0.28**	**0.15**	**0.14**
	9.00	*0.10*	*0.32*	*0.33*	*0.14*
Past service Cost	**(4.12)**	**-**	**(1.47)**	**-**	**-**
	-	-	-	-	-
Interest Cost	**(0.83)**	**0.39**	**0.27**	**1.10**	**(0.09)**
	0.30	*0.35*	*0.33*	*0.97*	*(0.09)*
Total	**4.24**	**0.47**	**(0.92)**	**1.25**	**0.05**
	9.30	*0.45*	*0.65*	*1.30*	*0.05*

Footnote:

Amount charged to the Statement of Profit and Loss in respect of gratuity is net of recovery ` 1.05 crores (Previous Year - ` 1.43 crores).

(iii) Expenses recognised in Other Comprehensive Income (OCI)

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Remeasurements due to actuarial loss/ (gain) arising from:					
Changes in financial assumptions	**(2.67)**	**(0.14)**	**(0.08)**	**(0.38)**	**(0.15)**
	2.78	*0.14*	*0.19*	*0.39*	*0.15*
Changes in demographic assumptions	**4.79**	**-**	**(0.03)**	**-**	**-**
	-	-	-	-	-
Experience adjustments	**6.15**	**0.06**	**0.86**	**(0.01)**	**0.03**
	(1.28)	*0.53*	*(0.13)*	*1.01*	*0.21*
Actual return on plan assets less interest on plan assets	**0.92**	**-**	**-**	**-**	**(0.39)**
	(11.16)	-	-	-	*(0.33)*
Adjustment to recognise the effect of asset ceiling	**-**	**-**	**-**	**-**	**0.17**
	-	-	-	-	*(0.08)*
Total	**9.19**	**(0.08)**	**0.75**	**(0.39)**	**(0.34)**
	(9.66)	*0.67*	*0.06*	*1.40*	*(0.05)*

Notes to Financial Statements for the year ended March 31, 2018

(iv) Reconciliation of Defined Benefit Obligation

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Opening Defined Benefit Obligation	**163.60**	**5.55**	**4.25**	**15.33**	**7.15**
	163.00	*4.75*	*4.64*	*12.98*	*6.49*
Current Service Cost	**9.19**	**0.08**	**0.28**	**0.15**	**0.14**
	9.00	*0.10*	*0.32*	*0.33*	*0.14*
Past Service Cost	**(4.12)**	**-**	**(1.47)**	**-**	**-**
	-	-	-	-	-
Interest Cost	**10.93**	**0.39**	**0.27**	**1.10**	**0.51**
	11.36	*0.35*	*0.33*	*0.97*	*0.48*
Remeasurements due to actuarial loss/ (gain) arising from:					
Changes in financial assumptions	**(2.67)**	**(0.14)**	**(0.08)**	**(0.38)**	**(0.15)**
	2.78	*0.14*	*0.19*	*0.39*	*0.15*
Changes in demographic assumptions	**4.79**	**-**	**(0.03)**	**-**	**-**
	-	-	-	-	-
Experience adjustments	**6.15**	**0.06**	**0.86**	**(0.01)**	**0.03**
	(1.28)	*0.53*	*(0.13)*	*1.01*	*0.21*
Benefits Paid	**(18.75)**	**(0.31)**	**(1.33)**	**(0.58)**	**(0.39)**
	(21.26)	*(0.32)*	*(1.10)*	*(0.35)*	*(0.32)*
Liabilities assumed/(settled)	**0.95**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Closing Defined Benefit Obligation	**170.07**	**5.63**	**2.75**	**15.61**	**7.28**
	163.60	*5.55*	*4.25*	*15.33*	*7.15*

(v) Reconciliation of Fair Value of Plan Assets

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Opening Fair Value of Plan Assets	**167.49**	**-**	**-**	**-**	**8.95**
	156.53	-	-	-	*8.37*
Interest on Plan Assets	**11.76**	**-**	**-**	**-**	**0.64**
	11.06	-	-	-	*0.62*
Remeasurements due to:					
Actual return on plan assets less interest on plan assets	**(0.92)**	**-**	**-**	**-**	**0.39**
	11.16	-	-	-	*0.33*
Contribution by Employer	**-**	**0.31**	**1.33**	**0.58**	**0.12**
	10.00	*0.32*	*1.10*	*0.35*	*(0.05)*
Benefits Paid	**(18.75)**	**(0.31)**	**(1.33)**	**(0.58)**	**(0.39)**
	(21.26)	*(0.32)*	*(1.10)*	*(0.35)*	*(0.32)*
Assets acquired/(settled)	**0.95**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Closing Fair Value of Plan Assets	**160.53**	**-**	**-**	**-**	**9.70**
	167.49	-	-	-	*8.95*
Expected Employer's contribution / outflow next year	**15.00**	**-**	**-**	**-**	**-**
	15.00	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2018

(vi) Actuarial Assumptions

	Gratuity Funded ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Discount rate (p.a.) in %	**7.55%**	**7.55%**	**7.55%**	**7.55%**	**7.55%**
	7.30%	*7.30%*	*7.30%*	*7.30%*	*7.30%*
Salary Escalation Rate (p.a.) in %	**4%-5%**	**-**	**4.00%**	**10.00%**	**-**
	4%-5%	-	*4.00%*	*10.00%*	-
Pension Escalation Rate (p.a.) in %	**-**	**-**	**-**	**4.00%**	**-**
	-	-	-	*4.00%*	-
Annual increase in healthcare costs (p.a.) in %	**-**	**6.00%**	**-**	**-**	**-**
	-	*6.00%*	-	-	-
Mortality Table *					
Mortality table in service(LIC)	**Table 1**	**Table 1**	**Table 1**	**NA**	**NA**
	Table 1	*Table 1*	*Table 1*	*NA*	*NA*
Mortality table in retirement(LIC)	**NA**	**Table 2**	**Table 2**	**Table 2**	**Table 2**
	NA	*Table 2*	*Table 2*	*Table 2*	*Table 2*

* Table 1 – Indian Assured Lives Mortality (2006-08) Ult table -
Table 2 – UK Published PA (90) annuity rated down by 4 years

(vii) Disaggregation of Plan Assets (Managed by an Insurance Company)

a) Gratuity Funded

	March 31, 2018				March 31, 2017			
	Quoted	**Unquoted**	**Total**	**%**	Quoted	Unquoted	Total	%
Government Debt Instruments	56.82	-	**56.82**	36%	33.54	-	**33.54**	20%
Other Debt Instruments	51.46	-	**51.46**	32%	68.65	-	**68.65**	41%
Other Equity Instruments	32.65	-	**32.65**	20%	30.62	-	**30.62**	18%
Others	19.25	0.35	**19.60**	12%	33.88	0.80	**34.68**	21%
Total	**160.18**	**0.35**	**160.53**	**100%**	**166.69**	**0.80**	**167.49**	**100%**

b) Pension Staff Funded

	March 31, 2018				March 31, 2017			
	Quoted	**Unquoted**	**Total**	**%**	Quoted	Unquoted	Total	%
Government Debt Instruments	4.10	-	**4.10**	43%	3.72	-	**3.72**	42%
Other Debt Instruments	5.26	-	**5.26**	54%	4.96	-	**4.96**	55%
Other Equity Instruments	0.24	-	**0.24**	2%	0.14	-	**0.14**	2%
Others	-	0.10	**0.10**	1%	-	0.13	**0.13**	1%
Total	**9.60**	**0.10**	**9.70**	**100%**	**8.82**	**0.13**	**8.95**	**100%**

Notes to Financial Statements for the year ended March 31, 2018

(viii) Sensitivity Analysis (for each defined benefit plan)

March 31, 2018	Gratuity March 31, 2018		Pension Top up March 31, 2018		Pension Staff Funded March 31, 2018		
	Discount rate	Salary Escalation rate	Discount rate	Life Expectancy	Discount rate	Life Expectancy	Pension rate
	(%)	(%)					
Impact of increase in 50 bps on DBO	(3.00)	3.25	(5.51)		(3.93)		
Impact of decrease in 50 bps on DBO	3.17	(3.09)	6.00		4.20		
Impact of life expectancy 1 year decrease				(1.83)			
Impact of life expectancy 1 year Increase				1.82			

	Post- Employment Medical Benefits Unfunded March 31, 2018			Pension Director Unfunded March 31, 2018		
	Discount rate	Life Expectancy	Health care Cost	Discount rate	Life Expectancy	Pension rate
Impact of increase in 50 bps on DBO	(4.79)			(4.59)		
Impact of decrease in 50 bps on DBO	5.23			4.99		
Impact of life expectancy 1 year decrease		(3.26)			(3.04)	
Impact of life expectancy 1 year Increase		3.07			2.92	
Defined benefit obligation on pension increase rate minus 100 bps						(9.18)
Defined benefit obligation on pension increase rate plus 100 bps						10.71
Defined benefit obligation on healthcare costs rate minus 100 bps			(5.76)			
Defined benefit obligation on healthcare costs rate plus 100 bps			6.86			

(ix) Sensitivity Analysis (for each defined benefit plan)

March 31, 2017	Gratuity March 31, 2017		Pension Top up March 31, 2017		Pension Staff Funded March 31, 2017		
	Discount rate	Salary Escalation rate	Discount rate	Life Expectancy	Discount rate	Life Expectancy	Pension rate
	(%)	(%)					
Impact of increase in 50 bps on DBO	(3.35)	3.65	(5.32)		(4.20)		
Impact of decrease in 50 bps on DBO	3.57	(3.45)	5.81		4.50		
Impact of life expectancy 1 year decrease				(1.80)			
Impact of life expectancy 1 year Increase				1.77			

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Notes to Financial Statements for the year ended March 31, 2018

	Post- Employment Medical Benefits Unfunded			Pension Director Unfunded		
	March 31, 2017			March 31, 2017		
	Discount rate	Life Expectancy	Health care Cost	Discount rate	Life Expectancy	Pension rate
Impact of increase in 50 bps on DBO	(5.05)			(4.96)		
Impact of decrease in 50 bps on DBO	5.53			5.42		
Impact of life expectancy 1 year decrease		(3.24)			(2.70)	
Impact of life expectancy 1 year Increase		3.06			2.62	
Defined benefit obligation on pension increase rate minus 100 bps						(9.55)
Defined benefit obligation on pension increase rate plus 100 bps						11.21
Defined benefit obligation on healthcare costs rate minus 100 bps			(6.06)			
Defined benefit obligation on healthcare costs rate plus 100 bps			7.27			

(x) Movement in Asset Ceiling

	March 31, 2018 ` crores	March 31, 2017 ` crores
Opening value of asset ceiling	0.61	0.64
Interest on Opening balance of asset ceiling	0.04	0.05
Remeasurement due to:		
Change in Surplus / (deficit)	0.17	(0.08)
Closing value of asset ceiling	**0.82**	0.61

Footnote: Figures in italics under (i) to (vii) are of the Previous Year.

(xi) Expected future benefit payments:

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff funded ` crores
Within one year	**30.20**	**0.40**	**0.60**	**1.10**	**0.51**
	27.78	*0.28*	*0.98*	*0.62*	*0.45*
Between one and five years	**77.30**	**1.60**	**1.30**	**4.50**	**2.20**
	69.11	*1.49*	*2.52*	*4.29*	*1.93*
After five years	**196.60**	**13.80**	**2.10**	**35.30**	**12.80**
	214.52	*13.87*	*2.16*	*36.71*	*12.98*
Weighted average duration of the	**6.17**	**10.01**	**3.84**	**9.57**	**7.69**
Defined Benefit Obligation (in years)	*6.91*	*10.57*	*11.26*	*10.05*	*8.21*

Due to the restrictions in the type of investments that can be held by the gratuity and pension fund as per the prevalent regulations, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Notes to Financial Statements for the year ended March 31, 2018

Note 36 : Other regulatory matters

The Company, on a review of its foreign operations had, in the past, made voluntary disclosures to the appropriate regulator, of what it considered to be possible irregularities, in relation to foreign exchange transactions relating to the period prior to 1998. Arising out of such disclosures, the Company received show cause notices and the Company had replied to the notices. During the year, the Company has received adjudication cum demand of ` 10.89 crores on certain matters which has been disputed by the Company. This has been disclosed as Contingent Liability. For the balance Show Cause Notices, adjudication proceedings are in progress.

Note 37 : Deposits and Advances in the nature of loans to Subsidiaries, Joint Ventures and Associates

Particulars	**Maximum amount outstanding during the year**	**Balance Outstanding as on March 31, 2018**	Maximum amount outstanding during the Previous Year	Balance Outstanding as on March 31, 2017
	` crores	**` crores**	` crores	` crores
Subsidiaries				
IHOCO BV *	-	-	939.48	-
Taj International Hotels (H.K.) Ltd.*	32.43	-	202.62	32.43
Roots Corporation Ltd.	35.00	17.00	19.00	19.00
Joint Ventures				
Taj Karnataka Hotels & Resorts Ltd.	5.35	5.35	5.35	5.35
Taj Safaris Ltd.	2.28	2.28	1.98	1.98
Associates				
Taida Trading and Industries Ltd.	4.54	4.54	4.54	4.54

* No interest is payable.

Note 38 : Tax Disclosures

i) Income Tax recognised in the Statement of Profit and Loss:

Particulars	**March 31, 2018 ` crores**	March 31, 2017 ` crores
Current Tax		
In respect of the current year	115.38	111.19
In respect of earlier years	0.26	-
	115.64	**111.19**
Deferred Tax		
In respect of the current year	17.28	6.63
Adjustment to deferred tax attributable to changes in tax rates and laws	3.54	-
In respect of earlier years	-	1.04
	20.82	**7.67**
Total tax expense recognised in the current year relating to continuing operations	**136.46**	**118.86**

Notes to Financial Statements for the year ended March 31, 2018

ii) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarised below:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Profit before tax from continuing operations (a)	284.23	262.04
Income tax rate as applicable (b)	34.61%	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	98.36	90.69
Permanent tax differences due to:		
Effect on account of TIFCO Holdings Limited which was amalgamated consequent to Scheme of Amalgamation	-	0.84
Effect of income that is exempt from taxation	(3.11)	(8.35)
Income considered to be capital in nature under tax and tax provisions	(0.02)	(2.49)
Effect of expenses that are not deductible in determining taxable profit	9.39	6.40
Impairment losses on investments that are not deductible	27.86	22.26
Expense considered to be capital in nature under tax and tax provisions	0.10	0.86
Effect on deferred tax balances due to the change in income tax rate from 34.61% to 34.94% (effective April 1, 2018)	3.54	-
Others	0.08	7.61
	136.20	**117.82**
Prior year taxes as shown above	0.26	1.04
Income tax expense recognised in the Statement of Profit and Loss	**136.46**	**118.86**

iii) Income tax recognised in other comprehensive income:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Current Tax		
Tax impact on profit on sale of investment in equity shares at fair value through Other Comprehensive Income	-	-
Deferred tax		
(a) Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at fair value through Other Comprehensive Income	(3.70)	(2.54)
Remeasurement of defined benefit obligation	(3.34)	2.84
	(7.04)	**0.30**
(b) Arising on income and expenses reclassified from equity to profit or loss:		
Relating to financial assets measured at fair value through other comprehensive income	-	-
On disposal of foreign operation	-	-
Others	-	-
Total income tax recognised in other comprehensive income	**(7.04)**	**0.30**
(c) Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	(7.04)	0.30
Items that may be reclassified to profit or loss	-	-
	(7.04)	**0.30**

Notes to Financial Statements for the year ended March 31, 2018

iv) **The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:**

Particulars	March 31, 2018 ` crores	March 31, 2017 ` crores
Deferred Tax assets	117.46	155.32
Deferred Tax liabilities	(466.27)	(446.26)
Net Deferred Tax Liability	**(348.81)**	**(290.94)**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

March 31, 2018	Opening Balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
Deferred tax assets/ (liabilities):					
Property, plant and equipment & Intangible Assets	(426.29)	(18.64)	-	-	**(444.93)**
Unamortised borrowing cost	(0.33)	(0.12)	-	-	**(0.45)**
Fair valuation changes of derivative contracts	(15.94)	(4.94)	-	-	**(20.88)**
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income	(3.70)	-	8.54	-	**4.84**
Provision for Employee Benefits	26.07	(0.93)	3.34	-	**28.48**
MAT Credit Entitlement	77.65	-	-	(44.09)	**33.56**
Reward Points	17.90	(4.63)	-	-	**13.27**
Provision for Contingencies	21.12	5.39	-	-	**26.51**
Allowance for Doubtful Debts	4.04	3.56	-	-	**7.60**
Unrealised loss on equity shares carried at fair value through Other Comprehensive Income	-	-	(4.84)	-	**(4.84)**
Others	8.54	(0.51)	-	-	**8.03**
Total Deferred Tax Liability	**(290.94)**	**(20.82)**	**7.04**	**(44.09)**	**(348.81)**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

March 31, 2017	Opening Balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
Deferred tax assets/ (liabilities):					
Property, plant and equipment & Intangible Assets	(442.77)	16.48	-	-	**(426.29)**
Unamortised borrowing cost	(0.90)	0.57	-	-	**(0.33)**
Fair valuation changes of derivative contracts	(0.21)	(15.73)	-	-	**(15.94)**
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income	(6.24)	-	2.54	-	**(3.70)**
Provision for Employee Benefits	23.08	5.83	(2.84)	-	**26.07**
Unused tax losses (Business)	21.74	(21.74)	-	-	**-**
MAT Credit Entitlement	126.58	-	-	(48.93)	**77.65**
Reward Points	19.25	(1.35)	-	-	**17.90**
Provision for Contingencies	18.60	2.52	-	-	**21.12**
Allowance for Doubtful Debts	3.82	0.22	-	-	**4.04**
Others	3.00	5.54	-	-	**8.54**
Total Deferred Tax Liability	**(234.05)**	**(7.66)**	**(0.30)**	**(48.93)**	**(290.94)**

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Notes to Financial Statements for the year ended March 31, 2018

Note 39 : Related Party Disclosures

(a) The names of related parties of the Company are as under:

i. Company having significant influence

Name of the Company	Country of Incorporation
Tata Sons Ltd. (including its subsidiaries and Joint Ventures)	India

ii. Subsidiary Companies

Name of the Company	Country of Incorporation
Domestic	
TIFCO Holdings Ltd.[1]	India
KTC Hotels Ltd.	India
United Hotels Ltd.	India
Roots Corporation Ltd.	India
Taj Enterprises Ltd.	India
Taj Trade and Transport Co Ltd.	India
Benares Hotels Ltd.	India
Inditravel Ltd.	India
Piem Hotels Ltd.	India
Northern India Hotels Ltd.	India
Skydeck Properties and Developers Private Limited	India
Sheena Investments Private Limited	India
ELEL Hotels & Investments Limited	India
Luthria & Lalchandani Hotel & Properties Pvt. Ltd.	India

[1]Amalgamated with the Company vide NCLT order dated March 8, 2018 (w.e.f. appointed date April 1, 2017)

Name of the Company	Country of Incorporation
International	
Apex Hotel Management Services (Pte) Ltd.[1]	Singapore
Samsara Properties Ltd.[2]	British Virgin Islands
IHOCO BV	Netherlands
United Overseas Holding Inc. and its subsidiaries	United States of America
St. James Court Hotel Ltd.	United Kingdom
Taj International Hotels Ltd.	United Kingdom
Taj International Hotels (H.K.) Ltd.	Hong Kong
Piem International (H.K.) Ltd.	Hong Kong

[1]Liquidated on August 7, 2017

[2]Liquidated on June 6, 2017

iii. Joint Ventures

Name of the Company	Country of Incorporation
Domestic	
Taj Madras Flight Kitchen Pvt. Ltd.	India
Taj Sats Air Catering Ltd.	India
Taj Karnataka Hotels & Resorts Ltd.	India
Taj Kerala Hotels & Resorts Ltd.	India
Taj GVK Hotels & Resorts Ltd.	India
Taj Safaris Ltd.	India
Kaveri Retreats and Resorts Ltd.	India

Name of the Company	Country of Incorporation
International	
TAL Hotels & Resorts Ltd. and its Subsidiaries	Hong Kong
IHMS Hotels (SA) (Proprietary) Ltd. and its subsidiary	South Africa

iv. Associates

Name of the Company	Country of Incorporation
Domestic	
Oriental Hotels Limited and its subsidiaries	India
Taj Madurai Limited	India
Taida Trading & Industries Ltd. and its subsidiaries	India
International	
Lanka Island Resort Ltd.	Sri Lanka
TAL Lanka Hotels PLC	Sri Lanka
BJETS Pte Ltd., Singapore and its subsidiaries	Singapore

v. Key Management Personnel

Particulars	Relation
Puneet Chhatwal #	Managing Director & CEO
Rakesh Sarna*	Managing Director & CEO
Mehernosh S. Kapadia	Executive Director - Corporate Affairs

* for part of the year upto September 30, 2017.

appointed with effect from November 06, 2017.

vi. Post Employment benefit plans

Particulars

The Indian Hotels Company Limited Employees Provident Fund

The Indian Hotels Company Limited Superannuation Scheme

The Indian Hotels Employees Gratuity Trust

(b) The details of related party transactions during the year ended March 31, 2018 and March 31, 2017 are as follows :

Particulars	Company having significant influence * ` crores	Key Management Personnel ` crores	Subsidiaries ` crores	Associates # ` crores	Joint Ventures# ` crores	Post Retirement benefit plans ` crores
Interest income	**0.95**	**-**	**2.60**	**0.45**	**0.67**	**-**
	2.34	-	*1.14*	*1.37*	*1.75*	-
Dividend income	**3.60**	**-**	**1.59**	**0.14**	**0.92**	**-**
	0.12	-	*11.99*	*1.24*	*0.64*	-
Dividend Paid	**10.25**	**-**	**-**	**0.06**	**-**	**-**
	8.78	-	-	*0.05*	-	-
Operating / Licence fees expense	**-**	**-**	**0.31**	**-**	**-**	**-**
	-	-	*0.32*	-	-	-
Operating fees income	**3.29**	**-**	**57. 33**	**31.47**	**36.12**	**-**
	-	-	*44. 20*	*26.90*	*29.75*	-
Purchase of goods and services	**56.17**	**-**	**16.35**	**0.18**	**0.11**	**-**
	55.65	-	*19.47*	*0.48*	*0.16*	-

Notes to Financial Statements for the year ended March 31, 2018

Particulars	Company having significant influence * ` crores	Key Management Personnel ` crores	Subsidiaries ` crores	Associates # ` crores	Joint Ventures# ` crores	Post Retirement benefit plans ` crores
Sale of goods and services	**23.95**	**-**	**2.39**	**0.07**	**0.67**	**-**
	17.77	-	*2.55*	-	*0.61*	-
Deputed Staff reimbursements	**-**	**-**	**7.22**	**3.29**	**3.68**	**-**
	-	-	*6.05*	*3.03*	*5.23*	-
Other Cost reimbursements	**0.34**	**-**	**3.67**	**0.92**	**1.06**	**-**
	0.12	-	*2.80*	*0.88*	*0.53*	-
Loyalty expense (Net of redemption credit)	**0.19**	**-**	**8.86**	**6.05**	**3.72**	**-**
	0.12	-	*9.38*	*5.28*	*2.70*	-
Deputed Staff Out	**0.42**	**-**	**23.53**	**16.88**	**17.92**	**-**
	0.42	-	*22.11*	*14.91*	*17.09*	-
Contribution to Funds	**-**	**-**	**-**	**-**	**-**	**14.93**
	-	-	-	-	-	*24.78*
Inter Corporate Deposit ("ICD") Placed	**20.00**	**-**	**50.20**	**-**	**0.30**	**-**
	22.00	-	*17.00*	*7.50*	-	-
ICD Encashed	**50.24**	**-**	**52.20**	**-**	**-**	**-**
	13.06	-	-	*32.75*	*15.68*	-
Purchase of Shares	**-**	**-**	**944.02**	**-**	**0.70**	**-**
	-	-	-	-	-	-
Deposit Converted into Equity	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	*991.14*	-	*10.00*	-
Shareholders' Deposit placed	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	*135.19*	-	-	-
Shareholders' Deposit encashed	**-**	**-**	**32.15**	**-**	**-**	**-**
	-	-	*167.93*	-	-	-
Remuneration Paid / Payable	**-**	**20.98**	**-**	**-**	**-**	**-**
(Refer Footnote (ii))	-	*13.18*	-	-	-	-
Guarantees/Letter of Comfort withdrawn	**-**	**-**	**5.00**	**-**	**11.06**	**-**
	-	-	*977.93*	-	*17.61*	-

The details of amounts due to or from related parties as at March 31, 2018 and March 31, 2017 are as follows:

Trade Receivables (Refer Note 10)	**5.30**	**-**	**16.46**	**12.94**	**56.45**	**-**
	2.57	-	*11.43*	*8.61*	*35.75*	-
Trade Payables (Refer Note 19)	**13.97**	**-**	**1.48**	**1.10**	**0.03**	**-**
	6.08	-	*1.92*	*0.07*	*0.05*	-
Other Receivables/(Other Payables)	**0.30**	**-**	**81.29**	**3.20**	**(11.10)**	**-**
(Refer Note 7 and Note 16)	*0.35*	-	*81.09*	*1.75*	*(5.30)*	-
Interest Receivable	**-**	**-**	**-**	**0.35**	**0.73**	**-**
(Refer Note 7)	*0.39*	-	-	*0.35*	*0.60*	**-**
Deposits Receivable	**1.32**	**-**	**20.98**	**4.54**	**7.63**	**-**
(Refer Note 6 and Note 7)	*31.56*	-	*55.41*	*4.54*	*7.33*	-
Deposits Payable	**0.28**	**-**	**4.04**	**-**	**-**	**-**
(Refer Note 15)	-	-	*4.02*	-	-	-

Notes to Financial Statements for the year ended March 31, 2018

Particulars	Company having significant influence * ` crores	Key Management Personnel ` crores	Subsidiaries ` crores	Associates # ` crores	Joint Ventures# ` crores	Post Retirement benefit plans ` crores
Option Deposit	**71.10**	**-**	**-**	**-**	**-**	**-**
(Refer Note 5 (iv))	*71.10*	-	-	-	-	-
Guarantees/Letter of Comfort given on behalf	**-**	**-**	**170.68**	**-**	**233.55**	**-**
(Refer Note 42)	-	-	*175.68*	-	*244.61*	-

* including its subsidiaries and joint ventures

including its subsidiaries

Footnotes:

(i) Figures in italics are of the previous period.

(ii) Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole and long term incentive. Commission to Executive Directors has been considered on payment basis.

(c) Statement of Material Transactions

Name of the Company	March 31, 2018 ` crores	March 31, 2017 ` crores
Company having substantial interest and its subsidiaries and joint ventures:		
Tata Sons Ltd.		
Dividend income	3.60	-
Dividend paid	9.70	8.31
Trade Payables	3.52	3.37
Sale of goods and services	6.34	5.84
Tata Consultancy Services Ltd.		
Trade Payables	6.80	2.49
Purchase of goods and services	36.12	32.94
Sale of goods and services	3.00	2.85
Taj Air Ltd.		
ICD Placed	20.00	22.00
ICD Encashed	50.24	13.06
Interest income	0.95	2.34
Trade Payables	3.22	-
Tata Realty and Infrastructure Ltd.		
Deposit Closing position – Option Deposit	71.10	71.10
Tata AIG General Insurance Company Ltd.		
Purchase of goods and services	8.70	8.42
Tata SIA Airlines Ltd.		
Sale of goods and services	9.03	4.72

Notes to Financial Statements for the year ended March 31, 2018

Name of the Company	March 31, 2018 ` crores	March 31, 2017 ` crores
Remuneration to Key Management Personnel		
Puneet Chhatwal (w. e. f. November 06, 2017)	1.72	-
Rakesh Sarna (upto September 30, 2017)	15.87	7.94
Mehernosh S. Kapadia	2.73	2.32
Subsidiaries:		
KTC Hotels Ltd.		
Operating/Licence Fees expense	0.31	0.32
Deposit given outstanding	3.50	3.50
Benares Hotels Ltd.		
Dividend income	0.97	1.29
Piem Hotels Ltd.		
Trade Receivables	11.07	9.98
ICD Placed	10.00	-
ICD Encashed	10.00	-
Operating fees income	30.81	30.14
Deputed Staff Out	19.32	17.34
Deputed Staff Reimbursement	5.83	4.87
Loyalty expense (Net of redemption credit)	4.12	4.03
Other Cost reimbursements	1.11	1.37
Skydeck Properties and Developers Private Limited		
Other receivables / (Other payables)	79.84	79.80
Purchase of Shares	892.93	-
ICD Placed	7.20	-
ICD Encashed	7.20	-
United Overseas Holdings Inc.		
Purchase of goods and services	11.39	11.47
Guarantees given on behalf – Closing position	170.68	175.68
Guarantee withdrawn	5.00	740.76
Other Cost reimbursement	1.37	0.78
St. James Court Hotel Ltd.		
Loyalty expense (Net of redemption credit)	2.69	3.75
Taj International Hotels (H.K.) Ltd.		
Deposit Payable	4.04	4.02
Shareholders' Deposit Encashed	32.15	167.93
IHOCO BV		
Purchase of Shares	51.08	-

Notes to Financial Statements for the year ended March 31, 2018

Name of the Company	March 31, 2018 ` crores	March 31, 2017 ` crores
Roots Corporation Ltd.		
Interest income	1.99	1.14
ICD Placed	33.00	17.00
ICD Encashed	35.00	-
Deposit given outstanding	17.00	19.00
Joint Ventures:		
Taj GVK Hotels & Resorts Ltd.		
Other receivables / (Other payables)	(11.91)	(0.92)
Dividend income	0.64	0.64
Operating fees income	16.14	14.17
Deputed Staff Out	9.27	8.38
Deputed Staff Reimbursement	2.51	3.40
Other Cost reimbursement	0.83	0.18
Trade receivables	43.73	28.03
Taj Karnataka Hotels & Resorts Ltd.		
Interest income	0.48	0.48
Deposit given outstanding	5.35	5.35
Interest receivable	0.59	0.59
Taj Safaris Ltd.		
Interest receivable	0.14	0.01
Purchase of Shares	0.70	-
TAL Hotels & Resorts Limited		
Other receivables / (Other payables)	(2.41)	(6.52)
Loyalty expense (Net of redemption credit)	2.11	1.91
IHMS Hotels (SA) (Proprietary) Ltd.		
Guarantee withdrawn	11.06	17.61
Letter of Comfort given on behalf – Closing position *	233.55	244.61
* Liability restricted to ` 116.77 crores (Previous Year - ` 122.31 crores) as counter indemnity for 50% has been obtained from JV partner.		
Associates:		
Taida Trading & Industries Ltd.		
Interest Receivable	0.35	0.35
Deposit given outstanding	4.54	4.54
Oriental Hotels Ltd.		
Operating fees income	27.64	26.90
Deputed Staff Out	16.88	14.91
Loyalty expense (Net of redemption credit)	4.90	4.37
Deputed Staff reimbursement	3.29	3.03
Other costs reimbursement	0.90	0.88

Notes to Financial Statements for the year ended March 31, 2018

Name of the Company	March 31, 2018 ` crores	March 31, 2017 ` crores
Post-employment benefit plans		
Contribution to Superannuation Fund	4.99	5.01
Contribution to Provident Fund	9.94	9.78
Contribution to Gratuity Fund	-	10.00

Note 40 : Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director and Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker. From the internal organisation of the Company's activities and consistent with the internal reporting provided to the chief operating decision-maker and after considering the nature of its services, the ultimate customer availing those services and the methods used by its to provide those services, "Hotel Services" has been identified to be the Company's sole operating segment. Hotel Services include "Revenue from Operations" including Management and Operating Fees where hotels are not owned or leased by the Company. The organisation is largely managed separately by property based on centrally driven policies and the results and cash flows of the period, financial position as of each reporting date aggregated for the assessment by the Managing Director and Chief Executive Officer. The Company's management reporting and controlling systems principally use accounting policies that are the same as those described in Note 2 in the summary of significant accounting policies under Ind AS. As the Company is engaged in a single operating segment, segment information that has been tabulated below is Company-wide:

Country	Revenue from Hotel Services by location of customers		Non-current assets (see footnote below)	
	March 31, 2018 ` crores	March 31, 2017 ` crores	March 31, 2018 ` crores	March 31, 2017 ` crores
India	2,538.08	2,386.52	2,854.88	2,617.37
Overseas locations	45.87	15.04	-	-
Total	**2,583.95**	**2,401.56**	**2,854.88**	**2,617.37**

Footnote:

Non-current assets exclude financial assets, deferred tax assets, post-employment benefit assets and rights under insurance contracts.

No single customer contributes more than 10% or more of the Company's total revenue for the years ended March 31, 2018 and March 31, 2017.

Note 41 : Earnings Per Share (EPS):

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share'.

Particulars	March 31, 2018 ` crores	March 31, 2017 ` crores
Profit after tax (` crores)	**147.77**	**143.18**
Opening balance	98,92,74,015	98,92,74,015
Effect of fresh issue of shares for cash	11,37,04,608	5,68,38,361
Weighted average number of Equity Shares	**1,10,29,78,623**	**1,04,61,12,376**
Earnings Per Share:		
Basic and Diluted (`)	1.34	1.37
Face Value per Equity Share (`)	1	1

Note:

Earnings Per Share for the year ended March 31, 2017 has been retrospectively adjusted for the bonus element in respect of the Rights issue.

Notes to Financial Statements for the year ended March 31, 2018

Note 42 : Guarantees given

i) Guarantees/ Letters of Comfort given by the Company in respect of loans obtained by other companies and outstanding as on March 31, 2018 - ` 404.23 crores (Previous Year - ` 420.29 crores). Out of this, counter indemnity for ` 116.77 crores (Previous Year - ` 122.31 crores) has been obtained from a JV partner for his 50% share.

ii) The Company has given letters of support to select subsidiaries, a joint venture and an associate during the year.

Note 43 : The list of investment in subsidiaries, joint ventures and associates are as given below:

a. Subsidiary Companies

	Principal place of business/ Country of incorporation	As at March 31, 2018		As at March 31, 2017	
		Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
Domestic					
Benares Hotels Limited	India	53.70	51.68	53.70	51.68
Inditravel Limited	India	96.67	77.19	96.67	77.19
KTC Hotels Limited	India	100.00	100.00	100.00	100.00
Northern India Hotels Limited	India	94.16	48.56	93.14	48.03
Piem Hotels Limited	India	51.57	51.57	51.57	51.57
Roots Corporation Limited	India	66.93	63.25	66.93	63.25
Taj Enterprises Limited	India	90.59	74.70	90.59	74.70
Taj Trade & Transport Limited	India	89.51	72.73	89.51	72.73
TIFCO Holdings Limited (Refer Footnote (i))	India	-	-	-	-
United Hotels Limited	India	55.00	55.00	55.00	55.00
Skydeck Properties & Developers Private Limited	India	100.00	100.00	100.00	100.00
Sheena Investments Private Limited	India	100.00	100.00	100.00	100.00
ELEL Hotels & Investments Limited	India	85.72	85.72	85.72	85.72
Luthria & Lalchandani Hotels and Properties Private Limited	India	87.15	87.15	87.15	87.15

	Principal place of business/ Country of incorporation	As at March 31, 2018		As at March 31, 2017	
		Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
International					
IHOCO BV	Netherlands	100.00	100.00	100.00	100.00
United Overseas Holding Inc	United States of America	100.00	100.00	100.00	100.00
Piem International (H.K.) Ltd.	Hong Kong	100.00	51.57	100.00	51.57
St. James Court Hotel Ltd.	United Kingdom	89.39	72.25	89.39	72.25
Taj International Hotels (H.K.) Ltd.	Hong Kong	100.00	100.00	100.00	100.00
Taj International Hotels Ltd.	United Kingdom	100.00	100.00	100.00	100.00

Footnote:

(i) This subsidiary has been amalgamated with the Company during the year as per the court order (Refer Note 28).

Notes to Financial Statements for the year ended March 31, 2018

b. Joint Ventures

	Principal place of business/ Country of incorporation	As at March 31, 2018		As at March 31, 2017	
		Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
Domestic					
Taj SATS Air Catering Ltd.	India	51.00	51.00	51.00	51.00
Taj Madras Flight Kitchen Private Ltd.	India	50.00	50.00	50.00	50.00
Taj Karnataka Hotels & Resorts Ltd.	India	49.40	44.27	49.40	44.27
Taj Kerala Hotels & Resorts Ltd.	India	28.30	28.30	28.30	28.30
Taj GVK Hotels & Resorts Ltd.	India	25.52	25.52	25.52	25.52
Taj Safaris Ltd.	India	42.10	38.15	32.91	28.96
Kaveri Retreat & Resorts Ltd.	India	50.00	50.00	50.00	50.00
International					
TAL Hotels & Resorts Ltd.	Hong Kong	28.26	27.49	28.26	27.49
IHMS Hotels (SA)(Pty) Ltd.	South Africa	50.00	50.00	50.00	50.00

c. Associates

	Principal place of business/ Country of incorporation	As at March 31, 2018		As at March 31, 2017	
		Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)	Held directly by Parent or through its subsidiaries (%)	Effective Holding (%)
Domestic					
Oriental Hotels Ltd.	India	37.05	35.67	37.05	35.67
Taj Madurai Ltd.	India	26.00	26.00	26.00	26.00
Taida Trading and Industries Ltd.	India	48.74	34.76	48.74	34.76
International					
BJETS Pte Ltd.	Singapore	45.69	45.69	45.69	45.69
Lanka Island Resorts Limited	Sri Lanka	24.66	24.66	24.66	24.66
TAL Lanka Hotels PLC	Sri Lanka	24.62	24.62	24.62	24.62

Footnote:

All the above investments have been accounted at cost in accordance with the provisions of Ind AS – 27 “Separate Financial Statements”.

Notes to Financial Statements for the year ended March 31, 2018

Note 44 : Dividends

Dividends paid during the year ended March 31, 2018 out of Retained Earnings was ` 0.35 per equity share for the year ended March 31, 2017.

The dividends declared by the Company are based on the profits available for distribution as reported in the standalone financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As of March 31, 2018, retained earnings not transferred to reserves available for distribution was ` 411.84 crores.

On May 25, 2018, the Board of Directors of the Company have proposed a final dividend of ` 0.40 per equity share in respect of the year ended March 31, 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ` 57.35 crores, inclusive of dividend distribution tax of ` 9.78 crores.

Note 45 : Other Notes

Previous Year's financial statements were audited by a firm of Chartered Accountants other than B S R & Co. LLP.

In terms of our report attached.	For and on behalf of the Board	
For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022	**N. Chandrasekaran** DIN: 00121863	Chairman
	Puneet Chhatwal DIN: 07624616	Managing Director & CEO
Vijay Bhatt Partner Membership No. 036647	**Deepak Parekh** DIN: 00009078	Director
	Giridhar Sanjeevi	Executive Vice President & Chief Financial Officer
Mumbai, May 25, 2018	**Beejal Desai**	Senior Vice President - Legal & Company Secretary

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Financial Statistics

Year	Capital Accounts					
	Share Capital ` crores	Reserves and Surplus ` crores	Borrowings ` crores	Gross Block ` crores	Net Block ` crores	Investments ` crores
1975-76	2.35	2.21	4.21	11.82	8.42	0.20
1976-77	# 3.07	2.38	3.98	12.21	8.30	0.25
1977-78	3.07	3.39	4.73	13.14	8.69	0.34
1978-79	3.07	5.41	6.17	17.81	12.68	0.55
1979-80	* 5.09	5.58	5.56	20.48	14.31	0.74
1980-81	5.09	8.53	7.76	25.01	17.60	1.10
1981-82	** 6.90	9.20	8.87	28.79	20.06	1.13
1982-83	*** 6.35	12.34	26.71	49.54	39.22	2.65
1983-84	6.35	17.45	32.25	58.48	44.40	3.77
1984-85	6.35	22.23	42.20	67.77	44.55	11.70
1985-86	a 7.85	28.70	38.82	71.69	53.72	6.21
1986-87	7.85	32.73	53.58	89.73	67.56	5.53
1987-88	+ 9.86	41.97	63.47	107.70	80.08	6.90
1988-89	9.86	48.54	74.06	127.39	93.56	9.34
1989-90	!! 14.78	51.44	97.13	161.28	119.95	11.19
1990-91	14.78	56.77	121.07	178.61	128.43	12.37
1991-92	14.78	73.72	123.53	194.44	135.89	13.76
1992-93	!!! 19.96	124.44	106.86	210.68	142.53	16.93
1993-94	19.96	165.65	100.86	234.64	156.21	32.54
1994-95	æ 39.92	205.84	245.05	293.59	201.92	36.04
1995-96	= 45.12	567.16	200.18	384.01	273.21	142.09
1996-97	45.12	671.86	219.75	500.10	364.08	214.80
1997-98	45.12	767.68	197.31	581.48	414.57	218.09
1998-99	45.12	844.35	178.42	665.67	466.77	259.09
1999-00	45.12	913.96	432.32	842.01	606.86	337.75
2000-01	45.12	980.10	555.31	942.16	665.06	422.13
2001-02	45.12	844.13	809.21	946.15	655.08	541.34
2002-03	45.12	842.17	799.50	985.71	677.77	571.64
2003-04	45.12	844.79	1412.46	1159.69	813.13	600.83
2004-05	¶ 50.25	1081.80	1052.03	1290.70	885.20	607.01
2005-06	¶ 58.41	1657.83	544.34	1308.34	843.01	656.57
2006-07	` 60.29	1738.39	943.94	2014.34	1360.05	962.81
2007-08	60.29	1956.29	1134.18	2072.16	1371.60	977.58
2008-09	Ω 72.34	2975.29	1766.47	2362.23	1585.40	2026.88
2009-10	72.35	2616.87	2650.55	2408.32	1561.26	2445.63
2010-11	& 75.95	3028.59	2341.44	2605.18	1725.74	3026.78
2011-12	75.95	3176.70	2679.38	2830.66	1838.75	3622.19
2012-13	§ 80.75	3226.90	2522.27	2861.65	1756.46	3369.14
2013-14	80.75	2613.09	2690.60	2910.27	1697.41	2761.64
2014-15	80.75	2534.40	3208.99	3329.33	2011.80	2977.96
2015-16	± 98.93	2276.65	2157.65	2267.37	2142.27	1954.71
2016-17	98.93	2668.27	2048.98	2456.58	2187.53	3029.15
2017-18	¥ 118.93	4275.03	1783.88	2814.61	2398.50	4161.46

\# Issue of Bonus Shares in the Ratio 2:5
* Issue of Bonus Shares in the Ratio 4:5
** Issue of Bonus Shares in the Ratio 2:5
*** After redemption of Preference Share of ` 0.55 crore
a After conversion of a part of the 15,000,000 Convertible debenture at a premium of ` 15/- per share
\+ After conversion of a part of the 20,01,121 Convertible debenture at a premium of ` 15/- per share
!! After issue of bonus share in the Ratio 1:2
!!! After Right issue of Shares in the Ratio of 1:3
æ Issue of Bonus Shares in the Ratio of 1:1
= Issue of Global Depository Shares
¶ Conversion of foreign currency bonds into share capital.
` Split of Shares of face value ` 10/- each to share of Face value ` 1/- each
Ω After Right issue of Shares in the Ratio of 1:5
& Allotment of Shares on preferential basis to promoters
§ Conversion of Warrants into Equity on exercise of warrants
± After conversion of 18,18,01,228 Compulsorily Convertible Debentures at a premium of ` 54/- per share
¥ After Right issue of Shares in the Ratio of 1:5

Financial Statistics

Year	Gross Revenue	Expenditure (including Interest)	Depreciation	Profit before Taxes	Tax Expenses	Profit after Tax	Other Comprehensive Income	Total Comprehensive Income	Net Transfer to General Reserves		Dividend	Rate of Dividend on Ordinary Shares
	Revenue accounts											
	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores		` crores	%
1975-76	8.61	6.73	0.50	1.38	0.33	1.05			0.64	â	0.41	20.00
1976-77	10.77	8.45	0.52	1.80	0.75	1.05			0.49	â	0.56	20.00
1977-78	13.92	9.76	0.53	3.63	1.94	1.69			1.01	â	0.68	25.00
1978-79	18.42	13.63	0.69	4.10	1.40	2.70			2.02	â	0.68	25.00
1979-80	26.49	18.59	1.04	6.86	3.63	3.23			2.18	â	1.05	25.00
1980-81	31.54	23.13	1.24	7.17	3.17	4.00			2.95	â	1.45	22.00
1981-82	36.09	26.72	1.33	8.04	4.10	3.94			2.49	â	1.45	22.00
1982-83	42.98	36.87	1.62	4.49	0.00	4.49			2.99	â	1.50	23.00
1983-84	54.69	43.79	3.80	7.10	0.40	6.70			5.11		1.59	25.00
1984-85	65.50	55.39	2.66	7.45	1.08	6.37			4.78		1.59	25.00
1985-86	78.48	69.32	3.44	7.66	1.60	6.06			4.22		1.84	25.00
1986-87	93.05	79.68	4.25	9.12	2.75	6.37			4.02		2.35	30.00
1987-88	105.69	90.98	5.55	9.16	2.40	6.76			4.23		2.53	30.00
1988-89	117.72	100.61	6.24	10.87	1.50	9.37			6.42		2.96	30.00
1989-90	141.50	120.93	7.80	12.77	1.25	11.52			7.83		3.70	25.00
1990-91	159.11	139.42	9.11	10.58	1.55	9.03			5.33		3.70	25.00
1991-92	206.79	169.52	++8.85	27.58	6.50	21.08			16.75		5.17	35.00
1992-93	239.21	188.24	9.77	41.20	9.00	32.20			24.86		8.68	50.00
1993-94	301.92	223.49	10.90	67.53	15.50	52.03			41.21		13.97	70.00
1994-95	381.88	263.20	13.67	105.11	23.00	82.11			60.15		21.96	55.00
1995-96	547.36	347.42	20.37	179.57	39.00	140.57			107.10		33.47	75.00
1996-97	613.33	405.67	27.18	180.48	33.60	146.48			104.70		38.35	85.00
1997-98	623.91	427.53	32.42	163.96	26.00	137.96			95.78		38.35	85.00
1998-99	623.34	435.36	33.84	154.14	35.00	119.14			76.57		38.35	85.00
1999-00	650.91	482.49	37.69	130.73	17.50	113.23			70.66	@	38.35	85.00
2000-01	742.92	560.47	45.16	137.29	20.50	116.79			67.07		45.12	100.00
2001-02	617.55	589.81	47.49	98.14	17.44	80.70			40.00		36.09	80.00
2002-03	609.91	575.43	38.98	53.80	13.72	40.48			7.50		31.58	70.00
2003-04	727.09	646.89	48.58	80.20	19.55	60.65			8.57		36.09	80.00
2004-05	896.23	754.55	56.77	141.68	35.82	105.86			11.00		50.25	100.00
2005-06	1154.80	890.90	65.90	272.00	88.22	183.78			20.00		77.95	130.00
2006-07	1618.83	1146.47	91.44	474.64	152.25	322.39			35.00		96.46	160.00
2007-08	1823.16	1254.11	85.48	580.47	203.01	377.46			38.00		114.54	190.00
2008-09	1706.52	1348.42	94.46	362.30	128.27	234.03			30.00		86.81	120.00
2009-10	1520.36	1358.48	104.14	218.25	65.15	153.10			15.31		72.35	100.00
2010-11	1737.14	1509.90	108.40	221.45	80.20	141.25			14.13		75.95	100.00
2011-12	1864.72	1628.69	113.90	229.92	84.57	145.35			14.54		75.95	100.00
2012-13	1924.79	1701.67	125.02	(209.79)	66.82	(276.61)			-	*	69.40	80.00
2013-14	1977.33	1761.13	122.26	(520.90)	69.59	(590.49)			-		-	-
2014-15	2103.60	1873.02	117.85	1.88	83.90	(82.02)			-		-	-
2015-16	2374.12	2088.32	126.02	152.89	68.74	84.15	71.40	155.55	-		29.68	30.00
2016-17	2459.58	2079.74	151.31	262.04	118.86	143.18	124.43	267.61	-		34.62	35.00
2017-18	2639.34	2148.58	151.34	284.23	136.46	147.77	29.23	177.00	-	$$	47.57	40.00

â Preference and Ordinary Dividend

++ After deducting ` 0.84 crores towards excess provision of depreciation for previous year.

@ Ordinary / Interim dividend for the year

* Includes ` 4.80 crores dividend paid for previous year

$$ Dividend Proposed

Independent Auditor's Report

To the Members of The Indian Hotels Company Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of The Indian Hotels Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 1 (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

a. The comparative financial information of the Group, its associates and joint ventures for the year ended 31 March 2017 included in these consolidated financial statements have been audited by the predecessor auditor whose audit report dated 26 May 2017 expressed an unmodified opinion on those audited consolidated financial statements. Our opinion is not modified in respect of this matter.

b. We did not audit the financial statements of eighteen subsidiaries, whose financial statements reflect total assets of ` 6,296.39 crores as at March 31, 2018, total revenues of ` 1,449.42 crores and net cash outflows amounting to ` 40.24 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ` 34.86 crores for the year ended 31 March, 2018, as considered in the consolidated financial statements, in respect of thirteen associates and joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

   Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, joint ventures and associates, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

e. on the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, its associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies, and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

g. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matters' paragraph:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures. Refer Note 30 and Note 39 to the consolidated financial statements.

ii. the Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018;

iii. there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended March 31, 2018; and

iv. the disclosure in the consolidated Ind AS financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/ W-100022

Vijay Bhatt
Partner
Membership No. 036647

Place: Mumbai
Date : May 25, 2018

Annexure 'A' to the Independent Auditor's Report

Report on the internal financial controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of The Indian Hotels Company Limited ("hereinafter referred to as "the Holding Company") its subsidiary companies, its associate companies and its joint ventures incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective board of directors of the Holding Company and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial control over financial reporting of the Holding Company and its subsidiaries, its associates and joint ventures, which are companies incorporated in India based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal control systems over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associates and its joint ventures, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Holding Company, its subsidiary companies, its associates and its joint ventures, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its thirteen subsidiary companies, its three associates and its seven joint ventures which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/ W-100022

Vijay Bhatt
Partner
Membership No. 036647

Place: Mumbai
Date : May 25, 2018

IHCL

Consolidated Balance Sheet as at March 31, 2018

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Assets			
Non-current assets			
Property, Plant and Equipment	3	4,977.96	4,618.48
Capital work-in-progress		195.31	222.25
Goodwill	4	565.52	555.56
Other intangible assets	5	619.15	641.35
Intangible assets under development		1.67	0.42
Investments accounted using the equity method	6	640.42	607.81
Financial assets			
Investments	7(a)	540.47	545.10
Loans	8(a)	15.13	15.09
Other financial assets	9(a)	69.94	71.63
Deferred tax assets (net)	10(a)	60.14	35.21
Advance income tax (net)		130.89	82.57
Other non-current assets	11(a)	338.41	312.47
		8,155.01	**7,707.94**
Current assets			
Inventories	12	85.72	80.44
Financial assets			
Investments	7(b)	330.53	90.80
Trade receivables	13	328.56	272.06
Cash and cash equivalents	14	207.84	141.31
Other balances with banks	15	62.48	105.75
Loans	8(b)	9.14	49.02
Other financial assets	9(b)	114.98	108.65
Other current assets	11(b)	80.28	78.31
		1,219.53	**926.34**
Total		**9,374.54**	**8,634.28**
Equity and liabilities			
Equity			
Equity share capital	16	118.93	98.93
Other equity	17	4,062.17	2,418.76
Equity attributable to owners of the company		**4,181.10**	**2,517.69**
Non-controlling interests		777.39	737.82
Total equity		**4,958.49**	**3,255.51**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18(a)	2,329.21	2,789.86
Other financial liabilities	20(a)	253.55	356.83
Provisions	21(a)	83.55	75.56
Deferred tax liabilities (net)	10(b)	356.30	317.25
		3,022.61	**3,539.50**
Current liabilities			
Financial liabilities			
Borrowings	18(b)	5.00	18.16
Trade payables	19	351.30	293.06
Other financial liabilities	20(b)	605.27	1,065.46
Provisions	21(b)	138.40	111.11
Current income tax liabilities (net)		24.56	24.35
Other current liabilities	22	268.91	327.13
		1,393.44	**1,839.27**
Total liabilities		**4,416.05**	**5,378.77**
Total		**9,374.54**	**8,634.28**
The accompanying notes form an integral part of the consolidated financial statements	1 - 46		

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

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Consolidated Statement of Profit and Loss for the year ended March 31, 2018

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Income			
Revenue from operations	23	4,103.55	4,020.57
Other income	24	61.73	54.94
Total income		**4,165.28**	**4,075.51**
Expenses			
Food and beverages consumed		376.44	363.95
Employee benefit expense and payment to contractors	25	1,346.62	1,364.65
Finance costs	26	269.04	323.83
Depreciation and amortisation expenses	3 and 5	301.20	299.37
Other operating and general expenses	27	1,710.14	1,682.35
Total expenses		**4,003.44**	**4,034.15**
Profit before exceptional items, tax and share of profit of equity accounted investees		**161.84**	**41.36**
Exceptional items	28	22.45	(10.78)
Profit before tax and share of profit of equity accounted investees		**184.29**	**30.58**
Tax expense			
Current tax		138.37	125.76
Deferred tax credit		(17.31)	(12.02)
Total tax expense		**121.06**	**113.74**
Profit/(loss) after tax before share of profit of equity accounted investees		**63.23**	**(83.16)**
Share of Profit of associates and joint venture (net of tax)		40.29	37.56
Profit/(Loss) for the year		**103.52**	**(45.60)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(11.86)	7.82
Change in fair value of equity instruments designated irrevocably as fair value through other comprehensive income		78.98	144.07
Share of other comprehensive income in associates and joint ventures (net of tax)		7.23	(1.15)
Add/(Less) : Income tax (expense)/credit on the above		7.44	(0.44)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**81.79**	**150.30**
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating the financial statement of foreign operations		75.38	(117.15)
Share of other comprehensive income in associates and joint ventures (net of tax)		(1.17)	(9.44)
Less : Income tax expense on the above		-	-
Net other comprehensive income to be reclassified subsequently to profit or loss		**74.21**	**(126.59)**
Other comprehensive income for the year, net of tax		**156.00**	**23.71**
Total comprehensive income for the year		**259.52**	**(21.89)**
Profit/(Loss) for the year attributable to:			
Owners of the company		100.87	(63.20)
Non-controlling interests		2.65	17.60
		103.52	(45.60)
Total comprehensive Income for the year attributable to:			
Owners of the company		218.12	(28.50)
Non-controlling interests		41.40	6.61
		259.52	(21.89)
Earnings per share :	44		
Basic and Diluted - (`)		0.91	(0.60)
Face value per equity share - (`)		1.00	1.00
The accompanying notes form an integral part of the consolidated financial statements	1 - 46		

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

IHCL

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

	A. Equity Share Capital	B. Other Equity											
	Equity Share Capital Subscribed	Reserves and surplus						Items of other comprehensive income		Total Other Equity	Equity attributable to owners of the company	Non Controlling Interests	Total Equity
		Capital Reserve	Capital Reserve on Consolidation	Securities Premium Account	General Reserve	Other reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Exchange differences on translating the financial statement of foreign operations				
	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores
Balance as at April 1, 2016	**98.93**	**43.91**	**114.42**	**1,230.65**	**596.04**	**358.98**	**(11.38)**	**37.64**	**111.06**	**2,481.32**	**2,580.25**	**742.93**	**3,323.18**
Loss for the year ended March 31, 2017	-	-	-	-	-	-	(63.20)	-	-	(63.20)	(63.20)	17.60	(45.60)
Other Comprehensive Income for the year ended March 31, 2017, net of taxes	-	-	-	-	-	-	4.23	135.04	(104.57)	34.70	34.70	(10.99)	23.71
Total Comprehensive Income for the year ended March 31, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**(58.97)**	**135.04**	**(104.57)**	**(28.50)**	**(28.50)**	**6.61**	**(21.89)**
Dividend	-	-	-	-	(29.68)	-	-	-	-	(29.68)	(29.68)	(10.67)	(40.35)
Tax on Dividend	-	-	-	-	(4.38)	-	-	-	-	(4.38)	(4.38)	(1.05)	(5.43)
Transfer to/from retained earnings	-	-	-	-	-	-	(123.28)	123.28	-	-	-	-	-
Balance as at March 31, 2017	**98.93**	**43.91**	**114.42**	**1,230.65**	**561.98**	**358.98**	**(193.63)**	**295.96**	**6.49**	**2,418.76**	**2,517.69**	**737.82**	**3,255.51**
Profit for the year ended March 31, 2018	-	-	-	-	-	-	100.87	-	-	100.87	100.87	2.65	103.52
Other Comprehensive Income for the year ended March 31, 2018, net of taxes	-	-	-	-	-	-	(7.11)	65.74	58.62	117.25	117.25	38.75	156.00
Total Comprehensive Income for the year ended March 31, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**93.76**	**65.74**	**58.62**	**218.12**	**218.12**	**41.40**	**259.52**
Dividend	-	-	-	-	-	-	(34.62)	-	-	(34.62)	(34.62)	(1.41)	(36.03)
Tax on Dividend	-	-	-	-	-	-	(7.63)	-	-	(7.63)	(7.63)	(0.29)	(7.92)
Transfer to retained earnings	-	-	-	-	-	(42.42)	85.26	(42.84)	-	-	-	-	-
Allocation of Shares on Rights basis	20.00	-	-	-	-	-	-	-	-	-	20.00	-	20.00
Premium on allocation of shares on Rights basis	-	-	-	1,479.88	-	-	-	-	-	1,479.88	1,479.88	-	1,479.88
Equity issue expenses	-	-	-	(8.45)	-	(3.89)	-	-	-	(12.34)	(12.34)	-	(12.34)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(0.13)	(0.13)
Balance as at March 31, 2018	**118.93**	**43.91**	**114.42**	**2,702.08**	**561.98**	**312.67**	**(56.86)**	**318.86**	**65.11**	**4,062.17**	**4,181.10**	**777.39**	**4,958.49**

The accompanying notes form an integral part of the consolidated financial statements. (Refer Note 1 - 46)

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2018

	March 31, 2018 ` crores	March 31, 2017 ` crores
Cash Flow From Operating Activities		
Profit Before Tax	**184.29**	**30.58**
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	301.20	299.37
Profit on sale of investments	-	(0.17)
Loss on sale of a hotel property	-	103.25
Loss on sale of assets (including compulsory acquisition of land) and Assets written off	1.96	8.12
Expenditure on discontinued projects written off	2.57	-
Allowance for Doubtful Debts and advances (Including Advances written off)	16.82	7.98
Dividend Income	(8.20)	(10.70)
Interest Income	(29.42)	(22.38)
Finance Cost	269.04	323.83
Exchange Gain on long term borrowings/assets (net)	(1.00)	(0.44)
Provision for disputed claims	19.99	8.50
Provision for Employee Benefits	12.47	3.41
Gain on investments carried at fair value through profit and loss	(6.36)	(4.74)
Gain on fair valuation of derivative contracts	(25.51)	(65.45)
	553.56	**650.58**
Cash Operating Profit before working capital changes	**737.85**	**681.16**
Adjustments for increase / decrease in operating assets and liabilities:		
Financial and Other Assets	(124.14)	(23.90)
Inventories	(4.29)	(1.78)
Financial and Other Liabilities	25.12	(34.18)
	(103.31)	**(59.85)**
Cash Generated from Operating Activities	**634.54**	**621.31**
Income Taxes Paid	(142.49)	(86.79)
Net Cash Generated From Operating Activities (A)	**492.05**	**534.52**
Cash Flow From Investing Activities		
Payments for purchase of property, plant & equipment and Intangible assets (including CWIP)	(509.69)	(399.40)
Proceeds from sale of property, plant & equipment and Intangible assets	4.75	5.44
Additional Investment in a joint venture and subsidiary	(1.35)	(10.00)
Purchase of current investments	(1,404.73)	(2,107.41)
Proceeds from sale / redemption of current investments	1,171.48	2,199.91
Proceeds from sale of investments measured at fair value through other comprehensive income	83.63	350.00
Interest Received	25.87	26.13
Dividend Received (includes dividend from joint ventures and associates)	16.04	16.36
Bank Balances not considered as Cash & Cash Equivalents	42.95	(62.17)
Short term loan realised	59.87	18.89
Proceeds from sale of hotel properties	-	813.23
Deposits Refunded by / (Placed with) Other Companies	(17.55)	4.00
Net Cash Generated /(Used) In Investing Activities (B)	**(528.73)**	854.98
Carried over	**(36.68)**	**1,389.50**

Consolidated Statement of Cash Flows for the year ended March 31, 2018 (Contd.)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Brought over	**(36.68)**	**1,389.50**
Cash Flow From Financing Activities		
Share issue expenses / Debenture issue expenses	(12.38)	(4.81)
Interest Paid (including cumulative interest paid on maturity/ repayment of loan)	(408.93)	(163.67)
Repayment of long term Loans and Debentures	(1,285.51)	(1,954.38)
Proceeds from long term Loans and Debentures	350.00	890.11
Short Term Loans Raised	677.34	257.79
Short Term Loans Repaid	(691.65)	(333.65)
Proceeds from issue of Equity shares on rights basis	1,499.88	-
Settlement of derivative contracts	11.66	(26.97)
Dividend Paid (Including tax on dividend)	(44.69)	(45.78)
Net Cash Generated/(Used) In Financing Activities (C)	**95.72**	**(1,381.36)**
Net Increase In Cash and Cash Equivalents (A + B + C)	**59.04**	**8.14**
Cash and Cash Equivalents - Opening	141.31	139.83
Exchange difference on translation of foreign currency cash and cash equivalents	7.49	(6.66)
Cash and Cash Equivalents - Closing	**207.84**	**141.31**

Refer Note 18 (ix) for movement in Financing Activities

The accompanying notes form an integral part of the consolidated financial statements (Refer Note) 1 - 46

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 1 : Corporate information

The Indian Hotels Company Limited ("IHCL" or the "Company"), and its subsidiaries (referred collectively as the "Group") is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts. These consolidated financial statements of the Group also include the Group's interest in associates and joint ventures.

The Company is domiciled and incorporated in India in 1902 and has its registered office at Mandlik House, Mandlik Road, Mumbai – 400 001, India. It is promoted by Tata Sons Limited, which holds a significant stake in the Company.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 25, 2018.

Note 2 : Basis of preparation, Principles of consolidation and equity accounting, Critical accounting estimates and judgements, Significant accounting policies and Recent accounting pronouncements

The consolidated financial statements have been prepared on the following basis:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Ind AS as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 as amended from time to time.

(b) Basis of preparation

The Consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

(c) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet respectively.

(ii) Joint ventures, associates and equity method accounting

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets and obligations for the liabilities, relating to the arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the Consolidated Balance sheet.

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the Consolidated Statement of Profit and Loss, and the Group's share of Other Comprehensive Income of the investee in Other Comprehensive Income. Dividends received or receivable from associates and joint ventures are

Notes to Consolidated Financial Statements for year ened March 31, 2018

recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its Associates and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

The financial statements of subsidiaries, joint ventures and associates consolidated are drawn upto the same reporting date as that of the Company except one of the associate which has the reporting date of December 31, 2017.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss where appropriate.

(iv) Goodwill

a. Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

b. Goodwill arising from the acquisition of associates and joint ventures is included in the carrying value of the investment in associates and joint ventures.

c. Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Statement of Profit and Loss.

d. Goodwill on acquisition of the foreign subsidiaries is restated at the rate prevailing at the end of the year.

(d) Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Group has estimated useful life of each class of assets based on the nature of assets, the

Notes to Consolidated Financial Statements for year ended March 31, 2018

estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Group reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets that are subject to amortisation/ depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Impairment of investments:** The Group reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Group estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and the tax charges in the Statement of Profit and Loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and the tax charge in the Statement of Profit and Loss.

- **Loyalty programme:** The Group estimates the fair value of points awarded under the Loyalty programme by applying statistical techniques. Inputs include making assumptions about expected breakages, the mix of products that will be available for redemption in the future and customer preferences, redemption at own hotels and other participating hotels.

- **Fair value measurement of derivative and other financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet Date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

- **Litigation:** From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet Date.

- **Determination of control:** The group has exercised its judgement not to consolidate entities with majority holding where the group does not have any power or control over or exposure to entity and does not have any rights to variable returns from its involvement with the entity. Also, for all strategic investments in entities where there is a contractual agreement in the form of joint venture agreement were classified as joint venture.

- **Recognition of deferred tax liability on undistributed profits:** The extent to which the group can control the timing of reversal of deferred tax liability on undistributed profit of its subsidiaries requires judgement.

Notes to Consolidated Financial Statements for year ened March 31, 2018

Significant accounting policies

(e) Revenue recognition

Income from operation

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of room nights, food and beverages and allied services relating to hotel operations, including management fees for the management of the hotels.

Revenue is recognised upon rendering of the service, provided persuasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

The Group operates loyalty programme, which allows its eligible customers to earn points based on their spending at the hotels. The points so earned by such customers are accumulated. The revenue related to award points is deferred and on redemption of such award points, revenue is measured based on management's estimate of the fair value of the expected awards for which the points will be redeemed. Membership fees received from the loyalty program is recognised as revenue on time-proportion basis.

Management fees earned from hotels managed by the Group are usually under long-term contracts with the hotel owner and are recognised when earned in accordance with the terms of the contract when collectability is certain.

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Dividend

Dividend income is recognised when the Group's right to receive the amount is established.

(f) Employee Benefits

i. Short term Employee Benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

ii. Post-Employment Benefits:

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

a) Provident and family pension fund

The eligible employees of domestic components of the Group are entitled to receive post-retirement benefits in respect of provident fund and family pension fund a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' eligible salary). The contributions are made to the provident fund managed by the trust set up by the Group, or to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred.

Employee benefits arising out of contributions towards Provident Fund and Family Pension Scheme to Regional Provident Fund Commissioner or the Central Provident Commissioner and Social Security etc. paid/ payable during the year are recognised as expense in the Statement of Profit and Loss account in the period in which the employee renders services.

Eligible employees of some of the overseas components of the Group are members of defined contribution plans. These plans, in addition to employee contribution, require the Group to make contributions equivalent to a pre-defined percentage of each eligible participant's plan compensation for each year. The Group may also make a profit sharing contribution of uniform percentage of eligible participant's plan compensation based on profit as defined. The Group recognised such contribution as an expense in the year in which the employee renders service.

b) Superannuation

The Group has a defined contribution plan for eligible employees of its domestic components, wherein it annually contributes a sum equivalent to a defined percentage of the eligible employee's annual basic salary to a fund administered by the trustees. The Group recognises such contributions as an expense in

Notes to Consolidated Financial Statements for year ended March 31, 2018

the year in which the corresponding services are received from the employees.

c) **Others**

The Group also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Group accounts for the net present value of its obligation therein, based on independent external actuarial valuations carried out at the Balance Sheet date.

Certain international subsidiaries operate a defined contribution pension scheme and the pension charge represents the amounts paid/ payable by them to the Fund in the period in which the employee renders services.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

a) **Gratuity**

The Group accounts for the net present value of its obligations for gratuity benefits, based on independent actuarial valuations, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. The obligation determined as aforesaid less the fair value of the plan assets is reported as a liability or asset as of the reporting date. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

In case of funded scheme, the Group makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds in respect of eligible employee in case of certain domestic components and the parent / company.

b) **Post-Retirement Pension Scheme and Medical Benefits**

The net present value of the Group's obligation towards post retirement pension scheme for retired whole time directors and post-employment medical benefits to qualifying employees is actuarially determined, based on the projected unit credit method. Actuarial gains and losses are recognised immediately in the Other Comprehensive Income and reflected immediately in retained earnings and will not be reclassified to the Statement of Profit and Loss.

The Group also participates in an industry-wide defined benefit plan which provides pension linked to final salaries in respect of employees of certain overseas hotel properties. The plan is funded in a manner such that contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period. It is not practicable to determine the present values of the Group's obligations as the covered hotel properties have not received information from the plan's administrator. In the absence of sufficient information the plan has been accounted as if it was a defined contribution plan.

The Group also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Group accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

c) **Provident Fund Trust**

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

Other Long-term Employee Benefits

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment

Notes to Consolidated Financial Statements for year ened March 31, 2018

/ availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below). Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it. First time issues of operating supplies for a new hotel property, consisting of linen and chinaware, glassware and silverware (CGS) are capitalised and depreciated over their estimated useful life.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Indian Entities

Depreciation is charged to Statement of Profit and Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

The estimated useful lives of the assets are as follows:

Class of Assets	Estimated Useful Life
Building	60 to 80 years
Plant and Equipment	5 to 20 years
Electrical Installation and Equipment	20 years
Hotel Wooden Furniture	15 years
End User devices – Computers, Laptops etc.	6 years
Operating supplies (issued on opening of a new hotel property)	2 to 3 years
Other miscellaneous hotel assets	4 years

In respect of buildings on leasehold land, depreciation is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to leasehold buildings are depreciated on the basis of their estimated useful lives or the expected lease period, whichever is lower. Freehold land is not depreciated.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effects of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. Proportionate depreciation is charged for the addition and disposal made during the year.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

International Entities

Depreciation on assets is provided at Straight Line Method (SLM) based on the estimated useful life detailed below. In respect of improvements in the nature of structural changes and major refurbishment to buildings occupied on lease, depreciation is provided for over the period of the lease.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Class of Asset	Estimated Useful Life
Long term lease hold property	Over the term of lease
Plant and Equipment	5 to 20 years
Electrical Installation and Equipment	20 years

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives. Freehold land is not depreciated.

(h) Intangible Assets

Intangible assets include cost of acquired software and designs, cost incurred for development of the Company's website and certain contract acquisition costs including the lease rights acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The estimated useful life used for amortising for other intangible assets is as under:

Class of Assets	Estimated Useful Life
Website Development Cost	5 years
Software and Licences	6 years
Service and Operating Rights	10 years
Leasehold property rights	Over the term of lease

An intangible assets is derecognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(i) Impairment of Assets

Goodwill which has an indefinite useful life is not subject to amortisation and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

(j) Foreign Currency Translation

Functional and presentation currency

The functional currency and presentation currency of the Company is Indian Rupee (`).

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss. Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Translation of financial statements of foreign operations

Assets and liabilities of foreign entities are translated into Indian Rupees on the basis of the closing exchange rates as at the end of the year. Income and expenditure and cash flow are generally translated using average exchange rates for the period unless those rates do not approximate the actual exchange rates at the dates of specific transactions, in which case the exchange rates as at the dates of transaction are used. All resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as a part of gain or loss on sale.

(k) Assets taken on lease

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating lease. Payments made under operating leases are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Finance Lease

Leases in which substantially all the risks and rewards of ownership are transferred to the Group as lessee are classified as finance lease. Finance lease are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Profit and Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

(l) Inventories

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost includes the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

(m) Government Grants

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Group will comply with the attached conditions.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(n) Income Taxes

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

Current tax

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates at the end of the reporting period in the countries where the company and its subsidiaries and its associates and joint ventures operate and generate taxable income.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of the goodwill. The deferred tax is also not accounted if it arises from initial recognition of

Notes to Consolidated Financial Statements for year ended March 31, 2018

an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profits/(taxable loss).

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets positions are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences between the carrying amount and the tax bases of investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of deferred tax asset is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

(o) Provisions

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

(p) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit and Loss using the effective interest rate method.

(q) Statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows for the year are classified by operating, investing and financing activities.

(r) Earnings per share

Basic earnings per share is computed by dividing the Profit or Loss after tax by the weighted average number of equity shares outstanding during the year adjusting the bonus element for all the reported period arising on account of issue of equity shares on rights and including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

Notes to Consolidated Financial Statements for year ened March 31, 2018

(s) Exceptional items

The Group discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying operating performance of the Group and provides consistency with the Group's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Group. Exceptional items can include, but are not restricted to, gains and losses on the disposal of properties/significant undertakings, impairment charges, exchange gain/ (loss) on long term borrowings/ assets and changes in fair value of derivative contracts.

(t) Financial Instruments

a. Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Classification

- **Cash and cash equivalents -** Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

- **Debt Instruments -** The Group classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset:

  i. Financial assets at amortised cost

  Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Group's income in the Statement of Profit and Loss using the effective interest rate method.

  ii. Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")

  Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

  iii. Financial assets at Fair Value through Statement of Profit and Loss ("FVTPL")

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

- **Equity Instruments -** The Group subsequently measures all equity investments (other than the investment in joint ventures and associates which are measured using equity method of accounting) at fair value. Where the Group has elected to present fair value gains and losses

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Notes to Consolidated Financial Statements for year ended March 31, 2018

on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payment is established.

The Group has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments not held for trading.

When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

De-recognition

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Group recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

Derivatives contracts

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The fair value changes of derivatives which are not designated as a hedging instrument are accounted through Statement of Profit and Loss. During the years reported, no hedge relationship was designated.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss

Notes to Consolidated Financial Statements for year ened March 31, 2018

on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(u) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are measured at their fair values and recognised as income in the Statement of Profit and Loss.

(v) Business combination

The Group uses the "acquisition method" of accounting to account for its business combinations as per which the identifiable assets or liabilities (and contingent liabilities) assumed are recognised at their fair values (with limited exceptions). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interests of the acquire, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition date amounts of identifiable assets acquired and the liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Other Comprehensive Income and accumulated in equity as Capital Reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as Capital Reserve.

Transaction costs incurred (other than debt / equity instrument related) in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

If the Group obtains control over one or more entities that are not businesses, then the bringing together of those entities are not business combinations. The cost of acquisition is allocated among the individual identifiable assets and liabilities of such entities, based on their relative fair values at the date of acquisition. Such transactions do not give rise to goodwill and no non-controlling interest is recognised.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

(w) Recent accounting pronouncements

Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA"), on March 28, 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after April 1, 2018.

Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 will supersede the existing revenue recognition standard 'Ind AS 18 – Revenue'. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115 and will adopt it retrospectively with the cumulative effect of initially applying this standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application i.e. April 1, 2018 and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. This standard is applied retrospectively only to the contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates (Appendix B)

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 3 : Property, plant and equipment (Owned, unless otherwise stated)

	Freehold land ` crores	Buildings (Refer footnote i) ` crores	Plant and machinery ` crores	Furniture & fixtures (Refer footnote ii) ` crores	Office equipment (Refer footnote ii) ` crores	Vehicles ` crores	Total ` crores
Cost							
Gross carrying value							
At April 1, 2016	525.91	3,992.96	858.67	355.91	48.53	8.35	5,790.33
Translation adjustment (Refer Footnote iii)	(7.66)	(161.56)	(4.46)	(11.51)	(0.22)	-	(185.41)
Additions (Refer Footnote iv)	-	219.19	159.25	71.11	10.34	0.53	460.42
Disposals (Refer Footnote v)	259.44	674.43	16.27	13.01	3.54	0.59	967.28
At March 31, 2017	**258.81**	**3,376.16**	**997.19**	**402.50**	**55.11**	**8.29**	**5,098.06**
Translation adjustment (Refer Footnote iii)	0.39	96.83	4.19	7.97	0.03	-	109.41
Additions (Refer Footnote iv)	-	233.59	171.13	124.01	11.99	0.83	541.55
Disposals	-	18.02	10.29	3.33	0.12	0.82	32.58
At March 31, 2018	**259.20**	**3,688.56**	**1,162.22**	**531.15**	**67.01**	**8.30**	**5,716.44**
Accumulated Depreciation							
At April 1, 2016	-	119.67	77.54	51.81	10.56	1.56	261.14
Translation adjustment (Refer Footnote iii)	-	(6.24)	(0.78)	(2.86)	(0.11)	-	(9.99)
Charge for the year	-	120.45	88.16	51.49	10.56	1.10	271.76
Disposals (Refer Footnote v)	-	29.76	7.44	4.52	1.50	0.11	43.33
At March 31, 2017	**-**	**204.12**	**157.48**	**95.92**	**19.51**	**2.55**	**479.58**
Translation adjustment (Refer Footnote iii)	-	5.90	0.95	2.89	0.03	-	9.77
Charge for the year	-	110.67	97.41	54.74	10.51	0.60	273.93
Disposals	-	14.93	7.84	1.86	0.04	0.13	24.80
At March 31, 2018	**-**	**305.76**	**248.00**	**151.69**	**30.01**	**3.02**	**738.48**
Net Block							
At March 31, 2017	**258.81**	**3,172.04**	**839.71**	**306.58**	**35.60**	**5.74**	**4,618.48**
At March 31, 2018	**259.20**	**3,382.80**	**914.22**	**379.46**	**37.00**	**5.28**	**4,977.96**

Footnotes :

(i) Cost includes improvements to buildings constructed on leasehold land - ` 2279.28 crores (Previous year - ` 2139.27 crores).

(ii) Furniture, Fixtures and Office Equipment as at the year end include assets on finance lease: Cost - ` 0.68 crore (Previous year - ` 0.60 crore), Accumulated Depreciation - ` 0.53 crore (Previous year ` 0.35 crore), Depreciation for the year - ` 0.13 crore (Previous year - ` 0.28 crore) and carrying value as at the reporting date of ` 0.15 crore (Previous year ` 0.25 crore).

(iii) Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment".

(iv) Addition includes ` 0.70 crores (March 31, 2017 - ` 4.29 crores) on account of interest cost on borrowings capitalised on certain qualifying assets (Refer Note 26).

(v) Disposal includes assets sold consequent to divestment of a property in one subsidiary during the previous year amounting to ` 912.01 crores (cost ` 943.34 crores and accumulated depreciation ` 31.33 crores.).

(vi) For details of pledged assets refer Note 18, footnote (ii).

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 4 : Goodwill

	Marc 31, 2018 ` crores	March 31, 2017 ` crores
Opening Balance	555.56	573.65
Add / (Less) : Foreign Exchange fluctuation for the year	9.96	(18.09)
Closing Balance	**565.52**	**555.56**

Footnote :

The Group tests goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill, which arose on acquisition of the assets/entities, is allocated to a cash generating unit ("CGU") representing the lowest level with the Group at which goodwill is monitored for internal management reporting purposes.

The recoverable value of the CGU is determined on the basis of 'fair value less cost to sell'. The Group determined fair values using the market approach, when available and appropriate, or the income approach, or a combination of both. The Group assesses the valuation methodology based upon the relevance and availability of the data at the time the valuation is performed. If multiple valuation methodologies are used, the results are weighted appropriately.

Valuations using the market approach are derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses is based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services.

Goodwill mainly comprises of ` 381.32 crores (March 31, 2017 - ` 371.86 crores) allocated to the International business (United Kingdom) and ` 130.99 crores (March 31, 2017 - ` 130.99 crores) allocated to a component of domestic business. The estimated fair value of these CGUs is based on comparable businesses. The remaining amount of goodwill of ` 53.22 crores (March 31, 2017 - ` 52.71 crores) relates to different CGUs which is individually immaterial.

Note 5 : Other intangible assets

	Leasehold property rights (Refer Footnote iii) ` crores	Website development cost ` crores	Software and licences (Refer Footnote i) ` crores	Service and operating rights ` crores	Total ` crores
Cost					
Gross carrying value					
At April 1, 2016	623.63	14.34	43.24	3.55	684.76
Translation adjustment (Refer Footnote ii)	(0.22)	-	-	(0.08)	(0.30)
Additions	0.11	4.23	5.74	-	10.08
Disposals	-	-	0.27	-	0.27
At March 31, 2017	**623.52**	**18.57**	**48.71**	**3.47**	**694.27**
Translation adjustment (Refer Footnote ii)	0.04	-	-	0.01	0.05
Additions	0.06	1.23	3.78	-	5.07
Disposals	-	-	0.01	-	0.01
At March 31, 2018	**623.62**	**19.80**	**52.48**	**3.48**	**699.38**
Accumulated Amortisation					
At April 1, 2016	14.68	0.39	7.36	3.55	25.98
Translation adjustment (Refer Footnote ii)	(0.11)	-	(0.37)	(0.08)	(0.56)
Charge for the year	15.56	3.66	8.39	-	27.61
Disposals	-	-	0.11	-	0.11
At March 31, 2017	**30.13**	**4.05**	**15.27**	**3.47**	**52.92**
Translation adjustment (Refer Footnote ii)	0.03	-	0.01	0.01	0.05
Charge for the year	13.71	4.97	8.59	-	27.27
Disposals	-	-	0.01	-	0.01
At March 31, 2018	**43.87**	**9.02**	**23.86**	**3.48**	**80.23**
Net Block					
At March 31, 2017	**593.39**	**14.52**	**33.44**	**-**	**641.35**
At March 31, 2018	**579.75**	**10.78**	**28.62**	**-**	**619.15**

Footnotes :

(i) Software includes Customer Reservation System and other licensed software.

(ii) Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment".

(iii) Leasehold property rights mainly consists of lease acquisition rights for the hotel property including land. Refer Note 2(h) for accounting policy.

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 6 : Investments in joint ventures and associates

	Face Value		March 31, 2018 Holdings As at	March 31, 2018 ` crores	March 31, 2017 Holdings As at	March 31, 2017 ` crores
Break up of investments in joint ventures and associate (carrying value determined using the equity method of accounting) as below :-						
(a) Equity investments in joint venture companies (Refer Note 33(c))						
Fully paid unquoted equity investments						
Taj Kerala Hotels & Resorts Ltd.	`	10	14,151,664	16.68	14,151,664	16.70
Taj SATS Air Catering Ltd.	`	10	8,874,000	59.94	8,874,000	48.52
Taj Karnataka Hotels & Resorts Ltd. (Refer footnote (iii))	`	10	1,398,740	-	1,398,740	-
Taj Madras Flight Kitchen Pvt Ltd.	`	10	7,944,112	23.87	7,944,112	23.76
Taj Safaris Ltd. (3487554 shares (Previous year Nil) acquired during the year	`	10	15,984,221	0.70	12,496,667	1.02
Kaveri Retreat & Resorts Ltd.	`	10	13,176,467	39.85	13,176,467	38.14
IHMS Hotels (SA) (Proprietary) Ltd. (Refer footnote (iii))	Zar	1	86,739,958	-	86,739,958	-
TAL Hotels and Resorts Ltd.	US $	1	4,946,282	122.67	4,946,282	118.86
Total Aggregate unquoted investments				**263.71**		**247.00**
Fully paid quoted equity investments						
Taj GVK Hotels & Resorts Ltd.	`	10	16,000,400	114.91	16,000,400	110.41
Total Aggregate quoted investments				**114.91**		**110.41**
Total Investments carrying value				**378.62**		**357.41**
(b) Equity investments in associate companies (Refer Note 33(c))						
Fully paid unquoted equity investments						
Taj Madurai Ltd.	`	10	912,000	5.29	912,000	4.81
Taida Trading & Industries Ltd. (Refer footnote (iv))	`	100	65,992	-	65,992	-
Lanka Island Resorts Ltd.	LKR	10	19,965,524	33.24	19,965,524	33.32
Bjets Pte Ltd. (Refer footnote (iv))	US $	1	20,000,000	-	20,000,000	-
Total Aggregate unquoted investments				**38.53**		**38.13**
Fully paid quoted equity investments						
Oriental Hotels Ltd. (Refer footnote (v))	`	10	66,166,530	207.16	66,166,530	196.72
TAL Lanka Hotels Plc	LKR	10	34,375,640	16.11	34,375,640	15.55
Total Aggregate quoted investments				**223.27**		**212.27**
Total Investments carrying value				**261.80**		**250.40**
Total Investments in joint ventures and associates				**640.42**		**607.81**
Footnotes :						
(i) Aggregate carrying value of Quoted Investments				338.18		322.68
Market value of Quoted Investments				563.09		514.13
Aggregate amount of impairment in value of investments				-		-
(ii) Aggregate amount of Unquoted Investments				302.24		285.13

(iii) The carrying value of these investments is carried at nil value as the Group's interest using equity method in these entities are reduced to zero. The Group has provided for additional losses and has recognised liability to the extent the Group has constructive obligation and/or to make payments on behalf of the joint ventures. (Refer Note no 20(b)).

(iv) The carrying amount of these investments has been reported as Nil, as the Group's share of losses exceeds the cost/carrying value.

(v) Includes 5.40% (Previous year 5.40%), of the shares held in the form of Global Depository Receipts (GDR).

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 7 : Investments

	Face Value	March 31, 2018 Holdings As at	March 31, 2018 ` crores	March 31, 2017 Holdings As at	March 31, 2017 ` crores
(a) Non current					
Equity investments in other companies (Non current)					
Carried at fair value through Other Comprehensive Income:					
Fully paid unquoted equity investments					
Damania Airways Ltd.*	` 10	500	-	500	-
Hotels and Restaurant Co-op. Service Society Ltd. *	` 50	20	-	20	-
Kumarakruppa Frontier Hotels Private Ltd.	` 10	96,432	6.41	96,432	6.03
MPOWER Information Systems Private Ltd. *	` 10	5,28,000	-	5,28,000	-
Smile and Care Products Private Ltd. *	` 10	49,800	-	49,800	-
Tata Ceramics Ltd.	` 2	1,54,29,480	-	1,54,29,480	1.70
Tata Industries Ltd. (Refer Footnote (v)	` 100	42,74,590	55.73	42,74,590	55.73
Tata International Ltd.	` 1000	8,000	22.97	8,000	20.80
Taj Air Ltd.	` 10	2,22,40,200	5.49	2,22,40,200	-
Tata Services Ltd.	` 1000	421	0.04	421	0.04
Tata Sons Ltd. (Refer Footnote (v)	` 1000	4,500	25.00	4,500	25.00
TRIL Infopark Ltd. (Refer Footnote iii)	` 10	7,11,00,000	71.10	7,11,00,000	71.10
Bombay Mercantile Co-operative Bank Ltd. *	` 30	333	-	333	-
Hindustan Engineering & Industries Ltd. *	` 10	7	-	7	-
Saraswat Co-operative Bank Ltd. *	` 10	2,000	-	2,000	-
			186.74		**180.40**
Fully paid quoted equity investments:					
India Tourism Development Corporation Ltd.	` 10	67,50,275	305.99	67,50,275	279.66
Tourism Finance Corporation of India Ltd. (50,000 Shares sold during the year)	` 10	-	-	50,000	0.41
Tulip Star Hotels Ltd.	` 10	35,800	0.19	35,800	0.19
Asian Hotels (North) Ltd. *	` 10	2	-	2	-
Asian Hotels (East) Ltd. *	` 10	2	-	2	-
Asian Hotels (West) Ltd. *	` 10	2	-	2	-
EIH Ltd.*	` 2	37	-	37	-
Hotel Leela Venture Ltd. *	` 2	25	-	25	-
Graviss Hospitality Ltd.	` 2	4,500	0.01	4,500	0.01
Crest Ventures Ltd. (42,000 Shares sold during the year)	` 10	-	-	42,000	0.75
HDFC Bank Ltd.	` 2	2,500	0.47	2,500	0.36
Timex Group India Ltd. (1,000 Shares sold during the year)	` 1	-	-	1,000	0.01
Titan Company Ltd. (13,06,000 Shares sold during the year)	` 1	5,00,000	47.06	18,06,000	83.30
			353.72		**364.69**
Investment in Preference Shares (carried at amortised costs)					
Central India Spinning Weaving & Manufacturing Company Ltd. * (10% unquoted Cumulative Preference Shares)	` 500	50	-	50	-
Investment in Others (carried at amortised costs)					
National Savings Certificate			0.01		0.01
Total Investments carrying value			**540.47**		**545.10**

* Value of these investments individually is less than ` 25,000

Footnotes :

	March 31, 2018 ` crores	March 31, 2017 ` crores
(i) Aggregate amount of Quoted Investments	353.72	364.69
Market value of Quoted Investments	353.72	364.69
(ii) Aggregate amount of Unquoted Investments	186.75	180.41

(iii) Transfer of shares is restricted due to option granted for 10 years upto July, 2021 to Tata Realty and Infrastructure Ltd. for repurchase of the shares at par value. Tata Realty and Infrastructure Ltd. has deposited a sum of ` 71.10 crores (March 31, 2017 ` 71.10 crores) as Option Deposit, which shall be adjusted upon exercise of the option or refunded.

(iv) The fair value hierarchy and classification are disclosed in Note 34(b).

(v) For these investments, cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 7 : Investments

	March 31, 2018 ` crores	March 31, 2017 ` crores
(b) Current		
Investments carried at fair value through profit and loss:		
Investments in mutual fund units (unquoted)	330.53	90.80
	330.53	**90.80**
Investments carried at fair value through Other Comprehensive Income:		
Equity investments in other entities (unquoted)		
BAHC 5 Pte Ltd. (Refer Note ii)	-	-
1 (Previous year - 1) equity shares of US $ 1 each (` 65 (Previous year ` 65))		
	-	**-**
Total Current investments	**330.53**	**90.80**
Footnote :		
(i) Aggregate amount of Unquoted Investments:	330.53	90.80
(ii) This investment are temporarily held for disposal in near future (Refer Note 33(a)(ii)(b))		

Note 8 : Loans

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non current (at amortised costs) (Unsecured)		
Loans to related parties (Refer Note 40)		
Considered good	15.13	15.09
Considered doubtful	141.04	139.95
	156.17	**155.04**
Less : Allowance for doubtful loans	141.04	139.95
	15.13	**15.09**
(b) Current (at amortised cost) (Unsecured, considered good)		
Loans		
Related parties (Refer Note 40)	8.55	47.96
Others	0.59	1.06
	9.14	**49.02**

Note 9 : Other financial assets

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non current		
Long-term security deposits placed for hotel properties at amortised costs		
Long-term security deposits placed for hotel properties at amortised costs	39.65	36.87
	39.65	**36.87**
Less : Allowance for doubtful deposits	2.00	2.00
	37.65	**34.87**
Deposits with Public Bodies and Others at amortised costs		
Related parties (Refer Note 40)	0.09	0.09
Public Bodies and Others	26.36	30.05
	26.45	**30.14**
Less : Allowance for doubtful deposits	0.10	0.38
	26.35	**29.76**
Deposits with banks (Refer Note 15)	3.99	3.91
Interest receivable	-	-
Others	1.95	3.09
	69.94	**71.63**

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 9 : Other financial assets

	March 31, 2018 ` crores	March 31, 2017 ` crores
(b) Current		
Deposit with public bodies and others		
Related parties (Refer Note 40)	-	1.23
Public Bodies and Others	15.29	10.02
	15.29	**11.25**
Other advances		
Considered good	9.23	11.71
Considered doubtful	5.07	3.37
	14.30	**15.08**
Less : Allowance for doubtful advances	5.07	3.37
	9.23	**11.71**
Interest receivable		
Related Parties (Refer Note 40)	1.38	2.40
Others	3.17	1.73
	4.55	**4.13**
Other receivable		
Related Parties (Refer Note 40)	70.44	63.85
Others	15.47	17.71
	85.91	**81.56**
	114.98	**108.65**

Note 10 : Deferred tax assets (net)

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Deferred tax assets:		
Allowance for doubtful debts	0.44	0.04
Provision for employee benefits	3.36	0.15
Unused tax losses (Business)	62.56	34.18
MAT credit entitlement	16.39	0.37
Others	3.71	1.03
Total (A)	**86.46**	**35.77**
Deferred tax liabilities:		
Property, Plant and equipment & Intangible Assets	25.90	0.56
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income	0.42	-
Total (B)	**26.32**	**0.56**
Net Deferred tax assets (A-B) (Refer Footnote i)	**60.14**	**35.21**

Footnotes :

(i) Deferred tax assets and deferred tax liabilities of entities within the group have been offset as they relate to the same governing taxation laws.

(ii) For the movement in deferred tax balances, Refer Note 37.

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 10 : Deferred tax liabilities (net)

	March 31, 2018 ` crores	March 31, 2017 ` crores
(b) Deferred tax liabilities:		
Property, Plant and equipment & Intangible Assets	453.17	453.72
Unamortised borrowing costs	0.45	0.33
Fair valuation changes of derivative contracts	20.89	15.94
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income	-	3.70
Total (A)	**474.51**	**473.69**
Deferred tax assets:		
Allowance for doubtful debts	7.66	4.41
Provision for employee benefits	28.59	27.75
MAT credit entitlement	33.57	77.66
Reward Points	13.27	17.90
Provision for Contingencies	26.51	21.12
Others	8.61	7.60
Total (B)	**118.21**	**156.44**
Net Deferred tax liabilities (A-B) (Refer Footnote i)	**356.30**	**317.25**

Footnotes :

(i) Deferred tax liabilities and deferred tax assets of entities within the group have been offset as they relate to the same governing taxation laws.

(ii) For the movement in deferred tax balances, Refer Note 37.

Note 11 : Other assets

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non current		
Capital advances	18.38	25.70
Prepaid expenses	117.66	114.21
Deposits with government authorities	98.48	57.27
Incentive receivables	96.38	107.41
Others	7.51	7.88
	338.41	**312.47**
(b) Current		
Prepaid expenses	55.08	43.30
Indirect tax recoverable	4.54	15.10
Advances to suppliers	15.61	16.69
Loans and advances to employee	3.31	2.97
Incentive receivables	1.49	-
Others	0.25	0.25
	80.28	**78.31**

Note 12 : Inventories (At lower of cost and net realisable value)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Food and Beverages	41.61	39.67
Stores and Operating Supplies	44.11	40.77
	85.72	**80.44**

Note 13 : Trade Receivables

	March 31, 2018 ` crores	March 31, 2017 ` crores
(Unsecured) (Refer Note 40 for Related Party Disclosures)		
Considered good	328.56	272.06
Considered doubtful	25.66	13.97
	354.22	**286.03**
Less : Allowance for doubtful receivables	25.66	13.97
	328.56	**272.06**
Footnote:		
Allowance for doubtful receivables		
Opening balance	13.97	13.01
Add: Allowance during the year	15.49	2.93
	29.46	**15.94**
Less: Bad debts written off / reversed no longer required	(3.80)	(1.97)
Closing balance	**25.66**	**13.97**

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 14 : Cash and Cash Equivalents

	March 31, 2018 ` crores	March 31, 2017 ` crores
Cash on hand	4.22	3.30
Cheques, drafts on hands	17.19	3.94
Balances with banks in current account	120.06	119.47
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months)	66.37	14.60
	207.84	**141.31**

Note 15 : Other Balances with banks

	March 31, 2018 ` crores	March 31, 2017 ` crores
Call and Short-term deposit accounts	44.58	33.30
Deposits pledged with others	0.65	0.62
Margin money deposits	7.86	7.69
Earmarked balances *	13.38	68.05
	66.47	**109.66**
Less : Term deposit with banks maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current 'Other financial asset' (Refer Note 9(a))	3.99	3.91
	62.48	**105.75**

* Earmarked balance in the previous year includes cash held in escrow aggregating to ` 60.08 crores ($ 9.38 million) arising out of proceeds from sale of Taj Boston hotel by a wholly owned subsidiary which could only be drawn on and after January 12, 2018. During the year, the Group withdrew ` 53.83 crores ($ 8.31 million) from the escrow. On April 3, 2018, the Group withdrew the remaining balance from the escrow.

Note 16 : Equity Share capital

	March 31, 2018 ` crores	March 31, 2017 ` crores
Authorised share capital		
200,00,00,000 Equity Shares of ` 1 each	200.00	200.00
	200.00	**200.00**
Issued share capital		
118,93,07,472 (Previous year - 98,93,07,472) Equity Shares of ` 1 each	118.93	98.93
	118.93	**98.93**
Subscribed and paid up		
118,92,58,445 (Previous Year - 98,92,74,015) Equity Shares of ` 1 each, Fully Paid (Refer Footnote (ii), (iii) & (v))	118.93	98.93
	118.93	**98.93**

Notes to Consolidated Financial Statements for year ended March 31, 2018

Footnotes :

(i) The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) On November 7, 2017, the Company allotted 19,99,84,430 Equity Shares of face value of ₹ 1 each for cash, at a price of ₹ 75 per equity share (including a premium of ₹ 74 per share), aggregating to ₹ 1499.88 crores to the existing shareholders on a “rights” basis in the ratio of 1 Equity Share for every 5 equity shares held by equity shareholders.

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2018		March 31, 2017	
	No. of shares	**₹ crores**	No. of shares	₹ crores
As at the beginning of the year	98,92,74,015	98.93	98,92,74,015	98.93
Add : Shares issued on Rights basis	19,99,84,430	20.00	-	-
As at the end of the year	**118,92,58,445**	**118.93**	**98,92,74,015**	**98.93**

(iv) Shareholders holding more than 5% shares in the Company :

	March 31, 2018		March 31, 2017	
	No. of shares	**% of Holding**	No. of shares	% of Holding
Equity share of ₹ 1 each fully paid				
Tata Sons Limited	43,32,19,860	36.43	27,70,63,351	28.01
Life Insurance Corporation of India	8,07,43,678	6.79	8,90,22,722	9.00
Sir Dorabji Tata Trust	-	-	5,02,21,040	5.08
Reliance Capital Trustee Company Limited	6,92,59,654	5.82	7,02,36,948	7.10

(v) 49,027 (March 31, 2017 - 33,457) Equity Shares were issued but not subscribed to as at the end of the respective years and have been kept in abeyance pending resolution of legal dispute.

(vi) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date Nil (March 31, 2017 - Nil)

(vii) Equity Shares held by associates :

	March 31, 2018		March 31, 2017	
	No. of shares	**% of Holding**	No. of shares	% of Holding
Equity shares of ₹ 1 each fully paid				
Oriental Hotels Limited	7,52,398	0.06	6,26,999	0.06
Taida Trading and Industries Limited	1,87,818	0.02	1,56,515	0.02
Taj Madurai Limited	11,25,393	0.09	9,37,828	0.09

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 17 : Other equity

		March 31, 2018 ` crores	March 31, 2017 ` crores
a)	**Reserves and surplus**		
	Capital Reserve		
	Opening and Closing Balance	43.91	43.91
	Capital Reserve on Consolidation		
	Opening and Closing Balance	114.42	114.42
	Securities Premium Reserve		
	Opening Balance	1,230.65	1,230.65
	Add : Premium on allocation of shares on Rights basis	1,479.88	-
	Less : Issue expenses written off	(8.45)	-
	Closing Balance	**2,702.08**	**1,230.65**
	Other Reserves		
	Capital Redemption Reserve		
	Opening and Closing Balance	10.59	10.59
	Reserve Fund (In terms of Section 45-IC of the Reserve Bank of India Act, 1934)		
	Opening Balance	42.42	42.42
	Less : Transfer to retained earnings (Refer Footnote (i) below)	(42.42)	-
	Closing Balance	**-**	**42.42**
	Debenture Redemption Reserve		
	Opening and Closing Balance	305.97	305.97
	Other Reserve (Refer Footnote (ii) below)		
	Opening Balance	-	-
	Add : Issue expenses in a subsidiary company	(3.89)	-
	Closing Balance	**(3.89)**	**-**
		312.67	**358.98**
	General Reserve		
	Opening Balance	561.98	596.04
	Less : Dividend	-	(29.68)
	Less : Tax on Dividend	-	(4.38)
	Closing Balance	**561.98**	**561.98**
	Retained Earnings		
	Opening Balance	(193.63)	(11.38)
	Add : Profit/(Loss) for the year	100.87	(63.20)
	Add : Transfer from Reserve Fund	42.42	-
	Less : Final Dividend	(34.62)	-
	Less : Tax on Dividend	(7.63)	-
	Add/(Less): Realised gain / (loss) on equity shares carried at fair value through other comprehensive income	42.84	(123.28)
	Add/(Less): Remeasurements of post employment benefit obligation (item of other comprehensive income recognised directly in retained earnings)	(10.87)	7.23
	Add/(Less): Tax on remeasurements of post employment benefit obligation	3.76	(3.00)
	Closing Balance	**(56.86)**	**(193.63)**
	Total	**3,678.20**	**2,116.31**
b)	**Other Comprehensive Income**		
	(Refer Statement of changes in equity for the reclassification adjustments to retained earnings)		
	Equity Instruments fair valued through Other Comprehensive Income	318.86	295.96
	Exchange differences on translating the financial statement of foreign operations	65.11	6.49
		383.97	**302.45**
		4,062.17	**2,418.76**

Footnote :

(i) Subsequent to the merger of TIFCO Holdings Limited (a wholly owned subsidiary), the Company has transfered ` 42.42 crores from Reserve Fund to Retained Earnings during the year. TIFCO Holdings Limited was a Non-Banking Financial Company (NBFC) and had filed intimation with the statutory authority for surrender of the NBFC licence.

(ii) These expenses relates to share issue expenses incurred by one of its subsidiary company and has been directly recognised as "Other Reserve" under "Other Equity" in accordance with IND AS 32 : Financial Instruments Presentation

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 18 : Borrowings

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non current		
Debentures		
Non convertible debentures		
Secured (Refer Footnote ii)	1,043.86	1,043.65
Unsecured (Refer Footnote iii)	685.97	739.60
	1,729.83	**1,783.25**
Term loans		
From Banks		
Secured (Refer Footnote iv)	642.44	578.45
Unsecured (Refer Footnote vi)	50.00	254.40
	692.44	**832.85**
From Other parties		
Secured (Refer Footnote v)	-	748.45
	-	**748.45**
	692.44	**1,581.30**
Others	0.16	0.27
Total	**2,422.43**	**3,364.82**
Less: Current maturities of Long term borrowings (shown under Other current financial liabilities)	93.22	574.96
Total non current borrowings	**2,329.21**	**2,789.86**
(b) Current		
Loans repayable on demand		
From Bank		
Secured (Refer Footnote vii)	-	7.31
Unsecured	-	3.85
	-	**11.16**
Other short-term loans		
From Related parties (Refer Note 40)		
Unsecured (Refer Footnote viii)	5.00	7.00
	5.00	**7.00**
Total current borrowings	**5.00**	**18.16**

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 18 : Borrowings *(Contd.)*

Footnotes :

(i) Details of borrowings as at:

	Effective Rate of Interest (%)	Maturity	March 31, 2018 Face value ` crores	March 31, 2018 Amortised cost ` crores	March 31, 2017 Face value ` crores	March 31, 2017 Amortised cost ` crores
Debentures						
Non convertible debentures (NCDs)						
Secured						
7.85% Non convertible debentures	7.85	April 15, 2022	495.00	493.86	495.00	493.65
10.10% Non convertible debentures	10.10	November 18, 2021	300.00	300.00	300.00	300.00
9.95% Non convertible debentures	9.95	July 27, 2021	250.00	250.00	250.00	250.00
			1,045.00	**1,043.86**	**1,045.00**	**1,043.65**
Unsecured						
7.85% Non-Convertible Debentures	7.85	April 20, 2020	200.00	199.77	-	-
2% Non convertible debentures	9.86	December 9, 2019	250.00	486.20	250.00	446.87
2% Non convertible debentures	9.76	April 23, 2017	-	-	200.00	292.73
			450.00	**685.97**	**450.00**	**739.60**
			1,495.00	**1,729.83**	**1,495.00**	**1,783.25**
Term loan from banks						
Secured			-	642.44	-	578.45
Unsecured			-	50.00	-	254.40
			-	**692.44**	**-**	**832.85**
Term loans from other parties						
Secured			-	-	-	748.45
			-	**-**	**-**	**748.45**
Others			-	0.16	-	0.27
			1,495.00	**2,422.43**	**1,495.00**	**3,364.82**
Short term borrowings			-	5.00	-	18.16
Total Borrowings			**1,495.00**	**2,427.43**	**1,495.00**	**3,382.98**

(ii) Non convertible debentures - secured include:

a) 4,950, 7.85% Secured Non convertible debentures of ` 10 lakhs each aggregating ` 495 crores, allotted on January 20, 2017 are repayable at par after the end of 5th year from the date of allotment i.e. April 15, 2022.

b) 3,000, 10.10% Secured Non convertible debentures of ` 10 lakhs each aggregating ` 300 crores, allotted on November 18, 2011 are repayable at par on November 18, 2021 i.e. at the end of 10th year from the date of allotment.

c) 2,500, 9.95% Secured Non convertible debentures of ` 10 lakhs each aggregating ` 250 crores, allotted on July 27, 2011 are repayable at par on July 27, 2021 i.e. at the end of 10th year from the date of allotment.

All the Secured Non convertible debentures are rated, listed and secured by a pari passu first charge created on all the property, plant and equipment of the Company, both present and future.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 18 : Borrowings *(Contd.)*

(iii) Non convertible debentures - unsecured include:

a) 2,000, 7.85% Unsecured Non-Convertible Debentures of ` 10 lakhs each aggregating ` 200 crores, allotted on April 20, 2017 are repayable on April 20, 2020, i.e at the end of the 3rd year from the date of allotment.

b) 2,500, 2% Unsecured Non convertible debentures of ` 10 lakhs each aggregating ` 250 crores, allotted on December 9, 2009 are repayable on December 9, 2019 i.e. at the end of the 10th year from the date of allotment, along with redemption premium of ` 12.43 lakhs per debenture.

c) 2,000, 2% Unsecured Non convertible debentures of ` 10 lakhs each aggregating ` 200 crores, allotted on April 23, 2012 are repayable on April 23, 2017, i.e. at the end of the 5th year from the date of allotment along with redemption premium of ` 4.71 lakhs per debenture. During the year, the company has repaid these debenture on the due date.

(iv) Term Loan from Banks (Secured) include:

a) Roots Corporation Limited (RCL), a domestic subsidiary of the Company availed a term loan facility of ` 75 crores from a bank on March 30, 2015 (balance outstanding as at March 31, 2018 ` 69 crores), carrying interest rate of 10% per annum payable at monthly rests. This loan is repayable in 4 equal quarterly instalments of 8%, 16%, 20%, 26% and 30% of the loan amount starting from the 3rd year till the 7th year. RCL has created a charge in April 2016 by way of hypothecation of moveable assets therein and mortgage of 4 hotel properties and property, plant and equipments contained therein.

Further, loan of ` 12 crores (balance outstanding as at March 31, 2018 ` 7.20 crores) carrying interest rate of 9.25% per annum payable at monthly rests is repayable in equal quarterly instalments of ` 1.20 crores ending in May 2019. The Loan is secured by way of hypothecation of certain hotel properties of RCL.

During the year, a fresh loan of ` 50 crores was obtained which carries interest of 8.20% per annum payable at monthly rest. The loan is payable in 12 equal quarterly instalments of ` 1 crore and 16 quarterly instalments of ` 3 crore each. RCL is in the process of completing its mortgage formalities against the said loan.

b) St James Court Hotels Limited, an overseas subsidiary of the company, had undertaken a new loan of £ 44.5 million in the previous year at a floating rate of 1 month Sterling LIBOR + 1.65%. Repayments on this loan are £ 1.5 million per annum (payable quarterly) with the balance repayable in August 2021. Subsequent to the year end, a revolving loan facility was taken out for £15 million. The Loan is secured by way of hypothecation of hotel property of St James Court Limited.

c) United Overseas Holding Inc. (UOH), a wholly owned overseas subsidiary, had a term loan facility for US $ 120 million with State Bank of India, London Branch which had the originally maturity date of September 15, 2022. During the previous year, UOH has prepaid US $98 million of the outstanding loan balance using the proceeds from the sale of one of its subsidiary which housed Taj Boston. This loan requires monthly interest only payments computed at LIBOR plus 3.81%, as defined through March 15, 2017 (5.24% and 4.72% at March 31, 2017 and 2016, respectively). Thereafter, principal payments are due every six months, as defined. The Term Loan Facility is secured, by amongst other things, the San Francisco LLC's hotel property. The balance outstanding as at March 31, 2018 is $ 20.90 million (` 135.53 crores).

(v) Term Loan from others (Secured) include:

During the year, Skydeck Properties and Developers Private Limited, a wholly owned domestic subsidiary, exercised its option to prepayment of the entire loan amount of ` 750 crores in two instalments of ` 350 crores and ` 400 crores on July 27, 2018 and January 28, 2018 respectively from the proceeds of issue of equity shares to the Company. This loan carried interest at the rate of 10% per annum compounded on an annual basis. This loan is secured by way of pledge of the group's total investment in ELEL Hotels and Investment Limited and Sheena Investments Private Limited.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 18 : Borrowings *(Contd.)*

(vi) Term loan from banks (Unsecured) include:

a) External commercial borrowing of US $ 95 million was taken on November 23, 2011. The loan is repayable at the end of 50th, 60th, and 72nd month from November 23, 2011 in equal instalments to achieve the average maturity of 5.05 years and carries an interest which is based on a spread over LIBOR. The first instalment of US $ 31.67 million and the second instalment of US $ 31.67 million has been repaid on January 25, 2016 and November 23, 2016 respectively. During the year, the Company has repaid the last instalment of US $ 31.66 million (` 205.29 crores) due on November 22, 2017.

b) Unsecured term loan from a bank of ` 49.88 crores outstanding at the beginning of the year was repaid on due date. The Company had further availed an unsecured term loan from a bank of ` 100 crores repayable at the end of 18 months from the date of drawdown. The loan was drawn in 3 tranches of ` 50 crores, ` 40 crores and ` 10 crores on September 9, 2017, September 15, 2017 and September 20, 2017 respectively. The Company has prepaid an amount of ` 50 crores during the year. The net loan now stands at ` 50 crores, of which ` 40 crores is due on March 15, 2019 and ` 10 crores is due on March 20, 2019 and has been classified under current maturities of long term borrowings. The Company has prepaid the outstanding loan of ` 50 crores in April, 2018.

(vii) Loans repayable on demand

Loans repayable on demand from bank, in the previous year, consists of overdraft facility. The secured portion of this facility were secured by hypothecation of operating suplies, stores, food and beverages and receivables.

(viii) Other short-term loans and advances

Loan from related parties consists of an inter-corporate deposits obtained by one of the subsidiary which carries interest of 10.50% p.a. repayable on demand.

(ix) Disclosure of changes in liabilities arising from financing activities (read with cash flow statement)

This section sets out an analysis of net debt and the movement in net debt for each of the periods presented below.

		March 31, 2018 ` crores	March 31, 2017 ` crores
a)	**Net debt**		
	Cash and cash equivalents	207.84	141.31
	Current investments	330.53	90.80
	Total Liquid investment (a)	**538.37**	**232.11**
	Long term borrowings (including current maturities shown under Other Current financial liabilities)	2,422.43	3,364.82
	Short term borrowings	5.00	18.16
	Gross Debt (b)	**2,427.43**	**3,382.98**
	Net Debt ((b) - (a))	**1,889.06**	**3,150.87**
b)	**Other financial liabilities**		
	Liability on derivative contracts	236.15	258.38
	Interest accrued but not due / Unclaimed interest *	54.79	133.79
	Total Other financial liabilities	**290.94**	**392.17**
	Grand Total	**2,180.00**	**3,543.04**

* Includes interest accrued of ` 89.12 crores in previous year for interest due beyond one year and included in Other Financial Liability

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 18 : Borrowings *(Contd.)*

	Liquid Assets		Liabilities from Financing activities				Total
	Cash and cash equivalents	Current Investments	Gross Debt	Net Debt	Derivatives	Interest accrued but not due / Unclaimed interest	
	(a)	(b)	(c)	(d) = (c)-(a)-(b)	(e)	(f)	(g) = (d)+(e)+(f)
	` crores	` crores	` crores	` crores	` crores	` crores	` crores
Net Debt as at March 31, 2017	141.31	90.80	3,382.98	**3,150.87**	258.38	133.79	**3,543.04**
Cash flows	59.05	232.02	(949.82)	**(1,240.89)**	11.80	(0.01)	**(1,229.10)**
Interest expense	-	-	2.90	**2.90**	(10.23)	276.37	**269.04**
Interest paid	-	-	(53.41)	**(53.41)**	-	(355.52)	**(408.93)**
Transferred to IEPF	-	-	-	**-**	-	(0.07)	**(0.07)**
Other non- cash movements:							
Fair value adjustments	-	7.71	-	**(7.71)**	(25.51)	-	**(33.22)**
Foreign Currency Translation Difference	7.48	-	44.78	**37.30**	1.71	0.23	**39.24**
Net Debt as at March 31, 2018	**207.84**	**330.53**	**2,427.43**	**1,889.06**	**236.15**	**54.79**	**2,180.00**

Note 19 : Trade Payables (Refer Note 40 for Related Party Disclosures)

	March 31, 2018 ` crores	March 31, 2017 ` crores
Vendor payables	221.10	178.87
Accrued expenses and others	130.20	114.19
	351.30	**293.06**

Note 20 : Other financial liabilities

	March 31, 2018 ` crores	March 31, 2017 ` crores
(a) Non current		
Liability on derivative contracts	230.56	257.21
Deposits from others	12.83	2.95
Creditors for capital expenditure	1.49	3.54
Employee related liabilities	8.67	4.01
Other liabilities	-	89.12
	253.55	**356.83**

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 20 : Other financial liabilities

		March 31, 2018 ` crores	March 31, 2017 ` crores
(b)	**Current**		
	Current maturities of long-term borrowings (Refer Note 18 (i))		
	Debentures	-	292.73
	Term loan from banks	93.07	282.10
	Others	0.15	0.13
		93.22	**574.96**
	Liability on derivative contracts	5.59	1.17
	Liability towards loyalty programmes	41.94	35.28
	Other payables		
	From related parties (Refer Note 40)	14.52	7.96
	From other parties	6.73	6.04
		21.25	**14.00**
	Additional liability on account of loss in joint ventures (Refer Note 6(a)(iii))	75.61	79.94
	Deposits from others		
	Option Deposit received against purchase of shares (Secured) (Refer Note 7(a)(iii))	71.10	71.10
	Unsecured	21.30	27.03
		92.40	**98.13**
	Interest accrued but not due on borrowings	53.93	43.73
	Creditors for capital expenditure	48.86	43.92
	Unclaimed dividends	2.08	2.26
	Unclaimed matured deposits and interest accrued thereon	0.86	0.94
	Unclaimed matured debentures and interest accrued thereon ` 25,153 (Previous Year - ` 25,153)	-	-
	Employee related liabilities	98.17	107.10
	Other liabilities	71.36	64.03
		605.27	**1,065.46**

Footnote :

The fair value hierarchy and classification are disclosed in Note 34.

Note 21 : Provisions

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Non current**		
	Provision for employee benefits (Refer Note 38)		
	Compensated absences	50.54	50.06
	Gratuity	11.01	1.06
	Post-employment medical benefits	5.28	5.27
	Post-retirement pension	16.72	17.98
		83.55	**74.37**
	Provision for disputed dues (Refer Footnote)	-	1.19
		83.55	**75.56**

Footnote :

In the previous year, a provision for disputed dues on standard assets has been made by a subsidiary engaged in business of non-banking financial services.

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 21 : Provisions

	March 31, 2018 ` crores	March 31, 2017 ` crores
(b) Current		
Provision for employee benefits (Refer Note 38)		
Compensated absences	20.89	19.31
Gratuity	3.73	0.76
Post-employment medical benefits	0.36	0.28
Post-retirement pension	1.61	1.60
Other employee benefits	1.43	1.48
	28.02	**23.43**
Provision for others		
Provision for disputes dues (Refer Footnote (i))	110.38	86.95
Tax on dividend	-	0.73
	110.38	**87.68**
	138.40	**111.11**

Footnotes :

(i) Provision for disputed dues include provisions for the following:

	Opening Balance ` crores	Additions ` crores	Utilisation ` crores	Closing Balance ` crores
Disputed claims for taxes, levies and duties	**84.35**	**24.64**	**1.19**	**107.80**
	76.75	*8.79*	*1.19*	*84.35*
Dispute on contractual matters	**0.43**	**-**	**0.02**	**0.41**
	0.43	-	-	*0.43*
Dispute in respect of employee benefits	**2.17**	**-**	**-**	**2.17**
	2.44	-	*0.27*	*2.17*
Total	**86.95**	**24.64**	**1.21**	**110.38**
	79.62	*8.79*	*1.46*	*86.95*

a) The above matters are under litigation / negotiation and the ultimate outcome and timing of the cash flows, if any cannot be currently determined.

b) Figures in italics are in respect of previous year.

Note 22 : Other liabilities

	March 31, 2018 ` crores	March 31, 2017 ` crores
Current		
Income received in advance	25.08	25.52
Deferred Revenue	86.85	131.81
Advances collected from customers	106.95	113.91
Statutory dues	50.03	55.89
	268.91	**327.13**

Note 23 : Revenue from operations

	March 31, 2018 ` crores	March 31, 2017 ` crores
Rooms, restaurants and banquets income	3,581.71	3,533.28
Shop rentals	40.92	39.80
Membership fees	85.80	95.16
Management and operating fees	204.25	177.38
Other operating income	190.87	174.95
Total	**4,103.55**	**4,020.57**

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 24 : Other income

	March 31, 2018 ` crores	March 31, 2017 ` crores
Interest Income from financial assets at amortised cost		
Inter-corporate deposits	0.13	4.77
Deposits with banks	16.86	7.89
Others	9.22	9.00
	26.21	**21.66**
Interest on income tax refunds	3.21	0.72
	29.42	**22.38**
Dividend Income from Investments (Refer Footnote)		
from Investments that are fair valued through Other Comprehensive Income	5.87	2.19
from Investments that are fair valued through Profit and Loss	2.33	8.51
Profit on disposal of Property, plant and equipment (Net)	0.01	0.76
Gain on investments carried at fair value through profit and loss	6.36	4.74
Exchange gain (Net)	1.22	-
Others	16.52	16.36
Total	**61.73**	**54.94**

Footnote:

Previous year includes dividend income relating to one of the investment designated at Fair Value through Other Comprehensive Income and derecognised during the previous year ` 0.45 crore.

Note 25 : Employee benefit expenses and payment to contractors

	March 31, 2018 ` crores	March 31, 2017 ` crores
Salaries, wages, bonus etc.	1,058.63	1,077.28
Company's contribution to provident and other funds (Refer Note 21, 38)	40.60	47.47
Reimbursement of expenses on personnel deputed to the company	39.04	38.06
Payment to contractors	91.52	88.17
Staff welfare expenses	116.83	113.67
Total	**1,346.62**	**1,364.65**

Note 26 : Finance costs

	March 31, 2018 ` crores	March 31, 2017 ` crores
Interest expense		
Interest expense at effective interest rate on borrowings which are measured at amortised cost	270.14	320.63
Add : Settlements on interest rate swap contracts	(9.53)	(7.96)
	260.61	**312.67**
On income tax demand	7.86	1.60
Other borrowing costs	1.27	13.85
	269.74	328.12
Less : Interest capitalised (Refer Footnote)	0.70	4.29
Total	**269.04**	**323.83**

Footnote :

The Group has capitalised the interest cost on borrowings relating to qualifying assets including within capital work in progress.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 27 : Operating and general expenses

		March 31, 2018 ` crores	March 31, 2017 ` crores
(a)	**Operating expenses consist of the following :**		
	Linen and room supplies	73.51	77.31
	Catering supplies	28.26	29.68
	Other supplies	7.06	7.31
	Fuel, power and light	259.11	258.61
	Repairs to buildings	58.24	60.89
	Repairs to machinery	67.84	69.93
	Repairs to others	30.50	31.51
	Linen and uniform washing and laundry expenses	41.57	41.13
	Security charges and Others	38.50	36.48
	Guest transportation	39.01	37.36
	Travel agents' commission	84.47	84.70
	Discount to collecting agents	46.73	48.10
	Other operating expenses	87.80	82.65
	Total	**862.60**	**865.66**
(b)	**General expense consist of the following :**		
	Rent	64.82	66.14
	Licence fees (Refer Note 36)	254.37	250.16
	Rates and taxes	95.12	89.28
	Insurance	14.67	15.25
	Advertising and publicity	121.32	111.69
	Printing and stationery	14.12	13.98
	Passage and travelling	18.20	18.96
	Allowance for doubtful debts and Bad debts written off	15.49	2.93
	Expenditure on corporate social responsibility	6.47	6.00
	Professional fees	46.57	50.92
	Support services	67.58	56.09
	Exchange loss (Net)	-	1.64
	Loss on Sale of Property, plant and equipment (Net)	0.77	-
	Payment made to statutory auditors (Refer Footnote)	8.12	8.74
	Directors' fees and commission	4.77	3.96
	Other expenses	115.15	120.95
	Total	**847.54**	**816.69**
		1,710.14	**1,682.35**

Footnote :

Payment made to statutory auditors:

	March 31, 2018 ` crores	March 31, 2017 ` crores
As auditors	6.45	7.60
For other services (including tax audit and company law matters)	1.52	1.03
Expenses and incidentals	0.15	0.11
	8.12	**8.74**

Excludes ` 1.36 crores (Previous year ` Nil) adjusted against Securities Premium Account

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 28 : Exceptional Items

	March 31, 2018 ` crores	March 31, 2017 ` crores
Exceptional Items comprises of the following :		
Exchange Gain / (Loss) on long term borrowings/assets (net)	0.07	0.44
Change in fair value of derivative contracts	25.51	65.45
Recovery of costs alongwith interest (` 14.70 crores) on a surrendered project	-	24.33
Provison of financial exposure in an associate	(0.56)	(5.05)
Net loss on disposal of subsidiaries	-	(103.08)
Refund of Municipal tax (including interest ` 2.38 crores)	-	6.16
Profit on compulsory acquisition of land by government	-	0.97
Projects written off for commercial reasons	(2.57)	-
Total	**22.45**	**(10.78)**

Note 29 : Scheme of Arrangement

During the year, the National Company Law Tribunal ("NCLT"), Mumbai bench vide its Order dated March 8, 2017 has approved the Scheme of Amalgamation which inter alia includes the amalgamation of TIFCO Holdings Ltd ("TIFCO"), a wholly owned investment holding subsidiary, with the Company. The Scheme was approved by the Board of Directors on May 26, 2017. Consequent to the said Order and filing of the final certified Orders with the Registrar of the Companies, Maharashtra, on April 11, 2018, the Scheme has become effective upon the completion of the filing with effect from the Appointed Date of April 1, 2017. Upon coming into effect of the Scheme and with effect from the Appointed Date, the undertaking of TIFCO have been transferred to and vested in the Company.

The above scheme does not have any impact in the consolidated financial statements of the Company, as TIFCO was a wholly owned subsidiary which was consolidated on a line by line basis prior to amalgamation.

Note 30 : Contingent Liabilities (to the extent not provided for) and contingent assets

The Group is involved in a number of appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Group's businesses and is exposed to other contingencies arising from having issued guarantees to lenders of its subsidiaries and other entities. Some of these proceedings in respect of matters under litigation are in early stages, and in some other cases, the claims are indeterminate.

(a) On account of matters in disputes :

Amounts in respect of claims (excluding interest and penalties) asserted by various revenue authorities on the Company and the Group, in respect of taxes, etc., which are in dispute, and not provided for, are as under:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Income Tax	177.56	119.21
Luxury tax	15.49	3.79
Entertainment tax	2.23	2.22
Sales tax / VAT	30.56	28.16
Property and Water tax	170.79	84.13
Service tax	19.09	25.37
Others	27.14	17.12

The Group is a defendant in various legal actions and a party to claims as above, plus interest thereon, which arose during the ordinary course of business. The Group's management believes based on the facts presently known, that the results of these actions will not have a material impact on the Company's financial statements. It is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above.

Notes to Consolidated Financial Statements for year ended March 31, 2018

(b) On account of lease agreements:

In respect of a plot of land provided to the Company under a lease agreement, on which the Company has constructed a hotel, the lessor has made a claim of ` 387.95 crores to date, (13 times the previous annual rental) for increase in the rentals with effect from 2006-07. The Company believes these claims to be untenable. The Company has contested the claim based upon legal advice, by filing a suit in the Honourable High Court of Judicature at Bombay on grounds of the lessor inconsistent stand on automatic renewal of lease, levy of lease rentals and method of computing such lease rent, within the terms of the then existing lessors policy as also a Supreme Court judgment on related matters. Even taking recent enactments into consideration, in the opinion of the Company, the computation cannot stretch beyond ` 100.41 crores (excluding interest / penalty), and this too is being contested by the Company on merit.

Further, a "Notice of Motion" has been filed by the company before by the Honourable High Court of Judicature at Bombay, inter alia, for a stay against any further proceedings by the lessor, pending a resolution of this dispute by the Honourable Bombay High Court. In view of this, and based on legal advice, the Company regards the likelihood of sustainability of the lessor's claim to be remote and the amount of any potential liability, if at all, to be indeterminate.

The lessor's lawyer had given a statement before the Honourable High Court of Judicature at Bombay that it shall not give effect to its notice of termination during the pendency of the suit and the statement continues to be in force till date.

(c) Other claims against the Group not acknowledge as debt :

(i) Legal and statutory matters ` 4.98 crores (March 31, 2017 - ` 4.98 crores)

(ii) Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimates above, including where:

a) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

b) the proceedings are in early stages;

c) there is uncertainty as to the outcome of pending appeals or motions or negotiations;

d) there are significant factual issues to be resolved; and/or there are novel legal issues presented

The Group's Management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Group's financial position, though the outcomes could be material to the Group's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

(d) Update in respect of a property:

After expiry of the license period of Taj Mahal Hotel, New Delhi, there was an ongoing litigation between the Company and the licensor, New Delhi Municipal Council (NDMC). On April 20, 2017, the Supreme Court has permitted NDMC to conduct e-auction of license rights, and has also allowed the Company six months' time to handover the premises in case the Company is unsuccessful in the e-auction. The hotel at the premises shall continue to carry out its operations in the meantime. The Supreme Court has directed that at the time of conducting such e-auction, NDMC shall take into account the unblemished record of the Company as well as its capabilities. NDMC has been directed to take into account these facts while taking a final decision in the matter. On the 9th of December, 2017, NDMC published a Tender for the hotel and land, with certain terms and conditions, vide which the auction was scheduled to take place on the 30th of January, 2018. Interested bidders, including IHCL submitted queries on the said terms, which were supposed to be responded on the 3rd of January, 2018. However, the said responses were never published, as the dates were postponed indefinitely. Subsequently, on the 25th of April, 2018, a new Tender has been published. IHCL is evaluating its options with respect to the same.

(e) Claims filed by the Group:

The Company has filed a claim for Government subsidy with the Department of Industrial Policy and Promotion for a new greenfield hotel project which has commenced operations. The claim is in the initial stage of verification and in the absence of virtual certainty at this stage on the amount that may be ultimately approved, no deferred income has been recognised.

Note 31 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for is ` 177.38 crores (March 31, 2017 - ` 114.86 crores).

Notes to Consolidated Financial Statements for year ened March 31, 2018

Note 32 : Guarantees and Undertakings given

(a) Guarantees given by the Group and outstanding as on March 31, 2018 - ` 12.94 crores (March 31, 2017 - ` 16.42 crores).

(b) The Group has given letters of support to few associates and joint venture companies during the year.

(c) The Group, together with an associate and a third party entered into an agreement with the bank, in consideration for the lender originally provided a credit facility of up to US $9 million to Lanka Island Resorts Limited, an associate of the Group. The outstanding balance as at March 31, 2018 ` 8.75 crores (US $ 1.34 million) (March 31, 2017 ` 20.43 crores (US $ 3.15 million)). The Group has agreed to execute a shortfall undertaking and a non-disposal undertaking for shares in Lanka Island Resorts Limited in favor of the bank as security for repayment of credit facilities and monies payable by the associate to the bank under the facility agreement and performance and observance by the bank of all its obligations and covenants under the Facility Agreement.

Note 33 : Interest in other entities

a) Subsidiaries

i) The parent's subsidiaries at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the group and the effective ownership of the group is enumerated in the table below. The country of incorporation or registration is also their principal place of business.

	Country of Incorporation	Effective Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		March 31, 2018 (%)	March 31, 2017 (%)	**March 31, 2018 (%)**	March 31, 2017 (%)
Domestic					
Benares Hotels Ltd.	India	51.68	51.68	48.32	48.32
ELEL Hotels & Investments Ltd.	India	85.72	85.72	14.28	14.28
Inditravel Ltd.	India	77.19	77.19	22.81	22.81
KTC Hotels Ltd.	India	100.00	100.00	-	-
Luthria & Lalchandani Hotels and Properties Private Ltd.	India	87.15	87.15	12.85	12.85
Northern India Hotels Ltd.@	India	48.56	48.03	51.44	51.97
Piem Hotels Ltd.	India	51.57	51.57	48.43	48.43
Roots Corporation Ltd.	India	63.25	63.25	36.75	36.75
Sheena Investments Private Ltd.	India	100.00	100.00	-	-
Skydeck Properties & Developers Private Ltd.	India	100.00	100.00	-	-
Taj Enterprises Ltd.	India	74.70	74.70	25.30	25.30
Taj Trade & Transport Ltd.	India	72.73	72.73	27.27	27.27
TIFCO Holdings Ltd.#	India	-	100.00	-	-
United Hotels Ltd.	India	55.00	55.00	45.00	45.00
International					
Apex Hotel Management Services (Pte) Ltd.*	Singapore	-	100.00	-	-
Chieftain Corporation NV*	Netherland Antilles	-	100.00	-	-
IHOCO BV	Netherlands	100.00	100.00	-	-
Piem International (HK) Ltd.	Hong Kong	51.57	51.57	48.43	48.43
Samsara Properties Ltd*	British Virgin Island	-	100.00	-	-
St. James Court Hotel Ltd.	United Kingdom	72.25	72.25	27.75	27.75
Taj International Hotels (HK) Ltd.	Hong Kong	100.00	100.00	-	-
Taj International Hotels Ltd.	United Kingdom	100.00	100.00	-	-
United Overseas Holding Inc.	United States of America	100.00	100.00	-	-

@ In accordance with the directives issued by SEBI via its circular SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 02, 2016 the Group provided an exit option to the public shareholders of Northern India Hotels Limited (NIHL), an indirect subsidiary. Under the offer 4,466 shares were tendered by various public shareholders and acquired by the Group as of March 31, 2018, as a result of which the Group's holding in NIHL has increased from 93.14% to 94.15%.

* Liquidated during the year.

Amalgamated during the year (Refer Note 29).

Notes to Consolidated Financial Statements for year ended March 31, 2018

ii) **Significant judgements and assumptions:**

a. The management have concluded that the group controls Northern India Hotels Limited, even though it holds less than half of the effective interest of this subsidiary. This is because the group is the largest shareholder and the direct ownership in this company is 94.15% through Piem Hotels Limited, a subsidiary in which the group holds 51.57%.

b. The investment in BAHC 5, a company incorporated in Singapore in which the group holds 100% issued equity shares, is a temporary investment that is presently held for disposal. In the view of the management, the Group does not have any power or control over or exposure to this entity. It does not have any rights to variable returns from its involvement with this entity and thus the financial statements of this entity are not consolidated.

c. The Group holds more than 51% of the equity share capital of Taj SATS Air Catering Ltd. However, as per the contractual arrangement in the form of joint venture agreement, the group considers it has joint control over the net assets of this entity and has been reclassified as joint venture.

b) Non-controlling interests ('NCI')

i) The summarised financial information for each subsidiary that has non-controlling interests that are material to the Group are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised Balance Sheet	PIEM Hotels Limited		Roots Corporation Limited		ELEL Hotels and Investments Limited		St. James Court Hotel Limited	
	March 31, 2018 ` crores	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores
Current Assets	56.70	49.49	40.56	29.47	17.61	19.56	45.78	67.99
Current Liabilities	87.04	83.80	78.91	81.57	41.30	40.31	80.99	70.69
Net Current Assets	**(30.34)**	**(34.31)**	**(38.35)**	**(52.10)**	**(23.69)**	**(20.75)**	**(35.21)**	**(2.70)**
Non-Current Assets	660.33	640.86	407.54	409.38	621.83	632.84	979.20	839.44
Non-Current Liabilities	6.16	22.55	109.57	78.59	-	-	369.08	352.72
Net Non-Current Assets	**654.17**	**618.31**	**297.97**	**330.79**	**621.83**	**632.84**	**610.12**	**486.72**
Net Assets	**623.83**	**584.00**	**259.62**	**278.69**	**598.14**	**612.09**	**574.91**	**484.02**
Accumulated NCI	**302.12**	**282.83**	**95.41**	**102.42**	**85.41**	**87.41**	**159.53**	**134.31**

Summarised Statement of Profit and Loss	PIEM Hotels Limited		Roots Corporation Limited		ELEL Hotels and Investments Limited		St. James Court Hotel Limited	
	March 31, 2018 ` crores	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores
Revenue	358.43	365.22	186.68	158.09	0.88	1.14	279.29	311.78
Profit/(Loss) for the year	(4.32)	16.19	(19.06)	(3.76)	(13.95)	(12.02)	30.47	47.55
Other Comprehensive Income	44.16	23.04	-	(0.08)	-	-	60.41	(77.75)
Total Comprehensive Income	**39.84**	**39.23**	**(19.06)**	**(3.84)**	**(13.95)**	**(12.02)**	**90.88**	**(30.20)**
Total Comprehensive Income allocated to NCI	19.29	19.00	(7.00)	(1.42)	(1.99)	(1.72)	25.22	(8.38)
Dividend paid to NCI	-	7.38	-	-	-	-	-	-

Notes to Consolidated Financial Statements for year ended March 31, 2018

Summarised Statement of Cash Flows	PIEM Hotels Limited		Roots Corporation Limited		ELEL Hotels and Investments Limited		St. James Court Hotel Limited	
	March 31, 2018 ` crores	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores
Cash Flows from Operating Activities	25.41	36.53	1.05	23.93	(2.69)	(2.08)	51.81	75.66
Cash Flows from Investing Activities	(11.38)	(38.19)	(19.31)	(43.28)	2.66	1.98	(49.43)	(19.53)
Cash Flows from Financing Activities	(16.08)	(2.53)	18.99	17.50	-	-	(31.70)	(31.03)
Net Increase/(Decrease) in Cash & cash Equivalents	**(2.05)**	**(4.19)**	**0.73**	**(1.85)**	**(0.03)**	**(0.10)**	**(29.32)**	**25.10**

ii) **Individually immaterial non-controlling interest:**

	March 31, 2018 ` Crores	March 31, 2017 ` Crores
Aggregate carrying amount of individually immaterial	134.92	130.85
Aggregate amount of the group's share of profits/loss	5.28	(0.32)
Aggregate amount of the group's share of other comprehensive Income	0.61	(0.54)
Aggregate amount of the group's share of total comprehensive Income	5.89	(0.86)

c) **Interests in associates and joint ventures**

i) Details of the associates and joint ventures of the group as at March 31, 2018 and 2017 are set out below. The entities below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business. The Group follows equity method of accounting for the measuring its investments/interests in associates and joint ventures, the details of which are as below

	Country of Incorporation	Effective Holding "%" #	Carrying amount		Quoted fair value	
			March 31, 2018 ` crores	March 31, 2017 ` crores	**March 31, 2018 ` crores**	March 31, 2017 ` crores
Joint Ventures						
Taj SATS Air Catering Ltd.	India	51.00	59.94	48.52	*	*
Taj Madras Flight Kitchen Private Ltd.	India	50.00	23.87	23.76	*	*
Taj Karnataka Hotels & Resorts Ltd. (Refer Note no 20(b))	India	44.27	-	-	*	*
Taj Kerala Hotels & Resorts Ltd.	India	28.30	16.68	16.70	*	*
Taj GVK Hotels & Resorts Ltd.	India	25.52	114.91	110.41	262.33	247.13
Taj Safaris Ltd. #	India	38.15	0.70	1.02	*	*
Kaveri Retreat & Resorts Ltd.	India	50.00	39.85	38.14	*	*
TAL Hotels & Resorts Ltd.	Hong Kong	27.49	122.67	118.86	*	*
IHMS Hotels (SA)(Pty) Ltd. (Refer Note no 20(b))	South Africa	50.00	-	-	*	*
			378.62	**357.41**	**262.33**	**247.13**
Associates						
Oriental Hotels Ltd.	India	35.67	207.16	196.72	276.58	234.23
Taj Madurai Ltd.	India	26.00	5.29	4.81	*	*
Taida Trading and Industries Ltd.	India	34.76	-	-	*	*
BJets Pte Ltd	Singapore	45.69	-	-	*	*
Lanka Island Resorts Ltd	Sri Lanka	24.66	33.24	33.32	*	*
TAL Lanka Hotels PLC	Sri Lanka	24.62	16.11	15.55	24.18	32.77
			261.80	**250.40**	**300.76**	**267.00**
Total			**640.42**	**607.81**	**563.09**	**514.13**

* Unlisted entity – no quoted price available

\# There was no change in the effective ownership of the Group's Holding % during the year except in case of Taj Safaris Ltd. where the group has acquired additional 34,87,554 shares during the year and the effective ownership has increased from 28.96% to 38.15%.

Notes to Consolidated Financial Statements for year ended March 31, 2018

ii) **Commitments and contingent liabilities in respect of associates and joint ventures**

	March 31, 2018 ` Crores	March 31, 2017 ` Crores
Commitment to provide funding for joint ventures capital commitments, if called	116.77	122.31
Capital Commitment for joint ventures and associate	11.91	8.56
Guarantees given by joint ventures and associates	3.54	2.43
Share of contingent liabilities in joint ventures and associates	42.51	40.58

iii) **Summarised financial information for associates and joint ventures**

The summarised financial information for those joint ventures and associates that are material to the Group are set out below. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not of the Group's share of those amount. They have amended to reflect adjustments made when using equity method for the differences in accounting policies.

Summarised Balance Sheet	**Taj GVK Hotels & Resorts Limited**		**Taj SATS Air Catering Limited**		**TAL Hotels and Resorts Limited**		**Oriental Hotels Limited**	
	March 31 2018 ` crores	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores
Current assets								
Cash and cash equivalents	14.61	3.20	8.42	17.90	66.72	67.21	5.53	12.13
Other assets	44.36	41.09	173.59	128.62	48.55	50.81	71.58	70.39
	58.97	**44.29**	**182.01**	**146.52**	**115.27**	**118.02**	**77.11**	**82.52**
Non-current assets	677.50	682.85	183.26	199.38	456.49	453.87	750.12	726.77
Total assets	**736.47**	**727.14**	**365.27**	**345.90**	**571.76**	**571.89**	**827.23**	**809.29**
Current liabilities								
Financial liabilities (excluding trade payables)	35.84	32.81	9.87	13.19	22.14	27.86	40.66	45.02
Other liabilities	70.16	55.09	65.90	65.26	33.06	35.93	43.74	43.55
	106.00	**87.90**	**75.77**	**78.45**	**55.20**	**63.79**	**84.40**	**88.57**
Non-current Liabilities								
Financial liabilities (excluding trade payables)	198.36	228.71	-	-	75.97	82.04	296.36	303.72
Other liabilities	62.95	59.00	27.92	28.24	40.25	39.55	4.91	4.70
	261.31	**287.71**	**27.92**	**28.24**	**116.22**	**121.59**	**301.27**	**308.42**
Total liabilities	**366.31**	**375.61**	**103.69**	**106.69**	**171.42**	**185.38**	**385.67**	**396.99**
Net assets	**369.16**	**351.53**	**261.58**	**239.21**	**400.34**	**386.51**	**441.56**	**412.30**

Notes to Consolidated Financial Statements for year ened March 31, 2018

iv) **Reconciliation of carrying amounts**

	Taj GVK Hotels & Resorts Limited		Taj SATS Air Catering Limited		TAL Hotels and Resorts Limited		Oriental Hotels Limited	
	March 31 2018 ` crores	March 31 2017 ` crores	March 31 2018 ` crores	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores
Net Assets	369.16	351.53	261.58	239.21	400.34	386.51	441.56	412.30
Group's Share	25.52%	25.52%	51.00%	51.00%	27.49%	27.49%	35.67%	35.67%
Share of Net assets	94.21	89.71	133.42	122.00	110.05	106.24	157.50	147.06
Goodwill	20.70	20.70	-	-	12.62	12.62	49.66	49.66
Unrealized Gain	-	-	(73.48)*	(73.48)*	-	-	-	-
Carrying Amount	**114.91**	**110.41**	**59.94**	**48.52**	**122.67**	**118.86**	**207.16**	**196.72**

* Unrealised gain represents profit on sale of air catering business by the Group to Taj SATS on a slump sale basis on October 1, 2001.

v) **Summary Statement of Profit and Loss**

Summarised statement of profit and loss	Taj GVK Hotels & Resorts Limited		Taj SATS Air Catering Limited		TAL Hotels and Resorts Limited		Oriental Hotels Limited	
	March 31 2018 ` crores	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores
Revenue	290.88	269.77	387.32	350.48	294.91	329.52	362.27	339.74
Depreciation	17.27	18.13	10.77	10.36	33.39	42.22	27.66	24.98
Interest Income	0.18	1.29	4.01	4.05	0.09	0.15	1.64	2.20
Interest Expense	24.97	29.07	0.02	0.21	6.24	7.27	30.89	32.19
Income Tax Expense	11.01	8.26	12.79	6.73	2.78	3.04	2.53	0.45
Profit for the year	20.39	4.23	21.70	14.09	22.19	32.38	6.12	4.98
Other Comprehensive Income for the year	0.19	(0.15)	0.67	(0.35)	17.71	(6.20)	23.21	(8.63)
Total Comprehensive Income for the year	**20.58**	**4.08**	**22.37**	**13.74**	**39.90**	**26.18**	**29.33**	**(3.65)**
Dividend Received	0.64	0.64	-	-	7.28	3.31	-	1.32

vi) **Individually immaterial joint ventures and associates**

	March 31, 2018 ` Crores	March 31, 2017 ` Crores
Aggregate carrying amount of individually immaterial	135.74	133.30

	March 31, 2018 ` Crores	March 31, 2017 ` Crores
Aggregate amount of the group's share of profit/loss	15.72	18.61
Aggregate amount of the group's share of other comprehensive Income	(7.48)	(5.59)
Aggregate amount of the group's share of total comprehensive Income	8.24	13.02

Footnote:

The financial statements of joint ventures and associates consolidated are drawn upto the same reporting date as of the company except in case of an Associate company where the financial statements have been drawn upto December 31, 2017.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 34 : Financial Instruments measurements and disclosures

a) **Financial instruments by category:**

	FVTPL		FVOCI		Amortised cost		Total carrying value	
	March 31 2018 ` crores	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores
Financial assets:								
Measured at fair value								
Investments (Refer Footnote below):								
Equity shares	-	-	540.47	545.10	-	-	540.47	545.10
Mutual fund units	330.53	90.80	-	-	-	-	330.53	90.80
Total	**330.53**	**90.80**	**540.47**	**545.10**	**-**	**-**	**871.00**	**635.90**
Not measured at fair value								
Trade receivables	-	-	-	-	328.56	272.06	328.56	272.06
Cash and cash equivalents	-	-	-	-	207.84	141.31	207.84	141.31
Other balances with banks	-	-	-	-	62.48	105.75	62.48	105.75
Loans	-	-	-	-	24.27	64.11	24.27	64.11
Other financial assets	-	-	-	-	184.92	180.27	184.92	180.27
	-	**-**	**-**	**-**	**808.07**	**763.50**	**808.07**	**763.50**
Total	**330.53**	**90.80**	**540.47**	**545.10**	**808.07**	**763.50**	**1,679.07**	**1,399.40**
Financial liabilities:								
Measured at fair value								
Derivative instruments	236.15	258.38	-	-	-	-	236.15	258.38
Not measured at fair value								
Borrowings	-	-	-	-	2,427.43	3,382.98	2,427.43	3,382.98
Trade payables	-	-	-	-	351.30	293.06	351.30	293.06
Other financial liabilities	-	-	-	-	529.45	588.98	529.45	588.98
Total	**236.15**	**258.38**	**-**	**-**	**3,308.18**	**4,265.02**	**3,544.33**	**4,523.40**

Footnotes:

a. The above excludes investments in joint ventures and associates amounting to ` 640.42 crores (March 31, 2017 - ` 607.81 crores) which are accounted as per equity method.

b. FVTPL = Fair Value Through Profit and Loss and FVOCI = Fair Value Through Other Comprehensive Income.

Notes to Consolidated Financial Statements for year ened March 31, 2018

b) **Fair value hierarchy**

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis, it also includes the financial instruments which are measured at amortised cost for which fair values are disclosed.

	Level 1		Level 2		Level 3		Total	
	March 31 2018 ` crores	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores	**March 31 2018 ` crores**	March 31 2017 ` crores
Financial assets:								
Measured at fair value								
Investments:								
Equity shares	353.73	364.70	-	-	186.74	180.40	540.47	545.10
Mutual fund units	330.53	90.80	-	-	-	-	330.53	90.80
Total	**684.26**	**455.50**	**-**	**-**	**186.74**	**180.40**	**871.00**	**635.90**
Financial liabilities:								
Measured at fair value								
Derivative instruments	-	-	236.15	258.38	-	-	236.15	258.38
Not measured at fair value (Refer Footnotes below)								
Borrowings								
Non-convertible debentures	-	-	1,729.83	1,848.50	-	-	1,729.83	1,848.50
Term loan from banks	-	-	692.44	832.85	-	-	692.44	832.85
Term loan from others	-	-	-	748.45	-	-	-	748.45
Total	**-**	**-**	**2,658.42**	**3,688.18**	**-**	**-**	**2,658.42**	**3,688.18**

Footnotes:

a. The Company has not disclosed the fair value of certain short term financial instruments such as trade receivables, trade payables, short term loans, deposits etc. as their carrying amounts are a reasonable approximation of fair value.

b. The carrying amounts of the borrowings excluding non-convertible debentures that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

c. The Investments measured at fair value and falling under fair value hierarchy level 3 are valued based on valuation reports provided by external valuers with the exception of two investments, where cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair values within that range. The investments other than those whose fair values approximate cost are individually immaterial.

c) **Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

a. **Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in an active market. This includes listed equity instruments, traded debentures and mutual funds that have quoted price / declared NAV. The fair value of all equity instruments (including debentures) which are traded in the stock exchange is valued using the closing price as at the reporting period.

b. **Level 2:** Level 2 hierarchy includes financial instruments that are not traded in an active market (for example, traded bonds/ debentures, over the counter derivatives). The fair value in this hierarchy is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

c. **Level 3:** If one or more of the significant Inputs is not based on observable market data, the instrument is included in level 3. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Financial instruments such as unlisted equity shares, loans are included in this hierarchy.

Notes to Consolidated Financial Statements for year ended March 31, 2018

d) **Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for the equity instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of non-convertible debentures is valued using FIMMDA guidelines
- the fair value for the cross currency swaps/principal swap is determined using forward exchange rates at the Balance Sheet Date
- certain long term unlisted shares have been considered at their respective cost as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. All other unlisted shares are determined based on the income approach or the comparable market approach. These unquoted investments categorised under Level 3.
- the fair value of the remaining financial instruments is determined using the discounted cash flow analysis.

e) **Inter level transfers:**

There are no transfers between levels 1 and 2 as also between levels 2 and 3 during the year.

f) **Reconciliations of level 3 fair values**

The following table shows reconciliation from the opening balances to closing balances for Level 3 fair values:

	Equity instruments ` crores
Balance as at April 1, 2016	**190.52**
Net change in fair value (unrealized)	(10.12)
Balance as at March 31, 2017	**180.40**
Net change in fair value (unrealized)	6.34
Balance as at March 31, 2018	**186.74**

Note 35 : Financial risk management

Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by the internal audit team. The Internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk

a) Credit risk

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Group's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Sale limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Group.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Group's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities, Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

i) **Financing arrangements**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Expiring within one year:		
Bank overdraft	177.68	177.28
Bank Loans	-	100.00
Expiring beyond one year	-	-
Total	**177.68**	277.28

The bank overdraft facilities may be drawn at any time by the respective companies in the Group. There were no bank loan facilities available as on March 31, 2018 (Previous year - the bank loan facilities were available upto July 31, 2017 and had a maturity of 18 months from drawdown).

ii) **Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and exclude future contractual interest payments.

	Due in 1st year ` crores	**Due in 2nd year ` crores**	**Due in 3rd to 5th year ` crores**	**Due after 5th year ` crores**	**Total ` crores**
Non-derivative financial liabilities:					
Borrowings	**99.27**	**538.59**	**1,815.48**	**55.07**	**2,508.41**
(including redemption premium)	*584.54*	*792.75*	*1,542.97*	*567.50*	*3,487.76*
Other Financial liabilities	**506.46**	**1.49**	**21.50**	**-**	**529.45**
	489.46	*99.62*	-	-	*589.08*
Trade and other payables	**351.30**	**-**	**-**	**-**	**351.30**
	293.06	-	-	-	*293.06*
Financial guarantee contract	**16.11**	**16.11**	**11.60**	**-**	**43.82**
	6.02	*8.02*	*28.33*	-	*42.37*
Total	**973.14**	**556.19**	**1,848.58**	**55.07**	**3,432.98**
	1,373.08	*900.39*	*1,571.30*	*567.50*	*4,412.27*
Derivative instruments	**5.59**	**104.81**	**125.75**	**-**	**236.15**
	1.17	*12.83*	*244.38*	-	*258.38*
Total financial liabilities	**978.73**	**661.00**	**1,974.33**	**55.07**	**3,669.13**
	1,374.25	*913.22*	*1,815.68*	*567.50*	*4,670.65*

Figures in italics are of the previous year.

Notes to Consolidated Financial Statements for year ended March 31, 2018

The Group management periodically monitors its Interest Service Cover Ratio to manage the liquidity risk towards the repayment of the interest liability. The interest cover ratio for the Group for the year ending March 31, 2018 and March 31, 2017 was 3.03 and 2.09 respectively.

The formula used for the calculation of Interest Service Cover ratio (which has been computed on a trailing twelve-month basis) is as below:

Interest Service Coverage Ratio = (Profit before tax + Interest (Net) + Provision for diminution in long term investment + Depreciation)/Interest (Net)

iii) **Capital Risk Management**

The Group manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and current investment.

	Note	March 31, 2018 ` crores	March 31, 2017 ` crores
Borrowings	18	2,427.43	3,382.98
Less: Cash and cash equivalents	14	207.84	141.31
Less: Current investments	7(b)	330.53	90.80
Net debt		**1,888.06**	**3,150.87**
Total Equity	16/17	4,958.49	3,255.51
Gearing ratio %		0.38	0.97

C) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage its exposure to foreign currency risk and interest rate risk. All such transactions are carried out within the guidelines set by the risk management committee.

i) **Foreign Currency risk**

The predominant currency of the Group's revenue and operating cash flows is Indian Rupees (`). The Company's reported debt has an exposure to borrowings held in US dollars. Movements in foreign exchange rates can affect the Company's reported profits and net assets.

The Group uses forward exchange contracts, interest rate swaps, currency swaps and options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows:-

Derivative Instruments outstanding:

Nature of Derivative	Currency	March 31, 2018		March 31, 2017	
		Currency million	Fair values ` crores	Currency million	Fair values ` crores
Cross currency swap	US$	108.42	230.56	108.42	244.38
Interest Rate Swap	US$	-	-	21.11	(0.11)
Interest Rate Swap	GBP	30.00	5.59	30.00	14.11
Total			**236.15**		**258.38**

Sensitivity

For the year ended March 31, 2018 and March 31, 2017, every 3% depreciation in the exchange rate between the Indian rupee and US dollar, shall increase the Group's profit/loss before tax by approximately 24% and 126% respectively and every 3% increase in the interest rate shall increase the Group's profit/loss before tax by approximately 2% and 50% respectively.

For the year ended March 31, 2018 and March 31, 2017, every 3% appreciation in the exchange rate between the Indian rupee and US dollar, shall reduce the Group's profit/loss before tax by approximately 15% and 34% respectively and every 3% decrease in the interest rate shall increase/(decrease) the Group's profit/loss before tax by approximately 14% and 42% respectively.

The above relates to the Company and foreign currency risk in respect of other components is insignificant.

Un-Hedged Foreign currency exposure payable:

Currency	March 31, 2018	March 31, 2017
United States Dollar (Million)	0.62	31.67

Sensitivity

For the year ended March 31, 2018 and March 31, 2017, every 3% depreciation/appreciation in the exchange rate between the Indian rupee and US dollar, shall affect the Group's profit before tax by approximately 0.07 % and 21.15 % respectively.

ii) **Interest rate risk**

The Group adopts a policy to hedge the interest rate movement in order to mitigate the risk with regards to floating rate linked loans based on the market outlook on interest rates. This is achieved partly by entering into fixed rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

The total borrowing at variable rate was ` 571.38 crores as at March 31, 2018 (March 31, 2017 - ` 832.85 crores). The carrying value of the long term debt approximates fair value since the current interest rate approximates the market rate.

iii) **Other market price risks**

The Group's exposure to equity securities' price risk arises from investments held by the Group and classified in the balance sheet as fair value through Other Comprehensive Income. If the equity prices of quoted investments are 3% higher/ lower, the equity for the year ended March 31, 2018 would increase/ decrease by ` 100.49 crores (for the year ended March 31, 2017: increase/ decrease by ` 10.94 crores).

Note 36 : Operating Leases

The Group has taken certain vehicles, land and immovable properties on operating lease. The lease of hotel properties are generally long term in nature with varying terms, escalation clauses and renewal rights expiring within five to one hundred and ninety eight years. On renewal, the terms of the leases are renegotiated. The total expenses recognised in the Statement of Profit and Loss on lease rent paid is included under Rent and Licence Fees forming part of Other Expenses (Refer Note 27 (b)).

The minimum future lease rentals payable in respect of non-cancellable leases entered into by the Company to the extent of minimum guarantee amount are as follows:-

	March 31, 2018 ` crores	March 31, 2017 ` crores
Not later than one year	129.52	127.71
Later than one year but not later than five years	467.69	468.95
Later than five years	3,600.12	3,354.63

In addition, in certain circumstances the Group is committed to pay additional lease rentals that are contingent on the performance viz. gross operating profits, revenues etc. of the hotels that are being leased.

Expenses recognised in the Statement of Profit and Loss:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Minimum Lease Payments/ Fixed Rentals	141.71	135.74
Contingent rents *	133.16	129.07
	274.87	**264.81**

* contingent on the performance viz. gross operating profits, revenues etc. of the hotels that are being leased.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 37 : Income Tax Disclosure

i) **Income Tax recognised in the Statement Profit and Loss:**

	March 31, 2018 ` crores	March 31, 2017 ` crores
Current Tax		
In respect of the current year	138.46	128.26
In respect of earlier years	(0.09)	(2.50)
	138.37	**125.76**
Deferred Tax		
In respect of the current year		
MAT credit	(16.03)	(0.07)
Other items	(1.28)	(11.95)
	(17.31)	**(12.02)**
Total tax expense recognised in the current year	**121.06**	**113.74**

ii) **A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarised below:**

	March 31, 2018 ` crores	March 31, 2017 ` crores
Profit before tax (a)	184.29	30.58
Income tax rate as applicable in India (b)	34.61%	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	**63.78**	**10.58**
Permanent tax differences due to:		
Effect of income that is exempt from taxation	(1.44)	(2.03)
Income considered to be capital in nature under tax and tax provisions	(0.08)	(1.98)
Effect of expenses that are not deductible in determining taxable profit	26.31	38.08
Expense considered to be capital in nature under tax and tax provisions	4.64	6.42
Deferred tax asset not recognised in Statement of Profit and Loss	40.02	116.94
Effect on deferred tax balances due to the change in income tax rate	1.85	3.49
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(22.11)	(33.40)
Difference in tax rates between the company and components/ Jurisdiction	10.94	(32.77)
Others	(2.76)	10.91
	121.15	**116.24**
Prior year taxes as shown above	(0.09)	(2.50)
Income tax expense recognised in the Statement of Profit and Loss	**121.06**	**113.74**

Notes to Consolidated Financial Statements for year ened March 31, 2018

iii) **Income tax recognised in Other Comprehensive Income:**

	March 31, 2018 ` crores	March 31, 2017 ` crores
Current Tax		
Tax impact on profit on sale of investment in equity shares at fair value through Other Comprehensive Income	-	-
Deferred tax		
Arising on income and expenses recognised in Other Comprehensive Income:		
Net fair value gain on investments in equity shares at fair value through Other Comprehensive Income	(3.28)	(2.54)
Remeasurement of defined benefit obligation	(4.16)	2.98
Reversal of Deferred Tax Liability on account of a investment fair valued through Other Comprehensive Income	-	-
Reversal of Deferred Tax Assets on Unused Tax Losses	-	-
	(7.44)	**0.44**
Total income tax recognised in Other Comprehensive Income	**(7.44)**	**0.44**
Bifurcation of the income tax recognised in Other Comprehensive Income into:		
Items that will not be reclassified to profit or loss	(7.44)	0.44
	(7.44)	**0.44**

iv) **The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:**

	March 31, 2018 ` crores	March 31, 2017 ` crores
Deferred Tax assets (net)	60.14	35.21
Deferred Tax liabilities (net)	(356.30)	(317.25)
Net Deferred Tax Liability	**(296.16)**	**(282.04)**

Notes to Consolidated Financial Statements for year ended March 31, 2018

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

	Opening Balance ` crores	Recognised in the Statement of Profit and Loss ` crores	Recognised in Other Compre-hensive Income ` crores	MAT credit utilised ` crores	Exchange difference ` crores	Closing balance ` crores
Deferred tax (liabilities)/ assets:						
Property, Plant and equipment & Intangible Assets	**(458.18)**	**(20.77)**	**-**	**-**	**(0.12)**	**(479.07)**
	(474.15)	*15.80*	-	-	*0.17*	*(458.18)*
Unamortised borrowing cost	**(0.33)**	**(0.12)**	**-**	**-**	**-**	**(0.45)**
	(0.90)	*0.57*	-	-	-	*(0.33)*
Provision for Employee Benefits	**27.90**	**(0.11)**	**4.16**	**-**	**-**	**31.95**
	25.04	*5.84*	*(2.98)*	-	-	*27.90*
Fair valuation changes of derivative contracts	**(15.94)**	**(4.95)**	**-**	**-**	**-**	**(20.89)**
	(0.21)	*(15.73)*	-	-	-	*(15.94)*
Unrealised gain on equity shares carried at fair value through Other Comprehensive Income	**(3.70)**	**-**	**3.28**	**-**	**-**	**(0.42)**
	(6.24)	-	*2.54*	-	-	*(3.70)*
MAT Credit Entitlement	**78.03**	**16.02**	**-**	**(44.09)**	**-**	**49.96**
	129.57	*0.07*	-	*(51.61)*	-	*78.03*
Unused tax losses (Business) (net)	**34.18**	**23.04**	**-**	**-**	**5.34**	**62.56**
	39.00	*(0.86)*	-	-	*(3.96)*	*34.18*
Allowance for doubtful debts	**4.45**	**3.65**	**-**	**-**	**-**	**8.10**
	4.14	*0.31*	-	-	-	*4.45*
Reward Points	**17.90**	**(4.63)**	**-**	**-**	**-**	**13.27**
	19.25	*(1.35)*	-	-	-	*17.90*
Provision for Contingencies	**21.12**	**5.39**	**-**	**-**	**-**	**26.51**
	18.60	*2.52*	-	-	-	*21.12*
Others	**12.53**	**(0.21)**	**-**	**-**	**-**	**12.32**
	7.68	*4.85*	-	-	-	*12.53*
Total Deferred Tax Liability	**(282.04)**	**17.31**	**7.44**	**(44.09)**	**5.22**	**(296.16)**
	(238.22)	*12.02*	*(0.44)*	*(51.61)*	*(3.79)*	*(282.04)*

Figures in italics are of the previous year.

v) Deferred tax asset amounting to ` 772.57 crores and ` 981.96 crores as at March 31, 2018 and March 31, 2017 respectively in respect of unused tax losses have not been recognised by the Group. The tax loss carry-forwards of ` 2,409.02 crores and ` 2,411.20 crores as at March 31, 2018 and March 31, 2017, respectively, relates to certain subsidiaries on which deferred tax asset has not been recognised by the Group, because there is a lack of reasonable certainty that these subsidiaries may generate future taxable profits. Approximately, ` 110.72 crores and ` 227.05 crores as at March 31, 2018 and March 31, 2017 respectively of these tax losses has carry-forwards is not currently subject to expiration dates. The remaining tax loss carry-forwards of approximately ` 2,286.17 crores and ` 2,171.93 crores as at March 31, 2018 and March 31, 2017 respectively, expires in various years through fiscal 2037. Deferred tax assets on unused tax losses has been recognised by certain subsidiaries to the extent of profits arising from the reversal of existing taxable temporary differences.

vi) Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, deferred income tax liabilities on cumulative earnings of subsidiaries amounting to ` 1,471.19 crores and ` 1463.76 crores as at March 31, 2018 and March 31, 2017, respectively has not been recognised. Further, it is not practicable to estimate the amount of the unrecognised deferred tax liabilities for these undistributed earnings.

Note 38 : Employee Benefits

(a) The Group has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries):

	March 31, 2018 ` crores	March 31, 2017 ` crores
Provident Fund	20.57	25.86
Superannuation Fund	5.02	5.27
Total	**25.59**	**31.13**

Multi-Employer Benefit Plans

One of the international subsidiaries, United Overseas Holding Inc., along with its LLP's namely "the New York LLC" is a party to the Industrywide Collective Bargaining Agreement between the New York Hotel Trades Council ("NYC Union") and the Hotel Association of New York City, Inc. The Boston LLC, along with certain other hotel operators and owners in Boston, Massachusetts, was a party to the Collective Bargaining Agreement with UNITE HERE Local 26 ("Boston Union"). As part of the Sale, the new owner of the Boston Hotel assumed the obligations for the Boston Union, accordingly, the Company is no longer a party to the Boston Union. The collective bargaining agreement provides for union sponsored multi-employer defined benefit plans (the "Plans") to which the New York LLC makes contributions for the benefit of their employees covered by the collective bargaining agreements. The New York LLC has not received information from the Plans' administrators to determine their share of unfunded benefit obligations, if any. The New York LLC has not undertaken to terminate, withdraw or partially withdraw from the Plans. The risks of participating in the multi-employer plan are different from a single-employer plan in the following aspects:

(i) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

(ii) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

(iii) If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The New York LLC's and the Boston LLC's participation in the Plans for 2017 and 2016 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN). The most recent Pension Protection Act (PPA) zone status available is for the Plans' year-end at December 31, 2017 and 2016.

The zone status is based on information that the New York LLC and the Boston LLC received from the Plans and is certified by the actuaries of the Plans. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates pension plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is pending or has been implemented. The New York LLC's and the Boston LLC's contributions to its respective Plans did not exceed more than 5% of the total contributions to the Plans by all participating employers. The following is a summary of the Plans to which the New York LLC and the Boston LLC make contributions for the benefit of their employees covered by the collective bargaining agreements.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Plans	EIN Number	Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contribution by the Company for the year ended	
			2018	2017		December 31, 2017 US $	December 31, 2016 US $
New York LLC							
Pension Fund (i)	13-1764242	001	**Green**	Green	Yes	2,202,377	870,777
Health Benefits Fund (ii)	13-6126923	501	**NA**	NA	Yes	8,115,173	8,956,793
Prepaid Legal Services Fund (iii)	13-3418414	508	**NA**	NA	Yes	73,752	71,278
Total - New York LLC						**10,391,302**	**9,898,848**
Boston LLC							
Pension Fund (iv)	45-4227067	001	**NA**	NA	Yes	-	*124,432
Health Benefits Fund (v)	04-6048964	501	**NA**	NA	Yes	-	*838,919
Other Fund						-	*133,289
Total - Boston LLC						**-**	**1,096,640**
						10,391,302	**10,995,488**

*****- up to the sale.

(i) New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund

(ii) New York Hotel Trades Council and Hotel Association of New York City, Inc. Health Benefits Fund

(iii) New York Hotel Trades Council and Hotel Association of New York City, Inc. Prepaid Legal Services Fund

(iv) Unite Here Local 26 Workers & Hospitality Employers VDB Pension Trust

(v) Greater Boston Hotel Employees Local 26 Health and Welfare Plan

(vi) As part of the Sale, the Company is no longer a party to the Boston Union.

Defined Contribution 401(k) Plans

United Overseas Holding Inc. and its LLC's, wholly owned subsidiaries in the United States of America, have defined contribution plans for the benefit of their eligible employees pursuant to Section 401(k) of the Internal Revenue Code. In addition to employee 401(k) contributions, the plans require employer contributions of 3% of each eligible participant's plan compensation for each year. The employer may also make a profit sharing contribution of a uniform percentage of eligible participants' plan compensation based on profits as defined. The employer contributions charged to the Company's and the Subsidiaries' operations for the years ended March 31, 2018 and 2017 are as follows:

	March 31, 2018 US $	March 31, 2017 US $
San Francisco LLC	114,651	120,817
Boston	-	*55,356
New York LLC	176,791	167,627
Company	7,067	26,400
Total Employer Contributions	**298,509**	**370,200**

*****- up to the sale.

Notes to Consolidated Financial Statements for year ened March 31, 2018

(b) **The Group operates post retirement defined benefit plans as follows :-**

(i) **Funded :**

- Post Retirement Gratuity
- Pension to Employees – Post retirement minimum guaranteed pension scheme for certain categories of employees, which is funded by the Company and the employees.

(ii) **Unfunded :**

- Post Retirement Gratuity
- Pension to Executive Directors and Employees – Post retirement minimum guaranteed pension scheme for select existing and retired executive directors and certain categories of employees, which is unfunded.
- Post Employment Medical Benefits to qualifying employees

(c) **Provident Fund:**

The Company operates Provident Fund Scheme through a trust – 'Indian Hotels Company Limited Employees Provident Fund Trust' ('the Plan'), set up by the Company and for certain categories contributions are made to State Plan.

The Plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017.

The details of fund and plan asset position are given below:

	March 31, 2018 ` crores	March 31, 2017 ` crores
Plan Assets as at period end	529.33	487.38
Present Value of Funded Obligation at period end	529.33	487.38
Amount recognised in the Balance Sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	March 31, 2018	March 31, 2017
Guaranteed Rate of Return	8.55%	8.65%
Discounted Rate for remaining term to Maturity of Investment	7.75%	7.20%
Expected Rate of Return on Investment	9.16%	9.50%

The Company contributed ` 9.98 crores and ` 9.80 crores towards provident fund during the year ended March 31, 2018 and March 31, 2017 respectively and the same has been recognised in the statement of profit and loss.

(d) **Pension Scheme for Employees:**

The Group has formulated a funded pension scheme for certain employees. The actuarial liability arising on the above, after allowing for employees' contribution is determined as at the year end, on the basis of uniform accrual benefit, with demographic assumptions taken as Nil.

(e) The above defined benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

a. Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to government security yields prevailing as at the Balance Sheet date. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has a relatively balanced mix of investments in equity, government securities, bonds and other debt instruments. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the Fund.

Notes to Consolidated Financial Statements for year ended March 31, 2018

b. Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

c. Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

d. Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(f) **Defined Benefit Plans – As per Actuarial Valuation on March 31, 2018 :-**

(i) **Amount to be recognised in Balance Sheet and movement in net liability**

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Present Value of Funded Obligations	**194.91**	**-**	**-**	**-**	**7.28**
	185.47	-	-	-	*7.15*
Present Value of Unfunded Obligations	**1.14**	**5.63**	**2.75**	**15.61**	**-**
	0.98	*5.55*	*4.25*	*15.33*	-
Fair Value of Plan Assets	**(188.31)**	**-**	**-**	**-**	**9.70**
	(188.61)	-	-	-	*(8.95)*
Amount not recognised due to asset limit	**-**	**-**	**-**	**-**	**0.82**
	-	-	-	-	*0.61*
Net (Asset) / Liability	**14.74**	**5.63**	**2.75**	**15.61**	**(1.59)**
	(2.16)	*5.55*	*4.25*	*15.33*	*(1.19)*

(ii) **Expenses recognised in the Statement of Profit & Loss**

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Current Service Cost	**10.84**	**0.08**	**0.28**	**0.15**	**0.14**
	10.44	*0.10*	*0.32*	*0.33*	*0.14*
Past service Cost	**-**	**-**	**(1.47)**	**-**	**-**
	-	-	-	-	-
Interest Cost	**(0.76)**	**0.39**	**0.27**	**1.10**	**(0.09)**
	0.36	*0.35*	*0.33*	*0.97*	*(0.09)*
Total	**5.96**	**0.47**	**(0.92)**	**1.25**	**0.05**
	10.80	*0.45*	*0.65*	*1.30*	*0.05*

Notes to Consolidated Financial Statements for year ended March 31, 2018

(iii) **Expenses recognised in Other Comprehensive Income (OCI)**

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Remeasurements due to actuarial loss/ (gain) arising from:					
Changes in financial assumptions	**(2.76)**	**(0.14)**	**(0.08)**	**(0.38)**	**(0.15)**
	3.38	*0.14*	*0.19*	*0.39*	*0.15*
Changes in demographic assumptions	**4.79**	**-**	**(0.03)**	**-**	**-**
	-	-	-	-	-
Experience adjustments	**8.36**	**0.06**	**0.86**	**(0.01)**	**0.03**
	(1.39)	*0.53*	*(0.13)*	*1.01*	*0.21*
Actual return on plan assets less interest on plan assets	**1.06**	**-**	**-**	**-**	**(0.39)**
	(11.89)	-	-	-	*(0.33)*
Adjustment to recognise the effect of asset ceiling	**-**	**-**	**-**	**-**	**0.17**
	-	-	-	-	*(0.08)*
Total	**9.02**	**(0.08)**	**0.75**	**(0.39)**	**(0.34)**
	(2.90)	*0.67*	*0.06*	*1.40*	*(0.05)*

(iv) **Reconciliation of Defined Benefit Obligation**

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Opening Defined Benefit Obligation	**186.45**	**5.55**	**4.25**	**15.33**	**7.15**
	185.11	*4.75*	*4.64*	*12.98*	*6.49*
Current Service Cost	**10.84**	**0.08**	**0.28**	**0.15**	**0.14**
	10.44	*0.10*	*0.32*	*0.33*	*0.14*
Past Service Cost	**(4.12)**	**-**	**(1.47)**	**-**	**-**
	-	-	-	-	-
Interest Cost	**12.48**	**0.39**	**0.27**	**1.10**	**0.51**
	12.94	*0.35*	*0.33*	*0.97*	*0.48*
Remeasurements due to actuarial loss/ (gain) arising from:					
Changes in financial assumptions	**(2.76)**	**(0.14)**	**(0.08)**	**(0.38)**	**(0.15)**
	3.38	*0.14*	*0.19*	*0.39*	*0.15*
Changes in demographic assumptions	**-**	**-**	**(0.03)**	**-**	**-**
	-	-	-	-	-
Experience adjustments	**8.36**	**0.06**	**0.86**	**(0.01)**	**0.03**
	(1.39)	*0.53*	*(0.13)*	*1.01*	*0.21*
Benefits Paid	**(21.51)**	**(0.31)**	**(1.33)**	**(0.58)**	**(0.39)**
	(24.03)	*(0.32)*	*(1.10)*	*(0.35)*	*(0.32)*
Closing Defined Benefit Obligation	**196.05**	**5.63**	**2.75**	**15.61**	**7.28**
	186.45	*5.55*	*4.25*	*15.33*	*7.15*

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Notes to Consolidated Financial Statements for year ended March 31, 2018

(v) **Reconciliation of Fair Value of Plan Assets**

	Gratuity ` crores	Post Employment Medical Benefits Unfunded ` crores	Pension Top-up Unfunded ` crores	Pension Director Unfunded ` crores	Pension Staff Funded ` crores
Opening Fair Value of Plan Assets	**188.61**	**-**	**-**	**-**	**8.95**
	177.26	-	-	-	*8.37*
Interest on Plan Assets	**13.24**	**-**	**-**	**-**	**0.64**
	12.57	-	-	-	*0.62*
Remeasurements due to:					
Actual return on plan assets less interest on plan assets	**(1.06)**	**-**	**-**	**-**	**0.39**
	11.89	-	-	-	*0.33*
Contribution by Employer	**0.97**	**0.31**	**1.33**	**0.58**	**0.12**
	10.92	*0.32*	*1.10*	*0.35*	*(0.05)*
Benefits Paid	**(21.51)**	**(0.31)**	**(1.33)**	**(0.58)**	**(0.39)**
	(24.03)	*(0.32)*	*(1.10)*	*(0.35)*	*(0.32)*
Closing Fair Value of Plan Assets	**181.31**	**-**	**-**	**-**	**9.70**
	188.61	-	-	-	*8.95*
Expected Employer's contribution/ outflow next year	**16.65**	**-**	**-**	**-**	**-**
	16.55	-	-	-	-

(vi) **Actuarial Assumptions**

	Gratuity	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff Funded
Discount rate (p.a.) in %	**7.55-8.00%**	**7.55%**	**7.55%**	**7.55%**	**7.55%**
	7.20-7.30%	7.30%	7.30%	7.30%	7.30%
Salary Escalation Rate (p.a.) in %	**3.00-9.00%**	**-**	**4.00%**	**10.00%**	**-**
	3.00-7.00%	-	4.00%	10.00%	-
Pension Escalation Rate (p.a.) in %	**-**	**-**	**-**	**4.00%**	**-**
	-	-	-	4.00%	-
Annual increase in healthcare costs (p.a.) in %	**-**	**6.00%**	**-**	**-**	**-**
	-	6.00%	-	-	-
Mortality Table *					
Mortality table in service(LIC)	**Table 1**	**Table 1**	**Table 1**	**NA**	**NA**
	Table 1	Table 1	Table 1	NA	NA
Mortality table in retirement(LIC)	**NA**	**Table 2**	**Table 2**	**Table 2**	**Table 2**
	NA	Table 2	Table 2	Table 2	Table 2

* Table 1 – Indian Assured Lives Mortality (2006-08) Ult table
Table 2 – UK Published PA (90) annuity rated down by 4 years

(vii) **Disaggregation of Plan Assets (Managed by an Insurance Company)**

a) Gratuity Funded

	March 31, 2018				March 31, 2017			
	Quoted ` crores	Unquoted ` crores	Total ` crores	%	Quoted ` crores	Unquoted ` crores	Total ` crores	%
Government Debt Instruments	51.91	-	**51.91**	29%	34.00	-	**34.00**	18%
Other Debt Instruments	56.82	0.09	**56.91**	31%	68.65	0.09	**68.74**	36%
Other Equity Instruments	32.65	-	**32.65**	18%	31.24	-	**31.24**	17%
Insurer managed funds	-	17.82	**17.82**	10%	-	18.24	**18.24**	10%
Others	0.63	21.39	**22.02**	12%	33.88	2.51	**36.39**	19%
Total	**142.01**	**39.29**	**181.31**	**100%**	**167.77**	**20.84**	**188.61**	**100%**

b) Pension Staff Funded

	March 31, 2018				March 31, 2017			
	Quoted ` crores	Unquoted ` crores	Total ` crores	%	Quoted ` crores	Unquoted ` crores	Total ` crores	%
Government Debt Instruments	4.10	-	**4.10**	43%	3.72	-	**3.72**	42%
Other Debt Instruments	5.26	-	**5.26**	54%	4.96	-	**4.96**	55%
Other Equity Instruments	0.24	-	**0.24**	2%	0.14	-	**0.14**	2%
Others	-	0.10	**0.10**	1%	-	0.13	**0.13**	1%
Total	**9.60**	**0.10**	**9.70**	**100%**	**8.82**	**0.13**	**8.95**	**100%**

(viii) **Sensitivity Analysis (for each defined benefit plan)**

	Gratuity				Pension Top up			
	March 31, 2018		March 31, 2017		March 31, 2018		March 31, 2017	
	Discount rate (%)	Salary Escalation rate (%)	Discount rate (%)	Salary Escalation rate (%)	Discount rate (%)	Salary Escalation rate (%)	Discount rate (%)	Salary Escalation rate (%)
Impact of increase in 50 bps on DBO	(3.00)	3.25	(3.37)	3.68	(5.51)	-	(5.32)	-
Impact of decrease in 50 bps on DBO	3.17	(3.09)	3.60	(3.47)	6.00	-	5.81	-
Impact of life expectancy 1 year decrease	-	-	-	-	-	(1.83)	-	(1.80)
Impact of life expectancy 1 year Increase	-	-	-	-	-	1.82	-	1.77

	Pension Staff Funded					
	March 31, 2018			March 31, 2017		
	Discount rate (%)	Life Expectancy (%)	Pension rate (%)	Discount rate (%)	Life Expectancy (%)	Pension rate (%)
Impact of increase in 50 bps on DBO	(3.93)	-	-	(4.20)	-	-
Impact of decrease in 50 bps on DBO	4.20	-	-	4.50	-	-
Impact of life expectancy 1 year decrease	-	-	-	-	-	-
Impact of life expectancy 1 year Increase	-	-	-	-	-	-

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Notes to Consolidated Financial Statements for year ended March 31, 2018

	Post- Employment Medical Benefits Unfunded					
	March 31, 2018			March 31, 2017		
	Discount rate (%)	**Life Expectancy (%)**	**Health care Cost (%)**	Discount rate (%)	Life Expectancy (%)	Health care Cost (%)
Impact of increase in 50 bps on DBO	(4.79)	-	-	(5.05)	-	-
Impact of decrease in 50 bps on DBO	5.23	-	-	5.53	-	-
Impact of life expectancy 1 year decrease	-	(3.26)	-	-	(3.24)	-
Impact of life expectancy 1 year Increase	-	3.07	-	-	3.06	-
Defined benefit obligation on pension increase rate minus 100 bps	-	-	-	-	-	(6.06)
Defined benefit obligation on pension increase rate plus 100 bps	-	-	-	-	-	7.27
Defined benefit obligation on healthcare costs rate minus 100 bps	-	-	(5.76)	-	-	-
Defined benefit obligation on healthcare costs rate plus 100 bps	-	-	6.86	-	-	-

	Pension Director Unfunded					
	March 31, 2018			March 31, 2017		
	Discount rate (%)	**Life Expectancy (%)**	**Pension rate (%)**	Discount rate (%)	Life Expectancy (%)	Pension rate (%)
Impact of increase in 50 bps on DBO	(4.59)	-	-	(4.96)	-	-
Impact of decrease in 50 bps on DBO	4.99	-	-	5.42	-	-
Impact of life expectancy 1 year decrease	-	(3.04)	-	-	(2.70)	-
Impact of life expectancy 1 year Increase	-	2.92	-	-	2.62	-
Defined benefit obligation on pension increase rate minus 100 bps	-	-	(9.18)	-	-	(9.55)
Defined benefit obligation on pension increase rate plus 100 bps	-	-	10.71	-	-	11.21
Defined benefit obligation on healthcare costs rate minus 100 bps	-	-	-	-	-	-
Defined benefit obligation on healthcare costs rate plus 100 bps	-	-	-	-	-	-

(ix) **Movement in Asset Ceiling**

	March 31, 2018 ` crores	March 31, 2017 ` crores
Opening Value of asset ceiling	0.61	0.64
Interest on Opening balance of asset ceiling	0.04	0.05
Remeasurement due to:		
change in Surplus/(deficit)	0.17	(0.08)
Closing value of asset ceiling	**0.82**	**0.61**

Footnote: Figures in italics under (i) to (vi) are of the previous year.

(x) **Expected future benefit payments**:

	Gratuity	Post Employment Medical Benefits Unfunded	Pension Top-up Unfunded	Pension Director Unfunded	Pension Staff funded
	` crores	` crores	` crores	` crores	` crores
Within one year	**34.60**	**0.40**	**0.60**	**1.10**	**0.51**
	30.96	*0.28*	*0.98*	*0.62*	*0.45*
Between one and five years	**90.10**	**1.60**	**1.30**	**4.50**	**2.20**
	78.34	*1.49*	*2.52*	*4.29*	*1.93*
After five years	**225.14**	**13.80**	**2.10**	**35.30**	**12.80**
	247.16	*13.87*	*2.16*	*36.71*	*12.98*
Weighted average duration of the Defined Benefit Obligation (in years)	**6.15**	**10.01**	**3.84**	**9.57**	**7.69**
	6.96	*10.57*	*11.26*	*10.05*	*8.21*

Due to the restrictions in the type of investments that can be held by the gratuity and pension fund as per the prevalent regulations, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Note 39 : Other Regulatory Matters

The Company, on a review of its foreign operations had, in the past, made voluntary disclosures to the appropriate regulator, of what it considered to be possible irregularities, in relation to foreign exchange transactions relating to period prior to 1998. Arising out of such disclosures, the Company received show cause notices and the Company had replied to the notices. During the year, the Company has received adjudication cum demand of ` 10.89 crores on certain matters which has been disputed by the Company. This has been disclosed as Contingent Liability. For the balance Show Cause Notices, adjudication proceedings are in progress.

Note 40 : Related Party Disclosures

(a) The names of related parties of the Group are as under:

(i) **Company having substantial interest**

Tata Sons Ltd. (including its subsidiaries and joint ventures)

(ii) **Associates and Joint Ventures**

The names of all the associates and joint ventures are given in Note 34 (c)

(iii) **Key Management Personnel**

Key managerial personnel comprise the whole-time directors of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Following are the Key Management Personnel:	**Relation**
Puneet Chhatwal[#]	Managing Director & CEO
Rakesh Sarna*	Managing Director & CEO
Mehernosh S. Kapadia	Executive Director - Corporate Affairs

[#] appointed with effect from November 06, 2017.

* for part of the year upto September 30, 2017.

Notes to Consolidated Financial Statements for year ended March 31, 2018

(iv) **Post Employment benefit plans**

The Indian Hotels Company Ltd. Employees Provident Fund

The Indian Hotels Company Ltd. Superannuation Scheme

The Indian Hotels Employees Gratuity Trust

Taj Residency Employees Provident fund Trust (Bangalore unit)

Piem Hotel Employees Gratuity Trust

Taj Residency Hotel Employees Gratuity Trust

(b) The details of related party transactions during the year ended March 31, 2018 and March 31, 2017 are as follows:

	Company having significant influence* ` crores	Key Management Personnel ` crores	Associates and Joint Ventures# ` crores	Post Retirement benefit plans ` crores
Interest expense	**-**	**-**	**0.67**	**-**
	-	-	*0.55*	-
Interest income	**0.97**	**-**	**2.45**	**-**
	3.49	-	*4.79*	-
Dividend Paid	**10.25**	**-**	**0.07**	**-**
	8.78	-	*0.08*	-
Dividend income	**3.60**	**-**	**10.01**	**-**
	0.12	-	*5.93*	-
Operating/ License Fees expenses	**0.27**	**-**	**-**	**-**
	0.37	-	-	-
Operating fees income	**3.55**	**-**	**68.69**	**-**
	4.19	-	*65.34*	-
Purchase of goods and services	**59.04**	**-**	**0.42**	**-**
	56.32	-	*0.98*	-
Sale of goods and services	**44.36**	**-**	**0.74**	**-**
	35.43	-	*0.64*	-
Subscription in rights issue	**-**	**-**	**0.70**	**-**
	-	-	*10.00*	-
Deputed staff reimbursements	**0.02**	**-**	**6.97**	**-**
	-	-	*8.95*	-
Deputed staff out	**0.42**	**-**	**34.80**	**-**
	0.42	-	*32.55*	-
Other cost reimbursements	**0.32**	**-**	**2.01**	**-**
	0.14	-	*1.23*	-
Loyalty expense (Net of redemption credit)	**0.19**	**-**	**9.77**	**-**
	0.12	-	*7.98*	-
Contribution to funds	**-**	**-**	**-**	**15.29**
	-	-	-	*25.49*
Inter Corporate Deposit ("ICD") Raised	**-**	**-**	**10.00**	**-**
	-	-	*7.00*	-
ICD Placed	**20.00**	**-**	**0.30**	**-**
	24.30	-	*7.50*	-
ICD Encashed	**55.24**	**-**	**10.00**	**-**
	17.06	-	*48.43*	-
Remuneration paid / payable	**-**	**20.98**	**-**	**-**
(Refer Footnote ii)	-	*19.32*	-	-

Notes to Consolidated Financial Statements for year ened March 31, 2018

The details of amounts due to or from related parties as at March 31, 2018 and March 31, 2017 are as follows:

	Company having significant influence* ` crores	Key Management Personnel ` crores	Associates and Joint Ventures# ` crores	Post Retirement benefit plans ` crores
Trade receivables (Refer Note 13)	**5.69**	**-**	**69.41**	**-**
	6.31	-	*47.04*	-
Trade payables(Refer Note 19)	**14.14**	**-**	**1.24**	**-**
	8.87	-	*1.04*	-
Other Receivables/ (Other Payable)	**0.30**	**-**	**55.76**	**-**
(Refer Note 9 and 20)	*0.36*	-	*55.54*	-
Interest Receivable	**-**	**-**	**1.38**	**-**
(Refer Note 9)	*0.51*	-	*1.89*	-
Loan Receivable	**1.23**	**-**	**159.71**	**-**
(Refer Note 8)	*40.27*	-	*162.73*	-
Allowance for doubtful loan	**-**	**-**	**140.94**	**-**
(Refer Note 8)	-	-	*139.85*	-
Option Deposit	**71.10**	**-**	**-**	**-**
(Refer Note 20)	*71.10*	-	-	-
Deposits Payable	**0.38**	**-**	**5.00**	**-**
(Refer Note 18)	-	-	*7.00*	-
Deposits Receivable	**0.09**	**-**	**4.90**	**-**
(Refer Note 9)	*1.32*	-	-	-

* Including its subsidiaries and joint ventures

Including its subsidiaries

Footnotes:

(i) Figures in italics are of the previous periods.

(ii) Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Company's liability to all its employees.

(iii) From time to time key management personnel of the group including directors of entites which they have control or significant influence, may purchase services from the group those purchase are on the same terms and conditions as those entered into with other group employees or customers.

(c) Statement of Material Transactions

Company Name	March 31, 2018 ` crores	March 31, 2017 ` crores
Company having substantial interest and its subsidiaries and joint ventures		
Tata Sons Limited		
Dividend income	3.60	-
Dividend paid	9.70	8.31
Trade payables	3.52	3.37
Sale of goods and services	9.79	5.84
Tata SIA Airlines Limited		
Sale of goods and services	9.03	4.75
Tata AIG General Insurance Company Limited		
Purchase of goods and services	8.70	8.42
Tata Realty and Infrastructure Limited		
Option Deposit	71.10	71.10

Notes to Consolidated Financial Statements for year ended March 31, 2018

Company Name	March 31, 2018 ` crores	March 31, 2017 ` crores
Tata Consultancy Services Limited		
Purchase of goods and services	38.73	34.23
Sale of goods and services	17.80	17.28
Trade payables	6.95	5.04
Taj Air Limited		
Interest income	0.97	3.49
ICD encashed during the year	55.24	13.06
ICD placed during the year	20.00	24.30
Trade Payable	3.22	-
Remuneration to Key Management Personnel		
Puneet Chhatwal (w. e. f. November 06, 2017)	1.72	-
Rakesh Sarna (upto September 30, 2017)	15.86	12.57
Mehernosh S. Kapadia	2.73	2.32
Associates		
Oriental Hotels Ltd.		
Operating fees income	28.74	26.90
Deputed staff reimbursement	3.29	3.24
Deputed staff out	16.88	15.16
Loyalty expense (Net of redemption credit)	4.90	4.37
Other cost reimbursements	0.92	0.70
Trade receivables	9.12	8.61
Taida Trading & Industries Ltd.		
Interest income	0.53	-
Interest receivable	0.35	0.35
Deposit given	0.90	-
Bjets Pte Limited, Singapore		
Loan receivable	137.77	136.68
Allowance for doubtful loan	137.77	136.68
Lanka Island Resorts Ltd.		
Dividend income	1.67	-
Joint Ventures		
Taj GVK Hotels & Resorts Ltd.		
Operating fees income	16.14	14.17
Deputed staff reimbursement	2.51	3.77
Deputed staff out	9.27	8.63
Other cost reimbursements	0.83	0.18
Trade Receivables	43.73	28.03
Taj Karnataka Hotels & Resorts Ltd.		
Interest income	0.48	-
Interest Receivable	0.59	0.59
Taj Kerala Hotels & Resorts Ltd.		
Deputed staff reimbursement	0.74	-
Taj SATS Air Catering Ltd.		
Interest expense	0.67	0.55
ICD encashed during the year	10.00	-
ICD raised during the year	10.00	7.00
IHMS Hotels (SA) (Proprietary) Ltd.		
Other Receivables/ (Other Payable)	63.40	59.37

Company Name	March 31, 2018 ` crores	March 31, 2017 ` crores
Taj Safaris Ltd.		
Interest income	0.57	0.86
Purchase of Shares	0.70	-
Interest Receivable	0.44	-
Deposit given	4.00	-
TAL Hotels & Resorts Ltd.		
Dividend income	7.28	3.31
Interest income	0.87	0.90
Operating fees income	9.59	10.26
Post-employment benefits plans		
Contribution to superannuation fund	4.99	5.01
Contribution to provident fund	9.94	9.78

Note 41 : Shareholders' Agreement of a subsidiary

As per the Share Subscription Agreement and Shareholders' Agreement dated March 16, 2011 entered into with Omega TC holding Pte Limited ("Investor") by a subsidiary company, read with addendum to Subscription Agreement dated March 25, 2014 and subject to the terms and conditions stated therein, the investor has an option but not the obligation to subscribe for further such number of Equity Shares as is equal to the aggregate consideration of upto ` 100 crores on or before December 31, 2018 or such other date as may be mutually agreed between parties, provided that the subsidiary company requires an amount equivalent to the consideration and such requirement is a part of business plan.

Note 42 : Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director and Chief Executive Officer of the Company who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker. From the internal organisation of the Group's activities and consistent with the internal reporting provided to the chief operating decision-maker and after considering the nature of its services, the ultimate customer availing those services and the methods used by its to provide those services, "Hotel Services" has been identified to be the Group's sole operating segment. Hotel Services include "Revenue from Operations" including Management and Operating Fees where hotels are not owned or leased by the Group. The organisation is largely managed separately by property based on centrally driven policies and the results and cash flows of the period, financial position as of each reporting date aggregated for the assessment by the Managing Director and Chief Executive Officer. The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in Note 2 in the summary of significant accounting policies under Ind AS. As the Group is engaged in a single operating segment, segment information that has been tabulated below is Group-wide:

Country	Revenue from Hotel Services by location of operations		Non-current assets (see footnote below)	
	March 31, 2018 ` crores	March 31, 2017 ` crores	March 31, 2018 ` crores	March 31, 2017 ` crores
India	**3,160.06**	2,955.68	**4,482.38**	4,179.25
U.S.A.	**585.30**	657.29	**843.22**	876.32
U.K.	**358.19**	385.15	**937.79**	821.97
Other Overseas locations	-	22.45	-	-
Total	**4,103.55**	4,020.57	**6,263.39**	5,877.54

Footnote: Non-current assets exclude financial assets, deferred tax assets, post-employment benefit assets and rights under insurance contracts.

No single customer contributes more than 10% or more of the Group's total revenue for the years ended March 31, 2018 and March 31, 2017.

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Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 43 : Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary / associates / joint ventures

Name of the entity of the Group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	` crores	As % of consolidated profit or loss	` crores	As % of consolidated profit or loss	` crores	As % of consolidated profit or loss	` crores
Parent								
The Indian Hotels Company Ltd.	83.93%	4,161.74	146.50%	147.77	24.93%	29.23	81.15%	177.00
Subsidiaries								
Indian								
Piem Hotels Ltd.	12.43%	616.24	(4.28)%	(4.32)	37.66%	44.16	18.27%	39.84
Benares Hotels Ltd.	1.32%	65.31	6.42%	6.48	0.01%	0.01	2.98%	6.49
United Hotels Ltd.	0.50%	24.58	1.74%	1.76	1.06%	1.24	1.38%	3.00
Roots Corporation Ltd.	5.24%	259.62	(18.90)%	(19.06)	-	-	(8.74)%	(19.06)
Inditravel Ltd.	0.21%	10.35	(0.86)%	(0.87)	0.02%	0.02	(0.39)%	(0.85)
Taj Trade & Transport Company Ltd.	0.26%	12.65	0.28%	0.28	(0.09)%	(0.10)	0.08%	0.18
KTC Hotels Ltd.	0.06%	3.20	0.26%	0.26	-	-	0.12%	0.26
Northern India Hotels Ltd.	0.54%	26.79	2.31%	2.33	-	-	1.07%	2.33
Taj Enterprises Ltd.	0.08%	4.08	0.11%	0.11	-	-	0.05%	0.11
Skydeck Properties and Developers Private Ltd.	9.06%	449.44	(50.50)%	(50.94)	-	-	(23.35)%	(50.94)
Sheena Investments Private Ltd.	0.05%	2.63	0.10%	0.10	-	-	0.05%	0.10
ELEL Hotels and Investments Ltd.	12.06%	598.14	(13.83)%	(13.95)	-	-	(6.40)%	(13.95)
Luthria and Lalchandani Hotel and Properties Private Ltd.	-	(0.03)	-	-	-	-	-	-
Foreign								
United Overseas Holdings Inc.	11.66%	578.12	(118.72)%	(119.75)	-	-	(54.90)%	(119.75)
St. James Court Hotel Ltd.	11.59%	574.90	30.21%	30.47	-	-	13.97%	30.47
Taj International Hotels Ltd.	0.50%	24.99	4.41%	4.45	-	-	2.04%	4.45
Taj International Hotels (H.K.) Ltd.	2.40%	118.92	1.19%	1.20	-	-	0.55%	1.20
Samsara Properties Ltd. (Refer Footnote i)	-	-	-	-	-	-	-	-
Piem International (HK) Ltd.	3.66%	181.25	11.20%	11.30	-	-	5.18%	11.30
Apex Hotel Management Services (Pte) Ltd. (Refer Footnote ii)	-	-	-	-	-	-	-	-
Chieftain Corporation NV. (Refer Footnote iii)	-	-	-	-	-	-	-	-
IHOCO BV.	34.96%	1,733.34	(154.91%)	(56.26)	-	-	71.64%	(156.26)
Non-controlling interests in all subsidiaries		777.39		(2.65)		(38.76)		(41.41)

Notes to Consolidated Financial Statements for year ened March 31, 2018

Name of the entity of the Group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	` crores	As % of consolidated profit or loss	` crores	As % of consolidated profit or loss	` crores	As % of consolidated profit or loss	` crores
Associates (Investment as per the equity method)								
Indian								
Oriental Hotels Ltd.	4.18%	207.16	2.16%	2.18	5.94%	6.97	4.19%	9.15
Taj Madurai Ltd	0.11%	5.29	0.36%	0.36	0.24%	0.28	0.29%	0.64
Taida Trading & Industries Ltd (Refer Footnote iv)	-	-	-	-	-	-	-	-
Foreign								
Lanka Island Resorts Ltd.	0.67%	33.24	1.70%	1.71	(0.02)%	(0.02)	0.77%	1.69
TAL Lanka Hotels Plc	0.32%	16.11	0.96%	0.97	(0.22)%	(0.26)	0.33%	0.71
Bjets Pte Ltd. (Refer Footnote iv)	-	-	-	-	-	-	-	-
Joint Ventures (Investment as per the equity method)								
Indian								
Taj GVK Hotels and Resorts Ltd.	2.32%	114.91	5.16%	5.20	0.04%	0.05	2.41%	5.25
Taj Kerala Hotels and Resorts Ltd.	0.34%	16.68	0.32%	0.32	0.01%	0.01	0.15%	0.33
Taj SATS Air Catering Ltd.	1.21%	59.94	10.98%	11.08	0.29%	0.34	5.24%	11.42
Taj Karnataka Hotels and Resorts Ltd.	(0.05)%	(2.65)	0.12%	0.12	-	-	0.06%	0.12
Taj Safaris Ltd.	0.01%	0.70	(1.02)%	(1.03)	0.02%	0.02	(0.46)%	(1.01)
Kaveri Retreat & Resorts Ltd	0.80%	39.85	1.70%	1.71	-	-	0.78%	1.71
Taj Madras Flight Kitchen Pvt. Ltd.	0.48%	23.87	0.09%	0.09	0.02%	0.02	0.05%	0.11
Foreign								
IHMS Hotels (SA)(Pty) Ltd.	(1.47)%	(72.96)	11.38%	11.48	-	-	5.26%	11.48
TAL Hotels & Resorts Ltd.	2.47%	122.67	6.05%	6.10	(0.14)%	(0.17)	2.72%	5.93
Consolidation Adjustments / Eliminations	(117.58)%	(5,829.97)	219.96%	221.87	63.29%	74.21	135.74%	296.08
Total	**100.00%**	**4,958.49**	**100.00%**	**100.87**	**100.00%**	**117.25**	**100.00%**	**218.12**

Footnotes:

i) Samsara Properties Ltd. dissolved during the year on June 6, 2017.

ii) Apex Hotel Management Services (Pte) Ltd. struck off w.e.f. August, 7 2017.

iii) Chieftain Corporation NV dissolved during the year on April 13, 2017.

iv) The carrying value of these investments in Associates has been reported as Nil, as the Group's share of losses exceeds the cost of investments.

Notes to Consolidated Financial Statements for year ended March 31, 2018

Note 44 : Earnings Per Share (EPS)

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share'.

	March 31, 2018	March 31, 2017
Profit/(Loss) after tax (owner's share) – (` crores)	**100.87**	**(63.20)**
Opening balance	98,92,74,015	98,92,74,015
Effect of fresh issue of shares for cash	11,37,04,608	5,68,38,361
Weighted average number of Equity Shares #	**110,29,78,623**	**104,61,12,376**
Earnings Per Share - Basic and Diluted - (`)	0.91	(0.60)
Face Value per Equity Share (`)	1	1

Earnings per share for the year ended March 31, 2017 has been retrospectively adjusted for the bonus element in respect of the rights issue.

Note 45 : Dividends

Dividends paid during the year ended March 31, 2018 out of General Reserve was ` 0.35 per equity share for the year ended March 31, 2017.

The dividends declared by the Company are based on the profits available for distribution as reported in the standalone financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As of March 31, 2018, retained earnings not transferred to reserves available for distribution was ` 411.84 crores.

On May 25, 2018, the Board of Directors of the Company have proposed a final dividend of ` 0.40 per share in respect of the year ended March 31, 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ` 57.35 crores, inclusive of dividend distribution tax of ` 9.78 crores.

Note 46 : Other Notes

Previous year's financial statements were audited by a firm of Chartered Accountants other than B S R & Co. LLP.

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Vijay Bhatt
Partner
Membership No. 036647

Mumbai, May 25, 2018

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A" : Subsidiaries

Sr. No	Name of Subsidiary Company	The date since when subsidiary was acquired	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments	Total Income	Profit/ (Loss) before taxation	Pro-vision for taxation	Profit/ (Loss) after taxation	Pro-posed Divi-dend	Effective share-holding
				` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	(%)
	Indian													
1	Piem Hotels Ltd.	March 13, 1968	INR	3.81	620.02	717.03	93.20	146.61	358.43	(6.06)	(1.74)	(4.32)	15.24	51.57%
2	Benares Hotels Ltd.	November 03, 1971	INR	1.30	64.01	88.95	23.64	-	48.27	7.85	1.37	6.48	1.95	51.68%
3	United Hotels Ltd.	November 07, 1950	INR	8.40	16.18	34.90	10.32	1.55	41.36	2.01	0.25	1.76	0.84	55.00%
4	Roots Corporation Ltd.	December 24, 2003	INR	85.97	173.66	448.11	188.48	-	186.68	(19.06)	-	(19.06)	-	63.25%
5	TIFCO Holdings Ltd. (Refer Footnote (iii))	September 21, 1977	INR	-	-	-	-	-	-	-	-	-	-	100.0%
6	Inditravel Ltd.	February 19, 1981	INR	0.72	16.21	18.04	1.11	8.30	0.77	(0.88)	(0.01)	(0.87)	-	77.19%
7	Taj Trade & Transport Co Ltd.	November 02, 1977	INR	3.47	11.04	24.88	10.37	6.93	15.75	0.28	-	0.28	-	72.73%
8	KTC Hotels Ltd.	December 22, 1984	INR	0.60	2.60	6.17	2.97	-	0.50	0.41	0.15	0.26	0.82	100.00%
9	Northern India Hotels Ltd.	August 18, 1971	INR	0.44	26.35	26.95	0.16	0.10	3.40	3.24	0.91	2.33	-	48.56%
10	Taj Enterprises Ltd.	July 18, 1979	INR	0.50	3.58	4.09	0.01	0.07	0.24	0.17	0.06	0.11	-	74.70%
11	Skydeck Properties and Developers Private Ltd.	May 13, 1998	INR	893.03	(443.59)	529.31	79.87	528.61	-	(50.94)	-	(50.94)	-	100.00%
12	Sheena Investments Private Ltd.	February 12, 1990	INR	1.00	1.63	2.68	0.05	0.40	0.15	0.14	0.04	0.10	-	100.00%
13	ELEL Hotels and Investments Ltd.	July 09, 1979	INR	2.82	595.31	639.43	41.30	16.57	0.88	(13.95)	-	(13.95)	-	85.72%
14	Luthria and Lalchandani Hotel and Properties Private Ltd.	February 18, 2008	INR	0.01	(0.04)	0.01	0.04	-	-	-	-	-	-	87.15%
	Foreign													
15	United Overseas Holdings Inc.	August 24, 2015	USD	1,066.17	(488.05)	899.36	321.24	-	596.88	(119.71)	0.04	(119.75)	-	100.00%
16	St. James Court Hotel Ltd.	February 17, 2000	GBP	515.48	59.42	1,024.98	450.08	-	279.29	12.54	(17.93)	30.47	-	72.25%
17	Taj International Hotels Ltd.	July 5, 1995	GBP	-	24.99	42.90	17.91	-	82.09	5.70	1.25	4.45	-	100.00%
18	Taj International Hotels (H.K.) Ltd.	December 02, 1980	USD	1,497.76	(1,378.84)	119.07	0.15	-	2.75	1.20	-	1.20	-	100.00%
19	Piem International (HK) Ltd.	September 08, 1994	USD	52.10	182.86	235.02	0.06	206.93	0.90	0.52	-	0.52	-	51.57%
20	IHOCO BV.	December 18, 1997	USD	140.40	1,462.91	1,604.38	1.07	1,584.10	9.43	(156.04)	0.22	(156.26)	-	100.00%
21	Samsara Properties Ltd. (Refer Footnote (iv))	January 31, 2006	USD	-	-	-	-	-	-	-	-	-	-	100.00%
22	Apex Hotel Management Services (Pte) Ltd. (Refer Footnote (iv))	January 15, 1999	SGD	-	-	-	-	-	-	-	-	-	-	100.00%
23	Chieftain Corporation NV. (Refer Footnote (iv))	July 13, 1998	GBP	-	-	-	-	-	-	-	-	-	-	100.00%

Footnotes:

i) The financial statements of all subsidiaries are drawn upto the same reporting date as that of the Parent Company, i.e., March 31, 2018

ii) Names of subsidiaries which are yet to commence operations - None

iii) This subsidiary has been amalgamated with the Company. (Refer Note 29)

iv) These subsidiaries are liquidated during the year. (Refer Note 33(a))

v) Exchange rates as at 31.03.2018: 1 USD = ` 65.12; 1 GBP = ` 91.19;

vi) Average exchange rate for the year (for Profit & Loss items): 1 USD = ` 64.3928; 1 GBP = ` 85.3991;

Part "B" : Associates and Joint Ventures

Sr. No.	Name of Associates/ Joint Ventures	Latest Audited Balance sheet date	Date on which the Associate or Joint Venture was associated or acquired	Shares held by the company on the year end: No. of shares (Refer Note vi)	Shares held by the company on the year end: Amount of Investment	Shares held by the company on the year end: Extent of Holding	Networth attributable to share-holding as per latest audited Balance Sheet	Profit/ loss for the year: Considered in Consolidation (to the extent of Group's effective share-holding)	Profit/ loss for the year: Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate/ joint venture is not consoli-dated
					` crores	%	` crores	` crores	` crores		
	Associates										
	Indian										
1	Oriental Hotels Ltd. (Refer note (vii))	March 31, 2018	September 18, 1970	66,166,530	115.13	35.67%	157.50	2.18	-	Note (iii)	-
2	Taj Madurai Ltd	March 31, 2018	March 16, 1990	912,000	0.95	26.00%	5.24	0.36	-	Note (iii)	-
3	Taida Trading & Industries Ltd (Refer note (v))	March 31, 2018	July 09, 1959	65,992	0.62	34.76%	-	-	-	Note (iii)	-
	Foreign										
4	Lanka Island Resorts Ltd.	March 31, 2018	May 26, 1995	19,965,524	32.46	24.66%	11.52	1.71	-	Note (iii)	-
5	TAL Lanka Hotels Plc	March 31, 2018	June 14, 1980	34,375,640	18.72	24.62%	16.80	0.97	-	Note (iii)	-
6	Bjets Pte Ltd. (Refer note (v))	December 31, 2017	November 28, 2007	20,000,000	102.59	45.69%	-	-	-	Note (iii)	-
	Joint Ventures										
	Indian										
7	Taj GVK Hotels and Resorts Ltd.	March 31, 2018	February 02, 1995	16,000,400	40.34	25.52%	94.21	5.20	-	Note (iv)	-
8	Taj Kerala Hotels and Resorts Ltd.	March 31, 2018	May 07, 1991	14,151,664	15.67	28.30%	14.96	0.32	-	Note (iv)	-
9	Taj SATS Air Catering Ltd.	March 31, 2018	August 28, 2001	8,874,000	61.82	51.00%	133.42	11.08	-		
10	Taj Karnataka Hotels and Resorts Ltd.	March 31, 2018	February 15, 1995	1,398,740	1.40	44.27%	(2.69)	0.12	-	Note (iv)	-
11	Taj Safaris Ltd.	March 31, 2018	October 07, 2004	15,984,221	15.20	38.15%	0.54	(1.03)	-	Note (iv)	-
12	Kaveri Retreat & Resorts Ltd	March 31, 2018	October 25, 2005	13,176,467	44.80	50.00%	30.35	1.71	-	Note (iv)	-
13	Taj Madras Flight Kitchen Pvt. Ltd.	March 31, 2018	March 29, 1995	7,944,112	8.56	50.00%	22.74	0.09	-	Note (iv)	-
	Foreign										
14	IHMS Hotels (SA)(Pty) Ltd.	March 31, 2018	June 07, 2006	86,739,958	57.09	50.00%	(56.96)	11.48	-	Note (iv)	-
15	TAL Hotels & Resorts Ltd.	March 31, 2018	March 16, 2001	4,946,282	38.03	27.49%	110.05	6.10	-	Note (iv)	-

Notes:

i) Names of Associates/ Joint Venture which are yet to commence operations - None

ii) Names of Associates/ Joint Venture which have been liquidated or sold during the year - None

iii) There is significant influence due to percentage(%) of share holding (more than 20%).

iv) These are joint ventures.

v) The carrying value of these investments in Associates has been reported as Nil, as the Group's share of losses exceeds the cost of investments.

vi) Number of shares includes shares held directly by Parent or through its subsidiaries.

vii) This includes 98,72,360 number of shares held in the form of Global Depository Receipts (GDR).

viii) Exchange rates as at 31.03.2018: 1 USD = ` 65.12; 1 LKR = ` 0.4162; 1 ZAR = ` 5.50

ix) Average exchange rate for the year (for Profit & Loss items): 1 USD = ` 64.3928; 1 LKR = ` 0.4155; 1 ZAR = ` 4.9644

For and on behalf of the Board

N. Chandrasekaran Chairman
DIN: 00121863

Puneet Chhatwal Managing Director & CEO
DIN: 07624616

Deepak Parekh Director
DIN: 00009078

Giridhar Sanjeevi Executive Vice President & Chief Financial Officer

Beejal Desai Senior Vice President - Legal & Company Secretary

Consolidated Financial Statistics

Year	Capital Account						Revenue Account										
	Share Capital	Reserves and Surplus	Borrow-ings	Gross Block	Net Block	Invest-ments	Gross Revenue	Expen-diture (including Interest)	Depre-ciation	Profit/ (Loss) before Tax	Tax Expenses	Profit/ (Loss) after Tax @	Other compre-hensive Income	Total compre-hensive Income	Net Transfer to General Reserves	Earning Per Share (Basic) *	Earning Per Share (Diluted)*
	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	` crores	In `	In `
2001-02	45.12	981.09	1436.65	1934.43	1538.47	404.47	826.97	825.41	78.85	30.99	17.67	21.80			10.60	4.83	4.83
2002-03	45.12	1023.08	1374.91	2002.40	1569.72	390.22	894.74	887.51	75.65	26.96	18.03	28.07			5.95	6.22	6.22
2003-04	45.12	1025.40	2074.97	2158.55	1646.08	432.12	1039.76	1004.41	87.83	80.51	28.34	71.99			6.07	15.96	15.47
2004-05	¶ 50.25	1269.92	1969.33	2950.18	2263.48	457.06	1337.94	1198.53	111.73	139.67	60.23	128.50			11.00	25.55	22.47
2005-06	¶ 58.41	1873.73	1500.95	3160.73	2334.34	581.93	1874.73	1570.19	127.35	314.07	90.35	248.74			20.00	42.58	42.41
2006-07	▲ 60.29	2036.33	2055.14	4416.09	3382.08	514.27	2601.13	2076.87	160.67	532.55	196.52	370.31			35.00	6.14	6.14
2007-08	60.29	2188.83	3466.83	4646.45	3514.37	1541.94	3012.62	2416.84	167.62	560.52	246.98	354.98			38.00	5.43	5.43
2008-09	Ω 72.34	3105.55	4646.88	5376.11	4072.03	2407.68	2756.63	2615.91	188.53	158.51	155.77	12.46			35.09	0.15	0.15
2009-10	# 72.35	2352.80	4460.69	5814.15	4373.49	1905.42	2562.53	2659.71	218.54	(33.69)	84.71	(136.88)			18.94	(1.99)	(1.99)
2010-11	& 75.95	2570.13	4243.01	6120.25	4529.51	2505.81	2932.20	2920.9	227.89	23.23	92.10	(87.26)			16.67	(1.19)	(1.19)
2011-12	α 75.61	2893.72	3803.28	7276.94	5216.09	1903.90	3514.90	3365.81	255.07	147.57	121.75	3.06			26.75	0.04	0.04
2012-13	§ 80.75	2898.53	3817.64	7736.01	5382.94	1563.30	3803.52	3664.88	288.42	(291.79)	98.96	(430.24)			5.28	(5.40)	(5.40)
2013-14	80.75	2555.71	4252.01	8357.90	5634.70	1427.21	4125.94	3983.26	308.13	(412.16)	110.95	(553.85)			3.45	(6.86)	(6.86)
2014-15	80.75	2146.47	5074.48	8693.44	5820.74	1586.90	4287.35	4166.92	291.29	(232.48)	114.60	(378.10)			1.65	(4.68)	(4.68)
2015-16	Ŧ 98.93	2481.32	4526.09	6475.09	6187.97	1515.24	4122.78	3755.68	284.82	(91.17)	90.63	(231.08)	45.54	(185.54)	-	(2.34)	(2.34)
2016-17	98.93	2418.76	3382.98	5792.33	5259.83	1243.71	4075.51	3710.32	299.37	30.58	113.74	(63.20)	34.70	(28.50)	-	(0.60)	(0.60)
2017-18	¥ 118.93	4062.17	2427.43	6415.82	5597.11	1511.42	4165.28	3734.40	301.20	184.29	121.06	100.87	117.25	218.12	-	0.91	0.91

¶ Convension of foreign currency bonds into share capital.
▲ Split of Shares of face value ` 10/- each to share of Face value ` 1/- each
Ω After Right issue of Shares in the Ratio of 1:5
Issue of Equity Shares,being warrants exercised pursuant to Rights Issue of Equity shares
& Allotment of Shares on Preferential basis to Promoters
α Reduction due to Equity Shares owned by entities prior to their becoming subsidiaries
§ Conversion of Warrants into Equity Shares on exercise of warrants
Ŧ After conversion of 18,18,01,228 Compulsorily Convertible Debentures into Equity Shares at a premium of ` 54 per share
¥ After Right issue of Shares in the Ratio of 1:5
@ Attributable to owners of the company
* Earning Per Share is after extraordinary item

Notice

NOTICE is hereby given that the HUNDRED AND SEVENTEENTH (117th) ANNUAL GENERAL MEETING of THE INDIAN HOTELS COMPANY LIMITED will be held on Thursday, July 19, 2018, at 3.00 p.m. at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended March 31, 2018.

4. To appoint a Director in place of Mr. N. Chandrasekaran (DIN:00121863) who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business:

5. **Appointment of Mr. Puneet Chhatwal as a Director of the Company.**

   To consider and if, thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Puneet Chhatwal (DIN: 07624616) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. November 6, 2017 and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013, ('the Act') but who is eligible for appointment, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **Appointment and approval for terms of remuneration of Mr. Puneet Chhatwal as Managing Director and Chief Executive Officer of the Company.**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and such other applicable provisions, if any, read together with Schedule V of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and subject to the approval of the Central Government and such conditions and modifications as may be prescribed or imposed by the Central Government while granting such approval and such other approvals if any, the Company hereby approves the appointment of Mr. Puneet Chhatwal (DIN : 07624616) as the Managing Director and Chief Executive Officer of the Company for a period of five years w.e.f. November 6, 2017 upto November 5, 2022 on the terms and conditions, including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening AGM (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Chhatwal;

   RESOLVED FURTHER THAT any of the Directors of the Company or Mr. Beejal Desai, Senior Vice President – Legal & Company Secretary, be and are hereby authorized severally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

7. **Revision in the terms of remuneration of Mr. Mehernosh Kapadia, Executive Director – Corporate Affairs.**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT in partial modification of Resolution No. 7 passed at the 115th Annual General Meeting of the Company held on August 23, 2016 and in accordance with the provisions of Sections 196, 197, 198, 203 and such other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modifications thereof, and subject to such other approvals, if any, that may be required, the Company hereby approves of:

   - revision in the terms of remuneration of Mr. Mehernosh Kapadia, Executive Director – Corporate Affairs (DIN: 00050530) w.e.f. April 1, 2018, for the remainder of the tenure of his appointment i.e. upto May 22, 2018 (as per Governance Guidelines adopted by the Board), by way of an increase in the maximum amount of his Basic Salary (including the remuneration to be paid in the event of loss or inadequacy of profits in a financial year during the tenure of his appointment), as set out in the Explanatory Statement annexed to the Notice convening AGM, with authority to the Board of Directors to fix his salary within such maximum amount, increasing thereby, proportionately, all benefits linked to the quantum of Basic Salary;

- revision in the Performance Linked Bonus payable to Mr. Mehernosh Kapadia, for the year 2017-18 as set out in the Explanatory Statement annexed to the Notice convening the AGM;

RESOLVED FURTHER THAT any of the Directors of the Company or Mr. Beejal Desai, Senior Vice President – Legal & Company Secretary, be and are hereby authorized severally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution.**"**

8. Private Placement of Non-Convertible Debentures.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, both as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to cumulative/non-cumulative, listed or unlisted, redeemable non-convertible debentures/ bonds (NCDs) on private placement basis, in one or more series / tranches during a period of one year from the date of passing this Resolution, upto an amount not exceeding ` 500 crores (Rupees Five Hundred Crores) on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said NCDs be issued, the consideration for the issue, utilization of issue proceeds and all matters connected with or incidental thereto and that such borrowing is within the overall borrowing limits of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to finalise, settle and execute such documents, deeds, writings, papers or agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to resolve any question, difficulty or doubt that may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company.**"**

Notes:

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act') setting out the material facts in respect of the business under Item Nos. 5-8 to be transacted at the Annual General Meeting ('AGM') is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organisation.

3. Members/Proxies and Authorised representatives are requested to bring to the AGM, the attendance slips, enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID/ Folio No. Corporate Members intending to send their authorised representatives to attend the AGM pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board Resolution authorising the representative to attend and vote on their behalf at the AGM.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 13, 2018 to Thursday, July 19, 2018, both days inclusive, for payment of dividend, if approved at the AGM.

5. Pursuant to Regulations 26(4) and 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') and the Secretarial Standard-2 on 'General Meetings' issued by the Institute of Company Secretaries of India, the particulars of Directors seeking appointment/re-appointment at the AGM are annexed to the Notice.

6. The Dividend on Equity Shares, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after July 27, 2018, to the Members whose names appear on the Company's Register of Members on Thursday, July 12, 2018, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before Thursday, July 12, 2018. 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 ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as at the close of business hours on Thursday, July 12, 2018.

7. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund ('IEPF'):**

   Members are requested to note that, dividends if not encashed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the IEPF. The shares in respect of such unclaimed dividend are also liable to be transferred to the Demat Account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

   The Company has sent notice to all the Members whose Dividends are lying unclaimed against their name for seven consecutive years or more. Members are requested to immediately claim the unclaimed dividend amount due. In case the dividends are not claimed by the Members, necessary action will be initiated by the Company to transfer such shares to IEPF in the prescribed manner.

   The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making and application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in. Members can file only one consolidated claim in a financial year as per the IEPF Rules. For details, please refer to Corporate Governance Report which is a part of this Annual Report.

8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/ deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants ('DPs').

9. Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their DPs with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company along with the proof thereof.

10. Members holding shares in physical form are requested to advise any change of address and are also requested to submit their specimen signatures duly attested by their Bank immediately to the Company. Members holding shares electronically in dematerialized form must advice any change of address to their respective DPs.

11. **Nomination facility:**
    As per the provisions of Section 72 of the Act, facility for making nomination is available to the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/ she may submit the same in Form No. SH-14. Members holding shares in physical form are requested to submit the forms to the Company. Members holding shares in dematerialised form are requested to submit their forms to their DPs.

12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management.

13. **Updation of Members' Details:**
    The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act, requires the Company to record additional details of Members,

including their PAN details, email address, bank details for payment of dividend, etc. A form for capturing the additional details is appended at the end of this Annual Report. Members holding shares in physical form are required to submit the filled in form to the Company and Members holding shares in electronic form are required to submit the details to their respective Depository Participants.

14. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote.

15. Members are requested to kindly bring their copies of the Annual Report to the AGM. As per the requirement of the Secretarial Standard – 2 on 'General Meetings' the route map showing directions to reach the venue of the AGM along with indication of the prominent landmark is annexed to the Notice.

16. The Notice of the AGM along with the Annual Report for 2017-18 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depository Participants, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. To support the 'Green Initiative', Members who have not registered their email addresses are required to register the same with the Company/Depository. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company's website viz. www.tajhotels.com.

17. Relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the AGM and also at the venue of the AGM.

18. **Voting through electronic means**

    i. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Listing Regulations, the Company is pleased to provide its Members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means of remote e-voting (to cast their vote electronically from a place other than the venue of the AGM), through e-voting services provided by NSDL on all resolutions set forth in this Notice.

    ii. The facility of voting through electronic voting system or poll papers shall also be made available at the AGM. Members holding shares as on cut-off date i.e. Thursday, July 12, 2018 and attending the AGM, who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM.

    iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

    iv. The remote e-voting period commences on Monday, July 16, 2018 (9:00 a.m. IST) and ends on Wednesday, July 18, 2018 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, July 12, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

    v. The process and manner for remote e-voting consists of 'Two Steps' as mentioned below:

    Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

    Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open the internet web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in Demat Account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in Demat Account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if Folio Number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will prompt you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your Demat Account or with the Company, your 'initial password' is communicated to you on your email ID. Open the email sent to you by NSDL and access the attached PDF file viz. 'remote e-voting.pdf'. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of client ID for CDSL account or Folio Number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote. Shareholders who forgot their User Details/are unable to retrieve or have not received the initial password, can access the e-Voting by following the below mentioned instructions:

   a) Click on 'Forgot User Details/Password?' (If you are holding shares in your Demat Account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat Account number/Folio Number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.

8. Now, you will have to click on 'Login' button.

9. After you click on the 'Login' button, Home page of e-voting will open.

Details on Step 2 is given below:
How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.

2. After clickling on Active Voting Cycles, you will be able to see all the companies' 'EVEN' in which you are holding shares and whose voting cycle is in active status.

3. Select 'EVEN' of The Indian Hotels Company Limited.

4. Now you are ready for e-voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

6. Upon confirmation, the message 'Vote cast successfully' will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Instructions for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by sending an e-mail to nevilledaroga@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions ('FAQs') for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request by email evoting@nsdl.co.in.

4. The voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, July 12, 2018. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM.

5. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request to evoting@nsdl.co.in and may cast their vote by remote e-voting or at the AGM.

6. M/s Neville Daroga & Associates, Practicing Company Secretary (Membership No. 8663) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting at the AGM in a fair and transparent manner.

7. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

8. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tajhotels.com and on the website of NSDL immediately after the Results are declared. The Company shall simultaneously forward the Results to The BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed. The Results shall also be displayed on the Notice Board at the Registered Office & the Corporate Office of the Company for at least three days.

By Order of the Board of Directors

Beejal Desai
Senior Vice President – Legal and Company Secretary

Mumbai, May 25, 2018

Registered Office:

Mandlik House, Mandlik Road, Mumbai 400 001.
CIN: L74999MH1902PLC000183
Tel.: 022 66395515 Fax: 022 22027442
Email: investorrelations@tajhotels.com
Website: www.tajhotels.com

Explanatory Statement

Pursuant to Section 102 of the Companies Act, 2013

1. The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 5-8 of the accompanying Notice dated May 25, 2018.

Item Nos. 5 & 6

2. Based on the recommendations of the Nomination and Remuneration Committee ('NRC'), the Board of Directors of the Company ('Board') at their meeting held on August 29, 2017 appointed Mr. Puneet Chhatwal as an Additional Director of the Company w.e.f. November 6, 2017 under Section 161(1) of the Companies Act, 2013 ('the Act') and Article 132 of the Company's Articles of Association. The Board also appointed Mr. Chhatwal as the Managing Director & Chief Executive Officer ('MD & CEO') of the Company for a period of five years from November 6, 2017 upto November 5, 2022, subject to approval of the Members. Mr. Chhatwal will be based in India.

3. In terms of Section 161(1) of the Act, Mr. Chhatwal holds office only upto the date of the forthcoming Annual General Meeting ('AGM') but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Mr. Chhatwal's appointment as a Director.

4. Mr. Chhatwal holds an MBA in international hospitality from Institute De Management Hotelier International (IMHI) (Cornell-Essec) France. He has also completed his Advanced Management Program from INSEAD at Fountainbleau, France and Singapore and also holds a degree from the Institute of Hotel Management, New Delhi.

5. Mr. Chhatwal is a hospitality industry veteran, with an experience of over three decades. He was previously the Chief Executive Officer of Deutsche Hospitality/ Steigenberger Hotels AG.

6. He has been in senior international leadership roles for almost 20 years. He was living in Europe for the past 28 years and was the first non-European to head a European Hospitality organisation with his innovative leadership. He is perceived as a recognised team builder focusing on relationships, people and teams. He is credited with having a detailed understanding of board function in minority and sliver equity partnerships, joint ventures or other partnerships. He was successful in completing over 500 contracts in the last 25 years in Europe, Middle East, Africa and Asia. Mr. Chhatwal has launched and re-launched various consumer brands (hospitality) and umbrella brand (B2B).

7. In his association with Steigenberger Hotels AG, the group witnessed a growth of more than 50% in portfolio along with increased presence in gateway destinations. During Mr. Chhatwal's tenure, the hotel was accredited amongst Germany's Superbrands (among top 50 brands) and was the winner of 2016 Grand Prix for the most progressive company at Worldwide Hospitality Awards in Paris besides being chosen as the Best Employer and Service Champion for five years in a row.

8. Before this assignment, he held several positions such as Executive Vice President & Chief Development Officer and Vice President Development for The Rezidor Hotel Group where he was responsible for driving strategy and branding. Prior to this, Mr. Chhatwal also served the Feuring Group where he was involved in Feasibility Study work and completed about 50 transactions in Europe as well as North Africa for brands like Le Meridien, Marriott, Mövenpick, etc. Prior to this, he also worked with The Ashok Group of Hotels in India.

9. The Company is one of the leading hotel groups in India with strategic presence in key global markets. In India, an assortment of influences had repressed the sector's endeavours to grow from 2009 to 2015, however, 2016-17 provided sufficient evidence that the next up-cycle was in the offing. As per HVS Report, September 2017, on a nationwide basis, new branded and organised supply grew by merely 5.9% while overall demand increased by 9.6% in the same period. The long-term outlook for the Indian hospitality business remains positive, both for the business and leisure segments with the potential for economic growth, increases in disposable incomes and the burgeoning middle class. India's Travel & Tourism sector was also the fastest growing among the G20 countries, growing by 8.5% in 2016.

10. Given this environment, sustaining and growing market share is considered critical for the long-term success of the Company. The Company is looking at various revenue enhancement and cost containment measures so that it can take advantage of the upswing in business as the economy recovers and the demand supply imbalance gets corrected.

11. Apart from its core domestic business in India, the Company operates hotels in ten international markets which include the United States, United Kingdom, South Africa, Zambia, Dubai, Maldives, Sri Lanka, Bhutan, Nepal and Malaysia. Taking into account the significant investments that the Company has made in recent years in its overseas assets, the MD & CEO is expected to devote a fair amount of his time to address matters relating to the overseas acquisitions and improve the performance of this portfolio.

12. Given these priorities a search was conducted on a global basis for a leader with international hospitality experience across various hospitality formats and markets (including the experience of overseeing the Indian market) and ability to manage and build scale. The candidates were screened by the NRC which recommended Mr. Puneet Chhatwal to the Board.

13. The Board is of the view that, with Mr. Chhatwal's experience and expertise in the global hospitality sector, the Company would greatly benefit from his appointment and the remuneration payable to him is commensurate with his qualifications and experience and also in line with the remuneration that was drawn by Mr. Chhatwal in his preceding employment.

14. Mr. Puneet Chhatwal shall hereinafter be referred to as 'Mr. Chhatwal' or 'MD & CEO'. The principal terms and conditions of the appointment of Mr. Chhatwal as MD & CEO are as under:

(i) **Term:** For a period of five years commencing from November 6, 2017 upto November 5, 2022

(ii) **Termination:** In the event of Company initiated termination-

A) Without cause: The MD & CEO will be entitled to receive a severance package that comprises of twelve months of Fixed Compensation as referenced in the Agreement executed between the Company and Mr. Chhatwal.

B) With cause: No amount would be payable.

In the event of termination initiated by the MD & CEO, the notice period will be six months or paying six months Fixed Compensation as stated above in lieu of notice period.

(iii) **Nature of Duties:** The MD & CEO shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the 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 to the MD & CEO from time to time by serving on the boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company. The MD & CEO shall not exceed the powers so delegated by the Board as set out above. The MD & CEO undertakes to employ the best of his skill and ability and to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the policies and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board. Mr. Chhatwal shall undertake his duties from such location as may be directed by the Board.

(iv) **Proposed Remuneration:**

A) Basic Salary: Current Basic Salary of ` 12.35 lakhs per month; upto a maximum of ` 22 lakhs per month. The annual increments will be decided by the Board based on the recommendation of the NRC and will be performance-based and take into account the Company's performance as well, within the said maximum amount.

B) Benefits, Perquisites & Allowances:

Details of Benefits, Perquisites and Allowances are as follows:

(a) Rent-free residential accommodation (furnished or otherwise) with the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation.

(b) Special Allowance at 85% of Basic Salary per annum.

(c) Hospitalisation, Transport, Tele-communication and other facilities as under:

- Hospitalisation and major medical expenses incurred for self and family.

- Car with driver provided, maintained by the Company for official and personal use as per Rules of the Company.
- Telecommunication facilities including broadband, internet and mobile as per Rules of the Company.
- Housing loan as per Rules of the Company.

(d) Other perquisites and allowances given below subject to a maximum of 55% of salary per annum. This includes:

- Medical allowance 8.33%
- Leave Travel Concession/Allowance 8.33%
- Other Allowances 33.34%
- Personal Accident Insurance @ actuals, as applicable for the Members of the Executive Committee Level of the Company & Annual club membership/joining fees for one club, both subject to a cap of 5%.

(e) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the Rules of the Company. In case of no contribution to the Superannuation Fund, the same would be payable as an allowance as per the Rules of the Company.

(f) Transfer and relocation expenses as per of the terms of the Agreement entered into between the Company and Mr. Chhatwal.

C) Commission:

In addition to the Salary, Benefits, Perquisites and Allowances, Mr. Chhatwal would be paid such remuneration by way of Commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, as per the terms of the agreement currently costed at 24 months basic salary and will be within the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD & CEO will be based on his performance as evaluated by the Board or the NRC and approved by the Board and will be payable annually after the annual accounts have been approved by the Board and Members.

D) Incentive Remuneration:

Such Incentive Remuneration not exceeding 200% of salary to be paid annually at the discretion of the Board, based on certain performance criteria and such other parameters as may be considered appropriate from time to time. Incentive Remuneration would be payable only when the Company cannot pay Commission.

E) Additional Performance Bonus:

To be paid at the end of two, four and five years based on measurable improvement criteria set out by the Board as detailed in the Agreement entered into between the Company and Mr. Chhatwal.

Plan Period: Five years

(a) First payout at the end the financial year 2019-20 which shall include the prorated payout for the period worked in 2017-18

(b) Second payout at the end of the financial year 2021-22

(c) Final Payout at the end of the financial year 2022-23

Plan:

The plan is linked to

(a) EBITDA growth Year on Year,

(b) The strategic plan targets – ‘Aspiration 2022’

- Turnover (` crores),
- PAT (` crores) and
- Return on Equity (%)

EBITDA growth has a weightage of 40% and ‘Aspiration 2022’ targets have the remaining 60% weightage, with equal weightage to Turnover, PAT and Return on Equity.

Target Amount:

Mr. Chhatwal’s additional performance bonus target amount is linked to his Cost to Company (‘CTC’). His current CTC is construed at 2/3rd of his total compensation and the balance 1/3rd is the target amount for the additional performance bonus.

As the current CTC is ` 7 crores, the additional performance bonus target amount is ` 3.5 crores per annum[1].

[1]The target amount will change, if there is any revision in the CTC.

F) Minimum Remuneration
Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Chhatwal, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary, Benefits, Perquisites & Allowances and Incentive Remuneration as specified above, subject to further approvals as required under Schedule V to the Act, or any modification(s) thereto.

(v) Comparative Remuneration Profile
The remuneration of Mr. Chhatwal is commensurate with remuneration of expatriates appointed at CEO/MD levels of similar sized multinationals, taking into consideration the responsibilities shouldered by him. The table below provides a summary of the comparison of the CEO remuneration in the Global Hospitality Industry.

(in US$)

25th Percentile	50th Percentile	75th Percentile	90th Percentile
6,199,751	10,470,366	10,926,084	12,459,557

(Source: As per Aon Hewitt CEO Market pricing report for the Global Hospitality Industry, 2017 covering 11 Global Hospitality majors).

Note: A percentile is a measure used in statistics indicating the value below which a given percentage of observations in a group of observations fall. For example, the 25th percentile is the value (or score) below which 25% of the observations may be found.

15. The other principal terms and conditions of the appointment of Mr. Puneet Chhatwal as the MD & CEO are as under:

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

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

(iii) The employment may be terminated by the Company without notice:

A) if the MD & CEO 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 he is 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 MD & CEO of any of the stipulations contained in the Agreement; or

C) in the event, the Board expresses its loss of confidence in the MD & CEO.

(iv) In the event, the MD & CEO 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.

(v) Upon the termination by whatever means of his employment under the Agreement:

A) the MD & CEO shall immediately cease to hold offices held by him in any holding company, subsidiaries or associate companies by virtue of Section 167 (1) (h) of the Act, without claim for compensation for loss of office and shall resign as trustee of any trusts connected with the Company.

B) the MD & CEO shall not without the consent of the Board at any time thereafter represent himself as connected with the Company or any of its subsidiaries and associated companies.

(vi) If and when this Agreement expires or is terminated for any reason whatsoever, Mr. Chhatwal will cease to be the MD & CEO and also cease to be a Director of the Company. If at any time, the MD & CEO ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the MD & CEO and this Agreement shall forthwith terminate. If at any time, the MD & CEO ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and MD & CEO of the Company.

(vii) The MD & CEO covenants with the Company that he will not, during the continuance of his employment with the Company, accept any other directorships in any company or body corporate without the prior written consent of the Board.

(viii) The MD & CEO covenants with the Company that he will not, for a period of one year immediately following the termination of his employment under this Agreement, without the prior written consent of the Board, endeavour or entice away from the Company, any employee who has at any time during one year immediately preceding such termination been employed or engaged by the Company or any subsidiaries or associated companies at any time during one year immediately preceding termination.

(ix) The terms and conditions of the appointment and remuneration of the MD & CEO and/or this Agreement may be altered, re-structured and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the MD & CEO, subject to such approvals as may be required.

(x) Any modifications and/or conditions stipulated by the shareholders/the Central Government in granting its approval to the appointment and remuneration of Mr. Chhatwal shall be recorded by way of a supplementary agreement which will form part of the Agreement.

16. Mr. Puneet Chhatwal is not a resident of India and pursuant to the provisions of Section 196 read together with Schedule V to the Act, in respect of the appointment of managerial personnel, the Company may appoint a person who is not a resident of India (i.e. in variance with the conditions specified in Schedule V) provided the said appointment has been approved at the General Meeting and by the Central Government. The Company has already preferred an application to the Central Government in this regard and is awaiting the approval.

17. In compliance with the provisions of Sections 196, 197 read with Schedule V to the Act, the appointment and terms of remuneration of Mr. Chhatwal are now being placed before the Members for their approval.

18. The NRC and the Board have accorded their approvals to the above and in the interest of the Company commend the Resolutions at Item Nos. 5 & 6 of the accompanying Notice for approval by the Members of the Company.

19. Besides Mr. Puneet Chhatwal and his relatives none of the Directors or Key Managerial Personnel (‘KMP’) of the Company or their respective relatives are, in any way, concerned or interested in the Resolutions at Item Nos. 5 & 6 of the accompanying Notice.

20. Mr. Puneet Chhatwal is not related to any other Director or KMP of the Company.

Item No. 7

21. At the AGM of the Company held on August 23, 2016, the Members of the Company had approved the re-appointment and terms of remuneration of Mr. Mehernosh Kapadia as the Executive Director – Corporate Affairs of the Company from August 10, 2016 upto him reaching the age of 65 years i.e. May 22, 2018 *(being the retirement age for Executive Directors as per the Governance Guidelines adopted by the Board)*, which provided inter-alia for the following remuneration:

- Basic Salary of ` 5,00,000 per month, with Annual Increments to be effective 1st April each year as decided by the Board and recommended by the Nomination and Remuneration Committee ('NRC').

- Performance Linked Bonus subject to maximum of 227.5% of the Annual Basic Salary payable subject to the achievement of certain performance criteria and such other parameters a may be considered appropriate from time to time by the Board.

22. The Members may note that the Board had at their Meeting held on May 26, 2017, revised the Basic Salary payable to Mr. Kapadia to ` 5,00,000 per month for the year 2017-18. Having touched the outer limit of Basic Salary approved by the Members, any future revisions beyond ` 5,00,000 per month would require the approval of the Board and Members.

23. Considering Mr. Kapadia’s longstanding commitment and illustrious contribution to the Company, the Board, based on the recommendations of the NRC, at its meeting held on May 25, 2018 has approved revision in the Basic Salary of Mr. Kapadia from ` 5,00,000 per month to ` 6,00,000 per month from April 1, 2018, for the remainder of the tenure of his appointment i.e. upto May 22, 2018 with proportionate increase in the benefits linked to his Basic Salary, along with payment of ` 2,00,00,000 as Performance Linked Bonus for the year 2017-18. These revisions being beyond the aforesaid maximum stipulated limits are subject to approval of the Members.

24. Accordingly, approval of the Members is sought for revision in the Basic Salary Scale of Mr. Kapadia from

a maximum of ` 5,00,000 per month to ` 6,00,000 per month, along with proportionate increase in the benefits linked to his Basic Salary and revision in the Performance Linked Bonus to ` 2,00,00,000; all other terms and conditions relating to the appointment of Mr. Kapadia as approved by the Members of the Company at the meeting held on August 23, 2016 being unchanged.

25. Consequently, the Agreement between the Company and Mr. Kapadia shall stand amended to reflect the revised terms of remuneration as aforesaid; with the rest of the terms and conditions remaining valid and in force.

26. The aggregate of the proposed revised remuneration as aforesaid shall be within the maximum limits as laid down under Sections 197, 198 and such other applicable provisions, if any, of the Act read with Schedule V to the Act as amended from time to time.

27. Details of remuneration paid to Mr. Kapadia during the financial year 2017-18 have been disclosed in the annexure to the Board's Report and in the Corporate Governance Report.

28. In compliance with the provisions of Sections 196, 197, 198 and other applicable provisions of the Act, read with Schedule V to the Act, the revised terms of remuneration of Mr. Kapadia as specified above are now being placed before the Members for their approval.

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

30. Besides Mr. Kapadia and his relatives, none of the other Directors, Key Managerial Personnel ('KMP') or their respective relatives are in any way concerned or interested in the Resolution mentioned at Item No. 7 of the accompanying Notice.

31. Mr. Kapadia is not related to any Director or KMP of the Company.

Item No. 8

32. As per Section 42 of the Act, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ('PAS Rules'), a company offering or making an invitation to subscribe to Non-Convertible Debentures ('NCDs') on a private placement basis, is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

33. The borrowing limit was approved by the Members on August 27, 2014; under Section 180(1)(c) of the Act is ` 5,000 crores. As on March 31, 2018, the total debt of the Company is ` 1,784 crores. The Company proposes to seek approval of the Members to raise NCDs of up to ` 500 crores for any potential requirement that may arise during the next year for, inter-alia, capital expenditure, renovations, investments and general corporate purposes.

34. The approval of the Members is being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the PAS Rules and the Companies (Share Capital & Debentures) Rules, 2014, to enable the Company to offer or invite subscriptions of NCDs on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 8 within the overall borrowing limits of the Company, as approved by the Members.

35. The Board commends the Resolution at Item No. 8 of the accompanying Notice for approval by the Members of the Company.

36. None of the Directors or Key Managerial Personnel of the Company or their respective relatives are, in any way, concerned or interested in the Resolution at Item No. 8 of the accompanying Notice.

By Order of the Board of Directors

Beejal Desai
Senior Vice President – Legal and Company Secretary

Mumbai, May 25, 2018

Registered Office:

Mandlik House, Mandlik Road, Mumbai 400 001.
CIN: L74999MH1902PLC000183
Tel.: 022 66395515 Fax: 022 22027442
Email: investorrelations@tajhotels.com
Website: www.tajhotels.com

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company

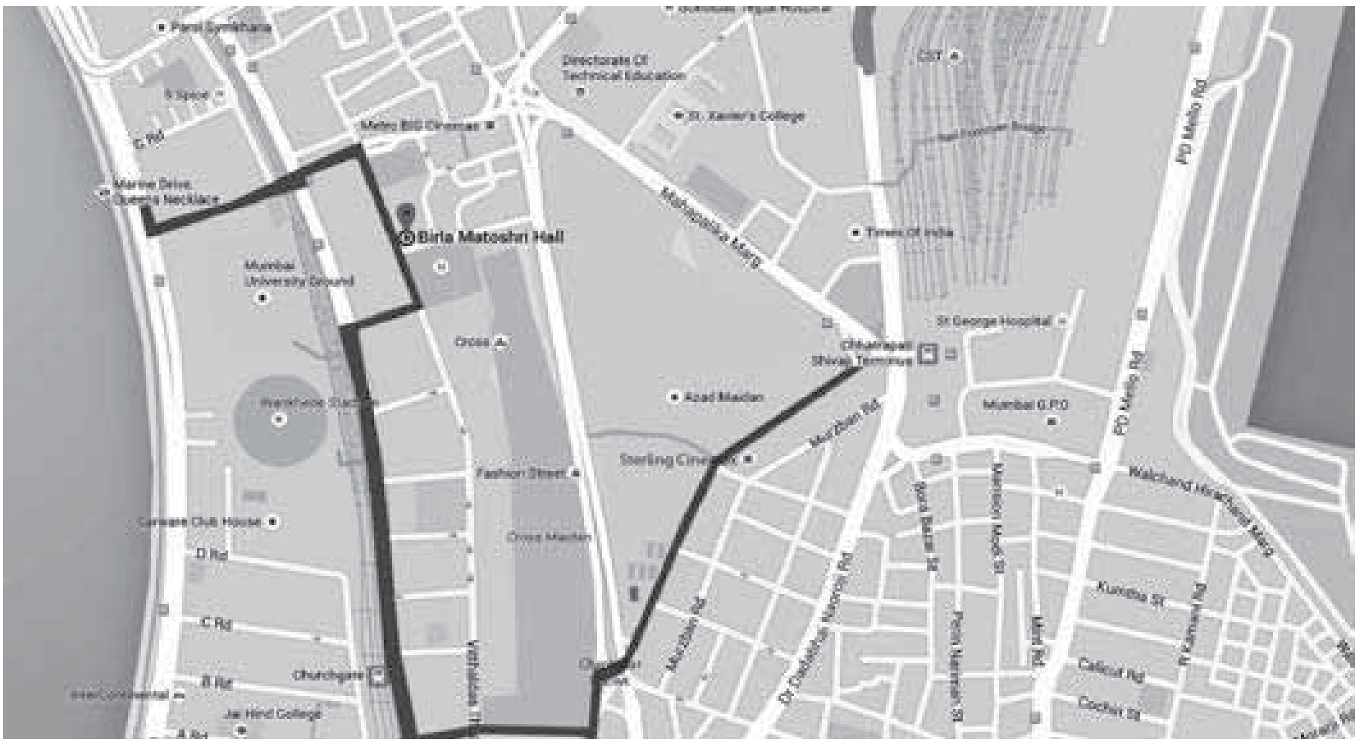
(Pursuant to the Listing Regulations and Secretarial Standard-2 on General Meetings)

Name of Director	**N. Chandrasekaran**	**Puneet Chhatwal**
Age	54	54
Date of Birth	June 02, 1963	April 16, 1964
Date of First Appointment	January 27, 2017	November 6, 2017
Experience & Expertise in specific functional areas/ brief resume	Mr. Chandrasekaran is the Chairman of the Board of Tata Sons Limited ('TSL'). He also chairs the Boards of several group operating companies, including Tata Steel Limited, Tata Motors Limited, Tata Power Limited, Tata Global Beverages Limited and Tata Consultancy Services ('TCS')- a leading global IT solution and consulting firm of which he was a Chief Executive Officer from 2009-17. Under his leadership, TCS generated total revenues of US $16.5 billion in 2015-16 and consolidated its position as the largest private sector employer in India and the country's most valuable company. TCS has also been placed among the "Big 4" most valuable IT services brands worldwide, ranked as one of the World's Most Innovative Companies by Forbes and recognized as a Global Top Employer by the Top Employers Institute across 24 countries. In addition to his professional career, Mr. Chandrasekaran was also appointed as a Director on the Board of India's central bank, The Reserve Bank of India, in 2016. He has been appointed on the International Advisory Council of Singapore's Economic Development Board in 2018 and is also the Chairman of Indian Institute of Management Lucknow as well as the President of the Court at Indian Institute of Science Bengaluru. He is an active member of India's bilateral business forums including USA, UK, Australia and Japan and has served as the Chairman of NASSCOM, the apex trade body for IT services firms in India in 2012-13. His business leadership has been recognized by several corporate and community organizations, and he has received numerous awards such as The Business Leader of the Year at the ET Awards for Corporate Excellence 2016, CNBC TV 18 - 'Indian Business Icon', 2014, CNN-IBN Indian of the Year 2014 (business category), Best CEO for 2013 and 2014 by Business Today, Best CEO 2010-15 Institutional Investor's Annual All-Asia Executive Team rankings. Mr. Chandrasekaran has also been awarded several honorary doctorates by leading universities in India and internationally.	Mr. Chhatwal is presently the Managing Director and Chief Executive Officer of The Indian Hotels Company Limited. He is a global professional with over three decades of leadership experience at highly-acclaimed hotel groups in Europe and North America. Prior to this, Mr. Chhatwal was the Chief Executive Officer and Member of the executive board of Steigenberger Hotels AG – Deutsche Hospitality. He was also the Chief Development Officer of The Rezidor Hotel Group – Carlson Hotels Worldwide. Mr. Chhatwal has won awards including the prestigious Carlson Fellowship and was rated as one of Europe's 20 extraordinary minds in Sales, Marketing and Technology - HSMAI European Awards 2014. He was also the First Alumni included in the ESSEC-IMHI Hall of Honor 2014.
Qualifications	• Bachelor's Degree in Applied Science • Master's Degree in Computer Application – Trichy	• MBA in Hospitality from ESSEC, Paris • Advanced Management Program from INSEAD
Details of shares held in the Company	NIL	NIL
List of Body Corporates in which outside directorships held as on March 31, 2018	• Tata Sons Limited • Tata Consultancy Services Limited • Tata Motors Limited • Tata Steel Limited • The Tata Power Company Limited • TCS Foundation • Tata Global Beverages Limited • Reserve Bank of India • Jaguar Land Rover Automotive PLC	• Piem Hotels Limited • Taj SATS Air Catering Limited • ELEL Hotels and Investments Limited • Oriental Hotels Limited • Taj GVK Hotels & Resorts Limited • Roots Corporation Limited • IHM - Aurangabad • St. James Court Hotel Limited
Chairman/Member of the Committees of other Companies on which he is a Director (Committees includes the Statutory Committees) as on March 31, 2018	**Nomination and Remuneration Committee** • Tata Sons Limited • Tata Consultancy Services Limited • Tata Motors Limited • Tata Steel Limited • Tata Global Beverages Limited • The Tata Power Company Limited • Jaguar Land Rover Automotive PLC **Corporate Social Responsibility** • Tata Consultancy Services Limited (Chairman)	**Audit Committee** • Taj GVK Hotels and Resorts Limited **Nomination and Remuneration Committee** • Piem Hotels Limited • Taj GVK Hotels and Resorts Limited • Oriental Hotels Limited • Taj SATS Air Catering Limited
Number of Board meetings attended during the year	6	2 (for part of the year only)
Terms and conditions of appointment/ re-appointment	Director liable to retire by rotation	For a period of five years as per his contract as MD & CEO with the Company
Remuneration to be paid	Sitting fees	Details of remuneration provided in the Corporate Governance Report
Last drawn remuneration	Details of remuneration provided in Corporate Governance Report	Details of remuneration provided in the Corporate Governance Report
Relationship with other Directors and Key Managerial Personnel	None	None

IHCL

Route Map to the AGM Venue

Venue: Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400020



Landmark: Next to Bombay Hospital (H)

Distance from **Churchgate Station**: 1 km

Distance from **Chhatrapati Shivaji Terminus**: 1.2 km

Distance from **Marine Lines Station**: 0.8 km

NOTES

NOTES

LEADERSHIP WITH TRUST

SINCE 1868

₹ 656,973 CRORE REVENUE

600 MILLION+ CONSUMERS

In a free enterprise,
the community is not just another
stakeholder in business, but is in fact
the very purpose of its existence.
- Jamsetji Tata

695,699 EMPLOYEES

₹ 27,346 CRORE PROFIT AFTER TAX

3.98 MILLION SHAREHOLDERS

150+ COUNTRIES

66% OF PARENT COMPANY TATA SONS' EQUITY SHARE CAPITAL HELD BY PHILANTHROPIC TRUSTS

150 YEARS

The figures are aggregated for Tata companies for the financial year ended 31.03.2017.

From pioneering businesses, to pioneering welfare practices,
to pioneering national institutions,
the Tata Group remains committed to improving the lives of communities
we serve globally, based on leadership with trust.

Picture (left to right): The four partners - Jamsetji Tata, Founder of the Tata Group; R. D. Tata, father of J. R. D. Tata; Sir Ratan Tata, younger son of the Founder; and Sir Dorabji Tata, elder son of the Founder.

tata150.com

THE INDIAN HOTELS COMPANY LIMITED

MANDLIK HOUSE, MANDLIK ROAD, MUMBAI - 400 001.

A TATA Enterprise

TAJ SELEQTIONS VIVANTA GINGER EXPRESSIONS TAJSATS

TAJHOTELS.COM

/concept, content and design at AICL (hello@aicl.in)